

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1692

ANSWERED ON:16.08.2013

RISE IN CAD

Jagannath Dr. M.;Semmalai Shri S. ;Singh Chaudhary Lal;Singh Shri Pradeep Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Current Account Deficit (CAD) is on the rise;
- (b) if so, the details thereof for each of the last three years and the current year till date along with the reasons therefor; and
- (c) the steps taken/being taken by the Government to contain it at the earliest?

Answer

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

(a) & (b) Current account deficit (CAD) during the last three years is given below:

Year	CAD (US\$ billion)	CAD as per cent of GDP
2010-11	48.1	2.8
2011-12	78.2	4.2
2012-13	88.2	4.8

(c) & (d) The Government has taken a slew of initiatives to boost exports and to contain imports to lower trade deficit and thereby CAD. The Government announced various export enhancing measures in June 2012, December 2012 and April 2013. In July 2013, Government has increased the rate of interest subvention from 2 per cent to 3 per cent to benefit the exporters of small and medium enterprises and also for the most of the labour intensive sectors.

In order to lower the import of gold, the Government had raised the import duty from 2 per cent to 4 per cent on gold in the Budget 2012-13, which was enhanced to 6 per cent in January 2013, 8 per cent in June 2013 and further to 10 per cent on August 13, 2013, linked the gold imports with the gold exports, whereby 20 per cent of the imported gold has to be channelized for gold exporters. Import duty on silver and other non- essential items was also increased. Inflation Indexed Bonds has been introduced in June, 2013 to wean away investors from the gold to other savings instruments and help in moderating gold demand.

Apart from these measures, the Government has revised diesel prices and capped subsidized LPG cylinders to consumers to contain the fiscal burden of subsidies in September 2012. In January 2013, oil marketing companies were permitted to raise diesel prices in small measures periodically. These measures are expected to moderate the demand for oil imports.