

and to China for exploration of polymetallic sulphides in certain other areas. These are all international waters. India got the right years back for exploration of polymetallic nodules and China got it later but both are in the different areas. China is exploring in the South-West Indian Ocean Ridge and India is exploring in the Central Indian Ocean range. The nearest landmass of Chinese exploration area is Medagaskar, and, our area is 2,500 km. away. International waters are nobody's property. These were given under the UN Convention. Even though India and China got this right, of late, many countries are showing interest. Russia, France, Germany, Korea; all are applying for these rights. Only the United Nations can give permission in respect of international waters. The area of national waters is different. These are international waters. ...*(Interruptions)*...

MR. CHAIRMAN: No, no. The question is on Indian Ocean.

SHRI TARUN VIJAY: Sir, the hon. Member had asked whether the Directorate of Naval Intelligence had expressed a concern that COMRA's access could have strategic implications for India's security. The hon. Minister has not answered this question. Whether the Naval Intelligence had expressed any concern about China's entry into Indian Ocean is a very significant question, and, it should be answered. Thank you.

SHRI A.K. ANTONY: The answer is general and there is nothing to hide. I agree that the Directorate of Naval Intelligence conveyed their concern. After that the Government of India constituted an inter- Ministerial Committee under the Ministry of Earth Sciences. They are examining the whole thing and the Government is there to protect the security interests. The Committee decided to move to the Seabed Authority for licence to India for exploration of polymetallic sulphides also.

श्री श्रीगोपाल व्यास: सभापति महोदय, मैं माननीय मंत्री जी से जानना चाहता हूँ कि हिन्द महासागर में अंतर्राष्ट्रीय समुद्र-तल प्राधिकरण के साथ जो समझौता है, क्या भारत उसका हिस्सा है, चूँकि वह हिन्द महासागर में हो रहा है और अंतर्राष्ट्रीय है?

SHRI A.K. ANTONY: In fact, the International Seabed Authority gave licence for the first time to India, and, China got it later only. Each country has the right to apply to the International Seabed Authority, and, if they are satisfied, they will give rights to various countries.

Increase in trade deficit with China

*203. SHRI Y.S. CHOWDARY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether it is a fact that trade deficit with China has increased during the last three years;
- (b) if so, the details thereof and the reasons therefor; and
- (c) what are the measures before Government for correcting this imbalance?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) The trade deficit with China has risen with a dip in the year 2009-10. During the year 2008-09 the trade deficit was US\$ 23,144 million. But in the year 2009-10 the trade deficit came down to US\$ 19,207 million. The trade deficit during the year 2010-11 was US\$ 23,864 million.

(b) The details of exports to and imports from China during the last three years are given below:—

Bilateral trade statistics

(Values in US\$ millions)

Year	2008-09	2009-10	2010-11
Exports to China	9,353	11,617	19,615
Imports from China	32,497	30,824	43,479
Trade deficit	23,144	19,207	23,864

(Source: DGCI&S)

Chinese export to India relies strongly on manufactured items meeting the demand of fast expanding sectors like telecom and power in India. Chinese companies supply relevant equipments at most competitive prices. India's exports are characterized by primary products, raw material and intermediate products. Further there are non-tariff barriers on imports of agricultural products in China as well as limited market access of Indian products.

(c) The Government of India has addressed the issue of growing trade deficit at the highest level. At the Ministerial level, we have India-China Joint Group on Economic Relations, Trade, Science and Technology (JEG) where trade related issues are taken up regularly. The Eighth Session of India-China JEG was held on 19th January, 2010 in Beijing. As an outcome of 8th JEG a Memorandum of Understanding on extension of Trade and Economic Cooperation was signed. The MoU recognises that a balanced trade is conducive to long term, sustainable and harmonious development of economic cooperation between the two countries. Indian exporters are encouraged to participate in major trade fairs in China to show-case Indian products in the Chinese market and increase engagement with Chinese companies. Participation of Indian exporters in trade fairs aims to promote Indian products amongst Chinese importers. With a view to reducing trade deficit, efforts are also being made to diversify the trade basket with emphasis on manufactured goods. We are also pursuing market access issues to

tackle non-tariff barriers in the Chinese market at different fora. Business to Business relations are encouraged through schemes such as Market Access Initiative (MAI)/Market Development Assistance (MDA). Apart from these measures the Government of India is alive to the challenges of import surges and various unfair trade practices through available safeguard measures under WTO.

SHRI N.K. SINGH : Sir, the hon. Minister is aware that in the last six months, there has been a sharp decline in the exchange value of the rupee *vis-a-vis* the dollar. Also, during this period, the Chinese currency has appreciated somewhat significantly against the US dollar. In the light of this currency movement, what fillip does the Minister expect will our exports get to the Chinese market?

