

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

RAJYA SABHA
UNSTARRED QUESTION NO. 3405
TO BE ANSWERED ON 01st APRIL, 2022

TRADE DEFICIT

3405. SHRI JAWHAR SIRCAR:

Will the Minister of **COMMERCE & INDUSTRY** be pleased to state:

- (a) whether India's trade deficit has widened to \$22.91 billion in November 2021, as against \$10.19 billion in November 2020;
- (b) whether this is mainly because imports have risen by nearly 75 per cent during April-November 2021 or for any other reasons; and
- (c) the steps that are proposed to cut down imports and narrow down the trade deficit?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SMT. ANUPRIYA PATEL)

(a) & (b): India's trade deficit (both merchandise & services) was US\$ 14.04 billion in November 2021 and US\$ 3.23 billion in November 2020. Imports take place to meet the gap between domestic production and supply, consumer demand and preferences for various products and services. Trade deficit depends upon relative fluctuations in the import and export of different commodities and services due to global and domestic factors such as demand and supply in domestic and international markets, currency fluctuations, international prices, etc.

(c): In order to cut down imports, Government has taken several steps to create/enhance domestic capacity, incentivizing domestic manufacturing through Production Linked Incentive Schemes, phased manufacturing plans, purchase preference etc, timely use of trade remedy options, adoption of mandatory technical standards, enforcement of FTA Rules of Origin (RoO) and development of import monitoring system. At the same time, following steps have been taken to boost exports so as to narrow down the trade deficit:

- (i) The mid-term review of the Foreign Trade Policy (2015-20) was carried out in December 2017 and corrective measures were taken.

- (ii) Foreign Trade Policy (2015-20) extended by one year i.e. upto 31-3-2022 due to the COVID-19 pandemic situation.
- (iii) Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
- (iv) A Central Sector Scheme, 'Transport and Marketing Assistance for Specified Agriculture Products' was launched for providing assistance for the international component of freight to mitigate the freight disadvantage for the export of agriculture products.
- (v) Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and Rebate of State and Central Levies and Taxes (RoSCTL) Scheme have been implemented with effect from 01.01.2021.
- (vi) Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
- (vii) 12 Champion Services Sectors have been identified for promoting and diversifying services exports by pursuing specific action plans.
- (viii) Districts as Export Hubs has been launched by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.
- (ix) Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.
- (x) Package announced in light of the COVID pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.
