

Negative export growth

1312. SHRI SANJAY RAUT:

SHRI ANIL DESAI:

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

(a) whether several sectors recorded negative export growth in December, 2015;

(b) if so, the details thereof and reasons therefor;

(c) whether Government intends to exempt exports from service tax, as well as create Export Development Fund with a corpus of 0.5 per cent to 1 per cent of total export value to contain dip in exports;

(d) whether Government would take steps for the removal of inverted duty structure anomalies in order to shore up exports; and

(e) if so, by when and if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) Sectors recorded negative export growth in December, 2015 over December, 2014 are given as under:

Sl. No.	Sectors	(Values in Million USD)		% Growth
		December, 2014	December, 2015	
1	2	3	4	5
1.	Oil Meals	214.91	36.68	-82.93
2.	Iron Ore	69.73	21.24	-69.54
3.	Other Cereals	45.58	15.48	-66.04
4.	Petroleum Products	4522.57	2365.57	-47.69
5.	Rice	693.15	446.50	-35.58
6.	Oil Seeds	236.26	160.34	-32.13
7.	Man-made Yarn/Fabrics/Made-ups etc.	442.51	344.80	-22.08
8.	Engineering Goods	6913.10	5829.10	-15.68
9.	Cashew	85.55	72.39	-15.38
10.	Leather and Leather products	513.43	442.96	-13.73
11.	Mica, Coal and Other Ores, Minerals including Processed Minerals	347.53	302.50	-12.96

1	2	3	4	5
12.	Meat, Dairy and Poultry Products	584.64	513.52	-12.16
13.	Gems and Jewellery	2667.91	2461.26	-7.75
14.	Cotton Yarn/Fabrics/Made-ups, Handloom Products etc.	913.94	861.01	-5.79
15.	Marine Products	466.58	441.54	-5.37

Source: DGCI&S

Some key reasons for negative export growth in the recent period are as follows:

- (i) Fall in global demand and fall in commodity prices, impacting terms of trade for commodity exporters.
- (ii) Fall in the prices of petroleum crude resulting in consequent decline in prices as well as export realizations for petroleum products, which are major items of export for India.
- (iii) EU Countries that account for nearly 16% of India's export, are facing stagnation. China is also experiencing a slow down. The recovery in US has been moderate and uncertain in terms of sustainability.
- (iv) Fall in demand of precious goods like Pearls, Precious and Semi-Precious Stones, especially from Oil Producing countries.
- (v) There is a general slowdown in the world GDP growth and hence, in growth in World Trade. Some increase in trade barriers has also been reported. Growth forecast for Asian countries has been reduced from 5.1% to 2.6%.

(c) As per Section 66B of the Finance Act, 1994, services provided or agreed to be provided in a taxable territory are chargeable to service tax. Export of services as determined by Rule 6A of the Service Tax Rules, 1994 are outside the taxable territory, therefore, not leviable to service tax.

(d) and (e) Though the general structure of the Customs Tariff is such that raw materials and intermediates attract duty at a lower rate as compared to that on finished goods, Government has taken steps to remove reported inverted duty structure from time to time. However, considering that export goods are neutralized of input as well as output customs and excise duties, inverted duty structure should normally not affect the export of goods as such.