

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

UNSTARRED QUESTION NO:1704

ANSWERED ON:30.11.2009

TRANSACTION COSTS IN EXPORTS

Basavaraj Shri Gangasandra Siddappa;Lagadapati Shri Rajagopal;Sule Supriya

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

- (a) whether transaction costs for exports is higher in the country as compared to other developing countries;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Central Government proposes to bring about transparency, accountability, simplification and correct the anomalies in legislation for the process of exports;
- (d) if so, the concrete action plan and proposed amendment in the Exim Policy, if any, to address the issue; and
- (e) the details of the discussions held with the representatives of the trade and industry in this behalf and the outcome thereof?

Answer

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

(a) & (b) The World Bank Report on 'Doing Business 2010 – India' indicates that transaction costs and time for exports in India are higher as compared to some other developing countries like Brazil, Mexico, China etc. Higher transaction costs and time can be attributed to factors like infrastructure constraints, sub-optimal processes and elaborate procedural requirements.

(c) to (e) Government is committed to ensure transparency, accountability, procedural simplification and reduction in transaction costs for exports. For this, Government monitors and reviews the policy and procedures laid there-under, on a continuous basis.

Under the five year Foreign Trade Policy (FTP) 2009-2014 announced in August 2009, Government has taken a number of measures for procedural simplification, reduction in transaction costs and online processing of transactions. The FTP has been laid before the Parliament and is available in public domain at www.dgft.gov.in.

A Task Force on Transaction Costs has also been constituted in October, 2009 to assess the procedural bottlenecks affecting India's imports and exports. The Task Force will look into various issues affecting the competitiveness of Indian exports and suggest remedial measures to reduce transaction costs and thereby facilitate exports. Report of the Task Force will be submitted in a few months after discussions with various stakeholders.