

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

UNSTARRED QUESTION NO:1148

ANSWERED ON:13.07.2009

IMPACT OF ECONOMIC RECESSION ON INDIGENOUS INDUSTRIES

Nagorao Shri Dudhgaonkar Ganeshrao;Sukur Shri Jadhav Baliram

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

(a) whether the Government has assessed the impact of prevailing economic recession on indigenous industries and trade pacts with other countries, particularly USA, Europe and China;

(b) if so, the details thereof; and

(c) the steps taken by the Government to protect the indigenous industries in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): India does not have any trade pact with the USA. Negotiations for a Bilateral Trade and Investment Agreement (BITA) between

(i) India and the EU and

(ii) India and the European Free Trade Association (EFTA) comprising of Iceland, Norway and the Custom Union of Switzerland and Liechtenstein are underway. India is also engaged with China under the Asia Pacific Trade Agreement (APTA). However, trade under APTA is limited. Assessment of the impact of the trade agreement is always undertaken prior to the commencement of such negotiations. However no specific impact assessment studies of recent economic recession on India's trade pacts and domestic industry has been undertaken.

(c): Several measures/initiatives have been taken by the Government to insulate the domestic industry from the impact of global recession and stimulate domestic demand.

The measures to stimulate domestic demand inter-alia include significant reduction in ad valorem CENVAT duty, incentives to the housing sector with a view to give a boost to affordable housing, and sector specific initiatives. For automobile sector an accelerated depreciation of 50% on commercial vehicles was announced and assistance to the States under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) provided for purchase of buses for urban transport system.

Further, a set of measures were announced for enhancing the flow of funds to the MSE sector.

The various measures to support exports included interest subvention of 2% for pre & post shipment export credit for identified labour intensive industries, additional allocation for export intensive schemes, additional funds towards providing guarantee by the Export Credit Guarantee Corporations (ECGC) and enhancements of duty draw back benefits on certain identified exportable items.

In addition, RBI has taken a number of steps to reduce the cost of credit and improve liquidity for the industry such as reduction of the Repo rates, reverse Repo rates, Cash reserve ratio etc.