

India's foreign trade policy

*363. SHRI S. ANBALAGAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India's Foreign Trade Policy 2004-09 sought to double the country's foreign trade within five years; and

(b) if so, the achievements made in this regard and reasons for non-achievement of target, if any?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) and (b) During 2003-04, India's merchandise trade was around US \$ 142 billion (with exports around US \$ 64 billion and imports around US \$ 78 billion). As per provisional estimates, during 2008-09, India's merchandise trade was around US \$ 456 billion (with exports around US \$ 169 billion and imports around US \$ 287 billion). Accordingly, during the policy period 2004-09, India's merchandise trade increased more than three times.

SHRI S. ANBALAGAN: Sir, I read the hon. Minister's reply. My first supplementary is whether any study has been done on export potential of our country. If yes, out of that, how much has been exploited?

SHRI ANAND SHARMA: Sir, the question primarily relates to the Foreign Trade Policy which was made in the year 2004 for five years with the objective of doubling India's share of the global trade and also another policy objective has been to use this policy as an effective instrument of economic growth by giving a thrust to employment generation. When we look at the figures, India's exports in 2004 was \$ 64 billion, whereas now, it is \$ 169 billion. So, they have more than doubled when it comes to volume and also the value. But in percentage terms, if we look both merchandise and services, trade has increased substantially from 0.92 per cent in the year 2003 to 1.53 per cent in the year 2007. The WTO has not released the figures for the year 2008, and, we presume, and, rightly so, that this figure would be close to 1.60 per cent. We are almost there, not exactly doubling the share; but in terms of volume and value, yes, we have more than doubled.

When it comes to employment generation, the only one study which we have is of the RIS, which says, if the exports increase to 150 billion, that would generate an additional employment of close to 14 million, and, that are our estimates based on the study that both the objectives have been met.

SHRI S. ANBALAGAN: Mr. Chairman, Sir, my second supplementary is: will the hon. Minister ensure that performance in exports is improved and maintained in spite of global financial crisis and global economic recession.

SHRI ANAND SHARMA: Sir, I have not said that we have made some spectacular improvement despite the global financial crisis. Hon. Chairman, Sir, I would like to inform the hon. Member and also the House that the global downturn has adversely impacted our trade with the other countries. The exports have been hit hard, particularly, in the labour-intensive sectors beginning 2008. There was a sharp decline in the beginning of October, 2008, which has continued. In the last two months, it is clear that the steep fall has been arrested because of the various measures taken by the Government in the form of two stimulus packages, incentives given both to the manufacturing sector and the industry.

I would also like to mention here that as per the WTO projections, the global trade is going to shrink between nine to eleven per cent in the current year, and, IMF projections take it beyond that, beyond 12 per cent. Both the developed or industrialised countries, and, the emerging or developing economies will be suffering in that process.

However, the decline is sharper in the developed or industrialised countries where the economies, for the first time in the last thirty years, and, ever since the last 'Great Depression', will go in a negative growth and will remain in that negative growth.

So, as a result, there is a fall in the demand in the traditional export destinations and also the prices have fallen including of the capital goods. The Government is taking measures so that we sustain our exports by making them globally competitive and attractive.

PROF. P.J. KURIEN: Sir, the hon. Minister, in his reply, has said that our exports in the year 2003-04 were US \$ 64 billion whereas the imports were US \$ 78 billion, and, in 2008-09, of course, exports has increased to US \$ 169 billion but import, too, has increased to US \$ 287 billion, which means the trade gap is widening and widening. I think, this is a matter of concern. Whether we have given up the goal of reducing the trade gap? Or, are there any efforts from the Government side to reduce the trade gap? If so, kindly spell them out.

SHRI ANAND SHARMA: Sir, I wish it was so simplistic. The goal of the Government, or, for that matter, of any country would be to reduce the trade deficit, and, all efforts are made in that direction. It depends on a combination of factors like the productivity of the industry, the manufacturing sector's growth, the areas in which we have our core strengths, the demand in the traditional markets or destinations, and, how to adapt and respond to the changing situations...*(Interruptions)*...

PROF. P.J. KURIEN: When you liberalise imports freely...*(Interruptions)*... That is the question. ...*(Interruptions)*...

MR. CHAIRMAN: Please. ...*(Interruptions)*...

SHRI ANAND SHARMA: Sir, as per the figures which we have, the monthly deficit last year was US \$ 10 billion trade deficit. Figures indicate that this year, over the last three months', it is half of

that, that is, five billion dollars. Efforts are continuing, as I mentioned earlier, to increase our exports, not only because you cannot increase demand or create demand in other markets, but also to look at diversification. We have various schemes and initiatives, including product linked schemes and market focused schemes. We are giving assistance to all the export councils. Market development assistance has been enhanced in the recent Budget. We hope that the measures that we are taking and the new initiatives which we are launching, focus Africa and focus Latin America, because, Mr. Chairman Sir, though there is a sharp fall in demand and shrinkage of economies in the industrialised world, some of the emerging economies, developing countries' economies and even LDCs are doing very well. That is what we are looking at.

