GROWING TRADE DEFICIT

*276(H). CH. SUKHRAM SINGH YADAV:

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

(a) whether it is a fact that trade deficit of India is constantly growing;
(b) the percentage of increase of India’s trade deficit during the last three years;
(c) the percentage of trade deficit with China during the last three years; and
(d) the steps taken towards the balance of trade during the last three years?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY  
(SHRI PIYUSH GOYAL)

(a) to (d): A Statement is laid on the Table of the House.

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(a) & (b): India’s merchandise trade deficit decreased by 8.61 percent in 2016-17 over 2015-16 and thereafter increased by 49.35 percent in 2017-18 and 13.25 percent in 2018-19 as compared to the previous years mainly due to surge in import of petroleum crude and products with value of 108.7 US$ billion and 140.92 US$ billion respectively in comparison to 86.96 US$ billion in 2016-17, that too at higher international prices. However, India’s trade deficit has decreased by 18.43 percent during the current year 2019-20 (April-Oct) as compared to corresponding period of the last year. The current trade deficit is much below what was the peak in 2012-2013, i.e. US$ 190.34 billion. Trade deficit depends upon relative fluctuations in the import and export of different commodities due to the global and domestic factors such as demand and supply in domestic and international markets, currency fluctuations, international prices, etc.

(c): The merchandise trade deficit of India with China PRP and percentage change during the last three years and the current year is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade Deficit (Value in US$ Billion)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2016</td>
<td>-52.70</td>
<td>---</td>
</tr>
<tr>
<td>2016-2017</td>
<td>-51.11</td>
<td>-3.01</td>
</tr>
<tr>
<td>2017-2018</td>
<td>-63.05</td>
<td>23.35</td>
</tr>
<tr>
<td>2018-19 (Apr-Oct)</td>
<td>-33.32</td>
<td>---</td>
</tr>
<tr>
<td>2019-20 (Apr-Oct)*</td>
<td>-31.81</td>
<td>-4.52</td>
</tr>
</tbody>
</table>

Source: DGCI&S, Kolkata, *Provisional
Note: -ve figure denotes a trade deficit and +ve figure denotes a surplus.

(d): In order to boost India’s exports and bring down trade deficit, Government has taken several steps, including:

(i) A new Foreign Trade Policy (FTP) 2015-20 was launched on 1st April 2015. The policy, inter alia, rationalised the earlier export promotion schemes and introduced two new schemes, namely Merchandise Exports from India Scheme (MEIS) for improving export of goods and ‘Services Exports from India Scheme (SEIS)’ for increasing exports of services. Duty credit scrips issued under these schemes were made fully transferable.

(ii) Based on Mid-term Review of the FTP 2015-20 undertaken on 5th December, 2017, incentives for labour intensive / MSME sectors were increased by 2%.

(iii) A new Logistics Division was created in the Department of Commerce for integrated development of the logistics sector. India’s rank in World Bank’s Logistics Performance Index moved up from 54 in 2014 to 44 in 2018.
(iv) Interest Equalization Scheme on pre and post shipment rupee export credit was introduced from 1.4.2015 providing interest equalisation at 3% for labour intensive / MSME sectors. The rate was increased to 5% for MSME sectors with effect from 2.11.2018 and merchant exporters were covered under the scheme with effect from 2.1.2019.

(v) For improving ease of doing business, online issuance of Importer Exporter Codes (IEC), has been started. India’s rank in World Bank ‘Ease of Doing Business’ ranking improved from 142 in 2014 to 63 in 2019 with the rank in ‘trading across borders’ moving up from 122 to 80.

(vi) A new scheme called “Trade Infrastructure for Export Scheme (TIES)” was launched with effect from 1st April 2017 to address the export infrastructure gaps in the country.

(vii) A comprehensive “Agriculture Export Policy” was launched on 6th December, 2018 with an aim to double farmers’ income by 2022 and provide an impetus to agricultural exports.

(viii) A new scheme called “Transport and Marketing Assistance” (TMA) has been launched for mitigating disadvantage of higher cost of transportation for export of specified agriculture products.

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RAJYA SABHA
UNSTARRED QUESTION NO. 2932
TO BE ANSWERED ON 13th DECEMBER, 2019

IMPACT OF WITHDRAWAL OF GS P

2932. SHRI NARAIN DASS GUPTA

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

(a) whether it is a fact that United States of America withdrew special status of India under the Generalised System of Preferences (GSP) Scheme;
(b) if so, the revenue impact on Indian exporters; and
(c) whether any efforts have been made to restore the status?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a): Yes, sir. The benefits under the GSP scheme were withdrawn for India by U.S. w.e.f 5th June 2019.

(b): In 2018, India exported goods worth of $ 6.3 billion (as per USTR figures) to U.S. under the GSP programme, which was approx 12.1% of India’s total exports to the U.S. The average duty concessions accruing on account of GSP were approx. $ 240 million in 2018, which was about 3.8% of India’s exports to the U.S. availing the GSP benefits. The impact varies across products, depending on the individual product level concessions which were availed under the GSP. However, so far the cumulative exports under the GSP tariff lines have not declined in the post GSP withdrawal period (June – Oct 2019) as compared to the corresponding period of the previous year.

