

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

LOK SABHA
STARRED QUESTION NO. 138
TO BE ANSWERED ON 10th FEBRUARY, 2021

TRADE DEFICIT

*138. SHRIMATI SAJDA AHMED:

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

- (a) the details of the steps taken by the Government to balance trade deficit of the country;
- (b) the details of the main export sectors that showed downward trend during recent years;
- (c) whether the Government has assessed the impact of 'Make in India' policy on trade and if so, the details thereof;
- (d) whether imports have increased during the last one year in spite of providing a boost to domestic manufactures; and
- (e) if so, the reasons therefor?

ANSWER

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

(a) to (e): A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA
STARRED QUESTION NO. 138 FOR ANSWER ON 10th FEBRUARY, 2021
REGARDING “TRADE DEFICIT”.**

(a) : India’s overall (merchandise and services) trade deficit decreased by 25.05% in 2019-20 over 2018-19. During April-November, 2020-21, India’s overall (merchandise and services) exports were US\$ 304.53 billion, higher than overall imports of US\$ 293.56 billion, resulting in a trade surplus of US\$ 10.97 billion. Despite the Covid pandemic situation India’s merchandise exports in December 2020 were US\$ 27.15 billion as compared to US\$ 27.11 billion in December 2019, showing a positive growth of 0.14%, due to several measures taken by the Government. Trade deficit depends upon relative fluctuations in the import and export of different commodities and services due to global and domestic factors such as demand and supply in domestic and international markets, currency fluctuations, international prices, etc.

The Government has taken the following key steps to promote exports:

- 1) Foreign Trade Policy (2015 -20) extended by one year i.e. upto 31-3-2021 due to the COVID-19 pandemic situation.
- 2) Interest Equalization Scheme on pre and post shipment rupee export credit has also been extended by one year i.e. upto 31-3-2021.
- 3) A new Scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), has been launched with effect from 01.01.2021.
- 4) Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase FTA utilization by exporters.
- 5) A comprehensive “Agriculture Export Policy” to provide an impetus to agricultural exports related to agriculture, horticulture, animal husbandry, fisheries and food processing sectors, is under implementation.
- 6) Promoting and diversifying services exports by pursuing specific action plans for the 12 Champion Services Sectors.
- 7) Promoting districts as export hubs by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.
- 8) Active role of Indian missions abroad towards promoting India’s trade, tourism, technology and investment goals has been enhanced.

- 9) Package announced in light of the covid pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.

(b): The main export sectors that showed downward trend during recent years are Gems and Jewellery, Leather and Leather Manufactures, Man-Made Yarn/Fabrics/Madeups etc, Readymade Garments of all Textiles, Marine Products and Cotton Yarn/Fabrics/Madeups/ Handloom Products etc. In spite of the pandemic situation there are certain sectors such as Drugs and Pharmaceuticals, Spices, Iron ore, Rice and Other cereals which have shown positive trend in exports.

(c): 'Make in India' initiative was launched on 25th September, 2014 with the objective of facilitating investment, fostering innovation, building best in class manufacturing infrastructure, making it easy to do business and enhancing skill development. The initiative was further aimed at creating a conducive environment for investment, modern and efficient infrastructure, opening up new sectors for foreign investment and forging a partnership between government and industry. Healthy FDI inflows and growth in emerging sectors like electronics are reflective of positive outcomes of the initiative.

(d) & (e): Due to several policy measures taken by the Government to boost domestic manufactures and other domestic and global factors, India's merchandise imports have decreased by 7.64% to US\$ 474.7 billion in 2019-20 from USD 514.1 billion in 2018-19. During the current year (April-December), due to COVID-19 pandemic, India's merchandise imports have decreased by 28.2% to US\$ 261.5 billion from US\$ 364.2 billion during the same period of the last year.
