

conditions so that certain items of cloth, which is for mass consumption, would be reserved for the handloom sector as it was done in the past?

[Translation]

SHRI KASHIRAM RANA : Mr. Speaker, Sir, till now government have 11 items reserved for handloom under Handloom Reservation Act. Not only this, the act which we have enacted under that State Government is informed to conducted raid in Handloom Mills to check the reserved items produced by them. It is the responsibility of all State Government that they should cooperate us. We provide funds to the State Governments for handloom sector so that we can protect them fully.

[English]

SHRI N. JANARDHANA REDDY : It seems that the hon. Minister is studying his subject more than what other Ministers do on their subjects.

AN HON. MEMBER : He does his homework well.

SHRI N. JANARDHANA REDDY : Just now my friend, Shri P.C. Chacko said about reservation of certain items. There has not been any dereservation so far as I know. But I know that this matter has been stayed by the Supreme Court and this matter is still being fought in the Court. I would like to know from the hon. Minister about the present state of the case that is there in the Court.

SHRI KASHIRAM RANA : Sir, the Government would definitely inquire about the case mentioned by the hon. Member.

### Export Performance

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\*444. SHRI K. YERRANNAIDU :  
SHRI D.S. AHIRE :

Will the Minister of COMMERCE be pleased to state :

- (a) the county's exports during 1996-97 and 1997-98;
- (b) the reasons for lower performance during 1997-98;
- (c) the impact of sanctions on exports; and

(d) the corrective action proposed to reduce the trade deficit and boost export ?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) to (d) A Statement is laid on the Table of the House.

### Statement

(a) According to the Directorate General of Commercial Intelligence & Statistics (DGCI&S), exports during 1996-97

and 1997-98 in Rupee terms and in dollar terms are :

Year	Rs. Crores	Us Dollars
1996-97	118817	33470
1997-98(P)	126286	33980

P : Provisional

(b) Export performance is influenced *inter-alia* by international market conditions, export competitiveness of domestic industry, supporting infrastructure, policy framework etc. During 1997-98 exports were affected due to general slow down in world trade and especially the recession in many countries in South East Asia, Japan and Germany, supply side constraints in some sectors, erosion of competitiveness and slow industrial growth.

(c) So far, specific trade sanctions have not been imposed on India by any of the trading partners consequent on the recent nuclear tests. Government is of the view that trade sanctions specifically against India would be contrary to the Most Favoured Nation principle under the General Agreement on Tariffs and Trade (GATT). Yet some trade related implications arise from the sanctions imposed by the USA under Section 102 of the US Arms Export Control Act otherwise known as the Glenn Amendment which include possible termination of sale of defence articles, services etc., denial of credit, credit guarantees or financial assistance, prohibiting Exim Bank from giving guarantees/credit and prohibiting export to India of specific goods and technology subject to export licence.

(d) Export Promotion Measures are being taken continuously by the Govt. through changes in policies & procedures for providing an exporter-friendly environment, involvement of States in export promotion & in consultation with trade and industry. Some of the recent steps taken in this regard include modification in DEPB rates, announcing of DEPB rates for about 300 new export items, lowering of threshold limit under the EPCG Zero Duty Scheme from the present limit of Rs. 20 crores/Rs. 5 crores to Rs. 1 crore uniformly for agriculture & allied sector including food processing industry and for garments, electronics, sports goods, toys, leather & gem & jewellery sectors, provision for setting up of Private Bonded Warehouses, preparing a medium term export strategy for growth of exports, launching of Focus Latin American Countries Scheme, strengthening incentive scheme and greater efficiency in policy and procedures.

SHRI K. YERRANNAIDU : Sir, India has a lot of potential for export promotion. We have discussed about export promotion a number of times in this House. But compared to other countries we are lagging behind in respect of export promotion. Recently, the Punjab National Bank organised a Meet to discuss the financial position in India. The bankers have expressed concern over the slow export performance during the year 1997-98 resulting in an all time high rate of

deficit during the decade. Export promotion had been very low during the last year. In this backdrop I would like to know about the specific export promotion schemes that are being announced to counter the impact of the economic sanctions, if there has been any in regard to export promotion, by the developing countries.

