Department of Administrative Reforms and Public Grievances

QCI

Department of Commerce

Contents

Introduction

1.1 CONTEXT

The Department of Administrative Reforms and Public Grievances (DARPG) received 11,94,931 (related to central government) grievances in 2016 across 88 Ministries/Departments through Centralized Public Grievance Redress and Monitoring System (CPGRAMS). This department's role is to facilitate the pursuit of excellence in governance through improvements in government structures and processes, initiatives and dissemination of best practices. Moving towards this goal, the department commissioned a grievance analysis study of top 20 Ministries/Departments receiving large number of citizen grievances. The study involved identification of top grievance categories and recommending systemic reforms. The Parliamentary Standing Committee for Personnel, Public Grievances and Law & Justice recommended conducting similar study for next 20 Ministries/Departments.

1.2 OBJECTIVE

The study carried by Quality Council of India, as per the mandate given by DAR&PG, was conducted from August 2016 to March 2017, covering more than 100 grievance categories across 20 Ministries/Departments. A team of consultants was deployed to understand issues in depth from the officials and collect information from more than 70 domain experts. Moreover, this team of consultants conceived the methodology, process and outcome of the study. It is hoped that this study will bring the necessary third party evaluation into picture for guiding the schemes and providing useful lessons for similar evaluations on a larger scale in future.

1.3 IDENTIFICATION OF 20 MINISTRIES/DEPARTMENTS

The grievances received on the portal provided the source for data analysis. The top 20 Ministries/Departments were covered in the earlier grievance study. This study identifies next 20 Ministries/Departments, based on the number of grievances received by the particular Ministries/Departments (from 01.04.2012 to 31.03.2016). For the scope of this particular report we will be focusing on the Department of Commerce (S.NO 35).
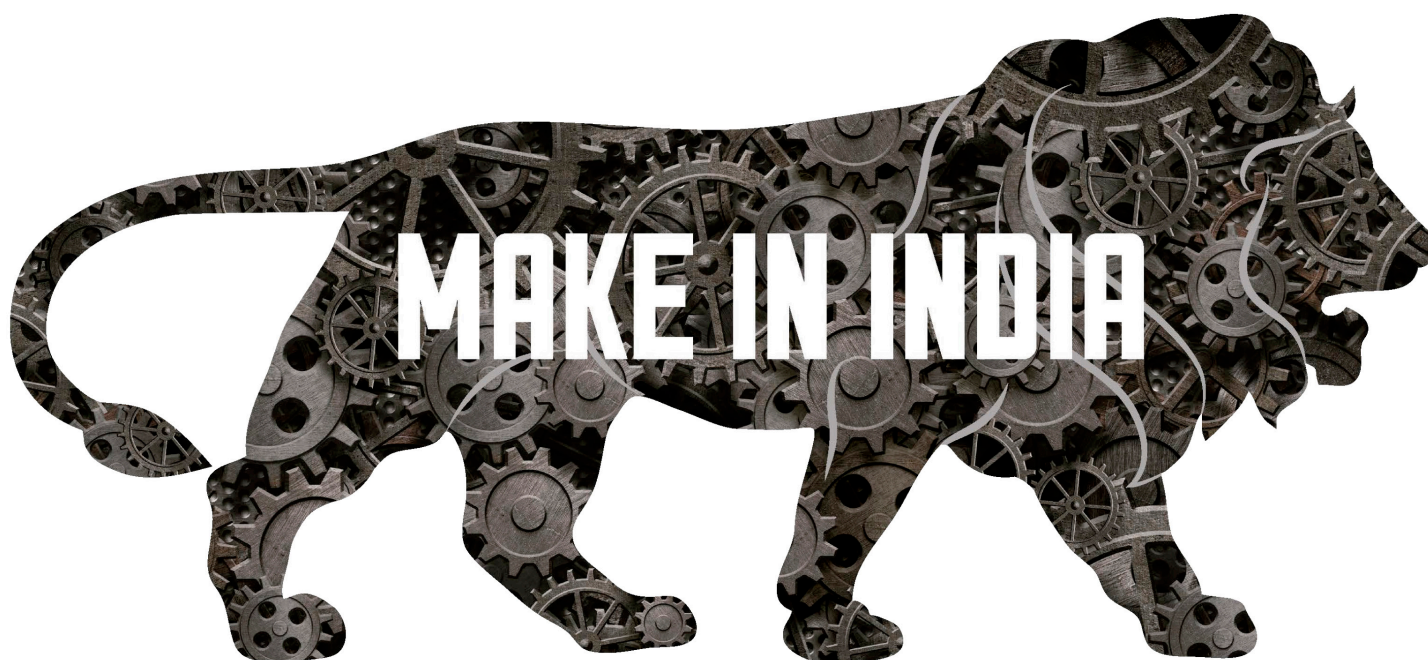
Table 1: List of 20 Grievance Study Ministries

