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FTP to Support Slowdown-hit Sectors this Yr



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India's foreign trade policy for this fiscal is likely to include incentives for sectors weighed down by a slowdown in the West.

In a statement issued on Friday, Commerce and Industry Minister Anand Sharma said he will take stock of the situation with all export promotion councils on May 17, following which a decision on intervention in specific sectors will be taken.

"After the stock-taking exercise, the government will intervene in sectors that require support," Sharma said, adding that the policy will be announced in the first week of June. Sharma said the uncertainty in the European Union has affected Indian exporters, which is evident in the lower export figures. "The slowdown in exports growth in April in the backdrop of the economic crisis in the Euro Zone is also a worrisome development," he said.

Sectors such as engineering goods, electronic products and textiles posted high growth in the initial months of 2011-12, but sub-

sequently slowed down. The textiles sector posted negative growth in April.

Exports in April grew 3.2% after being in negative territory in March. For 2011-12, exports clocked 21% growth at \$303 billion (₹14.5 lakh crore).

The government also plans to convene a meeting of the board of trade, which includes prominent industrialists, on June 1. Following this, Sharma, who is the board's chairperson, will meet the finance minister and the prime minister for a "detailed discussion" on the state of industry.

Earlier this year, the government did not seem inclined to give sops to exporters as it was focussing on containing fiscal deficit. In fact, the Budget for 2012-13 ignored the exports sector and sops worth about ₹1,700 crore given in October 2011 were allowed to lapse.

However, a ballooning in trade deficit and current account deficit is now forcing the government to look for ways to boost exports. Trade deficit in 2011-12 was about 10.3% of GDP, while current account deficit was about 4% of GDP.