

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

RAJYA SABHA
UNSTARRED QUESTION NO. 2163
ANSWERED ON 13/12/2024

TRADE DEFICIT WITH CHINA

2163. SHRI R. GIRIRAJAN:

Will the Minister of Commerce and Industry be pleased to state:

- (a) whether it is a fact that India's trade deficit widened as exports fell and imports rose during the last five years, if so, the details thereof;
- (b) whether the trade deficit with China is high and China gets 4 times higher than what India gets, if so, the current trend;
- (c) whether Government has plans to sign Free Trade Agreement (FTA) with other countries like USA, UK, Israel and Germany to reduce the over dependence on China for imports, if so, the details thereof; and
- (d) the proactive steps taken by Government to reduce the trade deficit with China and other countries?

ANSWER

THE MINISTER OF STATE FOR COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) & (b) India's overall (services plus merchandise) exports rose by 47.79 % during the last five years from USD 526.55 billion in 2019-20 to USD 778.19 billion in 2023-24. India's overall (services plus merchandise) imports rose by 41.59 % during the last five years from USD 602.98 billion in 2019-20 to USD 853.73 billion in 2023-24. India's merchandise trade deficit with China has been high on account of a variety of reasons including the fact that most of the goods imported from China are capital goods, intermediate goods and raw materials and are used for meeting the demand of fast expanding sectors like electronics, telecom, pharmaceutical and power in India as well as their utilisation for domestic manufacturing and exports.

(c) India has signed 13 Free Trade Agreements (FTAs)/Regional Trade Agreements (RTAs) with various trading partners. Further, India is negotiating several free trade agreements with major economies of the world including with UK, EU, Peru, Oman, etc which will help our industry in providing preferential market access and diversification of supply chains.

(d) To reduce its trade deficit with China, the Government of India has taken various proactive measures aimed at enhancing domestic capacities, boosting exports, diversifying

supply chains, exploring alternate sources of imports and fostering economic resilience. This is part of India's broader 'Atmanirbhar Bharat' vision, which aims to make India a strong manufacturing hub and reduce dependence on any single country. Moreover, in this era of globalization, as India is increasingly integrating with Global Value Chains, imports matter as much as exports for such integration.

Further, the steps taken by Government to reduce the trade deficit with China and other countries are as follows:

(i) The Directorate General of Trade Remedies (DGTR) actively monitors unfair trade practices by foreign companies and recommend corrective remedial actions.

(ii) The Government is also encouraging Vocal for Local Campaign by promoting awareness among consumers and businesses to buy Indian-made products, thereby aiming to reduce demand for imported goods.

(iii) Production Linked Incentive (PLI) Schemes for 14 key sectors (with an incentive outlay of Rs. 1.97 lakh crore) are under implementation to enhance India's manufacturing capabilities and exports. The Production Linked Incentive (PLI) Scheme is positioning India as a key player in the global value chain by incentivizing manufacturing in high-growth sectors such as electronics, pharmaceuticals, and renewable energy. With a focus on export-oriented growth, the PLI scheme strengthens India's role in global supply chains, attracting significant FDI and integrating the country into critical production networks.

(iv) New foreign Trade Policy has been launched on 31st March, 2023 and came into effect from 1st April, 2023.

(v) Interest Equalization Scheme on pre and post shipment rupee export credit has been extended upto 31.12.2024.

(vi) Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.

(vii) Agricultural & Processed Food Products Export Development Authority (APEDA) has Central Sector specific scheme for Financial Assistance to facilitate the export of agri-products by providing assistance to exporters for augmenting export related infrastructure, participating in Buyer Seller Meets, etc.

(viii) The APEDA is implementing the National Programme for Organic Production (NPOP). The programme involves the accreditation of Certification Bodies, standards for organic production, promotion of organic farming and marketing etc.

(ix) The Marine Products Export Development Authority (MPEDA) provides assistance for upgrading the infrastructure facilities for value addition, establishing testing laboratories, participating in international trade fairs, and providing technical assistance for aquaculture production meant for exports etc.

(x) Quality Control Orders (QCOs) have been notified by Bureau of Indian Standards (BIS) for improving the quality of Indian products and to prevent import of substandard goods into Indian market.

(xi) Rebate of State and Central Levies and Taxes (RoSCTL) Scheme to promote labour oriented sector export has been implemented since 07.03.2019.

(xii) Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been implemented since 01.01.2021. With effect from 15.12.2022, uncovered sectors like pharmaceuticals, organic and inorganic chemicals and article of iron and steel has also been covered under RoDTEP.

(xiii) Districts as Export Hubs initiative has been launched by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.

(xiv) Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.

(xv) Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.

(xvi) Regular monitoring of export performance with Commercial Missions abroad, Export Promotion Councils, Commodity Boards/ Authorities and Industry Associations and taking corrective measures from time to time.

The government remains committed to the above and foster sustainable and balanced trade.
