

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

STARRED QUESTION NO:357
ANSWERED ON:19.12.2011
IMPACT OF GLOBAL ECONOMIC CRISIS ON TRADE
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the prevailing global economic crisis and slow down in demands from the developed markets have adversely affected the country's trade and industry;
- (b) if so, the impact of the slow down on the domestic industry, sector-wise alongwith the estimated number of job loss during the current year, industry/sector-wise;
- (c) whether the fluctuation in the value of Indian Rupee against US Dollar has led to trade deficit hardships to exporters/ importers during the current financial year;
- (d) if so, the extent of the trade deficit; and
- (e) the steps taken/proposed to be taken by the Government to tackle these problems?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 357 FOR ANSWER ON 19TH DECEMBER 2011 REGARDING "IMPACT OF GLOBAL ECONOMIC CRISIS ON TRADE"

(a) to (e): The global financial crisis, the sovereign debt crisis in Europe and the economic slowdown in developed economies does impact demand in the domestic economy. However, in the current financial year 2011-2012, India's trade is growing every month as compared to relevant month of previous year. The depreciation of rupee against hard currencies enhances the competitiveness of exports while making imports costlier and therefore impacts overall balance of trade.

India's Exports, Imports and Trade Deficit for the year 2009-10 and 2010-11 and for the periods April-November 2011 is given below:

(Values in Million USD)

Period	Exports	Imports	Trade Deficit
2009-10	178751.43	288372.87	109621.44
2010-11	251135.89	369769.12	118633.23
April 11- November11#	192694.39	309530.45	116836.06

(Source: DGCI&S. # Provisional figures)

The cumulative growth for the period April-October 2011-12 stands at 3.5% over the corresponding period of the previous year, but for the month of October 2011, the growth is (-) 5.1% compared to October 2010. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of October 2011 has shown the growth rates of (-) 7.2%, (-) 6.0% and 5.6% respectively as compared to October 2010. The industry group 'Medical, precision & optical instruments, watches and clocks' has shown the highest growth of 30.8%, followed by 18.4% in 'Office, accounting & computing machinery' and 15.3% in 'Radio, TV and communication equipment & apparatus'. On the other hand, the industry group 'Electrical machinery & apparatus' has shown a growth of (-) 58.8% followed by (-) 12.1% in 'Machinery and equipment' and (-) 11.4% in 'Rubber and plastics products'.

Government has taken several policy measures to promote exports and to increase the competitiveness through various measures initiated in the Foreign Trade Policy, 2009-14. The Government has recently announced schemes like Special Bonus Benefit Scheme,

Special Focus Market Scheme and also included two new markets viz. Cuba and Mexico under the Focus Market Scheme, for further boosting export of Indian products to different markets.