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# 327 items form 3/4th of imports from China, 'can be alternatively sourced'

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NEW DELHI: Just 327 products — ranging from mobile phones and telecom equipment to cameras, solar panels, air-conditioners and penicillin — accounted for nearly three-fourths of the imports from China, a study has estimated, while pointing out that it is possible to find alternative sources to get these goods or manufacture them in India.

A paper by policy thinktank Research and Information System for Developing Countries (RIS) used UN Comtrade data to estimate the value of these "critically sensitive imports" at \$66.6 billion in 2018 in overall imports of a little over \$90 billion. In 2018-19, official numbers had pegged imports from China at \$76.4 billion.

## MOBILE IMPORTS MAKE UP 2.4%

### Top import items & share in total imports in %

Telephone sets, other apparatus for voice etc	<b>8.7%</b>	Electronic integrated circuits- processors, controllers	<b>1.8%</b>
Electrical apparatus- photosensitive, incl PV cells, LEDs	<b>3.4%</b>	DAP fertiliser	<b>1.5%</b>
Automatic data processing machines	<b>3.2%</b>	Electric accumulators- lithium ion, coke	<b>1% each</b>
Cellphones	<b>2.4%</b>	TV & digital cameras	<b>0.9%</b>
		Penicillin & derivatives	<b>0.8%</b>

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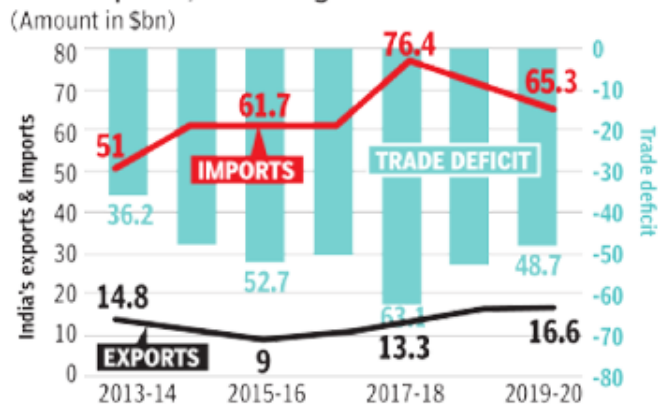
A product was considered sensitive if China accounted for over 10% share of imports or if the value of shipments was \$50 million or more. "Such export monopoly of China has to be diluted in view of strategic requirements," the report said.

In terms of the number of goods imported from across the border, the share of the 327 sensitive products was less than 10% of the 4,000-odd items that were imported from China. The study, which shared with TOI, estimated that in case of 82%, or over 3,300 products, China was not the most competitive producer.

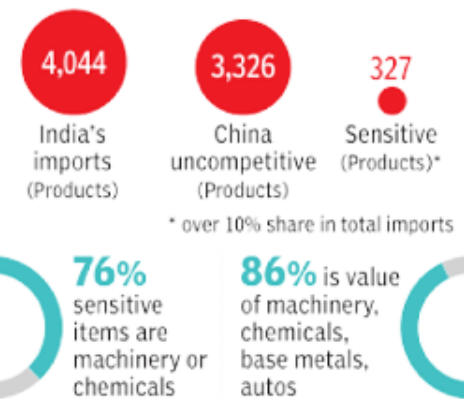
# Can India reduce its dependence on China?

India can find alternative sources to import several items on which it is critically dependent on China, a study by think tank RIS shows

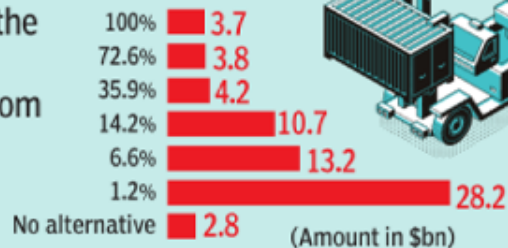
1 India's imports from China increased faster than exports, widening the trade deficit



2 More competitive suppliers exist for 82% items



3 How much of the sensitive imports can be sourced from other countries?



In the first year, India can find alternative sources to replace imports from China for 16% of sensitive goods, and at the same price

4 What are the possible sources for top import items?

Product	Share in imports from China (%)	Existing suppliers	Potential sources
Phone sets, other apparatus for voice etc & cellphones	11.1	France, Germany, Finland, Thailand, Mauritius	UAE, Hungary, Czech Rep, Belarus, Columbia
Electrical apparatus-photosensitive (incl PV cells), LEDs	3.4	HK, Korea, Italy	Japan, Belarus, Armenia
Automatic data processing machines	3.2	HK, Netherlands, Canada	UK, Italy, Japan



Source: RIS, Govt; Graphic: Karthic R Iyer

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But there are also products where China is the sole exporter. The product base ranges from everyday-use items such as earphones and headphones to microwave ovens and certain types of washing machines. The list also has several types of machinery, some auto components, escalator components, certain acids and chemicals and fertiliser like diammonium phosphate, where China is the sole supplier.

"It is possible to produce some of the products domestically if other sources are not immediately available," RIS director general Sachin Chaturvedi told TOI. The RIS paper suggested taking a strategic view while deciding on alternative sources for imports.

In fact, since March, the government has started tapping overseas missions to identify alternative sources of import of products. Economists and traders, however, point out that it may not be possible to find the products at the same scale, something that even the RIS report points to. "As China is empowered with scale factor, other competitors lose their grounds when delivery of voluminous trade takes place," the study noted.

In recent years, China has emerged as the hub for the production of electronics, pharma and chemicals with global giants setting up manufacturing facilities to not just cater to the domestic market but export to other destinations, including the US and Europe. Following the outbreak of Covid-19, several companies are looking at de-risking their production chains by setting up or relocating facilities to other countries.

The report's author, S K Mohanty, told TOI that in several cases, domestic production should be encouraged, something that the government is trying to do through the incentive scheme for production of mobile and electronic goods and pharmaceutical products. The commerce and industry ministry has also identified a dozen sectors, ranging from furniture and footwear to air-conditioners, where it is seeking to provide sops.

"Places where diversification of import sources is not possible, local manufacturing is a better option. We have suggested short-term and medium-term solutions," said Mohanty.

He also said that though India's share in China's trade may be low, it is a significant contributor to its overall trade surplus. "Unlike what many people are arguing, a diversification of the import basket will impact China," Mohanty said.