

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:6131

ANSWERED ON:14.05.2012

TRANSACTION COST OF EXPORT

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether around 7 to 10 percent of export cost is towards the cost of business;
- (b) if so, the details thereof;
- (c) if so, the reaction, of the Government thereto;
- (d) the steps being taken in the direction of reducing the cost of business operations;
- (e) whether the task force on transaction cost in exports constituted by the Government did not have any representative of farmers and labour class and if so, the reasons therefor and the reaction of the Government thereto; and
- (f) the steps taken by the Government to increase transparency, accountability and simplification of process of exports and correcting the anomalies in legislation for exporters?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (f) According to the estimates of the Task Force on Transaction Cost in Exports, the transaction cost is approximately 7 to 10% of the export value, which includes structural costs i.e. inland transportation and handling, ports and terminal handling etc. The Task Force made 44 recommendations out of which 23 have been implemented which reduced the transaction cost to the extent of Rs.2100 crore in perpetuity. The Task Force sought views from 25 trade / industry experts from six export sectors i.e. Agriculture, Chemicals/Pharmaceuticals, Ready Made Garments, Textiles, Engineering and Leather, including representatives of FICCI, CII and FIEO and six different functions across the export value chain i.e. Customs Houses Agents, Tax Experts, Exim Consultants, Export Managers, Logistics Managers, and Overall Experts. Procedural simplification to reduce the cost of business operations is a continuous endeavour. Certain steps taken to improve transparency, accountability and simplification of export process include broadening the scope of Electronic Data Interface (EDI) usage, strengthening EDI interfaces with various network partners i.e. Customs, Banks and Export Promotions Councils, laying down time-lines for disposal of various authorisations in the Handbook of Procedures of the Foreign Trade Policy etc.