

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

RAJYA SABHA
UNSTARRED QUESTION NO. 2902
TO BE ANSWERED ON 21st MARCH, 2018

TRADE DEFICIT

2902. SHRI MAJEED MEMON:

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

- (a) whether it is a fact that there has been a 1.12 per cent decline in the overall exports to 23 billion US dollars with an increased trade deficit at 7.16 per cent to 37.11 billion US dollars in October, 2017 from 34.5 billion US dollars in the year ago period, if so, the reasons therefor;
- (b) the reasons for slump in demand of gold and the rise of oil and non-oil imports which grew by 27.89 per cent and 2.19 per cent to 9.28 billion US dollar and 27.83 billion US dollars, respectively in October, 2017; and
- (c) the steps taken by Government in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI C. R. CHAUDHARY)

(a): India's merchandise export, import and trade deficit in October 2016 and October 2017 are as follows:

Category	Value (in Billion USD)		% Growth
	October 2016	October 2017*	Oct-17 over Oct-16
Export	23.36	22.85	-2.18
Import	34.50	37.45	8.58
Trade Deficit	(-)11.13	(-)14.60	31.15

Source: DGCI&S (*Provisional)

The data in the above table reflects that the overall exports declined to US\$ 22.85 billion in October 2017 from US\$ 23.36 billion in October 2016, registering a negative growth of 2.18%. Import increased to US\$ 37.45 billion in October 2017 from US\$ 34.50 billion in October 2016, registering a positive growth of 8.58%. The trade deficit increased to US\$ 14.60 billion in October 2017 from US\$ 11.13 billion in October 2016, registering a positive growth of 31.15%.

Trade deficit depends upon relative fluctuations in the import and export of different commodities due to the global and domestic factors such as demand and supply in domestic and international markets, currency fluctuations, cost of credit, logistics costs, etc.

(b): Details of India's import of oil and non-oil are as follows:

Import of Petroleum Crude & Products and other products (in Billion USD)			
Commodity	October 2016	October 2017*	Oct-17 over Oct-16
Petroleum Crude & Products	7.26	9.31	28.20
Others Non Petroleum commodities	27.24	28.15	3.35
India's total import	34.50	37.45	8.58

*Source: DGCI&S (*Provisional)*

The data in the above table reflects that the import of Petroleum Crude & Products increased to US\$ 9.31 billion in October 2017 from US\$ 7.26 billion in October 2016, registering a positive growth of 28.20%. Increase of import of Petroleum Crude & Products is mainly due to high domestic demand and increase in international prices. The marginal rise in non-oil imports is on account of issues like demand and supply position of these products. The main reason for slump in demand of gold is due to the introduction of the 3% GST in July 2017 and tighter regulations.

(c): In order to boost exports in the country, the Government announced a major relief package for exporters in October 2017 by extending the Advance Authorization (AA)/ Export Promotion Capital Goods (EPCG)/ 100% EOU schemes for sourcing inputs etc. from abroad as well as domestic suppliers. During the mid-term review of Foreign Trade Policy, export incentives under Merchandise Exports from India (MEIS) have been increased by 2% for labour intensive and MSME sectors leading to additional annual incentive of Rs 4,567 crore. This was in addition to already announced increase in MEIS incentives from 2% to 4% for Ready-made Garments and Made Ups in the labour intensive Textiles Sector with an additional annual incentive of Rs 2,743 crore. Further, incentives under Services Exports from India Scheme (SEIS) have also been increased by 2% leading to additional annual incentive of Rs 1,140 crore.

For reducing imports and promoting manufacturing in India, Government has taken up major initiatives under "Make in India" and improving "Ease of Doing Business".
