

[Translation]

SHRIMATI JAYAWANTI NAVINCHANDRA MEHTA: Mr. Deputy Speaker, Sir, I had asked the Minister whether any amount has been fixed or not? ...*(Interruptions)*

[English]

SHRI NIRMAL KANTI CHATTERJEE: About the revenue collection, the cost is only one per cent or even less than one per cent. If they say "several times more" that means it is going to be a failure ...*(Interruptions)*

[Translation]

MR. DEPUTY SPEAKER: I want to bring this fact to the notice of the hon'ble members that the House has decided that not more than five supplementary questions would be asked on a question. Seven supplementary questions have been asked on this question. If more supplementaries are asked, there would not be any time for asking supplementary question on the remaining questions. Therefore, I am taking up the next question.

#### Slow Down in Exports

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\*42. SHRI I.D. SWAMI:

SHRIMATI LAKSHMI PANABAKA:

Will the Minister of COMMERCE be pleased to state:

(a) whether there has been a massive slow-down in India's exports during 1996-97 and in April, 1997;

(b) if so, the reasons therefor;

(c) whether in view of this, Government propose to set up a High Powered Export Promotion Board headed by the Cabinet Secretary to resolve Inter-Ministerial problems related to export sector;

(d) if so, the details of the Export Promotion Board; and

(e) the other steps taken to boost exports during 1997-98?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH): (a) to (e) A Statement is laid on the Table of the House.

#### Statement

(a) Exports during 1996-97 are estimated at US \$ 33106 million representing a growth in dollar terms of 4.12% over the exports valued at US\$ 31797 million during the corresponding period of last year. India's exports during April-May, 1997, are estimated at US\$ 5401.41 million which is 1.98% lower than the level of corresponding period last year.

(b) Export performance is dependent, inter alia, on international factors such as market conditions and tariff and non-tariff barriers to trade, besides domestic factors

such as policy framework and procedures, state of domestic infrastructure, export competitiveness of export products etc. A slow down in exports during 1996-97 is to be viewed in the context of a substantial slow down in world trade at 4% growth during 1996 as compared to 19% growth in 1995, low/negative import growth in India's major trading partners, a paradigm shift in demand for soft goods exported by India, sector-specific issues affecting gem & jewellery, leather sector etc. and infrastructural constraints. During April, 1997 the transporters strike seems to have affected movement of export shipment and the consequent export growth.

(c) and (d) At a meeting chaired by the Hon'ble Prime Minister to discuss export related issues recently, a strong plea was made for the setting up of an Export Development Board (EDB) to facilitate significantly high growth in the export sector and to effect greater inter-departmental coordination for achieving the export objective. Consequent on the positive response to the setting up of EDB, the proposal is being pursued further by the Ministry of Commerce.

(e) A number of measures have been taken by the Government to improve export optimism and strengthen the incentive system. The Budget 1997-98 restored the 80 HHC provision in terms of income tax exemption of export profits. The new Exim Policy for 1997-2002 considerably simplified the policies and procedures and consolidated the gains of previous Exim Policy. Efforts have been made to provide a hassle-free trading environment. Separately, M/o Commerce held discussions with the Export Promotion Councils and Commodity Boards regarding export promotion measures to achieve higher growth. Separately, meetings with trade and industry were organised by the chambers of commerce and apex organisations like FIEO. Inter-Ministerial discussions were held with M/o Finance, Textiles, Surface Transport to address specific measures required urgently to improve exports. Interest on export credit has been reduced by one percentage point. It is proposed to set up an EDB to resolve inter-Ministerial issues and to give a national priority thrust to export efforts.

[Translation]

SHRI I.D. SWAMI: Mr. Deputy Speaker, Sir, the Hon'ble Minister has admitted that there has been export deficit and some steps have also been taken for increasing export. But, I want to know from the Hon'ble Minister the amount of trade deficit. Secondly, he has also admitted that in 1997-98, under the terms of provisions of 80 H.S.C., income tax exemption has been restored. Is the entire country coming on the method of error in correction or planning? Thirdly, I want to know the reasons for the restoration of this exemption which was withdrawn earlier. Has the export increased due to this in these months and if so, the extent thereof?

[English]

DR. BOLLA BULLI RAMAIAH: Sir, with reference to the total trade deficit, it was about five billion dollars last

year. About the benefit, as the hon. Member has rightly said, one of the measures taken is the income tax benefit which has been given to exporters. Along with it, there are other measures also which have been taken. But you cannot expect that the result will come overnight.