(c): Trade related issues are a part of ongoing economic relationship, and will continue to be discussed and addressed as a part of the regular bilateral trade engagement between India and the US.

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RAJYA SABHA
UNSTARRED QUESTION NO. 2933
TO BE ANSWERED ON 13\textsuperscript{th} DECEMBER, 2019

CONCERNS OF SEAFOOD EXPORTERS

2933. SHRI JOSE K. MANI

Will the Minister of \textbf{COMMERCE & INDUSTRY} be pleased to state:

(a) whether Indian seafood exporters fear non-tariff barriers by China, currently one of the main buyers of Indian shrimp, with India opting out of the Regional Comprehensive Economic Partnership (RCEP);
(b) whether China has been buying shrimp directly from India this year after it cracked down on the illegal border trade with Vietnam; and
(c) whether China has started to check Indian consignments for White Spot Syndrome Virus (WSSV) which they have never done before and if so, whether this could be a prelude to impose non-tariff barriers by China incensed with India’s opting out of the RCEP?

\textbf{ANSWER}

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) As of now, no such communication has been received from the Indian seafood exporters in this regard.

(b) During 2018-19, China bought frozen shrimp worth US$ 392 million (66929 Tons) from India against US$ 89 million (13107 Tons) in 2017-18. In the current year (April-September 2019), China has imported frozen shrimp worth US$ 404.94 Million (69571 Tons) from India as compared to US$ 131.03 Million (21823 Tons) during the same period last year, registering a growth of about 209%.

(c) Chinese Customs authorities through Embassy of India in Beijing have informed the detection of White Spot Syndrome Virus(WSSV) and Infectious Infectious Hypodermal and Hematopoietic Necrosis Virus(IHHNV) in 10 consignments of Vannamei shrimp exported from India and suggested to investigate the cause of detection and take effective control measures in this regard. Since this issue of detection of viruses occurred before India opting out of RCEP, it may not be linked to the same.

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PROTECTION OF INDIA'S INTERESTS IN RCEP

2934. SHRI V. VIJAYASAI REDDY

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

(a) the details of deliberations and agreements arrived at in the recently concluded Regional Comprehensive Economic Partnership (RCEP) meeting;
(b) how interests of India have been protected in RCEP;
(c) whether India has any advantage with regard to services if it joins RCEP;
(d) whether India entered goods agreement with ASEAN countries without entering into agreement on services; and
(e) if so, how India is going to correct this and how China is going to address RCEP problems raised by India?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) to (e): During the 3rd RCEP Summit, which was held on 4th November, 2019 in Bangkok, India highlighted the fact that the current structure of RCEP did not reflect the RCEP Guiding Principles or address the outstanding issues and concerns of India, in light of which it did not join RCEP. India’s position in the RCEP negotiation was formulated to achieve balanced outcomes, balancing ambitions with addressing domestic sensitivities. RCEP was intended to facilitate and thereby increase goods and services trade as well as investment flows amongst the participating countries. India and ASEAN have agreements on Trade in Goods as well as Trade in Services. India-ASEAN Trade in Goods Agreement was signed on 13th August 2009 and India-ASEAN Agreement on Trade in Services was signed on 13th November 2014.

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2938. SHRI PARTAP SINGH BAJWA:

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

(a) whether China has undermined the rules of origin of the South Asian Free Trade Agreement (SAFTA) with regard to the bicycle industry;
(b) if so, the steps taken by Government to resolve the undermining of the Agreement through appropriate dispute settlement mechanism along with the details thereof;
(c) if no steps are taken, the reasons therefor;
(d) whether the Ministry has studied the impact of SAFTA on the bicycle industry; and
(e) the steps taken to increase the productivity and competitiveness of the domestic bicycle industry and its ancillary industries?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a). No such instance has come to notice.
(b) and (c). Do not arise in view of reply to (a).
(d). No such study has been carried out by the Department of Commerce.
(e). A "Development Council for Bicycle" has been set up by the Department for Promotion of Industry and Internal Trade, for vision planning in design, engineering and manufacturing of lighter, smarter, value added, safe and premium bicycles, which are comparable with global standards for export and domestic market. The Council aims to undertake activities to, inter-alia, enhance export competitiveness of the industry, ensure development of holistic eco-system through close and continuous stakeholder persuasion, develop medium and small industries through innovative schemes, develop skilled human resources for bicycle manufacturing and repairs, etc.

Further, a project titled "Development and adoption of appropriate technologies for enhancing productivity in the Indian bicycle and bicycle parts sector" is being implemented through the United Nations Industrial Development Organization, with financial support from the Government.

