

INDIA'S TRADE DEFICIT WITH CHINA REDUCES TO USD 48.66 BN IN FY20

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India's trade deficit with China fell to USD 48.66 billion in 2019-20 on account of decline in imports from the neighbouring country, according to government data.

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The trade deficit between the countries was at USD 53.56 billion in 2018-19 and USD 63 billion in 2017-18.

The main imports from China include clocks and watches, musical instruments, toys, sports goods, furniture, mattresses, plastics, electrical machinery, electronic equipment, chemicals, iron and steel items, fertilisers, mineral fuel and metals.

New Delhi has time and again raised concerns over widening trade deficit with China.

The government is taking steps such as framing technical regulations and quality norms for several products to cut dependence on China for imports.

It has also imposed anti-dumping duties on several goods which are being dumped in the domestic market at below the average prices from China with a view to guard domestic players from cheap imports.

As many as 371 products have been identified for technical regulations. Out of these, technical regulations have been formulated for 150 products worth about USD 47 billion of imports.

Over 50 quality control orders (QCOs) and other technical regulations have been notified in the past one year including on electronic goods, toys, air conditioners, bicycle parts, chemicals, safety glass, pressure cooker, items of steel, electrical items such as cables.

China accounts for about 14 per cent of India's imports and is a major supplier for sectors like mobile phones, telecom, power, plastic toys, and critical pharma ingredients.

Similarly, foreign direct investment (FDI) from China into India too has dipped to USD 163.78 million in 2019-20 from USD 229 million in the previous fiscal, according to the data.

India had received USD 350.22 million FDI from the neighbouring country in 2017-18 and USD 277.25 million in 2016-17.

During April 2000 and March 2020, New Delhi attracted FDI worth USD 2.38 billion from China.

In April, the government tightened FDI norms coming from the countries which share land border with India. As per the amended FDI policy, a company or an individual from a country that shares land border with India can invest in any sector only after getting government approval.

Top sectors which saw maximum FDI from China during April 2000-March 2020, are automobile (USD 987.35 million), metallurgical (USD 199.28 million), electrical equipment (USD 185.33 million), services (USD 170.18 million), and electronics (USD 151.56 million).

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