

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

LOK SABHA
UNSTARRED QUESTION NO. 5031
ANSWERED ON 01/04/2025

WIDENING TRADE DEFICIT

5031. **DR. KALYAN VAIJINATHRAO KALE:**

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

- (a) the steps being taken to address the widening trade deficit and the strategies for boosting exports in key sectors such as petroleum, gems and jewellery and chemicals, which have shown significant contractions;
- (b) whether the Government has conducted an assessment of the impact of geopolitical tensions and logistical disruptions on export flows to markets like Europe, Africa and the CIS and if so, the measures being implemented to mitigate these challenges;
- (c) the progress made in Free Trade Agreement (FTA) negotiations with the UK, ASEAN and the EU and the extent to which these agreements aim to enhance trade opportunities and reduce the trade imbalance; and
- (d) the initiatives being undertaken to improve the export performance of resilient sectors such as electronics goods and readymade garments, which have shown growth amidst global challenges?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

- (a) The trade deficit in petroleum has been largely on account of decline in petroleum prices and subdued demand in certain European countries and Australia. While, the petroleum product exports have gone up in volume terms, the export value realisation has declined. The dependence of India on petroleum imports is to the tune of 88% of domestic demand and this has meant a sustained trade deficit in petroleum products. In gems and jewellery segment, the decline in exports has been largely on account of reduction in discretionary spending in USA, UAE and

Hong Kong market. As far as chemicals are concerned, we have seen a decline of 12.41% during April to December, 2024 vis-à-vis corresponding period of last year. The steps being taken by the Government to boost exports from the country are at Annexure-I.

(b) The Government continuously monitors the impact of geopolitical tensions and logistical disruptions on export flows. Despite prevailing global challenges, India's exports to the CIS region and Europe registered a growth of 22.43% and 3.14% respectively during April–December 2024 compared to the same period in the previous year. However, exports to certain African countries, including Nigeria, Togo, South Africa, and Namibia, witnessed a decline, primarily due to restrictions on rice exports and a fall in petroleum product shipments.

To mitigate the effects of such disruptions, the Government has undertaken various measures including export diversification, strengthening of logistics infrastructure, trade facilitation, and support to exporters through schemes aimed at market development and access.

(c) India is actively engaged in Free Trade Agreement (FTA) negotiations with several key partners, including the United Kingdom and the European Union (EU), with the objective of enhancing market access, diversifying export destinations, and addressing trade imbalances.

Negotiations with the United Kingdom were launched in January 2022, and 13 rounds have been completed. Recent discussions in February 2025 focused on a range of areas including trade, technology, health, and green finance. The talks are aimed at reaching a balanced agreement that supports enhanced trade opportunities for both countries.

With the EU, FTA negotiations resumed in June 2022, and ten rounds have been held as of March 2025. The agreement is expected to facilitate greater cooperation in trade, mobility, digital transformation, and investment, thereby contributing to increased economic engagement between India and the EU.

Regarding ASEAN, India is currently undertaking a review of the ASEAN-India Trade in Goods Agreement (AITIGA), which came into force in 2010. Four rounds of review negotiations were held in 2024. The review seeks to make the agreement more effective, equitable, and trade-facilitative. India's exports to ASEAN have nearly doubled since the agreement was signed, indicating the potential of such frameworks in strengthening trade ties.

These FTAs aim to reduce tariff and non-tariff barriers, simplify procedures, and address structural issues to make Indian exports more competitive in partner markets.

(d) The Government is implementing various schemes/initiatives to attract and incentivise large investments in the electronics value chain and promote exports under the National Policy on Electronics 2019 (NPE 2019) which aims 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. The major schemes/initiatives include Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing and

Production Linked Incentive Scheme (PLI) for IT Hardware for the development of robust and sustainable Semiconductor and Display ecosystem in the country.

The Government encourages Indian exporters to participate in the exhibitions and provides grant-in-aid under Market Access Initiative (MAI) scheme wherein, regular bilateral institutional mechanism meetings are held with the Export Promotion Councils (EPCs) and Indian Missions abroad to explore new opportunities, identify and resolve trade issues, thereby increasing Indian exports.

Further, to promote export of textile sectors, the Government is implementing various schemes/initiatives such as: (i) PM Mega Integrated Textile Regions and Apparel (PM MITRA) Parks Scheme meant to create a modern, integrated, world class textile infrastructure; (ii) Production Linked Incentive (PLI) Scheme focusing on MMF Fabric, MMF Apparel and Technical Textiles to boost large scale manufacturing and enhancing competitiveness; (iii) SAMARTH – Scheme for Capacity Building in Textile Sector with the objective providing demand driven, placement oriented, skilling program; (iv) Silk Samagra-2 for comprehensive development of sericulture value chain; (v) National Technical Textiles Mission was launched for a period of 2020-21 to 2025-26 focusing on Research Innovation & Development, Promotion and Market Development; (vi) National Handloom Development Program for end to end support for handloom sector. Ministry of Textiles is also implementing National Handicrafts Development Programme and Comprehensive Handicrafts Cluster Development Scheme for promotion of handicrafts.

