

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1694
ANSWERED ON:22.08.2012
CURRENT ACCOUNT DEFICIT FOR
Viswanathan Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) the actual Current Account Deficit (CAD) for the year 2011-12;
- (b) the reasons for the huge deficit and the remedial measures likely to be taken to contain the deficit;
- (c) whether the Government is having any proposal to ban non-productive items like gold etc.;
- (d) if so, the details thereof;
- (e) whether the Government is having any proposal to increase the import duty heavily to prevent non-productive imports;and
- (f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a) The current account deficit (CAD) was 4.2 per cent of GDP in 2011-12.
- (b) to (d) The increase in CAD in 2011-12 was due to widening of trade deficit on account of subdued external demand and relatively inelastic imports of petroleum, oil and lubricant (POL) and gold & silver.

To lower the impact of gold imports on CAD under balance of payment (BoP), Government in the Union Budget 2012-13 has increased basic custom duty on standard gold bars; gold coins of purity exceeding 99.5 per cent and platinum from 2 per cent to 4 per cent and on non-standard gold from 5 per cent to 10 per cent.

Further, the Reserve Bank of India has taken certain prudential measures in respect of Non-Banking Financing Companies (NBFCs) predominantly engaged in lending against collateral of gold jewellery, to restrict the loans against gold.

- (e) & (f) There is no such proposal to increase the import duty heavily to prevent non-productive imports, at this stage.