



## Policies Covered In The Edition

# SECTOR SPECIFIC REPORT

(Commerce & Industry)

1. Logistics Ease Across  
Different States  
(LEADS) 2022 Survey

2. India@2047: Services  
Sector Exports Strategy  
"Skilling and  
Internationalization of  
Higher Education"

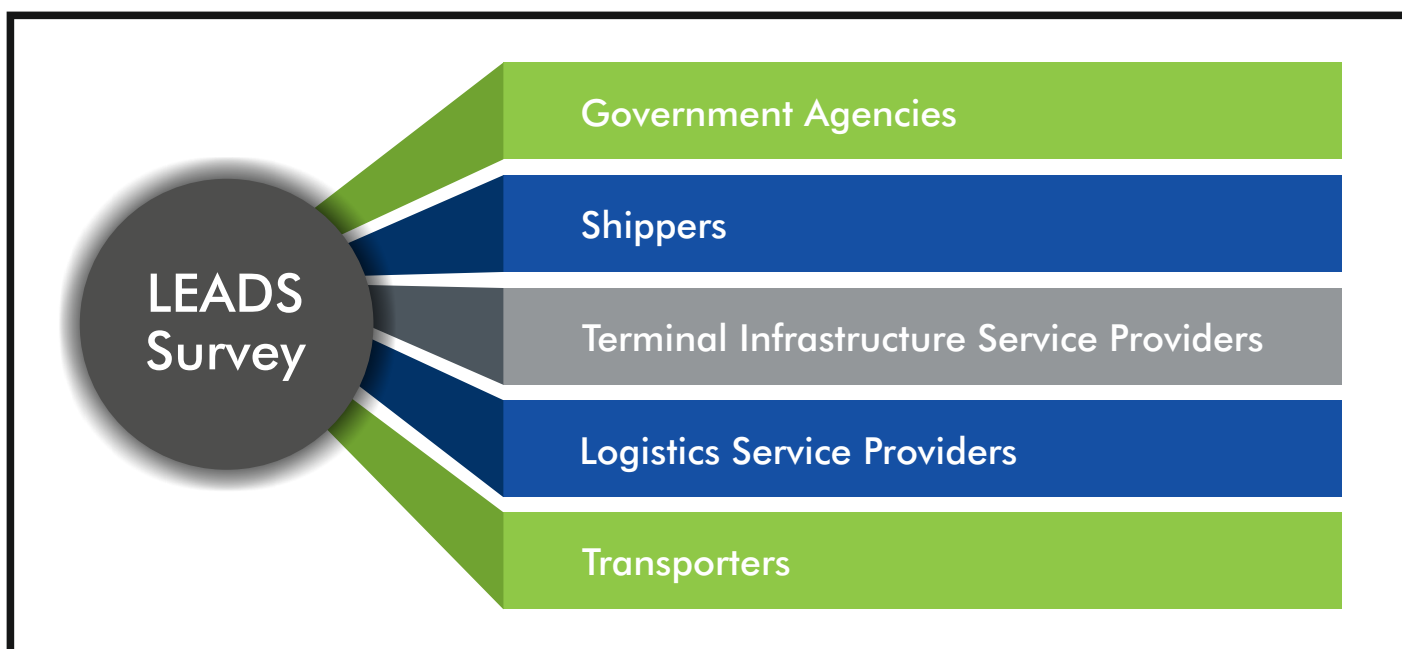
3. India's leap on Global  
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# 01 | Logistics Ease Across Different States (LEADS) 2022 Survey

In September 2022, the logistic division of the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce & Industry completed its exercise to find responses from different Indian States/ Union Territories for “Logistics Ease Across Different States” (LEADS) survey 2022. Basis this, the report of the survey to make an assessment of their overall logistics sector performance and suggest ways to improve its efficiency with regards to providing the solution to their current challenges has been expected to release in October 2022.

India is the fifth largest economy in the world heading high to work on all the avenues of economic growth and make Indian trade competitive in the market. In this regard, the logistics ecosystem plays a vital role as it involves multiple stakeholders in the whole supply chain and impacts the cost competitiveness in the domestic as well as international market. Currently, India's logistic cost is around 14% of its GDP as compared to around 8% in developed economies. Thus, lowering this cost by 5% in the next 5 years is a major challenge for the government to improve logistics efficiency for empowering businesses as well as individual citizens.