SHRI ANAND SHARMA: Sir, I would like to inform the hon. Member that the Government is taking every possible step to ensure that the adverse impact of the volatility of our currency on the Indian exports is cushioned or minimised. Therefore, after discussing this matter with the Finance Minister, firstly, for the SME sector, we have got a relief in the form of interest subvention for the Indian manufacturers and exporters. That covers the entire micro, small and medium industries sector and labour-intensive industries. Secondly, we have some schemes where we give incentives to our exporters like the Focus Market Scheme, the Focus Product Scheme and this year, we have brought in a Special Focus Product Scheme which has a further incentive of two per cent as bonus over and above what entitlements were and we have included China in January, 2010. First, we diversified in August, 2009 because of the global economic scenario in 39 markets — 26 under one scheme and 13 under another scheme — covering Africa, Latin America and Central Asia. In January, 2010, we consciously included China and Japan after discussions with our industry and exporters. I hope that satisfies you. Though it is true that we have a trade imbalance as I have given the details in our reply, at the same time, we have taken every possible step to ensure that value-added exports to China increase. In addition, lastly, I would like to add that we have also made available a dollar credit window to the Indian exporters so that if there is a sharp deterioration, particularly for those exporters who have booked the orders in dollars, this remedy is available.

SHRI MOINUL HASSAN: Sir, in the reply, it is stated by the Ministry that for reducing trade deficit, efforts were made to diversify the trade basket. It is mentioned in the reply. My specific question is this. Is the Ministry or the Government in a position to emphasise inclusion of some special sectors like leather, jute, jewellery, etc.? These products are manufactured by small and medium sector and labour-oriented industries in our country. If it is so, the trade deficit may decline and imbalance, to some extent, may be reduced. So, that is my specific question. What is the attitude of the Government to include these SME products as I have mentioned?

SHRI ANAND SHARMA: Sir, the Government has been concerned about the increasing trade deficit with China. We have taken a number of steps, some of which I did elicit earlier in response to the query by Shri N.K. Singh. This matter has also been taken up at the political level — I would like to share with the House — and that too, at the highest level, between the two Prime Ministers. The Prime Minister Dr. Manmohan Singh made it very clear two years ago and as recent as this year in the BRIC Summit in Sanya that this imbalance is untenable and we have to take steps towards more balanced trade between China and India. In January, 2010, when the Joint Economic Group met in Beijing, we entered into an MoU for increased access to the Chinese market, particularly for value-added goods made out of India, in IT sector where most of the orders are given, whether by banks or companies or their parastatal companies... and also for our pharmaceutical products and Indian agriculture produce. After the MoU, there has been substantial improvement though China has been the largest trading partner. We have over \$63 billion of trade between the two countries. China is a major exporting country. What has happened in the past is that the trade as such has been skewed whereas India has been exporting raw material and China has been exporting finished products. As the hon. Member would know, China is the largest exporting country in the world. They have overtaken Germany about two years ago. But after the MoU, our value added exports have increased by 85 per cent through value added goods. The overall India's exports have increased by 66 per cent. By the end of this financial year, we will be in a position to make a realistic assessment of the steps being taken and what will be its impact.

श्रीमती विप्लव ठाकुर: माननीय सभापति जी, मैं माननीय मंत्री जी से यह जानना चाहती हूँ, जैसा कि इन्होंने कहा कि हम लोग रॉ-मैटीरियल बाहर भेजते हैं और बाहर से फिनिश्ड प्रोडक्ट्स आते हैं। क्या रीजन है कि हम यहां पर अपने रॉ-मैटीरियल को यूज करके फिनिश्ड प्रोडक्ट्स नहीं बना सकते? जैसे बनारस का सिल्क प्रसिद्ध है, उसके लिए चायना से सिल्क आ रहा है, लेकिन हमारे जो कारीगर हैं, उनके भूखों मरने की नौबत आ रही है। इसके लिए ये क्या स्टेप्स उठा रहे हैं?

श्री आनन्द शर्मा: मैं माननीय सदस्या को यह बताना चाहता हूँ, जैसा कि अभी पहले भी मैंने कहा कि जो वैल्यू ऐडिड गुड्स हैं, भारत से उनका निर्यात चीन के लिए ज्यादा हो, इसके लिए हमने कदम उठाए हैं और वे सार्थक रहे हैं। इससे वैल्यू ऐडिड गुड्स का एक्सपोर्ट बढ़ गया है। मैंने पहले पूरक प्रश्न में इसका प्रतिशत भी बता दिया है, इसलिए सदन के समय को देखते हुए मैं उसे फिर से दोहराना नहीं चाहता।

जहां तक सिल्क का सवाल है, यह सही है कि भारत सिल्क का एक बड़ा उत्पादक देश है, लेकिन चीन दुनिया में सबसे अधिक सिल्क का उत्पादन करता है। अगर आयात होता है, तो वह माल को देख कर एवं सप्लाय डिमांड की सिचुएशन को देख कर होता है। हमारे भारत की सिल्क इंडस्ट्री को जितनी जरूरत है, केवल उतना ही चीन से आयात होता है।

माननीय सदस्या को मैं एक जानकारी और देना चाहूंगा कि बुनकरों की हालत को देखते हुए केन्द्र की सरकार ने कैबिनेट के फैसले के माध्यम से अभी हाल में बुनकरों को एक बहुत बड़ा फ़ै ज दिया है और उस फ़ै ज का बुनकरों ने स्वागत किया है।