There are also various other factors that we will take into consideration for increasing our trade. As everybody knows growth rate in the international trade has come down from 19 per cent in 1995 to four per cent in 1996. Some industries are also facing sector specific problems. The leather industry is facing some difficulties. The gem & Jewellery sector is also facing some problems. Similarly, the export of our agricultural products like rice, wheat and sugar has also come down. So, various factors are responsible for it. That is why I say the effect of the various measures that we have taken will be able to reflect in performance very soon.

SHRI I.D. SWAMI: My first question was, why this exemption was withdrawn. What was the reason for this? What was the Government's planning for withdrawing this? What did the Government think at that time? Making an error and then correcting it, is not the way that the Government functions. If the exemption was withdrawn, it was only for one or two years. Again you have restored that exemption. I would like to know what were those reasons. This is part one of my question.

After the new liberalisation scheme in 1993-94, in 1994-95, the growth rate was 20 per cent. But now this rate is not more than 4.5 per cent or five per cent... (Interruptions) Rather there is a negative growth. What are the reasons for this?

DR. BOLLA BULLI RAMAIAH: Sir, various measures have been taken in the Budget which were due to various reasons that we had to do it. After receiving representation from various people, some modifications have been made. This is one of the measures taken by us and I do not think, this has got anything to do with various other considerations.

About the growth rate, the hon. Member has said that when earlier it was quite good, it was 20 per cent, what has happened now? About the growth rate, over and above, the base has come up. As I mentioned earlier, the international trade has become slackened.

This is one of the factors, which has also affected our growth rate. But, in spite of that, we are making a lot of efforts to see that our exports will be going up substantially. With these few items, as I mentioned earlier, the particular sectors of our commodities will be affected.

I am sure, the hon. Member will be able to appreciate the measures we have taken, like the liberalisation policy. We are trying to see opportunities in various other countries, i.e. we are trying to export our commodities to non-traditional countries. We are also trying to export non-traditional products. This way, we will be able to improve our exports.

SHRI NIRMAL KANTI CHATTERJEE: Sir, the picture is very dismal. The reference to the international growth only underlines that picture. We export 0.5 per cent of world exports. If the growth rate of world trade is higher than ours, then, we are sliding back in terms of a fraction and that is what is happening. That is why, really, our drive for exports should remain.

The second part is, we have liberalised our imports at the cost of Indian industries, as the industrialists say. The argument advanced at that time was that we are reducing the import duties so that we import certain things at a cheaper cost, so that our exports rise, our exports become competitive. That was one of the arguments. I do not accept that argument but that was one of the arguments advanced.

My question, therefore, is whether the import intensity of our exports has increased because of reduction of customs duties? Are we able to utilise our imports so that our exports are increasing. This is one question I want the hon. Minister to answer.

DR. BOLLA BULLI RAMAIAH: Sir, there is a definite indication in respect of particular commodities that by reduction of import duties, our exports have gone up. Look at what has happened in the case of electronic and software exports. Our growth has gone up to 60 per cent in the last two years. Now it has gone up to more than 80 per cent. So, it has got an effect.

SHRI NIRMAL KANTI CHATTERJEE: Has the overall intensity of imports in exports gone up or not? Do not mention just about one sector.

DR. BOLLA BULLI RAMAIAH: What I say is, if you look at what happens, as our agricultural production has come down, somehow these things have affected our growth rate. But there are other industries where the growth rate has gone up. Definitely, the fact that the import duties have come down has given a lot of benefit to the export growth rate.

SHRI SURESH PRABHU: Sir, I wish the Government well because it appears that the strategy of the Government to increase exports is hinging more on wishful thinking rather than on concrete steps. I wish the Government really well because of that.

Is it true that since we have signed the WTO treaty and at the same time trade blocs have been created, these trade blocs are affecting our exports? Our professed idea of joining the WTO was that we would be able to get into international trade without any hindrance. But, are the trade blocs coming in our way?

Is buying of rupee in the market by the Reserve Bank of India also one of the strategies of promoting exports by keeping the rupee weak? Our reserves are now climbing to \$29 billion. Is that also part of the strategy to promote exports?

DR. BOLLA BULLI RAMAIAH: The hon. Member must

look into one aspect of it. Our rupee has become stronger now; it has not become weaker. If you look at the last few years, the rupee has become, day-by-day, stronger and stronger. This is the first point.