**SHRI RAMKRISHNA HEGDE :** Sir, not only the Bank of Baroda and other financial agencies have expressed their concern over this issue, but we also are very much concerned about it. The Government is very much concerned. Last year's performance was very very poor. The growth was hardly 2.6 per cent as against the previous year's growth of 4.5 per cent. There are several factors which are responsible for the fall in exports.

Sir, I would like to inform the hon. Member that we must treat exports as a national priority. As long as we do not treat exports as a national priority, the various agencies, organisations and the Government Departments would not get activated. We have taken several steps in this direction. I would like to enumerate some of the major steps that the Government has taken in this regard.

1. Reduction in cost of export credit with interest at eight per cent and increased availability of credit with 15 per cent of net bank credit earmarked for exports, to be provided in a simple procedure.

About this, we are going to take a final decision within two or three days.

2. Streamlining and strengthening of export incentive schemes by substituting all existing schemes with a simple and transparent scheme under which all duties and taxes are rebated and which dispenses with all subjective interpretation related to hassles to exporters.
3. Further simplification of the import, export procedures to enable self-removal procedure universally applicable to cover all sectors.
4. Dereservation of certain critical areas exclusively reserved for SSI to help expansion of production base through domestic and foreign investment, particularly, leather and garment.
5. Special incentives including fiscal incentives to encourage foreign direct investment flows with committed exports especially in areas where world exports are growing.
6. Liberalisation of labour laws in respect of EOU units and units in EPZ.
7. Resolution of sector-specific issues including reviewing of lease renewal problem affecting granite exports.
8. Rejuvenating leather and manufacture through funding supports to instal pollution control plants under the Centrally-sponsored schemes.

9. Removing restrictions and levies affecting inter-State and border movement of export product.

10. Reviewing the ceiling on exports of iron ore.

11. Removal and amendment to the relevant legislation to enable control over the raw materials by food processing units etc.

12. Need for a long-term Agriculture Policy to encourage certainty of agro-exports regardless of occasional shortages in the domestic market.

**SHRI K. YERRANNAIDU :** I do agree with the Hon. Minister but I would like to know, why even after taking all these measures we are lagging behind in exports? The hon. Minister has very correctly said that we should treat exports as a national priority. In an agriculture-based country, we have a lot of potential for export.

You may take the example of the Ministry of Food Processing. The Department has asked for some quantum of money for its export promotion programme but the Government has not given sufficient funds to the Ministry. It is true that the Government is preparing policies but without funds, the various Departments are not able to fulfil their export targets. The States also have a major contribution towards the non-fulfilment of the targets. The States are creating a lot of procedural hurdles because of which the exporters are hesitant to export. I would request the Minister to simplify all the procedures so that the exporters can boost up the exports.

**MR. SPEAKER :** Shri Naidu, is it a suggestion or a supplementary question?

**SHRI RAMKRISHNA HEGDE :** Sir, I entirely agree with hon. Member that unless we get full cooperation from the States, it is not possible to solve various problems relating to exports. For instance, there is a local tax. The greatest obstacle to the expansion of exports is that our exporters cannot have, under the present circumstances, level playing-grounds. If we agree—when I say 'we', I mean not only the Government of India but also the State Governments because without their cooperation we cannot achieve this—that we should also give such concessions and facilities to our exporters as are given to the exporters in other countries, then only it is possible to achieve the target. Otherwise, it is not possible.

[Translation]

**SHRI CHETAN CHAUHAN :** Mr. Speaker, Sir, there was a great hue and cry in this House as well as outside the House that after Pokhran test many sanctions will be imposed on our country; on our imports as well as on our exports. Mr. Speaker, Sir, through you, I would like to tell the Hon'ble Minister that Small Scale Industries want to export more because they need money. Mostly, it is seen that they are not getting much money. I want to know from

Hon'ble Minister as to what arrangement is being made so that they may get more money?

