

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

RAJYA SABHA
UNSTARRED QUESTION NO. 692
TO BE ANSWERED ON 08/12/2023

INDIA-CHINA TRADE

692. SHRI JOSE K. MANI:

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

- (a) the details regarding India's trade with China during the last five years;
- (b) the steps taken by Government to reduce India's import dependence on China for materials like Active Pharmaceutical Ingredients (APIs), Electronic equipment, Organic Chemicals, Fertilizers etc.;
- (c) whether Government plans to provide additional export incentives for boosting exports from India; and
- (d) if so, the details thereof?

ANSWER

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

(a) to (d) The last nine years have witnessed a remarkable transformation in the Indian economy, propelling it to the forefront of the global growth. India's GDP has witnessed a significant rise placing it amongst the fastest growing major economies globally. India's ranking by nominal GDP has climbed from the 9th position in 2010 to the 5th position surpassing major economies like the UK, France, Italy and Brazil. Key sectors like IT, Services, Manufacturing and Agriculture have all contributed to the overall economic expansion. India's digital economy has seen explosive growth, driven by factors like mobile phone penetration, internet access and the rise of e-commerce. The entrepreneurial spirit in India has flourished, leading to the creation of numerous start-ups and small businesses, boosting innovation and generating jobs.

India's infrastructure landscape has undergone a remarkable transformation in the last decade. Driven by a vision for economic growth and improved quality of life, the

Government has undertaken numerous initiatives and witnessed significant progress in various infrastructure sectors. The Central Government development expenditure during 2014-15 to 2021-22 was Rs. 90.89 lakh crore. This includes infrastructure projects, social sector schemes, and other development initiatives.

The last 9 years have seen the launch of several significant welfare schemes by the Government aimed at improving the lives of citizens across various socio-economic groups. Pradhan Mantri Jan Dhan Yojana is providing access to financial services and banking facilities to millions of unbanked individuals. Ayushman Bharat is offering comprehensive health insurance coverage to over 50 crore poor and vulnerable families. Pradhan Mantri Awas Yojana is providing affordable housing to the homeless and the poor. Pradhan Mantri Mudra Yojana is providing micro finance loans to aspiring entrepreneurs and small businesses. Jal Jeevan Mission (JJM) is assuring potable tap water supply to every home and public institution.

With the fulfilment of the basic needs of the population, India is witnessing an aspirational society. Increased education, employment opportunities, and participation in public life is empowering women to pursue their aspirations and challenge traditional gender roles. The Indian middle class has witnessed significant expansion, with disposable incomes rising and creating a large pool of consumers with higher aspirations. Rising consumerism is creating a culture of aspiration and material possessions.

In order to fulfil the rising demand of goods and services and promoting the Make in India initiative, the Government has taken various steps to boost domestic manufacturing and reduce dependency on imports. Production Linked Incentives (PLI) Schemes in 14 critical sectors including in key starting materials/drug intermediates and active pharmaceutical ingredients (APIs), large scale electronics manufacturing and pharmaceutical drugs, with the aim to make Indian manufacturers globally competitive, attract investment in the areas of core competency and integrate India in the global supply chains.

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

- i) Under PLI for Key Starting Materials/Drug Intermediates and Active Pharmaceuticals, a total of 48 applications have been selected. Out of these, 27 projects have already been commissioned with the installed capacity of 41,881 MT. The scheme has financial outlay of Rs. 6,940 crore over the period 2020-21 to 2029-30.

- ii) Under PLI for Pharmaceuticals, 55 applications have been approved with total committed expenditure of Rs. 17,425 crores with 261 manufacturing locations commissioned.
- iii) The scheme for promotion of Bulk Drug Parks has financial outlay of Rs. 3,000 crore over the period 2020-21 to 2024-25 for providing assistance to three states (Andhra Pradesh, Gujarat and Himachal Pradesh) in establishment of Bulk Drug Parks.
- iv) For electronics, the Government has notified National Policy on Electronics 2019 with the aim to position India as the global hub for Electronics System Design and Manufacturing (ESDM) by developing core components. To attract and incentivise large investments in electronics value chain, the Government has notified PLI for Large Scale Electronics Manufacturing and IT hardware, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS). The PLI for Large Scale Electronics Manufacturing was notified on 1st April 2020 with targeted segments being mobile phones and specified electronic components. The scheme 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 2014-15 to around Rs 6,685 crore in 2022-23. In 2023-24, mobile phone exports have increased more than USD 7.81 billion (approx. Rs. 64,823 cr) till October 2023 against USD 4.81 billion (approx.. Rs. 39,923 cr) in 2022-23 during the same period.
- v) For development of semiconductors and display manufacturing ecosystem, the Government has approved the Semicon India Programme with total outlay of Rs. 76,000 cr. This will help India's growing presence in the global electronics value chains.
- vi) Under PLI for Telecom and Networking Products, approval has been granted to 42 companies, including 28 MSMEs, with an investment of Rs. 4,115 crores over the scheme period.

The initiatives taken by the Government have led to decline in dependency on imports. For example, the imports of mobile handsets have decreased from Rs 48,609 crore in 2014-15 to around Rs 6,685 crore in 2022-23. On the other hand, in 2023-24, the mobile phone exports have increased more than USD 7.81 billion (approx. Rs. 64,823 crores) till October 2023 against USD 4.81 billion (approx. Rs. 39,923 crores) in 2022-23 during the same period. Import of electronics components, computer hardware & peripherals and fertilizers have declined by 36.59%, 11.14% and 20.71% in 2022-23 over 2021-22.

The Government has also introduced stricter quality standards, testing protocols, and mandatory certification to check substandard imports. The Government is also encouraging Indian businesses to explore alternative suppliers and to diversify their supply chains. To support the domestic industry, the Government has rationalised the customs duty on imports.

Also, the Government monitors the surge in imports on a regular basis and takes appropriate action. Quality control orders for various products have been issued to check substandard imports. Further, the Directorate General of Trade Remedies is empowered to recommend trade remedial actions against unfair trade practises. The Government has also taken various other steps to support and expand domestic capacities such as Make in India, Start Up India, Promoting Ease of doing Business, PM Gati Shakti National Master Plan etc.

In the interim, in some of the sectors, till the domestic manufacturing capabilities reach optimal scale, the domestic demand is being met through imports including from China. India's total trade with China was USD 113.81 billion in 2022-23 showing a CAGR of 5.5% over the last five years. 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 Government is actively working to address the challenges faced by Indian exporters and making their exports more competitive. The government has taken several measures to promote exports, e.g. Market Access Initiative scheme, trade facilitation measures, simplification of tax and customs procedure, export finance and insurance, branding and marketing, reducing compliance burden, etc. The government is also engaged in negotiations with other countries and trade blocs to secure favourable trade agreements.
