

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

UNSTARRED QUESTION NO:1184
ANSWERED ON:02.08.2010
EXPORT OF ENGINEERING PRODUCTS
Lagadapati Shri Rajagopal

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

- (a) the details regarding export of engineering products to various countries during the last three years, year-wise and product-wise;
- (b) whether exporters of engineering products are facing problems in view of less demand;
- (c) if so, the details thereof alongwith the reasons therefor;
- (d) whether this sector is demanding fiscal incentives to tide over the crisis; and
- (e) if so, the details thereof and the steps being taken by the Ministry in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) : A statement is annexed.

(b) & (c) : Yes, Madam. The Global Economic crisis had considerable impact on Indian engineering exports as the two major markets for Indian engineering goods, USA and EU were severely affected by the financial crisis.

(d) & (e) : Yes, Madam. The engineering sector has been requesting for fiscal incentives to tide over the crisis. The main requests have been to enhance the Duty Entitlement Passbook (DEPB) rates and increase in value caps, increase the Drawback Duty rates, reintroduction of Section 80 HHC of the Income Tax, increase the rates of Focus Markets and Focus Product Schemes, among others.

The Ministry has taken a number of steps to mitigate the problems of the engineering sector like holding on to the DEPB and drawback rates despite the fall in customs duty, increasing the rates on Focus Product scheme from 1.25% to 2% and on Focus Market Scheme (FMS) from 2.5% to 3%, widening the basket of countries in the FMS, introducing a new scheme called the Market Linked Focus Product Scheme, in addition to introduction of a zero duty Export Promotion Capital Goods Scheme.