The second point is about our export promotion of various commodities which are going to have some problems with the World Trade Organisation. Just as various countries impose anti-dumping duties on exports from our country, we are going to have them also. The World Trade Organisation has provided certain amount of safety clauses. If there is some sort of problem, we have the option to go to the Tribunal and they also have the option. So, that will be safeguarded.

SHRI SUDHIR GIRI: Mr. Deputy-Speaker, Sir, I would like to know from the hon. Minister whether the Government is aware of the restrictions on textile goods which are being imposed by developed countries, especially the European Union countries; if so, whether the matter has been taken to the appropriate forum of the World Trade Organisation; and if the reply is in the affirmative, what is the outcome.

DR. BOLLA BULLI RAMAIAH: Sir, what the hon. Member has mentioned is correct. In the case of textile products, the European Union has brought what is called anti-dumping measures. They want to include unbleached cotton fabric in this category. But we are examining options, including going to WTO and won the case. We are hoping to come out successfully. Recently they have included Synthetic fibre rope representation to WTO. We have a strong case and we will definitely succeed in that also.

*[Translation]*

DR. LAXMINARAYAN PANDEY: Mr. Deputy Speaker, Sir, I want to know from the Hon'ble Minister about the areas in which export has reduced and import has increased in the recent past.

Secondly, the Export Promotion Council had given suggestions from time to time to you. Now efforts are being made for the constitution of new board by ignoring the recommendations of the Council. What was the need to constitute such a board and what were the difficulties being faced by the Government while rejecting the recommendations of Export Promotion Council?

*[English]*

DR. BOLLA BULLI RAMAIAH: No. We are constantly in touch with the Export Promotion Councils. In the Export Promotion Board we are only appointing Cabinet Secretary as Chairman so that any problem connected with inter-Ministry could be resolved quickly.

DR. LAXMINARAYAN PANDEY: Then, are you shelving the Export Promotion Council?

DR. BOLLA BULLI RAMAIAH: Sir, Export Promotion Council is different. That is for exporters. They will come and discuss several issues. We will also take up those

issues and try to resolve them as much as possible. It is a constant process going on between the Government and the exporters. In this new Board we have made the Cabinet Secretary the Chairman so that inter-Ministerial problems are solved quickly.

SHRI C. NARASIMHAN: Sir, may I know from the hon. Minister as to how many export houses are functioning in this country? What is the value of the export done during the last year?

DR. BOLLA BULLI RAMAIAH: Sir, I do not have the figures. I will collect the details that is required by him and furnish it to him.

*[Translation]*

PROF. OMPAL SINGH 'NIDAR': Mr. Deputy Speaker, Sir, Shri I.D. Swami had asked the Hon'ble Minister as to why the income tax rebate was withdrawn and later on why that rebate was given. It has not been replied. I would like to know if it is not like asking for the donation and when the same was not received the rebate was withdrawn and when the donation was given the rebate was given. This is my question which should be replied to. This is my apprehension. I am asking question out of the question and the whole question means that the question should be asked out of the question. Your reply is that when the people asked for withdrawal it was withdrawn and later on when the people requested, we gave that rebate again. Is it not so that it involved the case of donation or black money and when the exporters were asked to give donations and when they did not give the donation, the rebate of income tax was withdrawn and when they gave the donation, they were given the rebate. Is it so?

*[English]*

DR. BOLLA BULLI RAMAIAH: Sir, I am not surprised that the hon. Member has given certain comments on this. The Budget is always a provision and on the basis of that we would be able to make some sort of application. Various people give representations. Hon. Members can also make representation. After getting representations for different sectors, we make certain provisions. It is a constant on-going process. There is nothing special in this. All that I can say is that this is going to be as usual. That is all.

SHRI A.C. JOS: Sir, after liberalisation many items have been taken away from the public sector and given to the private sector. A lot of items have been given for import on the basis of export development. In the present policy many items have been channelised through Indian public sector trading organisations. Will the Government be pleased to de-canalise and encourage the exporters to export and on the basis of that they may be permitted to import? Will the Government be pleased to do that?

DR. BOLLA BULLI RAMAIAH: Sir, the hon. Member's representation has come to me. We are also examining the issue. The representation is of a different type. We are going to work out all these things and we will be able to take an appropriate measure.