S.No	Ministry/Department	Number of grievances
21	Information and Broadcasting	18,567
22	Financial Services (Insurance Division)	17,840
23	Environment, Forest and Climate Change	17,323
24	Corporate Affairs	17,084
25	Consumer Affairs	16,047
26	Agriculture Cooperation and Farmers Welfare	14,342
27	Electronics & Information Technology	12,729
28	Social Justice and Empowerment	12,637
29	Civil Aviation	12,448
30	Rural Development	11,646
31	Drinking Water and Sanitation	10,723
32	Power	10,392
33	Women and Child Development	9,773
34	Economic Affairs	9,553
35	**Commerce**	**9,509**
36	Water Resources, River Development & Ganga Rejuvenation	9,265
37	Food and Public Distribution	8,292
38	Housing and Urban Affairs	7,287
39	Defence Finance	6,604
40	Coal	6,346

1.4 INTRODUCTION TO DEPARTMENT OF COMMERCE

The mandate of the Department of Commerce is regulation, development and promotion of India's international trade and commerce through formulation of appropriate international trade & commercial policy and implementation of the various provisions thereof. The basic role of the Department is to facilitate the creation of an enabling environment and infrastructure for accelerated growth of international trade.

The Department formulates, implements and monitors the Foreign Trade Policy which provides the basic framework of policy and strategy to be followed for promoting exports and trade.

11,94,931 grievances were received on PG portal in 2016 across 88 Ministries/Departments

83% of the grievances were disposed by Ministries/Departments in 2016

Rank 35 of 88 Ministries/Departments (based on the number of grievances received from 2012-16)

1,541 complaints were received by Department of Commerce in 2015-16

60% of grievances were received by Directorate General of Foreign Trade(DGFT)

34% of grievances revolved around Importer Exporter Code (IEC) application issues

