

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

LOK SABHA
UNSTARRED QUESTION NO. 421
TO BE ANSWERED ON 05th FEBRUARY, 2018

TRADE DEFICIT

421. SHRI GAURAV GOGOI:

SHRI JYOTIRADITYA M. SCINDIA:

SHRI TEJ PRATAP SINGH YADAV:

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

- whether India's Trade Deficit has widened during the last three years and the current year, particularly in past few months and if so, the details thereof along with the reasons therefor;
- the names of countries with which India's trade deficit has widened during the said period along with the details of the targets fixed and achieved in terms of country's imports and exports during the period;
- whether the Government has received representations from various stakeholders to give impetus to exports and if so, the details thereof along with the steps taken to address their concerns;
- whether the rising trade deficit is alarming and the import profile needs to be analysed carefully and if so, the details of its impact on Indian economy indicating the sectors adversely affected thereby; and
- the concrete steps which the Government proposes to take to address the situation and minimize the impact of trade deficit?

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): The details of India's merchandise export, import and trade balance for the last three years and the current year are as follows:

(Value in US\$ billions)

Year	Export	Import	Trade Balance
2014-15	310.35	448.03	-137.68
2015-16	262.29	381.01	-118.72
2016-17	275.85	384.36	-108.50

2016-17(Apr- Dec)	199.47	277.90	-78.43
2017-18(Apr-Dec)*	221.81	342.40	-120.58

Source: DGCI&S, Kolkata (*Provisional)

The data in the above table reveals that the merchandise trade deficit has a decreasing trend during the past two years. However, it has increased for the current year 2017-18 (Apr-Dec) as compared to the corresponding period of the previous year. 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. The price of petroleum products has increased considerably resulting in increased trade deficit.

(b): The details of countries with which India's trade deficit has widened in 2016-17 as compared to 2014-15 are as follows:

S. No.	Countries/SAR	2014-15	2015-16	2016-17	% Change in 2016-17 over 2014-15
1	Br Virgn IS	-0.16	-0.71	-6.31	3758.02
2	Lithuania	-8.68	-126.26	-175.17	1917.90
3	Lao Pd RP	-17.97	-142.09	-181.65	911.01
4	Solomon Is	-8.25	-64.96	-51.66	526.10
5	Chad	-22.09	-277.38	-130.84	492.36
6	Azerbaijan	-88.13	-43.72	-421.40	378.17
7	Burkina Faso	-38.88	-129.32	-141.48	263.92
8	Dominic Rep	-149.74	-303.61	-449.88	200.43
9	Ghana	-577.21	-2357.54	-1257.52	117.86
10	South Africa	-1194.52	-2360.35	-2287.80	91.52
11	Iran	-4779.96	-3497.24	-8126.89	70.02
12	Russia	-2152.21	-2997.17	-3615.25	67.98
13	New Caledonia	-10.61	-45.67	-15.89	49.79
14	Canada	-1553.41	-2215.61	-2127.40	36.95
15	Guinea Bissau	-148.61	-183.70	-194.01	30.55
16	Argentina	-1532.06	-1935.07	-1990.03	29.89
17	Botswana	-968.42	-489.85	-1230.28	27.04
18	Finland	-587.30	-753.89	-741.93	26.33
19	Japan	-4745.79	-5187.37	-5908.90	24.51
20	Austria	-452.82	-487.28	-525.19	15.98
21	Ukraine	-1890.08	-1491.98	-2171.31	14.88
22	Australia	-7465.11	-5635.80	-8196.68	9.80
23	Luxembourg	-32.22	-167.66	-34.60	7.40

24	Equatl Guinea	-734.37	-439.77	-786.61	7.11
25	China P RP	-48477.48	-52696.43	-51110.39	5.43

Source: DGCI&S, Kolkata (*Provisional)

As per Foreign Trade Policy 2015-20, the Government aims to increase India's export of merchandise and services from US\$ 465.9 billion to approximately US\$ 900 billion by 2019-20 and to raise India's share in world exports (Goods and Services) from 2% to 3.5%. However, in view of global slowdown leading to lower international demand, fluctuations in exchange rates and commodity prices, the exports of merchandise and services in 2016-17 were US\$ 437.23 Billion.

(c): There is regular mechanism of interaction with trade organisations/export promotion councils and their suggestions are taken into consideration in review of export promotion schemes. Export incentives were increased in respect of labour intensive sectors in the Mid Term Review of Foreign Trade Policy announced in December 2017.

(d): The increasing trade deficit in spite of positive growth of exports is mainly due to higher imports of the Petroleum Crude & Products, Gems & Jewellery, Electronics Items, Chemicals & Related Products, Machinery and Ores & Minerals which contribute to more than 70% share in total import. However, the impact on economy has been mitigated because of comfortable foreign exchange reserves.

(e): In order to increase the competitiveness of India's exports and minimize the trade deficit, 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. 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.
