

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

LOK SABHA
UNSTARRED QUESTION NO. 2421
ANSWERED ON 06/08/2024

WIDENING TRADE DEFICIT

2421. THIRU DAYANIDHI MARAN:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) the details of specific measures have been implemented to ensure the sustained growth of merchandise exports;
- (b) whether it is a fact that the trade deficit widening by 9.4 percent in June and the details of strategies are being considered to address the growing gap between imports and exports;
- (c) the details of the six key sectors and twenty countries that the Government is focusing on to boost exports alongwith the details of criteria were used to select these sectors and countries;
- (d) whether it is a fact that Labour-intensive sectors like handicrafts and jute, have seen a decline in export values and the details of initiatives are being undertaken to support these sectors and reverse the decline;
- (e) the details of electronics goods imports rising by sixteen percent and silver imports jumping 377.4 percent, the extent to which is the Government addressing implications of these trends on domestic economy and trade balance; and
- (f) the details of training and capacity-building initiatives are being undertaken to equip exporters in declining sectors to compete globally?

ANSWER

वाणिज्य और उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) The Government has taken following measures for sustained growth in merchandise exports:

- (i) New Foreign Trade Policy(FTP) has been launched with effect from 1st April 2023. The new FTP is to be dynamic and responsive to the emerging trade scenarios, wider Engagement with States and Districts to promote exports from the grassroots.
- (ii) Assistance provided through schemes, namely Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme, to promote exports.
- (iii) Rebate of State and Central Levies and Taxes (RoSCTL) Scheme to promote labour oriented sector export has been implemented since 07.03.2019.

- (iv) Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) provides reimbursement of taxes which are incurred in the process of manufacture and distribution of exported products and are not being refunded under any other mechanism, at the central, state and local level. A support to the tune of around INR 45,000 Crores has been provided to Indian exporters since the scheme implementation from January 2021.
- (v) Interest Equalization Scheme on pre and post shipment rupee export credit has also been extended up to 31-08-2024.
- (vi) The new FTP also provides a framework for cross-border trade of goods and services from India in the digital economy and the promotion of E-Commerce and other emerging channels of exports from India.
- (vii) Districts as Export Hubs program has been initiated for identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters and manufacturers.
- (viii) Government has also allowed rupee trading through Special Rupee Vostro Accounts to facilitate trade to promote international settlements in Rupees.
- (ix) India has signed a Free Trade Agreement with UAE, Australia and the European Free Trade Association (EFTA).
- (x) Role of Indian missions abroad for promoting India's trade, tourism, technology and investment goals has been enhanced.
- (xi) Regular monitoring of export performance is undertaken with Commercial Missions abroad, Export Promotion Councils, Commodity Boards and Industry Associations for taking corrective measures from time to time.

(b) India's Merchandise Trade Deficit in June 2024 was USD 20,972.01 Million vis-à-vis trade Deficit of USD 19,189.24 Million in June 2023, registering a growth of 9.29 %. 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. The Government keeps a watch on the overall deficit and undertakes measures and strategies periodically to address it.

(c) The six sectors which hold large potential to increase the country's exports include Agriculture & allied products, Drugs and Pharmaceuticals, Textiles & Apparel, Chemicals, Engineering and Electronics goods. The 20 Countries of Significance that the Government is focusing on to boost exports includes USA, UAE, Netherlands, China, Russia, Bangladesh, Singapore, United Kingdom, Saudi Arabia, Germany, Indonesia, Brazil, Turkey, Italy, South Africa, France, Australia, Vietnam, South Korea and Japan. These 20 countries import over 62% in each of the six focus sectors and were one of the criteria for selection of these sectors and countries.

(d) The export of these sectors and any decline is dependent on several factors such as geopolitical situation, international market trends, market dynamics etc. Meanwhile the Government is continuously monitoring export performance and taking various measures to boost production and exports. The Government is implementing the National Handicraft Development Programme (NHDP) for marketing & boosting handicrafts exports from the country. Under the sub-component Marketing Support and Services (MSS) of NHDP Scheme financial assistance is provided to eligible agencies on pan-India basis for marketing of handicraft products in domestic as well as overseas markets. The export performance of handicrafts in the last three years is as follows:

Year	Exports in INR Crores
2021-22	49,893.11
2022-23	44,719.66
2023-24	48,289.30

(e) During April-Dec 2023, total imports of Silver recorded a decline of -57.59% and -52.65% in qty and value terms respectively which resulted in decline in imports of Silver during the FY 2023-2024 by (-) 10.05% in qty terms and a rise in value terms by 2.72% owing to rise in prices of Silver. The National Policy on Electronics 2019 (NPE 2019) has been notified on 25.02.2019 to position India as a global hub for Electronics System Design and Manufacturing (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally. To attract and incentivize large investments in the electronics value chain and promote exports, various schemes have been notified under the aegis of NPE 2019, which are as under :-

- Program for Development of Semiconductors and Display Manufacturing Ecosystem,
- Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 was notified in May 2023 with a budgetary outlay of INR 17,000 Crores
- Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) was notified in April 2020
- Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme was notified in April 2020
- Modified Special Incentive Package Scheme (M-SIPS)
- Electronics Development Fund (EDF)
- Phased Manufacturing Programme (PMP)
- FDI up to 100% is permitted for Electronics Manufacturing
- Exemption from Basic Customs Duty on Capital Goods
- Simplified import of used plant and machinery

(f) The Government under the Niryat Bandhu Scheme under the Foreign Trade Policy (FTP) conducts export awareness workshops, provides handholding support, and collaborates with industry stakeholders to enhance the capacity of exporters. More than 1,15,000 individuals have benefitted under Niryat Bandhu Scheme since its inception in year 2013.