GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 1253
TO BE ANSWERED ON 14th DECEMBER, 2022

TRADE WITH CHINA

1253. SHRI VINCENT H. PALA:
DR. A. CHELLAKUMAR:
SHRI BENNY BEHANAN:

Will the Minister of **COMMERCE & INDUSTRY (**वाणिज्य एवं उद्योग मंत्री**)**be pleased to state:

(a) whether China is one of the India's largest trade partners, if so, the value of goods traded with China and the details of imports and exports, year- wise from 2014 till date;
(b) the details of India's trade deficit with China, year-wise from 2014 till date;
(c) the reasons for India's increasing reliance on Chinese imports for capital and intermediate goods;
(d) the reasons why India remains dependent on Chinese imports for chemicals and electronics despite Production Linked Incentive (PLI) schemes for the same;
(e) the reasons why the PLI schemes meant to reduce India's dependency on China have failed to achieve its objectives; and
(f) whether the Government is taking any other initiatives to reduce trade dependency on China, and if so, the details thereof and if not, the reasons therefor?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्रीमती अनुप्रिया पटेल)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SMT. ANUPRIYA PATEL)

(a): No, Sir. The largest merchandise trading partner of India in 2021-22 was United States of America.

(b): The trade deficit with China since FY 2014-15 is as follows:

(Values in USD billion)

FY	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23 (Apr-Oct) (P)**
Export	11.93	9.01	10.17	13.33	16.75	16.61	21.18	21.26	8.77
Import	60.41	61.70	61.28	76.38	70.31	65.26	65.21	94.57	60.27
Total trade	72.34	70.71	71.45	89.71	87.06	81.87	86.39	115.83	69.04
Trade Deficit	48.48	52.69	51.11	63.05	53.56	48.65	44.03	73.31	51.50

(Source: DGCIS)

*(P) is for provisional

The trade deficit with China in 2004-05 was USD 1.48 billion, which increased to USD 36.21 billion in 2013-14, an increase of 2346%. Against this massive increase, the trade deficit with China has since increased by only about 100% to USD 73.31 billion in 2021-22from USD 36.21 billion in 2013-14.

(c): Most of the goods imported from China are capital goods, intermediate goods and raw materials and are used for meeting the demand of fast expanding sectors like electronics, telecom and power in India. The rise in import of electronic components, computer hardware and peripherals, telephone components, etc. can be attributed to transforming of India into a digitally empowered society and a knowledge economy. India's dependence on imports in these categories is largely due to the gap between domestic supply and demand.

(d): The raw materials in the form of Active Pharmaceutical Ingredients (APIs) and drug formulations imported from China are used for making finished products (generic medicines) which are also exported out of India. The electronic components such as mobile phone parts, integrated circuits, video recording or reproducing apparatus etc are used for making finished products (e.g. mobile handsets) which are also exported to other countries. The Production Linked Incentive Scheme (PLI) in API/Bulk Drugs/Key Starting Materials and Large-Scale Electronics Manufacturing have been launched by the Government recently and these schemes will reduce dependency on imports and make India a competitive destination for drugs/electronics manufacturing and create more domestic champions apart from giving boost to Atmanirbhar Bharat.

(e) & (f): Though the PLI schemes have been launched recently, they have started showing results and some examples are enumerated below:

(i) The PLI Scheme for Large Scale Electronics Manufacturing has attracted large investments from global and domestic companies manufacturing mobile phones and specified electronic components. The production as well as exports of mobile phones have increased. The imports of mobile handsets have decreased from Rs 48,609 crore in FY 2014-15 to around Rs 11,209 crore in FY 2021-22 whereas the Mobile phone exports from India touched the USD 1 billion mark (over ₹8,200 crore) for the first time ever in the month of September 2022**.** In FY 2022-23, mobile phone exports have increased to more than USD 5 billion till October 2022 against USD 2.2 billion in 2021-22 during the same period.

(ii) Under PLI for Active Pharmaceutical Ingredients API, a total of 51 applicants have been approved with a committed investment of Rs.4138.41 crore and expected employment generation of around 10,598 persons. Industry has responded well and the actual investment up to September 2022 is Rs.1707.37 crore

(iii) Under PLI Scheme for 'Medical Devices', total 21 applicants have been approved, with a total committed investment of Rs. 1058.97 crore.

(iv) Under PLI for Pharmaceuticals, 55 applications have been approved with total committed expenditure of Rs.17,425 crore and actual investment up to September 2022 is Rs.15,164 crore with 261 manufacturing location commissioned.

(v) Under PLI for Telecom and Networking Products, amendments were made in the PLI Scheme Guidelines with effect from 01-04-2022,to enhance the scope of the scheme, and to facilitate Design-led manufacturing for 5G products. Approval has been granted to 42 companies, with committed investment of Rs. 4,115 crores over the scheme period. For Telecom and Networking products, as on 30-09-2022, there is sale of Rs.14,735 crores with export of Rs.8,063 Crores since 01-04-2021.

(vi) Under PLI scheme for High efficiency Solar PV modules, under tranche 1 of scheme, letter of awards has been issued to 3 successful bidders in Nov./Dec 2021 for setting up 8.737 GW capacity of fully integrated solar PV module manufacturing units. The manufacturing capacity is scheduled for commissioning around end of 2024.

The Government has taken various other steps to support and expand domestic capacities such as Make in India, Start Up India, Promoting Ease of doing Business, reducing compliance burden, PM Gati Shakti National Master Plan etc.

Other measures taken by Government include framing of Technical Regulations (TRs) for several products for maintenance of standards/quality of imported products. Further, the Directorate General of Trade Remedies (DGTR) is empowered to recommend restrictions on import of a product by imposition of additional duty or quantitative restrictions (QRs) if Indian industry is 'seriously injured' or 'threatened with injury' on account of surge in imports or unfair trade practices. Currently, 53 Anti-dumping measures and 4 Countervailing Duty measures are in force on Chinese products on account of unfair trade practices.

The Government has also notified "Electronics and Information Technology Goods (Requirement of Compulsory Registration) order 2021 for curbing import of sub-standard and unsafe electronic goods into India. 63 product categories have been notified under the Compulsory Registration Order. Similarly, for toys, the Government has issued Toys (Quality Control) Order, 2020 on 25 Feb 2020 through which toys have been brought under compulsory Bureau of Indian Standards (BIS) certification with effect from 1 Jan 2021. This will check import of substandard toys. In the chemicals and fertilizer sector, as on date 61 QCOs with 66 products have been notified making BIS certification mandatory.

The Government has amended General Financial Rules whereby in public procurements, the bidders having beneficial ownership from countries sharing land border with India will be eligible to bid only after registration with the Government.

The Government procurement portal i.e. Government e-Marketplace (GeM) has made it mandatory for sellers to mention 'country of origin' on products they wish to sell through the platform, a move aimed at promoting Atma Nirbhar Bharat (Self-reliant India).

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