25% of the grievances were for category- Foreign Trade Policy (FTP) schemes
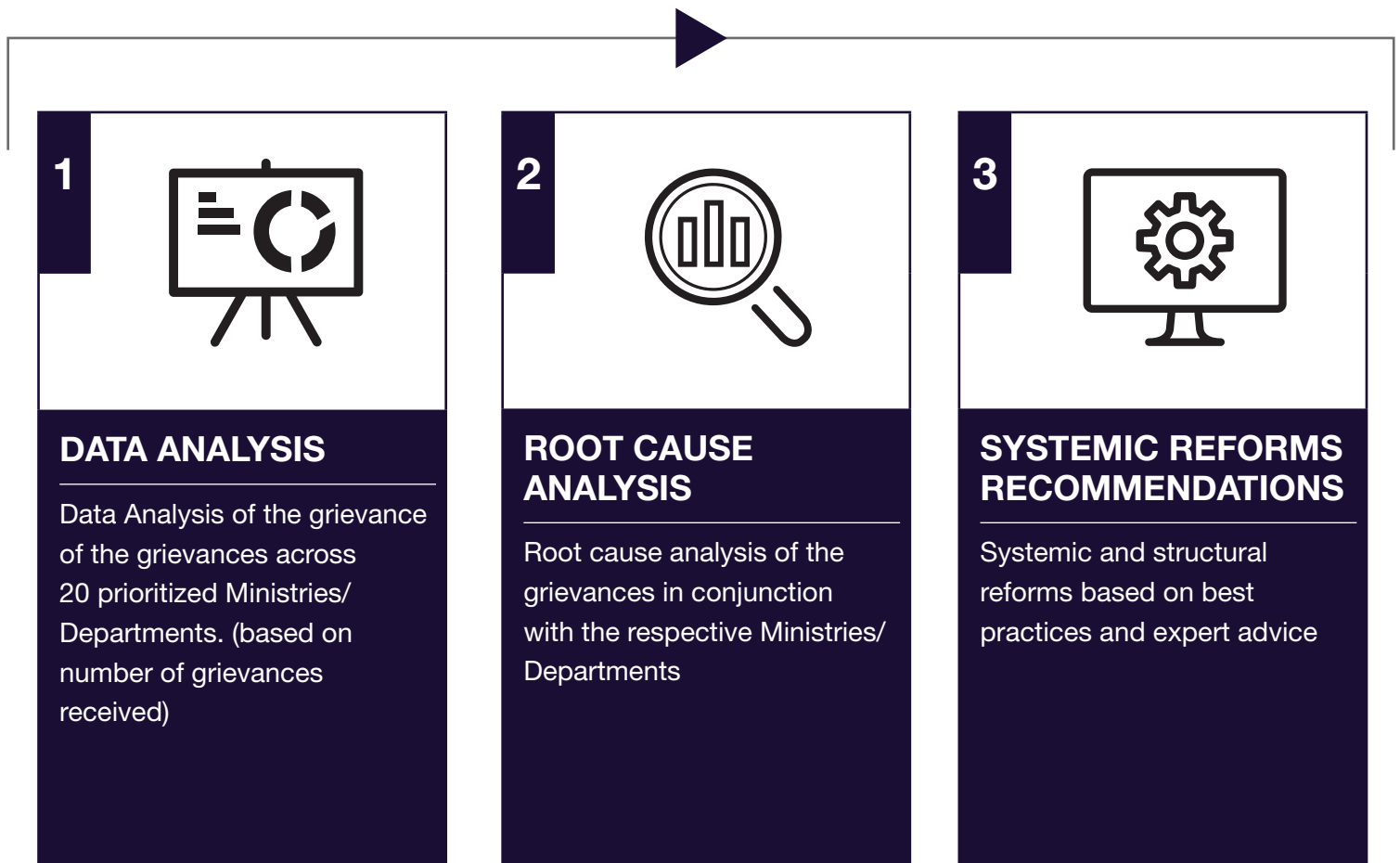
63%[*] of the grievances will be impacted, as and when suggested reforms are incorporated

[*]The percentage has been computed after multiplying a) Percentage of grievances under shortlisted divisions with, b) Percentage of addressable grievance categories

Deep Dive Grievance Analysis

The three point approach for grievance analysis study includes data analysis, root cause analysis, and systemic reforms recommendations for the service issues.

1

DATA ANALYSIS

Data Analysis of the grievance of the grievances across 20 prioritized Ministries/Departments. (based on number of grievances received)

2

ROOT CAUSE ANALYSIS

Root cause analysis of the grievances in conjunction with the respective Ministries/Departments

