

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1734
TO BE ANSWERED ON MARCH 02, 2020

IMPACT OF US-CHINA TRADE WAR ON INDIAN ECONOMY

†1734. SHRI AJAY KUMAR MISRA TENI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has formulated/proposes to formulate any concrete policy to keep the country's economy intact keeping in view the impact on the Global economy due to the ongoing trade war between the United States and China; and
- (b) if so, the extent to which country's economy will be saved from the counter effects of the trade war between China and United States?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b): The trade tensions between China and the USA contributed to the decline of world output and trade. However, there are hopes of improved global sentiment following the “Phase One” US-China trade deal, with the associated partial rollback of previously implemented tariffs and a truce on new tariffs. The recent moderation in India’s growth coincides with this deceleration in growth of global output, as estimated by IMF.

Amidst an uncertain global trade environment, Government of India has undertaken a number of steps in 2019-20 to boost exports and overall growth in the economy. Some of them are introduction of new scheme for Reversion of duties and taxes on exported products; approval of Special Economic Zones (Amendment) Bill, 2019; launching of NIRVIK Scheme for higher export credit disbursement; setting up of an Investment Clearance Cell to provide end to end facilitation; etc. Further, Government has identified potential trade lines of strength for India so as to take advantage of the tariff arbitrage. Series of meetings were undertaken with the Export Promotion Councils, Trade Bodies, Indian exporters, and other stakeholders to sensitize them periodically to boost exports of the specific lines where US products now face higher tariffs in China and vice versa, and where India is a strong exporter. In addition, Government is also exploring a China-Plus-One strategy in wake of the ongoing US-China trade conflict. In coordination with its Missions abroad, Roadshows on 'Opportunities for India in the wake of US-China Trade stand-off', are being organized in perusal of the China-Plus-One Strategy.

These measures are expected to strengthen India’s export demand and improve its overall growth. There is an increase in the total Indian exports to China and USA during last one year. The data on overall exports to USA and China is shown in Table 1 below. Among various domestic and global factors, it can be partly attributed to the fact that certain Indian products became competitive in US market, where they were competing with Chinese products and vice versa in Chinese market, as a result of US-China tariffs.

Table 1: India’s Exports

(in US\$ billion)

	2016-17	2017-18	2018-19	2018-19 (Apr-Jan) (R)	2019-20 (Apr-Jan) (A)
India’s Exports to USA	42.2	47.9	52.4	43.3	44.8
India’s Exports to China	10.2	13.3	16.8	13.8	14.6

Source: DGCI&S. Note: R: Revised. A: Alert
