

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

LOK SABHA
UNSTARRED QUESTION NO. 543
TO BE ANSWERED ON 16th SEPTEMBER, 2020

TRADE DEFICIT

543. SHRI VISHNU DAYAL RAM:

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

- (a) whether it is true that India currently has a trade deficit with a majority of its bilateral trade partners;
- (b) if so, whether India's trade deficit with these countries has increased during the last three years and if so, the details thereof and the reasons therefor;
- (c) the steps taken by the Government to reduce trade deficit and promote production and exports from the country; and
- (d) whether these countries have expressed interest in investments in various sectors of the country and if so, the details thereof?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)
THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) & (b): The value of India's merchandise trade deficit during the last three years and current year are given below:

Value in US \$ Billion			
Years	Export	Import	Trade Deficit
2017-18	303.5	465.6	-162.1
2018-19	330.1	514.0	-184.0
2019-20	313.2	474.0	-161.3
2020-21 (April-August)	133.1	210.4	-77.3

Source: DGCI&S, Kolkata

The details of trade deficit for major countries during the last three years and the current year are given in **Annexure-I**. Trade deficit depends on fluctuations in imports and exports of different

commodities relative to each other, due to global and domestic factors such as demand and supply in domestic and international markets, currency fluctuations, international prices, etc.

(c): Policy making is an ongoing exercise and steps are taken based on the prevailing economic scenario. The Government has taken the following key steps to reduce the trade deficit and boost exports and promote domestic production:

- (i) The validity of Foreign Trade Policy (2015-20) extended by one year i.e. upto 31-3-2021 and relaxations granted and time lines extended due to COVID-19.
- (ii) Interest Equalization Scheme on pre and post shipment rupee export credit has been extended by one year i.e. upto 31-3-2021.
- (iii) Line Ministries have notified various sectoral incentive packages, such as Production Linked Incentive Scheme (PLI) by Ministry of Electronics and Information Technology (MeitY) and PLI Scheme by Department of Pharma for Key Starting Materials (KSMs)/ Drug Intermediates and Active Pharmaceutical Ingredients (APIs).
- (iv) Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase FTA utilization by exporters.
- (v) A comprehensive “Agriculture Export Policy” is under implementation to provide an impetus to agricultural exports related to agriculture, horticulture, animal husbandry, fisheries and food processing sectors.
- (vi) Promoting and diversifying services exports by pursuing specific action plans for the 12 Champion Services Sectors.
- (vii) Promoting districts as export hubs by identifying products with export potential in the District, addressing bottlenecks for exporting these products, supporting local exporters/manufacturers to generate employment in the District.
- (viii) Strengthening eco-system for adoption / implementation of mandatory technical standards for goods, services and skilling.
- (ix) Energizing Indian missions abroad towards promoting our Trade, Tourism, Technology and Investment goals.
- (x) Package announced to support domestic industry, including through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.
- (xi) The Government has initiated several steps which, inter alia, include strengthening Make in India and Startup India initiatives and Ease of Doing Business.

- (xii) Setting up of Empowered Group of Secretaries and Project Development Cells for investment promotion.
- (xiii) Creating industrial infrastructure in Industrial Corridors.
- (xiv) Liberalization of FDI policy in order to make India an investor friendly destination.
- (xv) Notifying Quality Control Orders.
- (xvi) Identification of 24 sub-sectors (Agro-food processing of Oranges Mangoes, Potato, Indian ready-to-eats segment, Steel, Agro Chemicals, Electronics products, Furniture, Leather and Footwear, Auto Part, Textiles, etc.) in manufacturing, based on export potential, import substitution and employment generation potential, for their promotion to make India more self-reliant and a global supplier.

(d): Government has put in place a liberal and transparent policy for Foreign Direct Investment (FDI), wherein most of the sectors are open to FDI under the automatic route. The Government reviews the FDI policy on an ongoing basis and makes changes from time to time, to ensure that India remains an attractive & investor friendly destination. Government has not set any formal target for FDI inflows into India, while working to ensure that FDI inflows remain robust and strong. FDI inflows depend on a host of factors such as availability of natural resource, market size, infrastructure and general investment climate as well as macro-economic stability and investment decisions of foreign investors.

Statement referred to in reply of part (b) of Lok Sabha Unstarred question no. 543 for answer on 16th September 2020

Merchandise Trade deficit for major countries for last three financial years and current financial year (Apr-June, 2020)					
(Value in US\$ Million)					
S. No.	Countries	2017-18	2018-19	2019-20	2020-21 (Apr-June, 20)*
1	China P RP	-63047.16	-53567.43	-48647.99	-5482.67
2	Iraq	-16153.58	-20583.81	-21862.01	-1979.54
3	Saudi Arab	-16659.26	-22917.49	-20620.51	-1578.26
4	Korea Rp	-11900.80	-12053.90	-10814.55	-1485.43
5	Indonesia	-12475.03	-10574.07	-10932.55	-1418.29
6	Japan	-6239.13	-7910.94	-7914.41	-1179.87
7	Qatar	-6937.14	-9110.54	-8417.63	-1117.94
8	Australia	-9981.42	-9610.77	-6930.08	-843.04
9	Nigeria	-7246.41	-7879.50	-6603.70	-706.72
10	Germany	-4607.91	-6258.65	-5400.21	-603.18
11	Russia	-6460.08	-3450.98	-4075.34	-600.76
12	Thailand	-3480.62	-3000.42	-2489.08	-416.26
13	Kuwait	-5800.03	-6096.90	-8287.24	-410.41
14	Ukraine	-2025.87	-1950.23	-1596.98	-330.98
15	Argentina	-1520.50	-1392.06	-1564.02	-330.17
16	Mexico	-147.47	-1735.46	-673.08	-270.39
17	Morocco	-347.30	-646.63	-153.09	-260.37
18	Angola	-4088.93	-3745.13	-3363.92	-252.16
19	Switzerland	-17839.21	-16900.90	-15699.81	-230.02
20	Canada	-2222.36	-664.00	-1028.54	-217.64
21	Taiwan	-1769.58	-1970.04	-2371.71	-195.59
22	Kazakhstan	-782.06	-565.65	-2053.12	-192.22
24	Hong Kong	4014.29	-4985.02	-5968.20	-138.80
25	Belgium	213.47	-3739.29	-3069.58	-119.96
26	Sweden	-692.98	-534.62	-366.06	-96.12
27	Ghana	-2074.27	-3046.08	-1156.13	-77.51
29	Jordan	-444.16	-537.43	-104.00	-68.93
30	Gabon	-350.31	-400.84	-92.85	-67.43
31	Others	-14092.98	-13362.93	-12770.53	-478.53
India's Total Trade Deficit		-162054.83	-184000.32	-161348.24	-8987.65

Source: DGCI&S. *Data are provisional and subject to Change
