

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

RAJYA SABHA
UNSTARRED QUESTION NO. 690
TO BE ANSWERED ON 08/12/2023

INDIA CHINA TRADE DEFICIT

690. SHRI AYODHYA RAMI REDDY ALLA:

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

- (a) whether Government is aware that India China trade deficit has crossed the USD 100 billion mark;
- (b) if so, the steps being taken by Government to tackle the mounting trade deficit with China;
- (c) whether Government is addressing concerns related to non-tariff barriers and other trade practices that may be contributing to the trade imbalance with China; and
- (d) the diplomatic and economic strategies that are being employed to foster a more balanced and mutually beneficial trade relationship with China, beyond addressing the trade deficit?

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 like electronics, pharmaceuticals, white goods, telecom and Networking products, etc., where there is substantial dependency on imports, have been launched by the Government. For development of semiconductors and display manufacturing ecosystem, the Government has approved Semicon India Programme with financial outlay of Rs. 76,000 cr.

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. The trade deficit between India and China in 2022-23 was USD 83.2 billion. The trade deficit with China in 2023-24 (April-Sept) has decreased by 3.91% over the same period in 2022-23. 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 through its mission in China regularly raises market access and non-tariff barrier issues with the Chinese side. Additionally, new products are identified and Indian exporters and Export Promotion Councils are encouraged to participate in fairs & exhibitions to promote their products in China.