3

SYSTEMIC REFORMS RECOMMENDATIONS

Systemic and structural reforms based on best practices and expert advice

2.1 DATA ANALYSIS

2.1.1 IDENTIFICATION OF TOP DIVISIONS

TThe shortlisted divisions were the ones receiving maximum grievances (from 1.4.2015 to 31.3.2016). The first step was to break the grievances down in terms of the divisions it was being forwarded to. These divisions were defined by service/responsibility of that division. The highest grievances were received by department of Directorate General of Foreign Trade (DGFT) which accounted for 60% of grievances received.
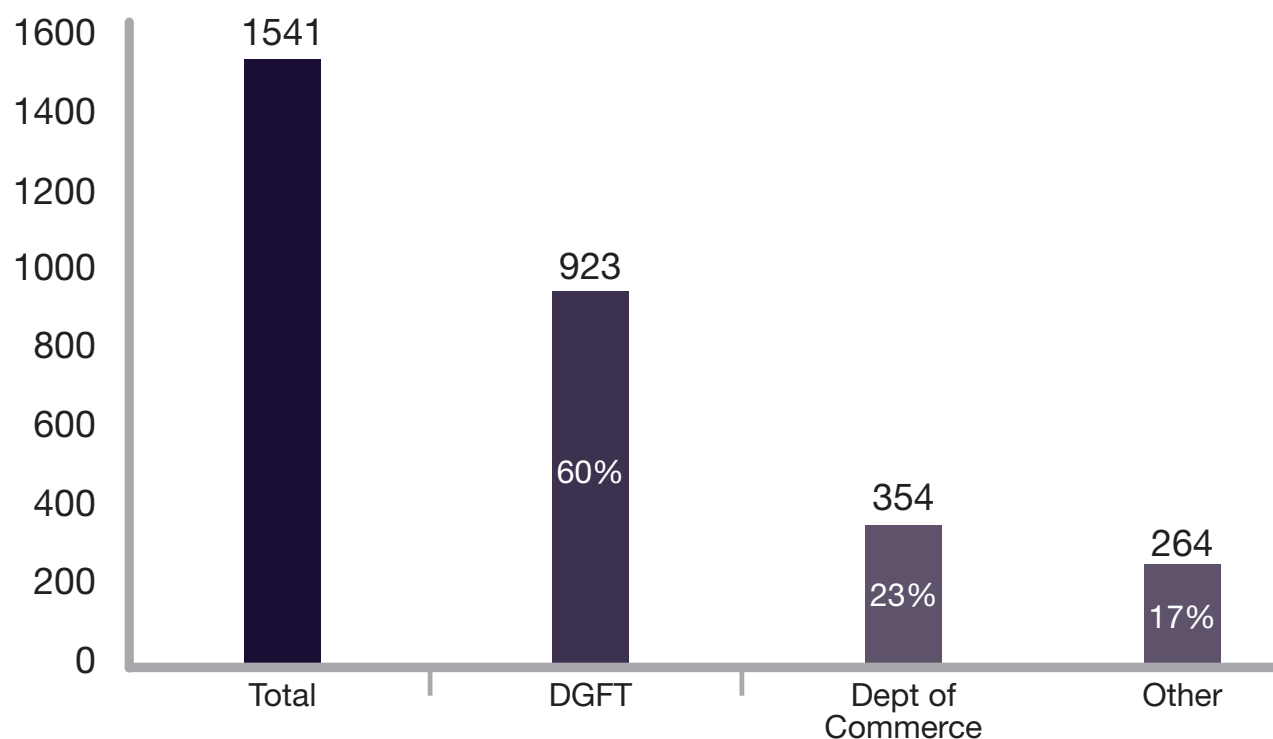
Chart 1: Categorized grievances received by divisions from 1.4.2015 to 31.3.2016

2.1.2 IDENTIFICATION OF FOCUS SERVICE

Grievance data in each division was deep dived and 10% of sample was analyzed

Table 2: Sample size selected for the study

DEPARTMENT OF COMMERCE	1541	200
	NUMBER OF GRIEVANCES	TOTAL SAMPLE GRIEVANCES ANALYSED

The next step was grievance-by- grievance analysis for a sample of the grievances received by the top divisions, namely, Directorate General of Foreign Trade, and Dept. of Commerce and top recurring issues were categorized. The below table indicates the sample size considered for Department of Commerce.

AN EXAMPLE OF GRIEVANCE ANALYZED IS AS FOLLOWS

"Jay Hind Sir, I am Bhupendra from Vadnagar,Mehsana,Gujarat. I want to start my own health care business , for that I must require Import Export Licence (IEC) from DGFT office. I have applied online application, but I am facing technical problems. So I have tried a lot to contact DGFT help desk no 1800 111 550 and many more number which are given on DGFT official website. But no one is picking up my call.   plz help me out from this I need IEC urgently   ".

