

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

LOK SABHA
UNSTARRED QUESTION NO. 4728
TO BE ANSWERED ON 29th MARCH, 2023

TRADE WITH CHINA

4728. SHRI T.N. PRATHAPAN:

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

- (a) whether it is a fact that China is India's largest trade partner;
- (b) if so, the details thereof including the details of imports and exports, year-wise from FY 2014 till date;
- (c) the details of India's trade deficit with China, year-wise during the said period;
- (d) the reasons for India's increasing reliance on Chinese imports for capital goods and intermediate goods;
- (e) whether India remains dependent on Chinese imports for chemicals and electronics despite PLI schemes for the same and if so, the reasons therefor; and
- (f) the Government's opinion as to why the PLI schemes which are meant to reduce India's dependency on China have failed to achieve its objectives?

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

(c): The year-wise trade deficit with China from 2014-15 to 2021-22 is as below:

(In USD billion)

FY	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23* (Apr-Jan) (P)
Trade Deficit	48.48	52.69	51.11	63.05	53.56	48.65	44.03	73.31	71.56

*(P: 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 102% to USD 73.31 billion in 2021-22 from USD 36.21 billion in 2013-14.

(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. Some of the raw materials like Active Pharmaceutical Ingredients (APIs) and drug formulations, auto components, mobile phone parts are also used for making finished products which are also exported out of India.

(e) & (f): The Production Linked Incentive Scheme (PLI) in 14 key sectors, including sectors such as 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.

Though the PLI schemes have been launched recently, they have started showing results. As on date, 717 applications have been approved under PLI scheme for 14 key sectors. Key sectors such as Large-Scale Electronics Manufacturing, Pharmaceuticals, Telecom & Networking Products, Food Processing and White Goods have contributed in achieving considerable amount of investment, production/ sales and employment. Investment of over Rs.51,000 crore has come through PLI schemes, which has led to production /sales of around Rs.4.5 lakh crore. As a result of the PLI Scheme for Large Scale Electronics, which has attracted large investments from global and domestic companies manufacturing mobile phones and specified electronic components, the Mobile phone exports from India touched the USD one billion mark (over ₹8,200 crore) for the first time ever in 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.
