

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

STARRED QUESTION NO:87
ANSWERED ON:04.03.2013
EXPORT PERFORMANCE
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Directorate General of Foreign Trade has completed its mid-term appraisal of the performance of various export sectors;
- (b) if so, the details thereof including the export target fixed and achieved during the last three years and the current year, the countries with which India has registered trade deficit along with the sectors which have been adversely affected;
- (c) whether there has been a sagging trend in exports during the said period leading to an increase in the trade deficit and if so, the details thereof, year-wise and the reasons therefor;
- (d) the details of specific measures being undertaken by the Government to boost the exports from the country;
- (e) whether the Government proposes to review the foreign trade policy in view of the changing situation and extend the interest subsidy scheme for exports and if so, the details thereof and if not, the reasons therefor; and
- (f) the total amount of incentives provided to the exporters during the said period and the extent to which the same has benefited the domestic industries?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 87 FOR ANSWER ON 4TH MARCH, 2013 REGARDING "EXPORT PERFORMANCE "

(a) The Directorate General of Foreign Trade (DGFT) had organized sectoral meetings with Apex export bodies and Export Promotion Councils (EPCs) in November, 2012 to gauge the performance of various export sectors.

(b)& (c) India has favorable balance of trade with 105 countries both during last three years as well as during 2012-13(April-Sept). Out of these the names of top 10 countries are United States of America, Netherlands, Singapore, Bangladesh, Hong Kong, Kenya, Sri Lanka, Bahamas, Nepal and U.K. The combined share of these 10 countries to the total exports during 2012-13(April-Sept) is 35%.

India has trade deficit with 48 countries both during last three years as well as during 2012-13(April-Sept). Out of these the names of top 10 countries are China, Switzerland, Saudi Arabia, Australia, Nigeria, Kuwait, Iran, Iraq, Korea RP and Qatar. The combined share of these 10 countries to the total exports during 2012-13(April-Sept) is 13.5%.

Table below gives the figures for Export Targets fixed and the actual Export and Import achieved along with the Trade deficit.

YEAR	Target for Export	Export (A)	Import (B)	Trade deficit(A-B)
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2009-10	Target was not fixed	178.8	288.4	(-) 109.6
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2010-11	200	251.1	369.8	(-) 118.7
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2011-12	300	306.0	489.3	(-) 183.3
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2012-13 350 239.7# 406.9# (-) 167.2#

#: 2012-13 (April-January) are provisional. (Figure in Billion US\$)

The details of country-wise/sector-wise Imports and Exports during the last three years and the current year, is available in the DGCI&S publication in CD form namely 'Monthly Statistics of Foreign Trade of India' Vol. I (Exports) & Vol.II (Imports) for March 2010, March 2011, March 2012 respectively. Such CD's are regularly sent to Parliament Library by DGCI&S, Kolkata.

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 international prices of petroleum, fertilizers, gold, edible oil etc. have increased. Their demand has also increased. As a result, the trade deficit has increased in the above said period. The WTO in its forecast during September, 2012, slashed global trade growth for year 2012 from 3.7% to 2.5% which is less than half the previous 20 years average.

(d) To increase our exports and reduce trade deficit a strategy paper to double our exports by 2013-14 was released in May 2011 as part of plan of action. Earlier measures taken by the Government and RBI include the announcements made in the Budget 2009-10 and 2010-11; in the Foreign Trade Policy (FTP) 2009-14; thereafter in January / March 2010; in the Annual Supplement to FTP released on 23rd August, 2010; and in announcements made in February and October, 2011. In the wake of continuous economic slowdown which has impacted the trade, a number of measures / incentives as part of the Annual Supplement to Foreign Trade Policy were announced on 5th June 2012.

To further boost Exports, new measures have been announced on 26th December 2012 which include widening of Focus Product Scheme and Focus Market Scheme. Similarly some additions have been made to MLFPS / VKGUY. Incremental Export Incentivisation Scheme has been introduced w.e.f 1.1.2013, whereby, incremental exports made during the period, January-March 2013, over the period January-March 2012, to specified countries would be eligible for benefits @ 2% of the FOB value of incremental growth achieved.

(e) The Government of India continuously monitors the export performance of different sectors and takes need based measures from time to time, keeping in view the financial and overall economic implications. Review of Foreign Trade Policy is a part of this strategy. Two percent Interest Subvention Scheme presently available for certain export sectors viz. Handicrafts, Carpet, Handlooms, SMEs, Readymade Garments, Processed Agriculture Products and Toys, has now been widened to include 134 sub-sectors of Engineering Sector w.e.f 1st January, 2013. The validity of the Interest Subvention Scheme has been extended till March 31, 2014.

(f) The year-wise details of scrips issued under incentive schemes for the year 2009-10, 2010-11 and 2011-12 (Duty Saved Value in Rs. Crores) is as below:-

Scheme	2009-10	2010-11	2011-12
under which issued			
FMS	504	772	1065
FPS	539	1836	3818
VKGUY	2668	1834	2487
Total	3711	4442	7370