

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

UNSTARRED QUESTION NO:1810
ANSWERED ON:16.12.2013
EXPORT OF HI TECH PRODUCTS
Dubey Shri Nishikant ;Joshi Shri Pralhad Venkatesh

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

- (a) whether any study has been conducted to examine the export potential of various States in the country including Jharkhand and if so, the details thereof along with the contributions made by each State in the total export from the country;
- (b) the details of exportable items identified from each State including the quantity of such items exported and foreign exchange earned during the last three years;
- (c) the number of products that come under the focus market scheme and special focus market scheme;
- (d) whether the domestically manufactured hi-tech products are not able to compete in the international markets and if so, the reasons therefor; and
- (e) the steps being taken by the Government to boost the export of hi-tech products from the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(DR. E.M. SUDARSANA NATCHIAPPAN)

- (a) Recently, the IIM, Kozhikode has done a study on the export potential of the four southern states while IIM, Shillong has done a similar study for the eight states in the North-East. The recommendations made in these studies are under examination. A study has been conducted on Infrastructure Bottlenecks in Industrial Clusters, emerging ports and airports by Federation of Indian Export Organisation, while another study on India's Infrastructure needs by 2014 & 2020 has also been conducted by the same organization. Separately, different Export Promotion Councils also get studies undertaken by Indian Institute of Foreign Trade (IIFT), No specific study has been conducted to examine the export potential of Jharkhand.
- (b) Data on details of exportable items identified from each State including the quantity of such items exported and foreign exchange earned is not being maintained.
- (c) Export of all products to Focus Market countries and Special Focus market countries except ineligible category mentioned at para 3.14.3 of FTP (2009-14), are entitled for benefit under the scheme. Presently 125 countries are under Focus Market Scheme (FMS) and 50 countries are under Special Focus Market Scheme (Special FMS).
- (d) The domestically manufactured hi-tech products find it difficult to complete in the international market as there are many disability factors such as the domestic IT hardware manufacturing sector was the first sector hit by the zero customs duty regime , as a result of implementation of the Information Technology Agreement (ITA-1). Accordingly, the customs duty on the specified 217 tariff lines was reduced to zero% in a phased manner and w.e.f. 2005, the entire 217 tariff lines are at zero% basic customs duty; India has entered into Free Trade Agreement (FTA)/Preferential Trading Agreement (PTA) with a number of countries / trading blocks and more agreements are under negotiation, wherein import of electronics hardware from these countries shall be at a preferential rate of duty, which is lower than the normal tariff rate and there are a number of other disability factors such as high level of taxation; high cost of power, finance & freight; inadequate infrastructure; high transaction cost, lack of supply chain etc. which render indigenous electronics hardware manufacturing uncompetitive and discourage capital intensive and large level of investments.
- (e) Government has notified the National Policy on Electronics (NPE) 2012 to promote the Electronics System Design and Manufacturing (ESDM) sector in the country. The Policy envisions creating a globally competitive ESDM industry to meet the country's needs and serve the international market. Further the following schemes are also aimed towards boosting the export of hi-tech telecom products from the country:
 - (i) Focus Market Schemes (FMS);(ii) Focus Products Schemes (FTS); (iii) Market Linked Focus Product Scrip (MLFPS); (iv) Interest Subvention Scheme; (v) Market Access Initiative (MAI) Scheme and (vi) Market Development Assistance (MDA) Scheme.