

India's Commerce Ministry to Push for Major Reforms

8th June 2019

As part of the Prime Minister's 100-days agenda, the Commerce Minister, Mr. Piyush Goyal, chaired a joint Meeting of Board of Trade and Council of Trade Development & Promotion on 6th June 2019. The intent of the meeting was to map the way forward for boosting exports, increasing domestic manufacturing and reducing trade deficit. A day long interaction, participants in the meeting included, Agriculture Ministers of the States, industrialists, Export Promotion Councils, and representatives of the economic and infrastructure Ministries of the Central Government. Some of the key decisions that were taken during the meeting include:

- Investigations on imports under the anti-dumping mechanism to be expedited, particularly products of the MSMEs with the help of industry associations.
- The top 50 tariff lines, which constitute 60% of India's import to be examined in detail for possible ways to reduce import dependence.
- Export Credit Guarantee Corporation of India to fast track the disposal of claims and put in public domain the pending claims for the benefit of the industry.
- Meetings with State Export Commissioners to be held on pre-announced fixed dates to discuss issues related to export infrastructure and state specific export strategies.
- Government would work with the States to develop product specific clusters for 50 sectors with high manufacturing potential.
- Department of Promotion of Industry and Internal Trade (**DPIIT**)/ Department of Commerce to evaluate State Governments on a ranking framework on support provided to industry for manufacturing, exports and logistics support.
- DPIIT to encourage States to leverage public procurement by implementing Make in India in Public Procurement Order
- A new scheme to rebate state and central taxes and levies to be rolled out in three months.

ELP Comment:

While, as of today, there is limited information in public domain other than the official press release of the Ministry of Commerce, our team would like to put forth the following views:

- While the Directorate General of Trade Remedies (**DGTR**) has been reticent in initiating new investigation in last two years, the push by the Commerce Ministry may result in spike in trade remedy investigations. Some of them could be targeted towards sensitive industries such as steel and renewable energy products.
- Given the Government of India's mild reaction to withdrawal of the GSP benefits and Commerce Minister's advocacy for reduced dependence on subsidies, it is likely that some of the industry specific subsidies and export subsidies may be reformed. This could also result in phasing out some of the existing subsidies including Merchandise Exports from India Scheme (**MEIS**) which are currently under challenge at the WTO.
- Export competitiveness and indigenous manufacturing are clearly the focus areas for the Government of India. Therefore, India Inc. can expect macro-economic reforms aimed to facilitate access to capital at competitive rates. Further, the Government is likely to push for indigenous manufacturing at a larger

scale and encourage States to frame policies to attract foreign direct investment and promote manufacturing. The exact contours of the policy or vision document of the Government of India.

- Agricultural sector is expected to receive greater push in terms of exports. However, the government would need to be cautious in framing its policies for assisting the agricultural sector given the concerns raised by several WTO members in Geneva with respect to India's current level of market support for several agricultural products including cotton and sugarcane.

Many of the above steps are likely to be taken in consultation with industry stakeholders. Therefore, it will be in the interest of private sector and industry associations to frame their positions before the government after taking into account sound legal advice and business considerations.

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com.

***Disclaimer:** The information provided in this update is intended for informational purposes only and does not constitute legal opinion or advice. Readers are requested to seek formal legal advice prior to acting upon any of the information provided herein. This update is not intended to address the circumstances of any particular individual or corporate body. There can be no assurance that the judicial/ quasi-judicial authorities may not take a position contrary to the views mentioned herein.*



ECONOMIC
LAWS
PRACTICE
ADVOCATES & SOLICITORS

MUMBAI | NEW DELHI | BENGALURU | AHMEDABAD | PUNE | CHENNAI

Email: Insights@elp-in.com

© Economic Laws Practice 2019