SHRI Y.P. TRIVEDI: Sir, our exports had considerably bounced during the last few years because of the liberal tax initiatives given under the Income Tax Act, Section 35B and later section 88C. Those sections have now become inoperative with the passage of time. Is the Government contemplating giving similar tax incentives in order to boost exports?

SHRI ANAND SHARMA: Mr. Chairman Sir, the hon. Member, being a veteran CA, knows that this is the domain of the hon. Finance Minister. The Finance Minister has announced many incentives including tax concessions in the recent Budget. I shall surely pass on the suggestions which the hon. Member has made to the hon. Finance Minister. We had discussed, however, before the formulation of the Budget, recommendations of the representatives of commerce and industry, particularly, given the urgency to respond to the challenging global environment. The Finance Minister has been generous in accommodating many of the recommendations and the demands which we had received from the exporters and the industry. We will be discussing it again with the Finance Minister, because I have to look at what the Finance Minister would be positively responding to before we roll out the new foreign trade policy in the month of August.

SHRI NARESH GUJRAL: Sir, before asking the question, I would like to disclose that I have a personal interest in the export of foreign garments from India.

Sir, traditionally, we have been exporting a lot of garments, handlooms, gems and jewellery. All these sectors employ unskilled labour. The recession in the West has hit all these industries very badly and now, for the first time, we find that not only is there no growth, but, in fact, there is a negative growth. The industry has been crying for help and various representations have been made to the Minister of Commerce and Industry. I must admit that both hon. Shri Kamal Nath, when he was the Commerce Minister and our present hon. Minister have been very sympathetic to us, but whatever they have proposed, the Minister of Finance has disposed and no concrete action has been taken.

MR. CHAIRMAN: Question, please.

SHRI NARESH GUJRAL: I am coming to my question, Sir. The Finance Minister had announced that certain concrete measures will be announced very soon by the Ministry of Commerce. My question is: will the medicine be prescribed after the patient is dead? India is losing market share and we all know that once market share is lost, we cannot regain it.

SHRI ANAND SHARMA: Sir, I share the hon. Member's concern about the adverse impact on some of the labour intensive sectors. On an earlier occasion, I had informed the House that some of the labour intensive sectors had been hit very hard, particularly the gems and jewellery sector, handicrafts, handlooms and the labour sector. Therefore, two stimulus packages were made. It is not that the Government has not been responding. I do not share that perception because if you look at the quantum of the stimulus packages – it is three and a half per cent of the GDP of this country – incentives, which have been given to the exporters, including availability of credit, RBI giving an additional 5,000 crores of rupees to the Exim Bank, interest subvention and all those measures which are there both in the Budget and the two packages earlier, including the DEPB schemes, concessions with regard to service tax. So, we are cutting down on the transaction cost. We have had discussions, which the hon. Member himself is aware of, with all the stakeholders, particularly the Chambers of Commerce and Industry and all the Export Councils. We have taken presentations of every Council separately in addition to the combined presentations which the industry has made to look at the areas which need urgent attention. The Government also has constraints of the resources, and that is why I referred earlier that before we come out with a new trade policy, we would be discussing the same with the Finance Minister.

When it comes to the readymade garments, which the hon. Member referred to, there is a growth in exports, in fact, of 3.75 per cent. And, there is a special concession which has already been given, that is, 2 per cent duty script allowed for exports to the USA and the EU on the readymade garments. So, we are looking at sector specific situation.

I may also mention, Sir, that we are also concerned about the employment situation, which we are monitoring closely. Many studies have come up and, fortunately, that sharp fall in exports has been arrested and the measures are being put in place to ensure that we can cushion this hard blow of the global turn down.

उत्तर-दक्षिण और पूर्व-पश्चिम स्वर्णिम चतुर्भुज परियोजना संबंधी मानदण्ड

*364. श्री अनुसुइया लड्डके : क्या सड़क परिवहन और राजमार्ग मंत्री यह बताने की कृपा करेंगे कि:

- (क) उत्तर-दक्षिण और पूर्व-पश्चिम चतुर्भुज परियोजनाओं के मानदण्डों का ब्यौरा क्या है;
- (ख) क्या इस मार्ग का निर्माण केवल निर्धारित मानदण्डों के अनुसार ही किया जा रहा है; और
- (ग) इस मार्ग का निर्माण नागपुर-छिदवाड़ा-नरसिंहपुर के बजाय वाया नागपुर-सिवनी-नरसिंहपुर करने पर लागत में कितना अन्तर आता है?