PARLIAMENT OF INDIA
RAJYA SABHA
COUNCIL OF STATES

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

RAJYA SABHA

UNSTARRED QUESTION NO-3685

ANSWERED ON-05.04.2017

Reducing trade gap with China

3685 . Shri V. Vijayasai Reddy

(a) whether Government has noted that China has posted its first monthly trade deficit gap in three years in February, 2017;
(b) what is the present state of trade between India and China in the context of growing imports by China;
(c) whether India has improved its trade gap with China and increased its exports; and
(d) the steps proposed to reduce India''s trade gap with China?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)
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(a) Yes Sir. As reported by Embassy of India (EOI), Beijing, the provisional statistics released by the Chinese General Administration of Customs, China's global exports in February 2017 shows a decline of 1.3 % year-on-year to US$ 120.08 billion while its global imports increased 38.1 % year-on-year to US$ 129.23 billion, resulting in a trade deficit of US$ 9.15 billion.
(b)&(c):Details of trade and trade deficit with China for the last three years and the current year are given below:-
Bilateral Trade between India and China during 2013-14 to 2015-16 and the current year
Value in USD Billion

Year	Import	Export	Total Trade	Trade Deficit
2013-14	51.03	14.86	65.89	36.17
2014-15	60.41	11.95	72.36	48.46
2015-16	61.70	9.01	70.71	52.69
2015-2016(Apr to Feb)	56.91	8.23	65.14	48.68
2016-2017(Apr to Feb)*	55.63	8.94	64.57	46.69

*Provisional(Source; DGCI&S)

From above table, it may be seen that India's trade with China during April-February 2016-17 decreased marginally by 0.87% and amounted to US$ 64.57 billion.During this period,India's exports to Chinagrewby 8.69% to US$ 8.94 billion while India's imports from China saw adecline of2.26% to US$ 55.63 billion resultingin a decline in India's trade deficit with China by 4.1%.
(d) 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."
The Government has also taken various measures to extend support to exporters to increase exports to all countries including China, 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. A new scheme called Special Advance Authorisation Scheme for export of Articles of Apparel and Clothing Accessories of chapter

61 & 62 of ITC(HS) Classification of Export and Import has been introduced with effect from 1st September 2016 wherein exporters are entitled to authorisation for duty free import of fabrics, including inter lining on pre-import basis and All Industry Rate of Duty Drawback for import of non-fabric inputs on the exports

iv. 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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