

Steps taken to contain CAD

839. SHRI Y.S. CHOWDARY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Current Account Deficit (CAD) has been on rise during the last three years;

(b) if so, the details thereof;

(c) whether it is also a fact that the Current Account Deficit (CAD) will remain high for two more years; and

(d) the steps taken/being taken by Government to contain it as quickly as possible?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Current account deficit (CAD) during the last three years is given below.

Year	CAD (US\$ billion)	CAD as per cent of GDP
2010-11	48.1	2.8
2011-12	78.2	4.2
2012-13	88.2	4.8

(c) and (d) The Government has taken a slew of initiatives to boost exports and to contain imports to lower trade deficit and thereby CAD. The Government announced various export enhancing measures in June 2012, December 2012 and April 2013. In July 2013, Government has increased the rate of interest subvention from 2 per cent to 3 per cent to benefit the exporters of small and medium enterprises and also for the most of the labour intensive sectors.

In order to lower the import of gold, the Government had raised the import duty from 2 per cent to 4 per cent on gold in the Budget 2012-13, which was enhanced to 6 per cent in January 2013 and further to 8 per cent in June 2013. As a step towards restricting the gold imports, Government has linked the gold imports with the gold exports, whereby 20 per cent of the imported gold has to be channelized for gold exporters. Inflation Indexed Bonds has been introduced on June 04, 2013

to wean away investors from the gold to other savings instruments and help in moderating gold demand.

Apart from these measures, the Government has revised diesel prices and capped subsidized LPG cylinders to consumers to contain the fiscal burden of subsidies in September 2012. In January 2013, oil marketing companies were permitted to raise diesel prices in small measures periodically. These measures are expected to moderate the demand for oil imports.

Given the steps taken by the Government to enhance exports and to lower imports, it is expected that CAD will moderate in the current fiscal.

Quantum of FDI in country

840. SHRI C.P. NARAYANAN: Will the Minister of FINANCE be pleased to state:

- (a) the quantum of FDI which have come to the country during the last three years;
- (b) what was its influence in increasing the growth rate of the economy;
- (c) what was the income from exports during the period; and
- (d) how much the country had to spend for imports and returns as profits of FDI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) the quantum of FDI which has come to the country during the last three years is as follows:

	(Amount in US \$ million)
2012-2013	22,423.58
2011-2012	35,120.80
2010-2011	21,383.05

(b) In general, FDI generates employment, higher productivity, upgradation in technology and augmentation in the capacity to export. Therefore, the overall effect of FDI towards the growth rate of economy is positive.