GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

RAJYA SABHA
UNSTARRED QUESTION NO. 3112
TO BE ANSWERED ON 20th MARCH, 2020

WITHDRAWAL OF MFN STATUS TO PAKISTAN

3112. SHRI NARESH GUJRAL

Will the Minister of **COMMERCE & INDUSTRY** be pleased to state:

(a) whether the withdrawal of MFN status to Pakistan has reduced the exports to Pakistan, if so, how much has the loss been post the withdrawal; and
(b) whether the withdrawal caused loss of income to traders in Punjab and Jammu & Kashmir, if so, the steps being taken by the Ministry for supplementing their income?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) The Most Favoured Nation (MFN) status accorded by India to Pakistan was revoked in February 2019, by imposing 200% customs duty on all goods originating in or exported from Pakistan. In August 2019, Pakistan announced suspension of bilateral trade with India and all imports from India and exports from Pakistan to India were prohibited. Partial relaxation has been provided in September 2019 for trade in certain pharmaceutical products with India. As per provisional data, the value of India's exports to Pakistan amounted to US$ 761.86 million in the period April 2019 to January 2020 as compared to US$ 1768.79 million in similar period in 2018-19, showing a decline of 57%.

(b) :No such analysis has been carried out so far. In order to facilitate investments in Union Territory (UT) of Jammu and Kashmir (J&K), the following incentives are offered to attract entrepreneurs by the UT:

i) Allotment of land at subsidized rate.
ii) Cheaper Power Tariffs.

iii) Subsidy on purchase & installation of DG set.
iv) Subsidy on installation of Quality Control/Testing Equipments.

Additionally Department for Promotion of Industry & Internal Trade is implementing following Packages for providing incentives to industries in UT of Jammu & Kashmir:

1. Special Package-I&II (from 14.06.2002 to 14.06.2017) The Scheme provides (i) Central Capital Investment Incentive (30% of the investment in plant & machinery with an upper limit of Rs. 5 crore), (ii) Central Interest Incentive (3% interest on working capital for 5 years) and (iii) Central Comprehensive Insurance Incentive (Reimbursement of 100% insurance premium for 5 years).
2. Industrial Development Scheme (IDS) (From 15.06.2017 – 31.03.2020) the scheme provides (i) Central Capital Investment Incentive (30% of the investment in plant & machinery with an upper limit of Rs. 5 crore), (ii) Central Interest Inventive (3% interest on working capital for 5 years, (iii) Central Comprehensive Insurance Incentive (Reimbursement of 100% insurance premium for 5 years), (iv) Income Tax Reimbursement of centre's share for 5 years, (v) GST reimbursement of Central Government share of CGST & IGST for 5 years, (vi) Employment Incentive under which additional 3.67% of the employer's contribution to EPF in addition to Government bearing 8.33% Employee Pension Scheme (EPS) contribution of the employer in PMRPY and (vii) Transport incentive on finished goods movement by Railways (20% cost of the transportation), by Inland Waterways Authority (20% of the cost of transportation) & by air (33% of cost transportation of air freight) from the station/port/airport nearest to unit to the station/port/airport nearest to the destination point.

   Also, under this scheme a single unit can avail overall benefits up to Rs.200 Crore.

   Besides the above, following steps have also been undertaken by UT of J&K to spur investment:

   i. Ease of Doing Business has been strengthened.
   ii. Land Bank for new investments has been identified.
   iii. 14 Focus Sectors for investment have been identified and policies in all these sectors have been drafted.

The Government of India is fully committed to the overall development and several steps, including preparation of a new Industrial policy, are being taken to boost trade, industry, investment and employment in the Union Territory of Jammu & Kashmir.

Further, schemes/projects under Prime Minister's Development Package are under various stages of implementation. This package comprises of 63 major development projects in Road, Power, Health, Tourism, Agriculture, Ho rticulture & Skill Development sectors.

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