

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

UNSTARRED QUESTION NO:1574

ANSWERED ON:03.12.2012

DECLINE IN EXPORTS

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Hazari Shri Maheshwar; Hegde Shri Anant Kumar; Meghwal Shri Arjun Ram; Ray Shri Saugata; Singh Shri Rajiv Ranjan (Lalan); Sugavanam Shri E.G.; Upadhyay Seema; Vardhan Shri Harsh; Verma Smt. Usha; Yadav Shri Dharmendra; Yaskhi Shri Madhu Goud

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

- a) whether there has been considerable decline in the export leading to the increase in the trade deficit during the last three years and the current year and if so, the details thereof along with the reasons therefor;
- b) whether the World Trade Organisation has also downwardly revised its estimate for global trade for the current year and if so, the details thereof;
- c) whether the Government periodically review the schemes being operated for promotion of exports and if so, the level at which the same is reviewed along with details of the scheme being run by the Government to boost the exports;
- d) whether the Government proposes to review any of the existing schemes or introduce new schemes to boost exports and if so, the details thereof;
- e) whether the Ministry of Commerce and Industry has requested the Ministry of Finance to lower the interest rates to boost manufacturing and exports; and
- f) if so, the response of the Government thereto along with the steps taken to bridge the trade deficit and to boost the export from the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (CDR. D. PURANDESWARI)

(a) There is a mixed trend in growth of exports and trade deficit during last three years and current year. The details of export and trade deficit are as under:

YEAR	Export	Percentage Growth	Trade	Percentage Growth in
	in Exports (y-o-y)	deficit	Trade Deficit	(y-o-y)
2009-10	178.8	-3.5	-109.6	-7.4
2010-11	251.1	40.5	-118.7	8.2
2011-12	306.0	21.8	-183.3	54.6
2012-13 (April-October)	166.9@	-6.2	-110.2@	3.2

Source : DGCI&S, Kolkata @ : Provisional; Y-o-Y : Year on Years basis

The global economic crisis, the sovereign debt crisis in Europe and the economic slowdown in developed economies has adversely impacted demand for our exports. The imports have also been growing both because of higher prices of importable and increased demand. The international prices of petroleum, fertilizers, gold, edible oil etc. have increased. Their demand also has increased. These lead to a higher value of imports. As a result the trade deficit has increased in the above said period.

(b) In its September, 2012 press release, WTO has revised downward the projected growth in world trade from 3.7 per cent to 2.5 per cent for 2012 and from 5.6 per cent to 4.5 per cent for 2013. According to the WTO, downward revision has been due to slowdown in global output and continued European sovereign debt crisis making world trade highly sensitive to developments in this region.

(c) The Government reviews performance of export sectors at regular intervals at the level of Director General of Foreign Trade and

takes remedial measures for providing incentives whenever needed to boost exports. Incentives are provided in the form of duty credit scrip under the Foreign Trade Policy schemes such as Focus Product Scheme, Focus Market Scheme and Vishesh Krishi & Gram Udyog Yojana. The details of these schemes are available in the DGFT website at www.dgft.gov.in

(d) Review of export performance and schemes is a continuous process.

(e) & (f) At the request of Department of Commerce, Government has extended interest subvention scheme in certain specified sectors upto 31st March 2013. Other steps include measures / incentives announced on 5th June 2012 as part of the Annual Supplement to Foreign Trade Policy.