GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
RAJYA SABHA
UNSTARRED QUESTION NO-10
ANSWERED ON-16.11.2016

Trade imbalance with China

10 . Shri Parvez Hashmi

(a) whether it is a fact that trade imbalance between India and China has been a cause of concern;

(b) if so, the details thereof; and

(c) the steps taken to reduce the imbalance?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)
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(a)& (b): Details of trade and trade deficit with China for the last five years are given below:-
Bilateral Trade between India and China during 2011-12 to 2015-16

Value in USD Billion

Year	Import	Export	Total Trade	Trade Deficit
2011-12	55.31	18.07	73.38	37.24
2012-13	52.24	13.53	65.77	38.71
2013-14	51.03	14.82	65.85	36.21
2014-15	60.41	11.93	72.34	48.48
2015-16	61.70	9.01	70.71	52.69

(Source; DGCI&S)

From above table it may be seen that India’s trade imbalance with China increased from US$ 37.24 billion in 2011-12 to US$ 52.69 billion in 2015-16.
Increasing trade deficit with China can be attributed primarily to the fact that Chinese exports to India rely strongly on manufactured items to meet the demand of fast expanding sectors like telecom and power, while India’s exports to China are characterized by primary and intermediate products. The major imports from China are products such as telecom instruments, computer hardware and peripherals, fertilizers, electronic components/instruments, project goods, organic chemicals and drug intermediates, consumer electronics, electrical machinery and equipments, iron and steel etc. These imports feed the growing demand in India for such goods which China, due to variety of reasons, is able to export to India at competitive prices.
(c): Ministry of Commerce of the People"s Republic of China and Ministry of Commerce & Industry of the Republic of India jointly developed and signed in September 2014 the Five-Year Development Program for Economic and Trade Cooperation in order to lay down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between China and India, on the principle of equality and mutual benefit.
The Five Year Program recognizes and states “that trade deficit with China is a matter of high concern for India. Against this background and in the spirit of mutual benefit, India and China shall endeavour to strengthen cooperation and gradually achieve bilateral trade balance over the next 5 years. India and China shall further endeavour to increase bilateral trade in services particularly Information Technology (IT) & Information Technology Enabled Services (ITES) in the next 5 years.”
A Joint Working Group (JWG) on Information Technology (IT) has been constituted under the MoU between the Ministry of Communications and Information Technology of the Republic of India and Ministry of Industry & Information Technology of the People"s Republic of China on co-operation in the field of Information and Communication Technology. The first meeting of this JWG was held on 15th

-16th December, 2014 where two countries deliberated to further promote Indian IT and ITES exports to China.
Efforts are being made to increase overall exports by diversifying the trade basket with emphasis on manufactured goods, services, resolution of market access issues and other non-tariff barriers. This is done through bilateral meetings and institutional dialogues. Indian exporters are encouraged to participate in major trade fairs in China and other countries to show-case Indian products.

The Government has also taken various measures to extend support to exporters which are indicated below:

i. The New Foreign Trade Policy (2015-20) was announced on 1st April, 2015 with a focus on supporting both manufacturing and services exports and improving the 'Ease of Doing Business'. The FTP introduced two new schemes, namely, 'Merchandise Exports from India Scheme' (MEIS) for incentivising export of specified goods to specified markets and 'Service Exports from India Scheme' (SEIS) for promoting export of notified services from India, by consolidating earlier schemes.

ii. In the light of the major challenges being faced by Indian exporters in the backdrop of the global economic slowdown, the envisaged revenue outgo under MEIS was increased from Rs. 18000 Crore to Rs. 21000 Crore in October 2015 with accompanying enhancement in benefits on certain products and inclusion of certain additional items.

iii. By way of trade facilitation and enhancing the ease of doing business Government has reduced the number of mandatory documents required for exports and imports. The trade community can file applications online for various trade related schemes.

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