The survey has been rolled out in April 2022 to create a detailed report on the assessment of its following major stakeholder's outlook on the parameters of the value supply chain. The systematic use of logistics during the Covid 19 have strengthened India's fight against the deadly pandemic as never before and presented enormous opportunities hidden in the sector for better efficiency:



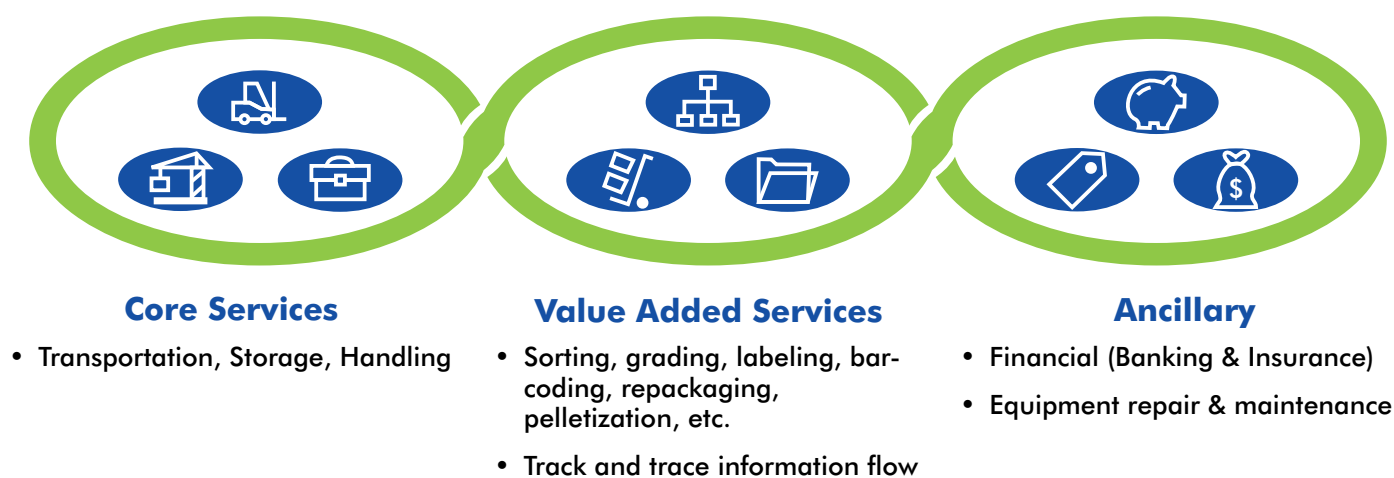
To address the challenges of the logistics ecosystem more comprehensively, in 2018 the government of India started conducting the annual LEADS survey to develop an outlook to understand the supporting and challenging issues in the development of the efficient logistics ecosystem in India.

Last year, under LEADS 2021 survey report, the top three performing states in the country were Gujarat, Haryana and Punjab. Among the Northeastern states and Himalayan UTs, Jammu Kashmir was the top performer. Whereas Gujarat, Karnataka and Tamil Nadu were among the top three states that were playing an important role in the logistics through the integration of essential data layers and helping to improve the overall logistics efficiency.

This year, the survey is guided through the government's revitalizing approach towards infrastructure development of the country under PM- Gati Shakti's master plan. It is objectively identifying the major bottleneck issues in the country's logistic ecosystem that needs priority action to synergise India's supply chain and increase its competitiveness on the global landscape.

The logistics efficiency of a country majorly depends on its infrastructure, services like the adoption of digital systems, smooth processes and clear regulatory framework along with skilled human resources. PM Gati Shakti's master plan in this way fuelling the growth of India's logistics system by providing multi-modal connectivity infrastructure to various economic zones across the country. This will improve the overall efficiency of the logistics system as well as bring a significant reduction in logistics costs for the overall development of the ecosystem to establish a smooth supply chain.

### Service Elements of the Logistics Sector



Source: <https://dpiit.gov.in/sites/default/files/LEADS-2018-final-report-07March2022.pdf>

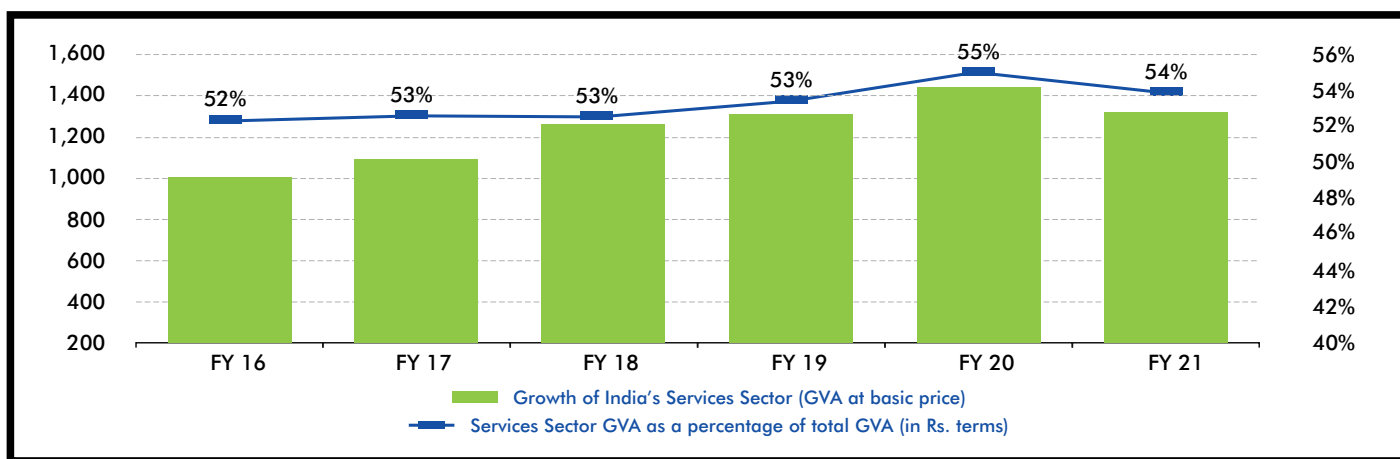
The stakeholders in LEADS survey 2022 have participated with great enthusiasm and thus more than 6000 responses from different States/UTs have been collected. The survey report in light of National Logistics Policy 2022 will help India to perform better in the World Bank's "Logistics Performance Index" and can synergise India's supply chain with better trade results.