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2939(H). SHRI DHIRAJ PRASAD SAHU:

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

(a) whether Directorate General of Foreign Trade (DGFT) has made any changes in the Duty Free Import Authorisation (DFIA) Transferability scheme;
(b) if so, the details thereof and Statewise details of beneficiaries for the last four years; and
(c) the eligibility criteria to avail the benefits on the exports extended under DFIA Transferability scheme for the exportable commodities for which Standards of Input Output Norms (SION) have been suspended?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) No, Sir. Under Duty Free Import Authorisation (DFIA) Scheme, authorisation is issued to allow duty free import of inputs. No change has been made regarding transferability in the Duty Free Import Authorisation Scheme under para 4.29 of Foreign Trade Policy 2015-20.

(b) Does not arise in view of (a) above.

(c) The DFIA scheme is valid only for those export products where a valid Standard Input Output Norms (SION) is in place. The Scheme is not available in cases where Standard Input Output Norms have been suspended.
RAJYA SABHA
UNSTARRED QUESTION NO. 2940
TO BE ANSWERED ON 13th DECEMBER, 2019

IMPORT OF MOBILE PHONES

2940. SHRI RAJEEV CHANDRASEKHAR

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

(a) the quantum of mobile phones and its accessories imported in the country during each of the last three years;
(b) whether Government proposes to promote the setting up of more manufacturing factories by mobile companies in the country;
(c) if so, the details thereof and the steps taken by Government in this regard;
(d) whether Government proposes to levy additional duties on import of mobiles and its components and if so, the details thereof; and
(e) the other steps taken by Government to encourage the indigenous mobile manufacturers?

ANSWER

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a): The quantity and value of mobile phones including accessories imported by India during each of the last three years are as follows:

<table>
<thead>
<tr>
<th>ITCHS</th>
<th>Item Description</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Qty.</td>
<td>Value</td>
<td>Qty.</td>
</tr>
<tr>
<td>85171210</td>
<td>Cellular mobile phone- Push button type</td>
<td>4856</td>
<td>48.00</td>
<td>37678</td>
</tr>
<tr>
<td>85171290</td>
<td>Cellular mobile phones -others (Smart phones)</td>
<td>70925</td>
<td>3739.95</td>
<td>52843</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>75781</strong></td>
<td><strong>3787.95</strong></td>
<td><strong>90521</strong></td>
</tr>
</tbody>
</table>

Source: DGCI&S, Kolkata
As per India Cellular and Electronics Association (ICEA), about 260 units manufacture cellular mobile handsets, including sub-assemblies/ parts and components in India. Most of the major brands (both foreign and Indian) have already set up their own manufacturing facilities or are in the process of doing so or have sub-contracted manufacturing to Electronics Manufacturing Services (EMS) companies operating in India. The steps taken by Government to promote mobile handset manufacturing ecosystem in the country in this regard, *inter-alia*, include:

i. Rationalized tariff structure and a Phased Manufacturing Programme (PMP) for the promotion of manufacturing of mobile handsets and their sub-assemblies/ parts.

ii. Units manufacturing Mobile handsets and their sub-assemblies/ parts were also eligible for availing Capex benefits under the Modified Special Incentive Package Scheme (M-SIPS), which was open to receive applications till 31.12.2018.

iii. 100% FDI is permitted for manufacture of mobile handsets and their sub-assemblies/ parts.

iv. Specified capital goods for manufacture of mobile handsets are permitted for import at zero Basic Customs Duty (BCD).

Rationalization of tariff structure is an on-going process. Tariff structure has been rationalized to promote domestic manufacturing of electronic goods, including cellular mobile handsets. In the Budget 2018-19, BCD was increased from 15% to 20% on cellular mobile handsets. Presently, there is no proposal under consideration to increase BCD on import of cellular mobile handset beyond 20%.

The Government has taken following steps to encourage the indigenous mobile manufactures:

(i) In order to promote domestic value addition in cellular mobile handsets and their sub-assemblies/ parts manufacturing, a Phased Manufacturing Programme (PMP) has been notified. As a result, India has rapidly started attracting investments into this sector and significant manufacturing capacities have been set up in the country during the past four years. The manufacturing of mobile handsets and their parts/ components has been steadily moving from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) level, thereby progressively increasing the domestic value addition. The production of cellular mobile handsets has gone up from Rs.18,900 crore (6 crore units) in 2014-15 to Rs.1,70,000 crore (29 crore units) in 2018-19.

(ii) The Government has notified the National Policy on Electronics 2019 (NPE 2019) on 25.02.2019, with the vision to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and create an enabling environment for the industry to compete globally. Under the
aegis of NPE 2019, Government envisages to promote domestic manufacturing and export in the entire value-chain of electronics to achieve a turnover of USD 400 billion by 2025. This includes targeted production of 1.0 billion mobile handsets by 2025, valued at USD 190 billion, including 600 million mobile handsets valued at USD 110 billion for export.

(iii) The Electronics Manufacturing Clusters (EMC) Scheme was notified to provide financial support for creation of state-of-art infrastructure for electronics manufacturing units. Under the scheme, approval has been accorded for setting up of 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) in 15 States across the country.

(iv) The import of used plant and machinery having a residual life of at least 5 years for use by the electronics manufacturing industry has been simplified through the amendment of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.

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