

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

RAJYA SABHA
UNSTARRED QUESTION No. 545
ANSWERED ON 07/02/2025

WIDENING TRADE DEFICIT AND EXPORT CHALLENGES

545. SMT. RANJEET RANJAN:

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

- a) the steps being taken to address the widening trade deficit and the strategies for boosting exports in key sectors such as petroleum, gems and jewellery, and chemicals, which have shown significant contradictions;
- b) whether Government has conducted an assessment of the impact of geopolitical tensions and logistical disruptions on export flows to markets like Europe, Africa, and the CIS; and
- c) the progress made in Free Trade Agreement (FTA) negotiations with the UK, ASEAN, and the EU, and the manner in which these agreements aim to enhance trade opportunities and reduce the trade imbalance?

ANSWER

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

(a) The trade deficit in petroleum has been largely on account of decline in petroleum prices and subdued demand in certain European countries and Australia. While, the petroleum products exports have gone up in volume terms, the export value realisation has declined. The dependence of India on petroleum imports is to the tune of 88% of domestic demand and this has meant a sustained trade deficit in petroleum products. In gems and jewellery segment, the decline in exports has been largely on account of reduction in discretionary spending in USA, UAE and Hong Kong market. As far as chemicals is concerned, we have seen a decline of 12.41% during April to December, 2024-25 vis-à-vis corresponding period of last year. The steps being taken for promotion of exports are at Annexure I.

(b) The Government monitors the impact of geo-political tension and logistical disruption on a continuous basis. However, our export flows to CIS countries and Europe have grown by 22.43% and 3.14 %, respectively, during April to December, 2024-25 vis-à-vis corresponding period of last year. Furthermore, our export to Africa has declined majorly to countries like Nigeria, Togo, South Africa, Namibia, mainly on account of imposition of prohibition of rice exports as well as decline in petroleum products exports.

(c) India and European Union (EU) have been negotiating a Free Trade Agreement (FTA) since June 2022 and nine rounds of the negotiations have been held till September 2024. The 9th Round of negotiations was held from 23 -27 September 2024 in New Delhi. Both sides aim to conclude a fair, equitable and mutually beneficial agreement.

The India-UK Free Trade Agreement (FTA) negotiations were launched on 13th January 2022. 13 Rounds of negotiations have been completed. Further negotiations are underway.

The India-ASEAN Trade in Goods Agreement (AITIGA) was signed on 13th August 2009 and came into force on 1st January 2010. India's export to ASEAN increased from USD 19.14 Billion in 2008-09 to USD 41.21 Billion in 2023-24. Review of ASEAN- India Trade in Goods Agreement (AITIGA) is under way.

Statement referred to in reply of part (a) of Rajya Sabha Unstarred question no. 545 for answer on 07th February 2025.

The Government has taken following steps to boost exports from the country: -

- (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 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. 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) Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) 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.
- (x) Rebate of State and Central Levies and Taxes (RoSCTL) Scheme to promote labour oriented sector export has been implemented since 07.03.2019.
- (xi) 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.
- (xii) 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.
- (xiii) Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.

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

(xv) 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.

(xvi) The government has launched Trade Connect ePlatform on 11th September 2024. Trade connect ePlatform is an information and intermediation platform on international trade bringing together Indian Missions Abroad and officials from Department of Commerce and other organisations to provide comprehensive services for both new and existing exporters.