However, based on this report, the Indian States should frame the regional logistics policy to address the local bottlenecks. The single window clearance system and establishment of redressal mechanism related to logistics issues can change the scenario by upgrading infrastructure and multi-modal connectivity along with upskilling of human resources to show the result in near future.



India entering into its Azadi ka "Amrit Kaal" phase with a profound vision of India@2047 across the sectors including services. Being the dominant sector of India in terms of India's Gross Domestic Price (GDP) share, the service sector plays an important role to realize this vision into reality. Thus, the Services Export Promotion Council (SEPC) has organized a session on India@2047: Services Sector export Strategy "Skilling and Internationalization of Higher Education" to discuss the common thread across the sectors to perform at its best through upskilling, capacity building and upgrading the level of higher education in India.

### Performance of India's Service Sector Gross Value Added (GVA) at Current Prices (In US\$ billion)



Source: <https://www.ibef.org/industry/services>

The Minister of Commerce and Industry during the session also emphasized the need of focusing on the natural competitive advantages of India to perform outstandingly in the service sector. As India has a demographic advantage over other economies of the world and Indians are serving across the globe in the services sector, especially in Information & Technology. Being a human-centric domain, it has the potential to better utilize this demographic dividend through skill promotion and the upgradation of standards of Higher Education across the country for a brighter future.

### Service Export Promotion Council (SEPC)



The service sector is attracting major contributions in both export and foreign investment. It is also one of the important sectors to provide large employment across a wide array of services like hospitality, healthcare, trade, transport, communication, finance, construction, etc. The government allowed 100% Foreign Direct Investment (FDI) in the following sector of the Indian economy over time which results in a 53% contribution of the services sector to India's GVA at the current price in the fiscal year 2022:



The government's continuous policy support to provide comprehensive support through National Skill Development Mission and National Education Policy 2020 to bring new opportunities for India's service sector. As the education system in India has been on 360 degrees revamp and involved vocational training from the early level of education to skill up the youth of the country right from the school age. The policy also works to internationalize higher education in India which will help the Indian work force to enhance the level of their contributions in the international market.

Besides this, the National Health Policy 2017, National Digital Communications Policy 2018 along with the Service Export from India Schemes are also helping to revolutionize the Indian service sector for its unprecedented growth. It is helping the sector to achieve ambitious targets and helping the poor and needy through subsidies and incentives. The enabling scenario is developing the culture of innovation and working on quality improvement in reduced prices that is benefiting the citizens to a large extent with quality services. This moves towards scaling up the Indian economy at a higher scale and paving the way for a modern and contemporary service sector through building competitive advantages at global forums.

