

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

LOK SABHA
UNSTARRED QUESTION NO. 154
TO BE ANSWERED ON 30TH NOVEMBER, 2015

DECLINE IN EXPORTS

154. SHRI VINAYAK BHAURAO RAUT:

SHRI JOSE K. MANI:

SHRI MAHEISH GIRRI:

SHRI JYOTIRADITYA M. SCINDIA:

SHRI GOPAL SHETTY:

SHRIMATI VANAROJA R:

SHRI MALLIKARJUN KHARGE:

SHRI RAVNEET SINGH:

SHRI BHARATHI MOHAN R.K.:

SHRI RAHUL SHEWALE:

SHRI PONGULETI SRINIVASA REDDY:

SHRI A.T. NANA PATIL:

SHRI R. GOPALAKRISHNAN:

DR. SHRIKANT EKNATH SHINDE:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- the quantum and value of export vis-a-vis export target fixed during each of the last three years and the current year, commodity/sector and country-wise;
- whether there is a decline in the exports of major sectors during the said period resulting in increase in trade deficit;
- if so, the details thereof along with the reasons therefor, sector-wise and its impact on employment generation;
- the details of the problems/ challenges being faced by Indian exporters and the steps taken by the Government to address them; and
- the measures taken to boost exports and explore new markets, minimize the impact of the trade deficit and achieve the export targets?

ANSWER

वाणिज्य एवं उद्योग राज्य मंत्री (श्रीमती निर्मला सीतारमण)(स्वतंत्र प्रभार)

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)**

(a,b&c) The export target fixed during each of the last three years along with value of exports and trade deficit is given in the table below.

Value (US\$ Billion)				
	2012-13	2013-14	2014-15	2015-16 (April-October)*
Export Target	350	325	340
Export	300.4	314.4	310.3	154.3
Trade deficit	190.3	135.8	137.7	77.8

*Provisional

Quantum and the value of exports country, commodity/sector-wise are available in the DGCI&S publication in CD form namely 'Monthly Statistics of Foreign Trade of India' Vol. I (Exports). Such CD's are regularly sent to Parliament Library by DGCI&S, Kolkata.

In value terms, the merchandise trade deficit has decreased from US\$ 86.27 Billion in Apr-Oct 2014 to US\$ 77.76 Billion for the same period in 2015. The major sectors which are showing fall are PETROLEUM PRODUCTS, TELECOM INSTRUMENTS , PLASTIC RAW MATERIALS,ORGANIC CHEMICALS, BULK MINERALS AND ORES SILVER, INORGANIC CHEMICALS,CONSUMER ELECTRONICS ,PULSES,PROJECT GOODS FRESH FRUITS,DYE INTERMEDIATES,RAILWAY TRNSPRT EQUIPMNTS, PRTS OTHER CRUDE MINERALS,SURGICALS,TIN AND PRODUCTS MADE OF TIN, BOOKS, PUBLICATIONS AND PRNTNG.

The main reasons for the fall in exports are,

(i) The major global slowdown during 2014 and 2015 which has impacted Global Trade and India's Trade adversely. (ii) World Economic Outlook forecasts for import has been revised specially from emerging markets and developing economies from 3.5% to 1.3% for the year 2015.(iii)Moderate but uncertain recovery in the US Economy.(iv) The significant slowdown includes the Chinese Economy (v) Sharp fall in Crude and Petroleum product prices,(Brent crude declining from about USD 98 per barrel last year to USD 47.57 at present).(vi) fall in other commodity prices (Gold prices fell by 7.2 % high grade copper by about 26% in last one year (vii) Currency Fluctuations

According to Ministry of Labour & Employment Quarterly Survey, in comparison to Dec 2013 the employment in 2014 has increased by 196000 in exporting units. There is an increase in all other sectors except in leather and handloom/power loom exporting units where employment has come down by 7000 and 4000 respectively.

(d & e) The steps taken by Government to address the challenges faced by exporters are:

- (i) New Foreign Trade Policy (2015-20) launched on 1st April, 2015 with a focus on supporting both manufacturing and services exports and improving the 'Ease of Doing Business'. The policy has introduced two new schemes, namely, 'Merchandise Exports from India Scheme'(MEIS) for incentivising export of specified goods to specified markets and 'Service Exports from India Scheme' (SEIS) for increasing exports of notified services from India.
- (ii) By way of trade facilitation and enhancing the ease of doing business, Government reduced the number of mandatory documents required for exports and imports to three each, which is comparable with international benchmarks. The trade community can file applications online for various trade related schemes. Online payment of application fees through Credit/Debit Cards and electronic fund transfer from 53 Banks has been put in place.

- (iii) The Government has also expanded the coverage of Merchandise Exports from India scheme on 29th October, 2015 by adding 110 new items to the original 4914 lines included in the scheme. The reward rates/country coverage of 2228 items were enhanced. Consequently the envisaged revenue outgo under the scheme was increased from Rs. 18,000/- crore earlier to Rs. 21,000/- crore per annum.
- (iv) Government has infused additional Corpus (Capital) to the tune of Rs. 375/- crore into the National Export Insurance Account (NEIA), raising the corpus to over Rs. 2,100/- crore, and strengthen the capacity to augment Project exports from the country. The equity capital of ECGC Ltd. has also been raised by Rs. 50 crore to Rs. 1,300 crore enabling higher underwriting capacity to support exporters to expand their business and support banks for adequate lending to exporters.
- (v) Recently, the government has approved the proposal for implementing the Interest Equalization Scheme on Pre & Post shipment Rupee Export Credit w.e.f. 1st April, 2015 for 5 years, incorporating an interest equalization element of 3% per annum. This scheme will facilitate access to export credit at competitive rate of interest, given the lower interest rate level prevailing for exporters in other countries.
- (vi) The State governments have been requested to develop their export strategy, appoint export commissioners, address infrastructure constraints restricting movement of goods, facilitate refund of VAT/Octroi/State level cess, and address other issues relating to various clearances etc. and build capacity of new exporters, in order to promote exports.
