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# Govt to address rising trade deficit concerns in July

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Acknowledging that containing India's ever widening trade deficit in the face of the weakening rupee was a big challenge, Commerce & Industry Minister Anand Sharma said on Wednesday the government would address the issue in the annual supplement to its foreign trade policy to be released on July 5.

"The rupee's continuing downside, though due to global factors, is a serious concern as it has not only inflated the oil import bill but also affected exporters engaged in manufacture of items based on imported raw materials. I've already discussed the matter with the prime minister and the finance minister and the Reserve Bank of India will be taking all necessary steps to arrest the rupee slide", said Sharma, who was in the city



Commerce & Industry Minister Anand Sharma (4th from L) at a meeting with Confederation of Indian Industry representatives in Shimla on Wednesday. — Tribune photo

for a meeting with representatives of the Confederation of Indian Industries. He said the volume of India's two-way trade had

reached US \$788 billion but the soaring trade deficit was a major concern. "The government is on the job and consultations are on with industry.

The requisite measures will be announced in the supplement to the trade policy to help boost exports", he added. Crude oil prices, which

ranged from \$80 to \$90 a barrel in 2010, are now hovering at around \$120 a barrel and India's oil import bill has swelled to \$154 billion. "It's a critical period as the global economic crisis is also affecting India", Sharma noted.

He said the government's initiative to set up 12 manufacturing zones all across the country was a step towards raising the contribution of the sector to GDP from the current 16% to 26%, whereas in developed countries and even in China the figure ranges from 28% to 32%.

"Each manufacturing zone will have a minimum area of 5,000 hectares and industrial units would be provided a host of incentives, including weighted tax deductions for technology development to the extent of 150%. Focus will also be on skill development to help produce 100 million skilled workers by the end of the decade", he said.