ACTION BY DEPARTMENT OF COMMERCE

DGFT have informed that, you have not mentioned your proper address in the grievance application. However, it is advised to contact concerned Regional Authority office of DGFT in the matter. Thanks

For the Department of Commerce, the top most issue for the Ministry, revolved around IEC code applications, followed by woes regarding FTP schemes, Footwear Design and Development Institute degree issue and promotion of Indian products accounting for 34 %, 25%,11% and 6 % of the grievances respectively.

Table 3: Service identified to focus on for root cause analysis

S.No	Grievance Causing Issues	Impact*	Details
1	Importer Exporter Code (IEC) Application Issues	34%	• Difficulties faced in procuring an IEC
			• Difficulties faced in making amendments to IEC
2	Foreign Trade Policy (FTP) Schemes	25%	• Mismatch in scrip amount dispatched and claimed in cases of increment exceeding the normal limits under the Incremental Export Incentivization Scheme
			• No Notification released by the Ministry to capture the Delhi High Court Ruling that Indian subsidiaries of foreign firms will be eligible for Served From India Scheme (SFIS) benefits
			• Losses incurred after the introduction of Merchandise Exports from India scheme (MEIS)
3	Footwear Design & Development Degree Issue	11%	• No Clarity on whether degree or diploma will be awarded due to issues in University affiliation
4	Promotion of Indian products	6%	• Cheaper imports hurting the local players (E.g. for products like incense stick, toys & kite strings)
			• High import duty on Exports from India hurting competitiveness in the global market

*Grievance Sample Analyzed : 200

2.2 ROOT CAUSE ANALYSIS (RCA)

The root cause of the other addressable focus issues was dug deeper for root cause analysis. For this, the study team spent time with each implementation body within that division to understand core processes, accountability and performance tracking. Domain experts were also consulted to understand root cause for each grievance category.

The questions revolved around policy, process and people problems that were leading to lack of quality implementation.

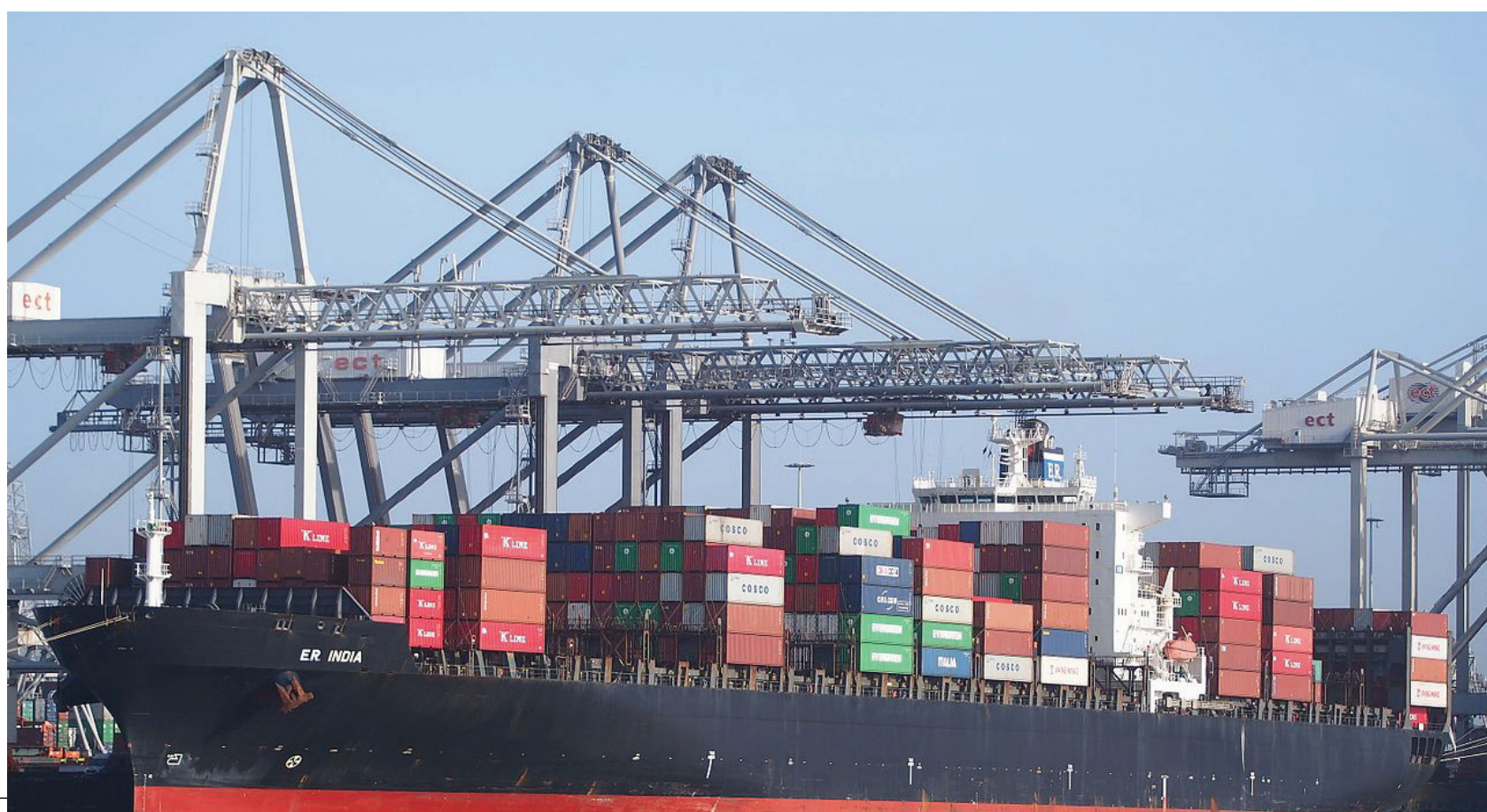Table 4: Root Cause Analysis of Department of Commerce

