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Title: Made a statement on special package of measures for boosting exports.-Laid

15.50 hrs.

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): Hon. members are aware that the Government attaches utmost importance to export promotion and treats exports as a national priority. While announcing the Exim Policy on 13th April, 1998, I indicated that the aim is to achieve 20 per cent export growth in dollar terms during the current year. However, our export performance in the first quarter has been extremely disappointing. Exports were down eight per cent in dollar terms as compared to the value of exports during the corresponding period of last year. The trade deficit has widened to US\$ 2100 million during the period as against US\$ 1400 million during the first quarter of the last year.

An analysis of the preliminary data shows that while nearly two-thirds of our export items have reported positive growth, about 30 major export items constituting around 25-30 per cent of our export basket, have shown substantial decline. Among the various items are cotton yarn and fabrics which has shown a drop of 20 per cent, RMG man-made fabrics which has declined by about 35 per cent and transport equipment which has dropped by about 20 per cent. Hardware electronics has suffered the biggest setback of nearly 60 per cent. Oil meals, which used to be an important export item, has also shown a 50 per cent decline.

Some sectors have achieved creditable growth especially software, gems and jewellery, chemicals and pharmaceuticals.

The reasons for the poor performance can be attributed partly to the difficult economic situation in some of the South-East Asian countries, which are our important trading partners. During the first quarter of this year, exports to Indonesia, Thailand, Singapore, South Korea besides Japan have shown a substantial fall.

Government have been examining various measures required to arrest the declining trend in exports and give a fillip to export growth.

I have held wide-ranging discussions with the Finance Minister and others involved in export promotion. I am glad to state that we have finalised a special package of measures for boosting exports. The important elements of the package are as follows:

- 1) Reduction in the rate of interest on pre-shipment and post-shipment credit from eleven per cent to nine per cent. A major reason cited by the exporting community for the difficult export performance has been the high cost of export credit and hence, in consultation with the Reserve Bank of India, it has been decided that as a special temporary facility, export credit will be made available to exporters at nine per cent. This facility will be continued upto 31st of March, 1999.
- 2) Government shall pay interest to exporters if Government dues by way of duty drawback or refund of terminal excise duty is delayed beyond two months. In the case of duty drawback, this period will be reckoned from the date of shipping bill and in the case of terminal excise duty, the period will be from the date of payment of duty. This will be subject to the prescribed documents being furnished within 15 days of export or deemed export. This system will come into operation from 1st of September.
- 3) Manufacturer-exporters with a record of specified export performance and above one year of unblemished export record will be permitted the facility of Legal Undertaking subject to prescribed terms and conditions instead of Bank Guarantee to the Customs as security for import of duty-free raw materials, etc. This will not only help to reduce the cost to the exporter but also help to augment working capital.
- 4) Exporters who are permitted to give Bonds to Excise and Customs Bond Officers, will not be required hereafter to give separate Bonds for fulfillment of different obligations but only a single Mother Bond on an annual basis which will subsume all the Bonds required to be given for various purposes. This will also save time and expenses of the exporters.

5) Exporters have been representing that procedural difficulties and erosion of competitiveness are the major reasons for the slowdown in export growth in some sectors. A number of promotional measures and procedural changes suggested by the exporters have been agreed to. They include:

- a) Extension of Tax Holiday for EOUs/EPZ units from five years to 10 years, will be given and necessary amendments in the statute will be made.
- b) EOU will be permitted sub-contracting facility in the Domestic Tariff Area.
- c) Private Software Technology Parks will be permitted the benefit of EPCG Scheme.
- d) Export through courier will be permitted from the EPZs.
- e) Bio-technology and small scale engineering industry to be specified will also be entitled to the benefit of zero duty EPCG Scheme under one crore threshold limit.
- 6) A special package for Hardware Electronics sector will be finalised within a very short time.
- 7) Manufacturer exporters of specified turnover will hereafter be permitted clearance of goods on the basis of self-certification. Necessary notification laying down the procedure will be issued shortly.
- 8) To give a boost to export of processed foods, horticultural and floricultural products, etc., the duty on mobile cooling equipment and other cold chain equipment will be suitably revised to reduce the cost of such equipment.
- 9) Some more measures to simplify procedures have also been approved and necessary orders will be issued shortly.

Government trusts that the exporting community will respond positively to these measures and help to achieve an export growth of 20 per cent this year.

I also appeal to all the employees of departments and agencies connected with exports to treat exports as a national task and priority and deal with exporters problems in a positive manner and resolve their issues in constructive spirit and with utmost efficiency.

SHRI RAJESH PILOT (DAUSA): You did not mention anything about agro-based industry.

SHRI RAMAKRISHNA HEGDE: I have mentioned about agro-based industry. I have stated about export of horticultural and floricultural products.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Mr. Speaker, Sir, I want to ask some clarifications.

PROF. P.J. KURIEN (MAVELIKARA): It is not permitted under the rules.

MR. SPEAKER: Shri Radhakrishnan, no clarification is allowed after the statement. Please take your seat.

SHRI VARKALA RADHAKRISHNAN : Sir, the House is going to be adjourned sine die tomorrow. He has brought in a very important statement at the fag end of the Session. As a result of this, the House has been denied the opportunity of having a discussion on this subject. That is my point.

MR. SPEAKER: It is not going on record.

(Interruptions)*

SHRI RAJESH PILOT (DAUSA): Mr. Speaker, Sir, tomorrow is the last day of the Session and he has brought in this statement today. The point is, the Government should have brought in such an important statement well in advance.

श्री चमन लाल गुप्त (ऊधमपुर): चार बजे ३७७ लेने के लिए बोला था।

MR. SPEAKER: We will take it up later.

* Not Recorded.