

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:3848

ANSWERED ON:19.04.2010

TRADE DEFICIT

Chauhan Shri Sanjay Singh;Dubey Shri Nishikant ;Mahato Shri Narahari;Majhi Shri Pradeep Kumar;Muttemwar Shri Vilas Baburao;Naik Dr. Sanjeev Ganesh;Roy Shri Nripendra Nath

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the trade deficit in the country is continuously increasing on account of rise in import over the last three years and the current financial year;
- (b) if so, the details thereof including items showing improvement and the reasons therefor;
- (c) the quantum of export/import undertaken during the last three years;
- (d) whether the Government has conducted any study to ascertain the reasons for the trade deficit; and
- (e) if so, the details thereof alongwith the measures being taken to maintain balance of trade?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (c): India's merchandise export and import figures for the period 2006-07, 2007-08, 2008-09 and for the period April to February, 2009-10 in US Dollar terms, are given in Annexure I. The increase in trade deficit during 2007-08 & 2008-09 was predominantly accounted for by higher imports of petroleum crude / products, fertilizers, and raw material and machinery / equipment required for Indian industry. However, the trade deficit during April 2009 to February, 2010 has reduced in comparison to the same period last year, mainly on account of reduced prices of crude petroleum in the 1st three quarters of 2009-10. leading to reduced import bill; and the progressive reduction in the decline in exports and positive growth in exports on month to month basis since November, 2009.

(d) to (e): The Government and RBI have been closely monitoring the economic developments in the country and internationally on a continuous basis. To reduce the trade deficit and to boost the export performance by way of extending support to the exporting sectors, various measures have been taken by the Government and RBI in the form of stimulus packages including the announcements made in the Budget, 2009-10 and 2010-11; in the Foreign Trade Policy (FTP), 2009-14; and thereafter in January/March 2010. Government has sought to provide support / incentives to the different export sectors which have been adversely affected by the global economic slowdown. Sectoral performance reviews are being conducted at regular intervals. Some of the various measures undertaken are given in Annexure II.