Issue	Sub-Issue	Root Cause
Issues in procuring/ amending IEC application	• Difficulties faced in procuring an IEC	• Various glitches in the online application form site (E.g Denial of payment or facility to upload documents)
		• Grievance Help lines run by local DGFT offices, unresponsive
	• Difficulties faced in making amendments to IEC	• The expected timeline of IEC dispatch within 2 working days, not honoured
Foreign Trade Policy (FTP) Schemes: - Incremental Export Incentivization Scheme - Served From India Scheme (SFIS) - Merchandise exports from India scheme (MEIS)	• Mismatch in scrip amount dispatched and claimed in cases of increment exceeding the normal limits under the Incremental Export Incentivization Scheme	• Benefits capped at Scrip calculation at 25% of growth or Incremental growth of INR 10 Cr., whichever is lesser. Claims in excess of this value will be subjected to further scrutiny
	• No Notification released by the Ministry to capture the Delhi High Court Ruling that Indian subsidiaries of foreign firms will eligible for SFIS benefits	• DGFT had denied the benefits of the scheme to these companies as according to it, they were not "Indian brands" and didn't contribute in creating a powerful "served from India brand", in line with the objective of the scheme, which was to accelerate growth in export of services from India. In general, there is lack of clarity on implementation of SFIS, among the aggrieved.
	• Losses incurred after the introduction of MEIS	• MEIS replaces earlier schemes like Focus Product Scheme & Market Linked Focus Product Scheme which catered to special focus products like Toys & Sports Group, which is not the case under MEIS
Footwear Design and Development Institute (FDDI) Degree Issue	• No Clarity on whether degree or diploma will be awarded due to issues in University affiliation	• FDDI-Mewar collaboration violates UGC (Establishment of and Maintenance of Standards in Private Universities) Regulations, 2003. There is no provision for any collaboration between a private university and any institute for grant of degrees. (Policy Level Issue)
Promotion of Indian Products	• Cheaper imports hurting the local players (for products like incense sticks and toys)	• World Trade Organisation (WTO) discouraging excessive restrictions against foreign goods under the Free Market concept
	• High import duty on Exports from India hurting competitiveness in the global market	• Large Overseas organisation leveraging their scale to have competitive advantage over Indian counterparts (esp. in Semi-Knocked Down (SKD) products e.g. mobiles and batteries)

The IEC application issue, FTP schemes issue, & the Footwear Design & Development degree concerns can be mapped to Dept of Commerce,DGFT & FDDI respectively

