

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2763**  
TO BE ANSWERED ON DECEMBER 28, 2018

CURRENT ACCOUNT DEFICIT

2763. SHRI PR. SENTHIL NATHAN:  
SHRIMATI V. SATHYA BAMA:  
SHRI BHARATHI MOHAN R.K.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken any concrete steps to check and control Current Account Deficit (CAD) which is expected to breach the 2.5 per cent mark in FY 2019;
- (b) if so, the details thereof and the reaction of the Government thereon; and
- (c) whether the Government has announced a five step formula to address rising CAD levels and if so, the details thereof and the manner in which it is likely to reduce the CAD and trade deficits?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PON RADHAKRISHNAN)

(a) to (c) The value of rupee and the current account deficit (CAD) are determined by market conditions. Government, however, monitors the CAD to moderate it to sustainable levels through various policies/measures taken from time to time. Government through a press briefing in September 2018, announced "five steps" to address the depreciation of rupee and rising current account deficit. They include, review of mandatory currency hedging for infrastructure, easier rules for manufacturing entities to raise funds overseas, review of debt investment limits for FPIs, exemption from withholding tax for masala bonds, and removal of restriction on Indian Banks's market making of masala bonds.

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