faced by MSMEs in obtaining credit and extending Financial literacy, Small Industries Development Bank of India (SIDBI) has set up Credit Advisory Centres (CACs). The main functions of the CACs are:

- Guide new/existing entrepreneurs regarding availability of schemes of SIDBI/commercial banks;
- inform MSMEs of Government subsidies/benefits;
- provide borrowers with debt counseling;
- facilitate response to queries raised by banks;
- Support could be extended in the area of rehabilitation of viable units;
- Capacity building of bankers to appreciate the needs of MSMEs etc.

(c) As on March 01, 2013, 306 CACs have been established. The number of CACs in Karnataka has been increased from 5 as on December 31, 2012 to 13 as on March 01, 2013. The number of CACs in Maharashtra has been increased from 23 as on December 31, 2012 to 36 as on March 01, 2013.

Level of Current Account Deficit

3141. SHRI ALOK TIWARI:
SHRI Y.S. CHOWDARY:
SHRIMATI KUSUM RAI:
SHRI ARVIND KUMAR SINGH:
SHRI PRABHAT JHA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Current Account Deficit has reached to an alarming and record level of 6.7 as per the recent report of RBI;

(b) if so, the details thereof;

(c) the reasons for the same; and

(d) the concrete measures Government would take in this regard in view of this historical level of Current Account Deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) The Current Account Deficit (CAD) data is available only for the first nine months (April-December 2012) of 2012-13 and is placed at 5.4 per cent of GDP. The CAD widened to 6.7 per cent of GDP during Q3 (October-December 2012) of 2012-13 as compared to 4.4 per cent of GDP recorded during the same period of 2011-12.

(c) The widening of the CAD could be attributed to both international and domestic factors. Subdued economic and financial conditions due to euro-zone crisis led to weak external demand for India's exports. This together with higher imports of petroleum, oil lubricants (POL), though there was slow down in non-oil imports, led to widening of trade deficit. The nearly static invisibles' surpluses in 2012-13 were insufficient to moderate the trade deficit.

(d) The Government has undertaken several measures to lower CAD.

Measures to increase exports: In December 2012, given the lacklustre performance of exports sector due to global factors, the Government announced second round of incentives for export promotion, which mainly included (i) extension of interest subvention scheme for select employment oriented sectors (including SMEs in all sectors) up to end-March 2014, (ii) introduction of pilot scheme of 2 per cent interest subvention for project exports through EXIM Bank for countries of SAARC region, (iii) broadening the scope of Focus Market Scheme and Special Focus Market Scheme, Market Linked Focus Product Scheme and (iv) incentive on incremental exports to USA, EU and countries of Asia during the period January-March 2013 over the base period. Notwithstanding these measures, recovery in exports to major trading partners depend upon pickup in growth both in advanced and emerging economies.

Further, in January 2013 Reserve Bank of India has announced a US dollar-rupee swap facility to support incremental pre-shipment export credit in foreign currency.

In the Annual Supplement 2013-14 to the Foreign Trade policy 2009-14 released on April 18, 2013 Government has announced number of measures to boost exports.

1. Package of measures to revive investors' interest in special economic zones.

2. Zero Duty Export Promotion Capital Goods Schemes harmonised

3. Widening of Interest Subvention Scheme to certain other sectors

4. Widening the scope of utilization of Duty Credit Scrip

5. Market and product diversification through addition of new markets and products

6. Incremental Exports Incentivisation Scheme widened

7. Facility to close cases of default in export obligation by paying appropriate duty

8. Served from India Scheme (SFIS) providing scrips for exports

9. Vishesh Krishi and Gram Udyog Yojana (VKGUY) Scheme liberalised

10. Recredit of 4% special additional duty allowed up to 30.9.2013

11. Import of cars allowed from selected inland container depots

12. Widening of items eligible for import for Handloom/Made ups and Sports Goods.

Measures to reduce imports: The Government has further enhanced the customs duty on gold and platinum from 4 to 6 per cent in January 2013 to lower the import of gold. Moreover, the Government has proposed to provide a link between the Gold ETF (Exchange Traded Fund) and the Gold Deposit Scheme with the objective to unfreeze or release a part of the gold physically held by mutual funds under Gold ETFs to enable them to deposit the gold with banks under the Gold Deposit Scheme. This would bring the gold lying in stock into circulation and will partly meet the requirements of the gems and jewellery trade. It is hoped that these measures would lead to moderation in the quantity of gold imported into the country.

The Government has revised diesel prices and capped subsidized LPG cylinders to consumers to contain the fiscal burden of subsidies in September 2012. On January 17, 2013, oil marketing companies (OMCs) were permitted to raise diesel prices in small measures periodically. These measures are expected to contain demand for oil imports.

Together these steps are expected to narrow the trade and current account deficit in the medium term.