Chart 2: Department of Commerce Grievances

Department of Commerce

| Importer Exporter Code (IEC) Application Issues | Foreign Trade Policy (FTP) Schemes | FDDI degree validation | Promotion of Indian products |

For the other focus issues, the study tries to evaluate root cause behind the investor woes. Study team spent time with bodies like National Accreditation Board for Certification Bodies to understand core process. The Root-Cause analysis was detailed out for identifying types of interventions required for better service delivery.
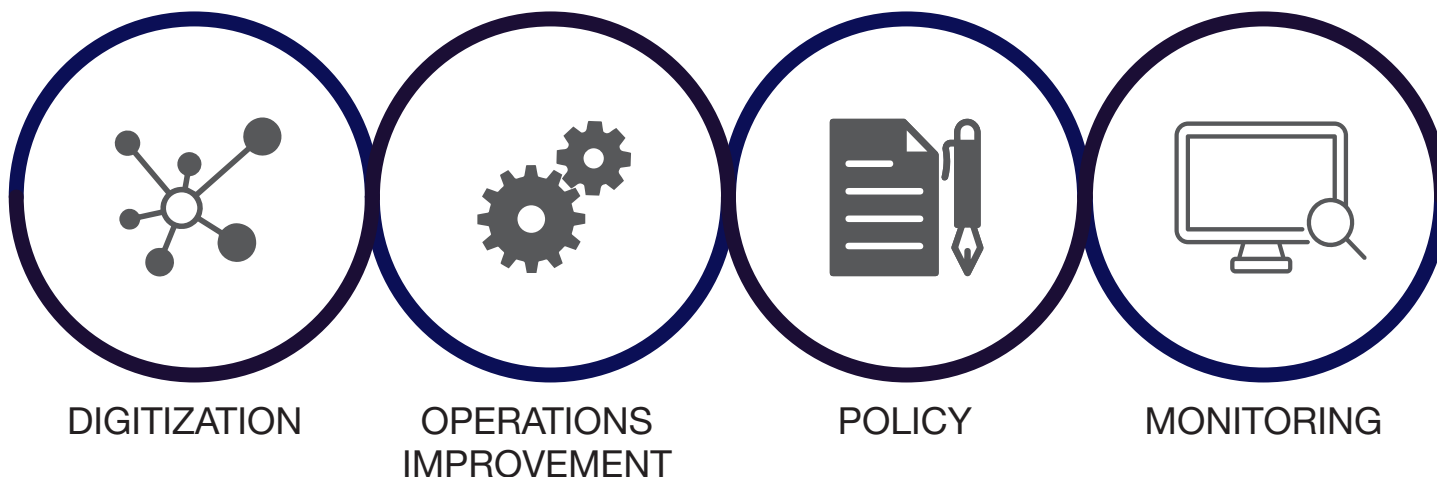
2.3 SYSTEMIC REFORMS RECOMMENDATIONS

Based on the key root cause for improper delivery of service, corresponding recommendations were identified and designed. These recommendations were arrived after discussing with the Ministry/Department representative.

For each issue, the problem was broken into multiple parts to ensure that each aspect of the problem is addressed independently, while ensuring maximum impact

AREAS ACROSS WHICH SYSTEMIC REFORMS ARE SUGGESTED

DIGITIZATION	OPERATIONS IMPROVEMENT	POLICY	MONITORING

Systemic Reforms

The Imports and Exports have a big influence over the GDP of the nation and its imperative that steps are taken to facilitate ease in these areas.

Five recommendations have been made based on expert opinions for improving process and regulations.