Annexure referred to in reply of part (a) of Lok Sabha Unstarred Question No. 5031 for answer on 01st April, 2025.

The Government has taken following steps to boost exports from the country:-

- (i) The Foreign Trade Policy effective from April 1, 2023 is designed to integrate India more effectively into the global market, improve trade competitiveness, and establish the country as a reliable and trusted trade partner.
- (ii) The Directorate General of Trade Remedies (DGTR) actively monitors unfair trade practices by foreign companies and recommend corrective remedial actions.
- (iii) Production Linked Incentive (PLI) Schemes for 14 key sectors are under implementation to enhance India's manufacturing capabilities and exports. The Production Linked Incentive (PLI) Scheme is positioning India as a key player in the global value chain by incentivizing manufacturing in high-growth sectors such as electronics, pharmaceuticals, and renewable energy. The PLI scheme strengthens India's role in global supply chains, attracting significant FDI and integrating the country into critical production networks.
- (iv) Assistance being provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
- (v) Establishment of 65 Export Facilitation Centres (EFCs) across the country with an aim to provide requisite mentoring and handholding support to exporters especially MSMEs in exporting their products and services to foreign markets.
- (vi) The Interest Equalization Scheme on pre- and post-shipments of rupee export credit had also been extended to the MSME Sector up to December 31, 2024.
- (vii) The Rebate of State and Central Levies and Taxes (RoSCTL) Scheme to promote labour-oriented certain items of textiles sector export has been implemented since March 07, 2019.
- (viii) Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been implemented since January 01, 2021. The benefit of RoDTEP scheme had also been extended to sectors like steel, pharma and chemicals with effect from December 15, 2022 to enhance export competitiveness of these sectors. The benefits of the RoDTEP scheme have also been extended to exports from Domestic Tariff Area (DTA) units till September 30, 2025.
- (ix) A Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
- (x) Districts as Export Hubs initiative had 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.
- (xi) The Government has launched the Trade Connect e-Platform as an information and intermediation platform for international trade bringing together Indian Missions Abroad and officials from Department of Commerce and other organisations to provide comprehensive services for both new and existing exporters.

- (xii) Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.
- (xiii) Regular monitoring of export performance with Commercial Missions abroad, Export Promotion Councils, Commodity Boards/ Authorities and Industry Associations and taking corrective measures from time to time.
- (xiv) The Government is also encouraging Vocal for Local Campaign by promoting awareness among consumers and businesses to buy Indian-made products, thereby aiming to reduce demand for imported goods.
- (xv) Agricultural & Processed Food Products Export Development Authority (APEDA) has Central Sector specific scheme for Financial Assistance to facilitate the export of agri-products by providing assistance to exporters for augmenting export related infrastructure, participating in Buyer Seller Meets, etc.
- (xvi) The APEDA is implementing the National Programme for Organic Production (NPOP). The programme involves the accreditation of Certification Bodies, standards for organic production, promotion of organic farming and marketing etc.
- (xvii) The Marine Products Export Development Authority (MPEDA) provides assistance for upgrading the infrastructure facilities for value addition, establishing testing laboratories, participating in international trade fairs, and providing technical assistance for aquaculture production meant for exports etc.
- (xviii) Quality Control Orders (QCOs) have been notified by Bureau of Indian Standards (BIS) for improving the quality of Indian products and to prevent import of substandard goods into Indian market.
- (xix) The Department has awarded a Research & Development project to IIT- Madras in 2023-24 with an outlay of Rs. 242.96 Cr over 5 years to develop Chemical Vapour Deposition (CVD) and High Pressure and High Temperature (HPHT) system. This would make technology available at affordable cost, increase employment and exports of Lab Grown Diamonds.
- (xx) The Department has introduced Diamond Imprest Authorisation (DIA) Scheme with effect from April 01, 2025 allowing duty-free import of Natural Cut and Polished Diamonds of less than 0.25 carat, with an obligation of value addition and export.
- (xxi) Duty Free imports of Lab Grown Diamond Seeds have been extended for one more year in the Union Budget 2025-26 to reduce input costs and make exports competitive. Further, applicability of Import of Goods at Concessional Rate (IGCR) on Lab Grown Diamond Seeds (LGD) has been removed in Union Budget 2025-26, for easy access of LGD seeds.
- (xxii) The Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL), also undertakes various initiatives for enhancing exports of Organic and Inorganic chemicals. These include organizing Buyer-Seller Meets (BSMs), Reverse Buyer-Seller Meets (RBSMs), participation in trade fairs & exhibitions in India and abroad, conducting awareness workshops/seminars on various chemical regulations and providing guidance and assistance to the members/exporters.
