Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

News: The Ministry of Commerce and Industry has allocated a separate Harmonised System (HS) code for Khadi. The move is expected to boost Khadi exports in the coming years. Earlier, Khadi did not have its exclusive HS code.

Prelims and mains focus: Meaning and significance of HS code.

Khadi is India's signature handspun and handwoven cloth that was made iconic by Mahatma Gandhi during the freedom struggle.

What does the HS code mean?

- Khadi is India’s signature handspun and handwoven cloth that was made iconic by Mahatma Gandhi during the freedom struggle.
- The Harmonised System, or simply ‘HS’, is a six-digit identification code. Of the six digits, the first two denote the HS Chapter, the next two give the HS heading, and the last two give the HS subheading.
- Developed by the World Customs Organization (WCO).
- Called the “universal economic language” for goods.
- It is a multipurpose international product nomenclature.
- The system currently comprises of around 5,000 commodity group.

HS code are used by Customs authorities, statistical agencies, and other government regulatory bodies, to monitor and control the import and export of commodities through:

1. Customs tariffs
2. Collection of international trade statistics
3. Rules of origin
4. Collection of internal taxes
5. Trade negotiations (e.g., the World Trade Organization schedules of tariff concessions)
6. Transport tariffs and statistics
7. Monitoring of controlled goods (e.g., wastes, narcotics, chemical weapons, ozone layer depleting substances, endangered species, wildlife trade)
8. Areas of Customs controls and procedures, including risk assessment, information technology and compliance.

Need for and significance:

- Over 200 countries use the system as a basis for their customs tariffs, gathering international trade statistics, making trade policies, and for monitoring goods.
The system helps in harmonising of customs and trade procedures, thus reducing costs in international trade.