

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1804

ANSWERED ON:07.03.2006

INDIA PAKISTAN MARINE EXPORT

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

- (a) whether Pakistan is bestowing Most Favoured Nation Status (MFN) on India;
- (b) if so, the details thereof;
- (c) whether the joint Study Group has held any discussion to enhance trade between India and Pakistan;
- (d) if so, the agreement reached between the two countries;
- (e) whether Pakistan marine delegation has agreed to visit India;
- (f) if so, details thereof and the extent to which marine trade is likely to be increased with Pakistan;
- (g) the quantity of sugar exported to Pakistan during the current year; and
- (h) the steps taken by the Government to save the domestic sugar industry and to keep the sugar price stable?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) & (b): Pakistan has so far not granted Most Favoured Nation (MFN) status to India despite its obligations, including under the WTO, and has cited extraneous political, economic and other reasons for this.

(c) & (d): The first meeting of the India - Pakistan Joint Study Group (JSG) at Commerce Secretary Level was held in New Delhi on February 22-23, 2005, and it had detailed discussions on promotion of trade and economic cooperation for the mutual benefit of both countries. The JSG constituted two Working/Sub Groups, on Customs Cooperation & Trade Facilitation Measures and Non-Tariff Barriers (NTBs). The Terms of Reference (TOR) for the Sub Groups were mutually agreed upon.

(e): As of now there has been no proposal for the visit of Pakistan marine delegation to India.

(f): Does not arise.

(g): As per the available data, during April to November 2005, sugar valued at 0.67 US \$ million has been exported from India to Pakistan.

(h): There was a glut of sugar in the country due to high sugar production and carry-over stocks till sugar year 2002-03, followed by years of lower production during the sugar season, 2003-04 and 2004-05. Thus, high inventory of sugar stocks led to low open market realization resulting into high cane arrears in those years. Subsequently, in 2003-04 and 2004-05, the open market realization firmed up on account of low production and realistic cost of production. The Government also facilitated the import of sugar under Advance License Scheme to augment the domestic stocks and enabling the mills to utilize their idle capacity. Carry-over cost to the tune of Rs. 462 crores were also defrayed to the sugar mills for liquidation of cane arrears.

The Government have inter alia decided to take the following steps to stabilize the prices:

- (i) Mandatory sale of free sale quota released for a particular month within the stipulated period.
- (ii) Convert the unsold/undespatched quantity of free sale sugar into levy sugar.
- (iii) Activate the enforcement/checks of the sugar mill on a random basis.
- (iv) Assess the possibility of facilitating imports through Tariff Rate Quota mechanism of sugar in long term, notwithstanding the extant operational scheme of raw sugar imports under Advance License Scheme.

(v) Resort to adequate additional release of free sale quota into the open market to tame prices.

(vi) Closely and constantly monitor the price of sugar in the country for taking necessary fiscal/non-fiscal measures as warranted.