The Government continuously monitors export performance of different sectors and takes need based measures, keeping in view the financial and overall economic implications.

Impact of gold imports on trade deficit

2260. DR. K.V.P. RAMACHANDRA RAO: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether soaring gold imports have pushed up the trade deficit and have offset the cushion provided by drop in oil prices;

(b) if so, how does Government proposes to deal with the situation;

(c) whether the yellow metal trade has witnessed a spurt in smuggling as well; and

(d) if so, whether it was on account of demand-supply mismatch or new duty on gold imports?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) India's gold imports reached all time high levels of US$ 56.5 billion and US$ 53.8 billion respectively during 2011-12 and 2012-13, which led to higher trade deficit of US$ 183.4 billion and US$ 190.3 billion in 2011-12 and 2012-13 respectively. The rise in imports of gold was one of the factors contributing to India's high trade and current account deficit in 2011-12 and 2012-13. However, as a result of the various measures taken by the Government and Reserve Bank of India, trade deficit declined from US$ 190.3 billion in 2012-13 to US$ 135.8 billion in 2013-14.

The Government has also taken a number of initiatives to boost exports and reduce imports, so as to reduce trade deficit and current account deficit. The Government gradually increased customs duty on gold from 2 per cent in January, 2012 to 10 per cent in August, 2013. The Reserve Bank also put in place the 80:20 scheme for nominated banks/agencies/entities to rationalize the import of gold in any form/ purity, including import of gold coins/dore into the country. During 2014-15 (April-January), trade deficit increased only marginally by US$ 1.8 billion to US$ 118.4 billion as against US$ 116.5 billion for the corresponding period of previous Year. The 80:20 scheme was withdrawn in November 2014. These measures have helped in reducing trade deficit and CAD in 2013-14 and subsequent quarters of 2014-15.

As regards the oil prices, the monthly average crude oil prices (Indian basket) was trading at more than US$ 100 per bbl between April, 2011 to August, 2014. However, crude oil prices fell sharply from September, 2014 and reached US$ 46.6 per bbl in January, 2015. Owing to the fall in crude oil prices the oil import bill also came down, which has led to lower levels of trade deficit in the current year.

(c) and (d) Smuggling of Gold or any other commodity/item depends on the demand and supply mismatch as well as dynamic of the price differential in domestic and international price.

There are no figures available regarding estimates of smuggled gold, however, the details of Gold seized by customs, including Directorate of Revenue Intelligence, during the last three years are as under:

Year	Number of cases	Value of Gold Seized (₹ Crores)
2011-12	503	43.87
2012-13	900	104.62
2013-14	2450	686.99
2014-15 (Till Jan., 15)	3412	931.55

FDI limit in different sectors

†2261. SHRI P.L. PUNIA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government has decided to increase or decrease the Foreign Direct Investment (FDI) in different sectors during the last six months;

(b) if so, the details of sectors and the percentage of FDI increased or decreased;

(c) whether Government has decided to increase FDI in the insurance sector from 26 per cent to 49 per cent in order to enhance employment opportunity in that sector; and

(d) if so, the details thereof and by when this provision would come into force?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN): (a) to (d) The Government has issued Press Note No. 10 (2014 Series) on 3rd December, 2014 liberalizing certain conditionalities in the FDI policy regarding Construction Development Sector which is given in Statement. [Refer to the Statement appended to the Answer to USQ. No.2258, Part (a) and (b)]. *Vide* Press Note 2 of 2015 effective from 21.01.2015, the Government allowed 100% FDI on automatic route for manufacture of medical devices which is given in Statement-I (*See* below). Further, the Government has increased the FDI cap from 26% to 49% in the insurance sector *vide* Press Note 3(2015 Series), effective from 02.03.2015 which is given in Statement-II (*See* below).

†Original notice of the question was received in Hindi.