[English]

SHRI PRITHVIRAJ D. CHAVAN : Sir, the question stands in the name of Shri D.S. Ahire also who has not been given a chance to ask his supplementary.

MR. SPEAKER : I am sorry, I have not seen him.

[Translation]

SHRI D.S. AHIRE : Mr. Speaker, Sir, country has earned much in export but day by day our quantity of export has reduced. For example, a decrease of 36.8% has been registered in coal and in case of tea quantity has reduced by 6%. I would like to know from Hon'ble Minister through you that whether export will increase or not and if it will increase then by when? This is my question.

[English]

SHRI RAMKRISHNA HEGDE : I am sorry, what the hon. Member spoke was not audible. From whatever I have been able to hear, he wants to know whether the target we have envisaged for the current year will be fulfilled or not.

Earlier, the other hon. Member asked that after Pokhran blasts, everybody was threatening that there will be sanctions, both economic and trade related, imposed on India. Perhaps all the Members must have read in the newspapers this morning that American Senate has already passed a resolution giving President Clinton freedom to relax the sanctions. Certain statements made by government officers, Ministers and leading businessmen show that America did not consider the sanctions against India to be either feasible or desirable. US Commerce Secretary, William Daley, has lamented that curbs have become a preferred policy option instead of being a measure of last resort. He said in Washington on 7th July, 1998 that imposing sanctions has no meaning in the absence of multilateral cooperation. Senator John Glenn, author of the Sanction Law and in whose name the law stands on the statute book even today, is having second thoughts on the unilateral action bearing his name. Mr. Glenn said that unilateral sanctions have lost their utility in the changed scenario and the biggest problem the US faces now is that it cannot unilaterally influence the world. He said : "Any approach we take has to be a multilateral approach". I do not want to quote other leading American citizens and businessmen. This much is certain that the sanctions announced by the US have not had any affect and even other developed countries are having second thoughts on this.

MR. SPEAKER : Shri Murl Deora.

SHRI CHETAN CHAUHAN : I am yet to complete my question, Sir.

MR. SPEAKER : The Minister has already answered your question.

SHRI CHETAN CHAUHAN : That was not my question, Sir.

MR. SPEAKER : Shri Chauhan, the Minister has already answered your questions.

SHRI MURLI DEORA : Sir, one major factor contributing to the decline in our exports is the high rate of interest charged to the exporter. The Minister has just mentioned that he is in the process of reducing the rate of interest to eight per cent. I would like to know the response of the banks and the Ministry of Finance to this.

12.00 hrs.

SHRI RAMKRISHNA HEGDE : This matter is under our consideration. Either on Monday or on Tuesday, the Minister of Finance and I will sit together and will take a final decision in regard to the interest rate on export credit.

SHRI. N.K. PREMCHANDRAN : I would like to know as to how far the ban on marine products has affected our exports in 1996-97 and 1997-98. What is the present position? I would also like to know as to whether the hon. Finance Minister has come to know about the many malpractices that are going on in getting the licence from the European countries.

SHRI RAMKRISHNA HEGDE : The performance during 1996-97 and 1997-98 in export sector is well-known. But during the last two or three months, to my distress, the rate of growth that we have envisaged in exports have not picked up. But I hope in the next few months, it will pick up.

## WRITTEN ANSWERS TO QUESTIONS

[English]

### Impact of Nuclear Tests on Import/Export

\*445. SHRI BALASAHEB VIKHE PATIL :  
SHRI K.S. RAO :

Will the Minister of COMMERCE be pleased to state :

(a) whether some European countries have cancelled some Import/Export contracts following the Pokhran tests;

(b) if so, the details thereof;

(c) whether the US Secretary of State has concurred with the Union Ministry of Commerce that the sanctions imposed on India would affect both the countries;

(d) if so, whether the matter was discussed during the visit of Special Envoy of the Prime Minister to United States;