

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

**LOK SABHA**  
**UNSTARRED QUESTION NO.355**  
**TO BE ANSWERED ON 18<sup>th</sup> DECEMBER, 2017**

**TRADE DEFICIT**

355. SHRI GAURAV GOGOI:  
SHRI JYOTIRADITYA M. SCINDIA:  
SHRI KRUPAL BALAJI TUMANE:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- whether it is a fact that India's exports and imports have registered growth in the last quarter and if so, the details thereof;
- whether the country's trade deficit jumped to three years high in October this year which may further widen current account deficit;
- if so, the factors responsible for country's increase in trade deficit;
- whether the Government has taken any concrete steps to resolve the grievances of exporters to overcome widening of trade deficit; and
- if so, the details thereof?

**ANSWER**

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सी. आर. चौधरी)

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

**(a):** India's overall export (merchandise and services) registered a positive growth of 8.73% and overall import registered a positive growth of 15.24% during the last quarter 2017-18 (July-Sept) as compared to the corresponding period of previous year as per the details given below:

(In US\$ billions)

| Period               | Export | % Change | Import | % Change |
|----------------------|--------|----------|--------|----------|
| 2016-17 (July-Sept)  | 105.99 | --       | 114.21 | --       |
| 2017-18 (July-Sept)* | 115.24 | 8.73     | 131.62 | 15.24    |

Source: DGCI&S & RBI, (\*Provisional)

**(b) & (c):** The details of India's total trade deficit (merchandise and services) for the last three years and the current year are as follows:

(In US\$ billions)

| Years              | Export | Import | Trade Deficit |
|--------------------|--------|--------|---------------|
| 2014-15            | 468.46 | 529.61 | -61.15        |
| 2015-16            | 417.43 | 466.72 | -49.30        |
| 2016-17            | 436.53 | 479.82 | -43.29        |
| 2016-17(Apr-Sept)  | 211.60 | 222.60 | -11.00        |
| 2017-18(Apr-Sept)* | 226.63 | 267.42 | -40.79        |

Source: DGCI&S & RBI, (\*Provisional)

The data in the above table reveals that the overall trade deficit has a decreasing trend during the last three years. However, it has increased for the current year 2017-18 (Apr-Sept) as compared to the corresponding period of the previous year. As services trade data for October 2017 are yet to be released by Reserve Bank of India, the overall trade deficit for October 2017 is not available. The merchandise trade deficit has jumped to three years high at US\$ 14 billion in October this year. Trade deficit depends upon relative fluctuations in the import and export of different commodities. The increase in imports is mainly because of oil imports to the tune of US\$ 9.3 billion during October 2017, which was 27.9 percent higher than oil imports of US \$ 7.3 billion in October 2016. The increase in value of oil imports is also attributed to the increase in global Brent prices (\$/bbl) by 15.87 % in October 2017 vis-à-vis October 2016 as per World Bank commodity price data. There has been increase in imports of other commodities also such as coal, iron and steel and non-ferrous metals. On the exports side, there has been decrease in exports of Gems and Jewellery, Pharmaceuticals and Ready Made Garments leading to relative increase in trade deficit in October 2017.

**(d) & (e):** 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 to sourcing inputs etc. from abroad as well as domestic suppliers. Holders of AA / EPCG and EOUs would not have to pay Integrated Goods and Services Tax (IGST), Cess etc. on imports. Also, domestic supplies to holders of AA / EPCG and EOUs would be treated as deemed exports. During the mid-term review of Foreign Trade Policy, export incentives under Merchandise Exports from India (MEIS) have been increased by 2% across the board for labour intensive MSME sectors leading to additional annual incentive of Rs 4,567 cr. 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 cr. Further, incentives under Services Exports from India Scheme (SEIS) have also been increased by 2% leading to additional annual incentive of Rs 1,140 cr.

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