

# Standing Committee Report Summary

## Activities and Functioning of India Trade Promotion Organisation

The Standing Committee on Commerce (Chairperson: Mr. Shanta Kumar) submitted its 114<sup>th</sup> Report on the Activities and Functioning of India Trade Promotion Organisation on February 13, 2014. India Trade Promotion Organisation (ITPO) is a public sector company that provides services to promote Indian exports, by organising trade fairs, buyer-seller meets, and providing information on produce and market.

**Main observation:** The Committee observed that the efforts made towards trade promotion by ITPO are to general in nature and fail to provide a cutting edge to exporters. The recommendations of the Committee are:

- **Industry consultation process:** The Committee noted that no institutional mechanism for a regular consultative process with industries for trade promotion has been established by ITPO, and recommended that such a process be put in place.
- **Foreign offices:** The Committee felt that the decision of closing its foreign offices by ITPO should be reconsidered since the employees stationed at these offices provided valuable trade data and forged useful links in those countries.
- **Review mechanism:** The Committee recommended instituting a regular review mechanism to appraise the contribution of the Commerce and Trade wing of Indian embassies towards trade promotion.
- **Export Promotion Councils (EPC):** The Committee noted that the role of ITPO in export promotion has definitely reduced because of EPCs, which are exclusively focused on trade promotion for a particular sector. The Committee recommended that ITPO be more proactive in finding new markets for trade promotion and that ITPO's mandate be redefined to dedicate its services exclusively for trade promotion of the Micro, Small and Medium Enterprises sector.

- **Organiser of fairs:** The Committee was of the opinion that ITPO focused more on its role as organiser of exhibitions and less on promotion of exports and trade. It noted that, in the exhibitions, the number of foreign exhibitors and visitors is very low, and recommended that ITPO make efforts to increase foreigner footfall.
- **Grievances of Indian exhibition industry:** The Committee was informed that ITPO, as the regulator of exhibitions in India and owner of several exhibition spaces, has abused its dominant position by imposing unfair conditions. It recommended that ITPO submit a detail of redressal action taken on specific problems/grievances of the exhibition industry within three months of the submission of this report.
- **Rental charges:** The Committee noted that the rental charges for *Pragati Maidan*, the biggest exhibition space in India and operated by ITPO, are the highest in the world. The Committee felt that this high cost reduces the organiser's investment in visitor promotion, and ITPO should consider rationalising rentals.
- **Trade and exhibition centres:** The Committee noted that establishment of trade and exhibition centres has been slow in the country. It recommended the development of trade-cum-exhibition centres on priority basis, and the upgradation of existing facilities.
- **Financial performance:** The report of an independent auditor from 2012-13 noted that ITPO's income has been overstated due to an under-reporting of liabilities. The Committee, taking strong note, asked ITPO to submit a status note on the matter within three months of the submission of this report.

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