Table 5: Systemic Reforms for Department of Commerce

S. No	Reform Category	Systemic Reforms	Ease of implementation
1	Operations Improvement	To redesign the Import Export Code (IEC) site and change the system from currently hosted Java Server Pages (.JSP) pages. The new portal can have useful features like provision of real time updates to the applicant regarding his IEC status through SMS alerts. The entire system of issuance of IEC can be inspired from other efficient projects like Passport Seva Project (PSP)	High
2	Operations Improvement	Strengthening the grievance redressal process at the level of Regional Authorities and ensuring a response to the aggrieved within a stipulated time by having well defined standerd in published citizen charter and monitoring for adherence	Medium
3	Policy	To explore a provision with Association of Indian Universities (AIU) for recognizing the Footwear Design & Development Institute (FDDI) diplomas at par with a UGC recognized university degree, for the purposes of higher education	Low
4	Policy	To consider subsidies to Local Indian companies for the certification processes, to incentivise certification and provide competitive advantage	Low
5	Monitoring	Recording the feedback of the aggrieved about the Grievance Help line at the level of Regional Authorities (RA) , as a KPI which can be used as a parameter in the State's Ease of Doing business rankings. Recording the feedback of the aggrieved about the Grievance Help line at the level of Regional Authorities (RA) , as a KPI which can be used as a parameter in the State's Ease of Doing business rankings	High

Case Study On Reforms

Problems with The Import Export Code (IEC) issue was one of the most encountered grievance theme in the team's grievance analysis. Complaints from delayed issue to difficulty faced in making amendments to the document.

It's possible to draw parallel between the IEC issue and passport issue as both involve submission, verification and subsequent issue routines, and the volume of concerned people (for both the passport & IEC) is massive too.

There has been a paradigm shift in the passport issue with the introduction of Passport Seva Project and the IEC process can draw inspiration from the same to bring improvements in the service delivery.

PASSPORT SEVA PROJECT – TAKING E-GOVERNANCE TO THE DOOR STEP OF CITIZENS

This Passport Seva project (PSP) has redefined the way passport related services were being provided to the citizens of India.

In the year 2008, Ministry of External Affairs (MEA) awarded PSP to Tata Consultancy Services Limited (TCS), a leading IT firm of the country, selected through public competitive procurement process. The PSP was launched with a vision to deliver passport services to citizens in a timely, transparent, accessible, reliable manner and in a comfortable environment through streamlined processes and trained workforce. In addition to development of application software, TCS has established and manages 77 offices known as Passport Seva Kendras (PSKs) across India, as extended arms of 37 Regional Passport Offices (RPOs) , which are the front-end offices dealing with passport applicants. A glimpse of PSK citizen-centric design philosophy is presented here-in-below:

1. PSKs are located in easily accessible, safe commercial areas having world class ambience, central air-conditioning and several other best-in-class amenities
2. Processing counters are equipped with the latest state-of-the-art technology e.g. Scanners, webcams, biometric devices and fake note detector devices apart from basic computer hardware & software infrastructure
3. Premium Optional SMS Service w.e.f. November, 2013, for a nominal charge of INR 40. All applicants who avail this service shall receive up to 9 alerts about submission of documents, notifications issued, exceptions/errors in processing, penalty, show cause notices, police verification, printing of passport and completion of processing when passport is ready for collection.

Thriving on re-engineered process, supported by enabling force of information technology, PSP has redesigned the identified concern areas and worked relentlessly to realize its vision of providing hassle free service and bringing delight to the citizens of India.

Conclusion

This Grievance Analysis Study analyzed 200 grievances of Department of Commerce. Following key systemic reforms have been recommended, implementation of these will make an impact in reducing grievances.

01 To redesign the Import Export Code (IEC) site and change the system from currently hosted Java Server Pages (.JSP) pages.

02 Recording the feedback of the aggrieved regarding the Grievance Help line, as a KPI which can be used in the State's Ease of Doing business rankings

03 To consider subsidies to Indian companies for the certification processes, to incentivize certification and provide competitive advantage

LIST OF EXPERTS CONSULTED

Table 6: List of experts

Department of Commerce	Quality Council of India
• **Jay Karan Singh** - Jt.DGFT	• **Adil Zainulbhai** - Chairman
• **Ajay Kumar Srivastava** - Jt.DGFT	• **Dr. Ravi P. Singh** - Secretary General
• **Ashok Kumar** - JS (PG)	• **Anil Jauhri -** CEO - National Accredition Board for Certification Bodies (NABCB)
	• **Sashi Rekha** - Director, NABCB