GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 842
ANSWERED ON 06/02/2026

WIDENING TRADE DEFICIT BETWEEN INDIA AND CHINA

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government is aware that India's exports to China have declined from USD 21.19 billion in 2020–21 to USD 14.25 billion in 2024–25, while imports from China have increased from USD 65.21 billion to USD 113.46 billion during the same period;
(b) whether it is a fact that India's trade deficit with China currently stands at approximately USD 99.21 billion, making it the single largest trade deficit India has with any country; and
(c) the reasons for the continued widening of this trade deficit despite repeated policy announcements aimed at reducing dependence on Chinese imports

ANSWER

MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY

(SHRI JITIN PRASADA)

(a) to (c): India's exports to China in FY 2025-26 (April-December) have shown growth of 36.68% over corresponding period in FY 2024-25. The details of the India's export to China and India's imports from China from 2020-21 to 2024-25 can be accessed from website of Department of Commerce i.e. https://tradestat.commerce.gov.in/eidb/country_wise_ttrade

The trade deficit of India with China had increased by Compound Annual Growth Rate (CAGR) of 42.65 percent during 2004-05 to 2013-14 whereas the same has come down to CAGR of 7.42 percent during 2014-15 to 2024-25 clearly indicating the success of the Government in containing the rate of import growth of trade deficit with China.

In this era of globalization, Global Value Chains have become increasingly influential in determining international trade as well as growth opportunities. As India is increasingly integrating with Global Value Chains, imports matter as much as exports for successful GVC integration.

Most of the goods imported from China are capital goods, intermediate goods and raw materials like Active Pharmaceutical Ingredients, auto components, electronic parts and assemblies, mobile phone parts, etc which are used for making finished products which are also exported out of India. These goods are imported for meeting the demand of fast expanding sectors like electronics, pharma, telecom and power in India. The rise in import of electronic components, computer hardware and peripherals, telephone components, etc. can be attributed to transformation of India into a digitally empowered society and a knowledge economy.

To enhance domestic supply and reduce dependency on imports, the Government has taken several initiatives. 'Make in India' initiative was launched on 25th September, 2014 to promote India's manufacturing domain in the world. Presently, 'Make in India' 2.0 focuses on 27 sectors implemented across various Ministries/Departments and State Governments.

Keeping in view India's vision of becoming 'Atmanirbhar', the Government has launched Production Linked Incentives (PLI) Schemes with financial outlay of Rs. 1.97 lakh crore in 14 key sectors like electronics, pharmaceuticals, white goods, telecom and Networking products, High- Efficiency Solar PV Modules, etc., where there is a substantial dependency on imports. For development of semiconductors and display manufacturing ecosystem, the Government has approved Semicon India Programme with financial outlay of Rs. 76,000 crores.

Several initiatives have been taken under the 'Ease of Doing Business' which include Business Reform Action Plan (BRAP), the B-Ready assessment, Jan Vishwas and reducing compliance burden on businesses and citizens.

National Logistics Policy and PM Gati Shakti have been launched to reduce the logistics costs and improve the logistics efficiency in the country. PM Gati Shakti also helps in integrated development of multimodal infrastructure for ease of movement of people and goods.

The National Industrial Corridor Development Programme (NICDP) is a transformative initiative aimed to create globally competitive manufacturing hubs in India.

The initiatives taken by the Government have led to decline in dependency on imports in several sectors. For example, the import of mobile phones has decreased from Rs 48,609 cr in 2014-15 to Rs 3,710 cr in 2024-25. On the other hand, the export of mobile phones has increased from Rs. 1,566 cr in 2014-15 to more than Rs. 2,05,017 cr in 2024-25.

In 2024–25, a decline in imports from China was observed across several sectors compared to the previous year. For example, imports fell sharply in fertilizers (61.4%), followed by residual chemicals and allied products (19.7%), iron and steel (10.3%), and man-made yarn (9.5%).

The Government encourages Indian business establishments to explore alternative suppliers and to diversify their supply chains to reduce dependency on single sources of supply. Also, the Government monitors the surge in imports on a regular basis and takes appropriate action. Further, the Directorate General of Trade Remedies (DGTR) is empowered to initiate and recommend trade remedial actions against unfair trade practices.

The Government remains committed to ensuring that domestic industries remain competitive and resilient.

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