

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

STARRED QUESTION NO:84
ANSWERED ON:15.11.2010
PACKAGE FOR EXPORTERS H
Joshi Dr. Murli Manohar

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

- (a) whether despite adoption of liberalization policy since two decades, the Government still needs to provide financial packages to the exporters to promote trade;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the country is suffering losses in foreign trade despite financial packages to the exporters; and
- (d) if so, the details thereof and the reasons therefor alongwith the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 84 FOR ANSWER ON 15TH NOVEMBER 2010 REGARDING "PACKAGE FOR EXPORTERS"

(a) to (d): Export performance is dependent on a host of factors such as demand and supply conditions (both domestic and international), import intensity of the product, global prices and price elasticity, exchange rate etc. Government extends support to export sector in the form of schemes for neutralization of duties on inputs required to manufacture the export product, import of capital goods at concessional duty for technological upgradation and measures for procedural simplification and rationalization. In addition, Government has sought to provide support / incentives to the different export sectors, in particular, the labour intensive sectors, which are affected not only by the global situation but also the incentives being extended by our competing countries to their exporters. Various measures taken include export incentives under Vishesh Krishi and Gram Udyog Yojana (VKGUY), Focus Market Scheme (FMS), Focus Product Scheme (FPS), Market Linked Focus Product Scheme (MLFPS) for market expansion and product diversification, concessional export credit, interest subvention for specified sectors. These measures are reviewed and rationalized from time to time.

There has been a significant growth in our exports over the last few years. During the period 2003-09, our merchandise exports witnessed robust growth to reach a level of over US\$ 185 billion in 2008-09 from US\$ 63 billion in 2003-04. Growth in exports continued till September, 2008. It suffered a decline during the 12 months (October, 08 to September, 09) due to the shrinkage of the demand worldwide and particularly the contraction in demand in the traditional markets of our exports. This downward trend was arrested from October, 2009 onwards and our exports ended up at US \$ 178.75 billion in 2009-10. The arrest in the decline of exports and its movement to positive trajectory since October, 2009 clearly indicates that while the impact of global economic slowdown is still continuing on our exports, the supports / incentives have significantly contributed in reviving export growth.