

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

**RAJYA SABHA**  
**STARRED QUESTION NO. 31**  
**TO BE ANSWERED ON 09<sup>th</sup> DECEMBER, 2022**

**INDIA CHINA TRADE RELATIONSHIP**

\*31 SHRI DIGVIJAYA SINGH:

Will the Minister of **COMMERCE & INDUSTRY** be pleased to state:

- (a) whether it is a fact that China is India's largest trade partner;
- (b) the value of goods traded with China, including details of imports and exports, year-wise from Financial Year 2019 till date;
- (c) the details of India's trade deficit with China, year-wise from Financial Year 2019 till date;
- (d) the reasons for India's increasing reliance on Chinese imports for capital goods and Intermediate goods; and
- (e) the reasons for India remaining dependent on Chinese imports for chemicals and electronics despite PLI schemes for the same?

**ANSWER**

THE MINISTER OF COMMERCE AND INDUSTRY  
(SHRI PIYUSH GOYAL)

(a) to (e): A Statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF RAJYA SABHA STARRED QUESTION NO. 31 FOR ANSWER ON 09<sup>th</sup> DECEMBER, 2022 REGARDING “INDIA CHINA TRADE RELATIONSHIP”.**

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

(b) The merchandise exports from India to China have increased from USD 11.93 billion in 2014-15 to USD 21.26 billion in 2021-22, showing an increase of 78.2 % over the last six years. The merchandise imports from China have increased from USD 60.41 billion in 2014-15 to USD 94.57 billion in 2021-22, showing an increase of 56.54 % over 2014-15. The growth in imports from China in this period have declined compared to the period prior to 2014. Imports had increased from USD 7.10 billion in 2004-05 to USD 51.03 billion in 2013-14 exhibiting increase of 618%.

(c) 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 100% to USD 73.31 billion in 2021-22.

(d) 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.

(e) The raw materials in 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 PLI schemes in API/Bulk Drugs/Key Starting Materials and Large-Scale Electronics Manufacturing have been launched by the Government recently and have started delivering results. The PLI 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.

The PLI schemes have started showing results and some examples are enumerated below:

i) PLI Scheme for Large Scale Electronics Manufacturing was notified on 1st April 2020 with targeted segments being mobile phones and specified electronic components. 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 September 2022. In FY 2022-23, mobile phone exports have increased more than USD 5 billion till October 2022 against USD 2.2 billion in 2021-22 during the same period. PLI as an instrument has reduced India's dependency on China.

ii) Under PLI for 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, in order to facilitate Design-led manufacturing for 5G products and to enhance the scope of the scheme, amendments were made in the PLI Scheme Guidelines with effect from 01-04-2022. Approval has been granted to 42 companies, including 28 MSMEs, under the scheme, out of which 17 companies have applied for additional incentive of 1% under design-led manufacturing criteria. These 42 companies have 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.14,735crores 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 which involve setting up of manufacturing units for polysilicon, ingots-wafers, cells and modules. The manufacturing capacity is scheduled for commissioning around end of 2024.

The PLI schemes have been rolled out and the manufacturing units are in the process of setting up capacities. Good results are already visible in sectors like mobile phones, and we would see positive developments in the other sectors in the recent times also.

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