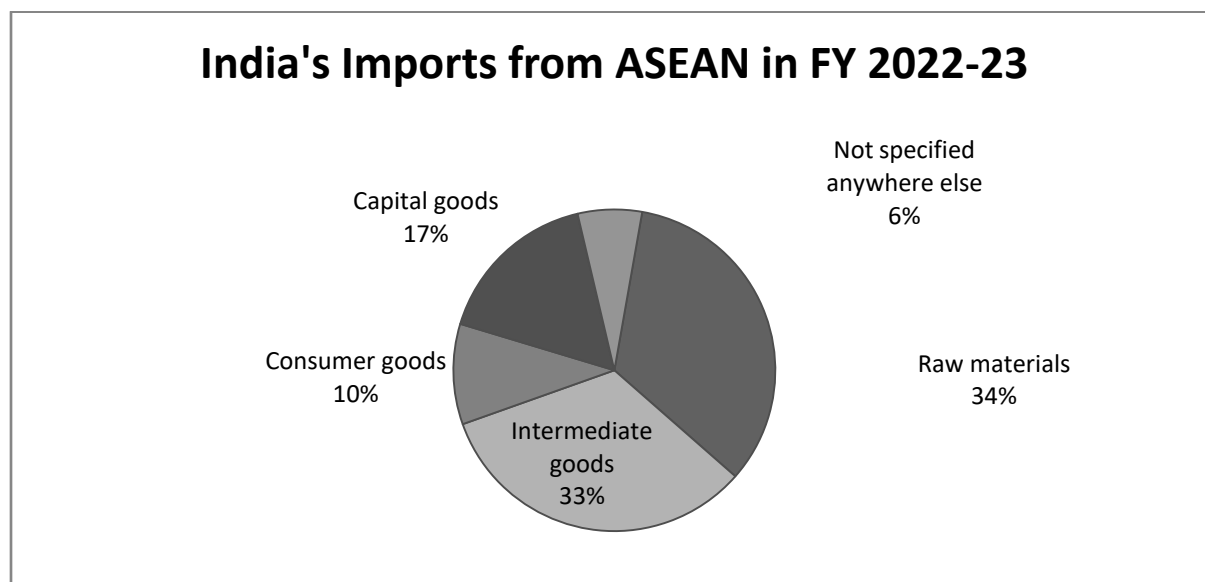


India may diversify its import source for 27 goods in favour of ASEAN

The 10-country ASEAN (Association of South East Asian Nations) bloc emerged as India's fourth largest trading partner replacing the European Union with total trade of more than USD 47 billion during April-Jun 2022-23. The top three trading regions of India are North East Asia, West Asia and North America, with their respective trade value of USD 71 billion, USD 67 billion and USD 52 billion in the said quarter. In India's bilateral trade with ASEAN bloc, Indonesia has the highest share of 31% followed by Singapore (25.3%) and Malaysia (16.2%).

Imports from ASEAN

ASEAN is also the third largest source of imports for India with more than USD 30 billion worth of imports during the quarter. India's imports from ASEAN grew around 63% in Q1 of the current financial year as compared to the year ago quarter. Compared to Q1 in the pre-pandemic period of FY 2019-20, imports have grown by 56%. ASEAN's share in India's imports has also grown from 11% to 13% during the same period. Of the total import from ASEAN in Q1 of the ongoing financial year (2022-23), 67% consist of raw material (33%) and intermediate goods (34%). Capital goods contributed around 17% of the total import from ASEAN (see the chart below).



Sources- Ministry of Commerce, UNCTAD, Compiled by MVRDC WTC Mumbai

Under sector-wise classification, energy (31%), edible oil (12%), Electrical & electronic equipment (10%), and Machinery & Mechanical appliances (8%) constituted around 60% of India's total imports from ASEAN.

A source of import diversification

India imported around USD 295 billion of manufactured goods excluding precious stones in FY 2021-22. Out of which, around USD 92 billion or around 33% were imported from China. This concentration of imports in a single geographical location should be a cause of concern for India as any disruptive event may adversely affect India's supply chain, compromising its economic and strategic interests. ASEAN, which shares geographical proximity with India and which has identical industrial structure similar to China is an ideal option for India to consider for import diversification and thus hedge against any supply-chain shocks.

MVIRDC analysis has identified 27 commodities (at HS 6-digit level) where ASEAN has the potential to substitute or complement imports from China. These 27 commodities belong to electronics, chemicals, textile, machinery, metals, plastics and auto-components, to name a few. India's import data for these 27 goods is given in the annexure. India's imports in these 27 commodities stood at around USD 31 billion in FY 2021-22, of which China's share is around 65% or USD 20 billion while ASEAN had just above 9% share or USD 3 billion. In each of these commodities, China has at least 50% share in India's total imports.

ASEAN has export competitiveness in these commodities as it already accounts for 24% of global exports of these goods or around USD 260 billion. In each of these 27 commodities, ASEAN commands at least 10% global export market share for these products.

Notifications

PIB

IBBI amends Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1860922>

National Logistics Policy approved by Union cabinet

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1861133>

Cabinet approves modifications in "Programme for Development of Semiconductors and Display Manufacturing Ecosystem in India"

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1861129>

Cabinet approves Production Linked Incentive Scheme on 'National programme on High Efficiency Solar PV Modules' for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV Modules

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1861127>

DGFT

Permission for export of broken rice extended till 30th September.

<https://content.dgft.gov.in/Website/dgftprod/648444ff-b96b-4057-bafc-3a9cd0e6f961/Noti%2034%20Eng.pdf>

CBIC

Anti-dumping Duty notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-add2022/csadd28-2022.pdf>

RBI

Forex down to USD 545 billion as on 16th September

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54422