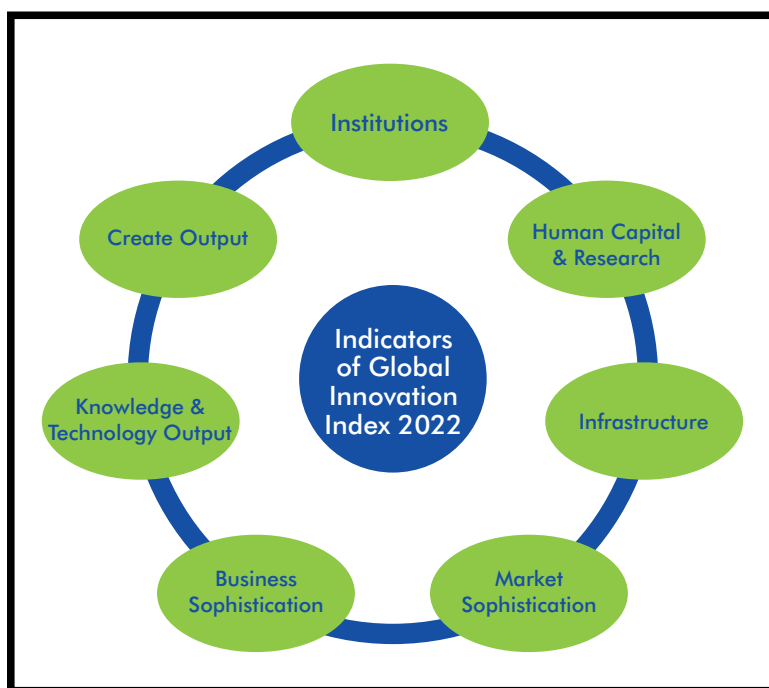
India is an export hub for software services for years, the Indian Out source Service Market is expected to see significant growth with a focus on technology adaptation and innovation. As per the projection, the Indian Software Industry is going to touch the mark of US\$ 1 trillion by 2030 looking at its long-term consistent support to India's service sector's growth.

But looking towards the productive growth scenario the consistent effort to improve the number as well as the quality of the skill and higher education centers is paramount to keep the momentum steady. This will make the way for a developed India by 2047. The various Foreign Trade measures, internationalization of higher education through policy interventions and focused approach towards skill development will further develop competencies that can amaze the globe with ambitious results.

# 03 | India's leap on Global Innovation Index

India's continuous efforts towards the promotion of innovation culture in the country and find its reflection in the Global Innovation Index of the World Intellectual Property Organization (WIPO), a self-funding agency of the UN. India secured 40<sup>th</sup> rank in Global Innovation Index 2022 with the help of India's prominent innovators and growing startup ecosystem where Switzerland has topped the list. This year the index has evaluated the recent global innovation trends across the globe in the backdrop of the Covid-19 pandemic, the slowdown of productivity growth and other related challenges.

The Global Innovation Index finds the most innovative economy in the world and rank the 132 economies as per their performance on the innovation indicators with an analysis of their enabling ecosystem's strength and weaknesses. This year, the theme of the index is focused on the future of innovation-led growth. It has analysed the continuous scale of the innovative economy based on the following important parameters.



Source: <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1863532>

The indices are evaluated to find whether this innovation has the answer to stagnation and low productivity growth of economies along with the capability of producing overarching effects on economic growth through digital and data science innovation.

In 2022, India jumped 6 places in the index while maintaining the 1<sup>st</sup> position in the service exports of the Information and Communication (ICT) technology sector over the years. But still, the road is long and India needs to continue to take progressive steps to engage its demographic dividend and ancient knowledge for the promotion of innovation in the country and open up a new facet of

the growth of the Indian economy. The continuous push to provide comprehensive support to the Indian startup ecosystem and Research & Development (R&D), the government and the industry is going hand in hand while leveraging the agility and enthusiasm of Indian youth at its best.

Some of the quick facts highlighted in the Global Innovation Index (GII) 2022 concerning the performance of India are as under:

In the lower Middle Income Group, India become the innovation leader.

Maintained the lead in ICT Service Exports

Ranked top in the Startup Ecosystem related indicators such as Venture Capital Receipts, Financing to Startups and Scale up

Hold top position in the number of graduates in the Science and Engineering Stream

Maintained the lead in Labour Productivity Growth as well as Diversification of Domestic Industry

The digitization of payments, Government initiatives and public distribution systems are the efforts of India's proud innovators as in 2022 India has seen the largest number of unicorns. The Covid-19 pandemic has opened up a new avenue of Innovation in India, as the last year has seen a surge in global real-time digital transactions and India accounts for around 40% of total such transactions. The government-promoted Atal Tinkering Labs (ATLs) are encouraging innovation in Indian youths right from school and promoting their innovative spirits to find the solution to many pain points of society.

India taking a transformational shift towards becoming a knowledge-based economy. Thus, over time it has rolled out various structural reforms in the area of Intellectual Property Rights (IPR) such as a reduction in legal compliances, a fast track window for IPR, additional facilities for women entrepreneurs, startups, etc. This has shown the result of a significant rise in the number of domestic patent filings in the last few years.

The new age of digital innovation powered by artificial intelligence, automation, the Internet of Things (IoT), etc is improving productivity across the globe and helping human lives across the sectors. The innovative breakthroughs in the field of Biotechnologies are bringing a revolution in the fields of health, environment, mobility and food and impacting the lives of individuals for good. It will make the way for India's bright performance in such global indexes in the years to come.



## Resources

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14. <https://aim.gov.in/atl.php>
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www.aggrp.in

info@aggrp.in

## Contact Details

+91-9810046249

+0124-4235267, 011- 45356553

★ New Delhi ★ Gurugram ★ Guwahati ★ Imphal ★ Hyderabad



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