

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2880

ANSWERED ON:22.03.2005

EXPORT TRANSACTION COST

Ahir Shri Hansraj Gangaram;Chinta Mohan Dr. ,Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether transaction cost varying from 19% to 21% is levied on exporters;
- (b) if so, whether comparative study in countries like China, Japan, South Korea, Indonesia, Thailand, Pakistan and Sri Lanka was conducted prior to levy of this cost;
- (c) if so, the details in this regard;
- (d) whether there has been any increase in export during this year in comparison to previous three years;
- (e) if so, the details thereon; and
- (f) measures taken to create local employment opportunities and for training in export sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI E.V.K.S. ELANGO VAN)

(a) to (c): Transaction costs arise out of stringent rules and regulations, complex administrative processes, infrastructural deficiencies etc. An analysis carried out by the Federation of Indian Export Organizations reveals that cost disabilities including transaction costs as suffered by the Indian Exporters vary from 19 -22%. The transaction cost prevailing in other countries is not known.

(d) & (e): Yes, Sir. As per DGCI&S data there has been an increase in exports by 27.03% for April,2004 to February,2005 over April,2003 - February,2004.

(f): Doubling our share of World Trade over next five years will also lead to increased local employment opportunities on account of increased production and exports. Both Government and Private sector are involved in imparting training to augment specialised human resources for exports.