

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

UNSTARRED QUESTION NO:1430

ANSWERED ON:18.07.2014

TRADE DEFICIT

Ajmal Maulana Badruddin; Antony Shri Anto ; Fatepara Shri Devajibhai Govindbhai; Nimmala Shri Kristappa

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

(a) whether the share of the export sector in the Gross Domestic Product of the country has been rising constantly despite the increase in trade deficit during each of the last three years and the current year and if so, the details thereof;

(b) whether the widening export-import gap has caused trade deficit and a negative impact on the economic condition of the country and if so, the details of the sectors adversely affected thereby during the said period along with the reaction of the Government thereto;

(c) whether the Government proposes to comprehensively review the ongoing export promotion schemes being implemented to reduce trade deficit and promote the export sector and if so, the details and the present status thereof;

(d) whether the Government proposes to enhance the benefits provided to the exporters under various schemes to minimize the impact of the trade deficit on them; and

(e) if so, the details thereof along with the concrete steps taken by the Government in this regard?

Answer

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

(a) & (b) The share of export sector in the gross domestic product of the country has shown a consistent rise except a marginal decline in 2012-13. This decline is not significant. The trade deficit increased during 2011-12 and 2012-13. Trade deficit in 2013-14 and in the months of the current financial years has decreased. The table below gives details for the same:

Year	Exports	Imports	Trade Deficit	GDP At current price	Export as % of GDP
2011-2012	306.0	89.3	183.4	1751.1	17.5
2012-2013	300.4	90.7	190.3	1725.6	17.4
2013-2014	313.5	50.6	137.1	1731.0	18.1
2013-14 (April-June)	73.3		121.6	48.3	
2014-15 (April-June) #	80.1		113.2	33.1	

Source DGCI& S and Ministry of Statistics & Programme Implementation #Provisional

One of the major items of import, which accounts for more than 36% of country's total import, resulting in Trade deficit is Petroleum & Crude oil. However, these imports are essential and critical for meeting the energy needs of the country and driving the economy. Therefore it would not be correct to infer that trade deficit has negatively impacted the economy.

(c, d & e) The Government assesses the export performance on a continuous basis and need based corrective measures to boost exports are taken from time to time. In order to boost exports and control imports of non - essential items, various measures have been taken e.g. compression in import of gold and silver by increasing the custom tariffs and administrative measures like linking gold imports with the gold exports under 80-20 scheme, whereby 20 per cent of the imported gold has to be channelized for gold exports. Government also announced the Annual Supplement to the Foreign Trade Policy (2009-14) on 18.4.2013. Apart from this, the Government took a number of other measures to boost exports, which, inter alia, include the following;

(i) Two percent Interest Subvention Scheme, which was available for certain export sectors viz. Handicrafts, Carpet, Handlooms. SMEs. Readymade Garments, Processed Agriculture Products and Toys, was widened to include 134 tariff lines of Engineering Sector w.e.f 1st January, 2013. Government enhanced the rate of Interest Subvention from 2% to 3 % with effect from 1.8.2013.

(ii) As part of product diversification and market diversification strategy, 47 new items were added to Market Linked Focus Product Scheme (MLFPS) and 122 new items were added to the Focus Product Scheme (FPS). Government also notified 153 hi-tech

products on 10.7.2013 under Focus Product Scheme making them eligible for duty scrip at the rate of 2 %.