

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

LOK SABHA
STARRED QUESTION NO. 5
TO BE ANSWERED ON 25th APRIL, 2016

TRADE DEFICIT WITH CHINA

***5. DR. BHOLA SINGH:**

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

- (a) the details of India's trade with China during each of the last three years and the current year;
- (b) whether India's Trade Deficit with China has widened during the said period and if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to bridge the widening trade gap with China by adopting new strategies; and
- (d) if so, the details thereof along with the steps taken/proposed to be taken by the Government in this regard?

ANSWER

वाणिज्य एवं उद्योग राज्य मंत्री (श्रीमती निर्मला सीतारमण) (स्वतंत्र प्रभार)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA
STARRED QUESTION NO. 5 FOR ANSWER ON 25TH APRIL, 2016 REGARDING
“TRADE DEFICIT WITH CHINA ”**

(a): Details of the merchandise imports, exports and the trade deficit with China during the last three years and the current year upto February 2016 are given below:-

Bilateral Trade between India and China 2012-13 to 2014-15 and the current year

Value in US\$ Billion

Year	Import	Export	Total Trade	Trade Deficit
2012-13	52.25	13.58	65.83	38.67
2013-14	51.04	14.87	65.91	36.17
2014-15	60.41	11.96	72.37	48.45
2015-16 (April- February) (P)	56.93	8.25	65.18	48.68

(P): Provisional(Source; DGCI&S)

(b): During the said period India's trade deficit with China increased from US\$ 38.67 billion in 2012-13 to US\$ 48.45 billion in 2014-15. For the period April-February 2015-16 the trade deficit increased to US\$ 48.68 billion

Increasing trade deficit with China can be attributed primarily to the fact that Chinese exports to India rely strongly on manufactured items to meet the demand of fast expanding sectors like telecom and power, while India's exports to China are characterized by primary and intermediate products. The major imports from China are products such as telecom instruments, computer hardware and peripherals, fertilizers, electronic components/instruments, project goods, organic chemicals and drug intermediates, consumer electronics, electrical machinery and equipments, iron and steel etc. These imports feed the growing demand in India for such goods which China, due to variety of reasons, is able to export to India at competitive prices.

(c)& (d): Ministry of Commerce of the People's Republic of China and Ministry of Commerce & Industry of the Republic of India jointly developed and signed in September 2014 the Five-Year Development Program for Economic and Trade Cooperation in order to lay down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between China and India, on the principle of equality and mutual benefit.

The Five Year Program recognizes and states "that trade deficit with China is a matter of high concern for India. Against this background and in the spirit of mutual benefit, India and China shall endeavour to strengthen cooperation and gradually achieve bilateral trade balance over the next 5 years. India and China shall further endeavour to increase bilateral

trade in services particularly Information Technology (IT) & Information Technology Enabled Services (ITES) in the next 5 years.”

A Joint Working Group (JWG) on Information Technology (IT) has been constituted under the MoU between the Ministry of Communications and Information Technology of the Republic of India and Ministry of Industry & Information Technology of the People's Republic of China on co-operation in the field of Information and Communication Technology. The first meeting of this JWG was held on 15th -16th December, 2014 where two countries deliberated to further promote Indian IT and ITES exports to China.

Efforts are being made to increase overall exports by diversifying the trade basket with emphasis on manufactured goods, services, resolution of market access issues and other non-tariff barriers. This is done through bilateral meetings and institutional dialogues. Indian exporters are encouraged to participate in major trade fairs in China and other countries to show-case Indian products.

The Government has also taken various measures to extend support to exporters including to China which are indicated below:

i. The New Foreign Trade Policy (2015-20) was announced on 1st April, 2015 with a focus on supporting both manufacturing and services exports and improving the ‘Ease of Doing Business’. The FTP introduced two new schemes, namely, ‘Merchandise Exports from India Scheme’ (MEIS) for incentivising export of specified goods to specified markets and ‘Service Exports from India Scheme’ (SEIS) for promoting export of notified services from India, by consolidating earlier schemes.

ii. In the light of the major challenges being faced by Indian exporters in the backdrop of the global economic slowdown, the envisaged revenue outgo under MEIS was increased from Rs. 18000 Crore to Rs. 21000 Crore in October 2015 with accompanying enhancement in benefits on certain products and inclusion of certain additional items.

iii. By way of trade facilitation and enhancing the ease of doing business Government has reduced the number of mandatory documents required for exports and imports. The trade community can file applications online for various trade related schemes.
