

China and ASEAN strengthen foothold in Indian market as EU's share slips

This newsletter examines the major sources of imports for India's manufactured goods and its key trends over the past decade. Considering the supply chain realignment underway in the post-pandemic period, it has become increasingly important for India to understand its global supply chain network and if necessary have a master plan to diversify its import to safeguard its economic and strategic interests.

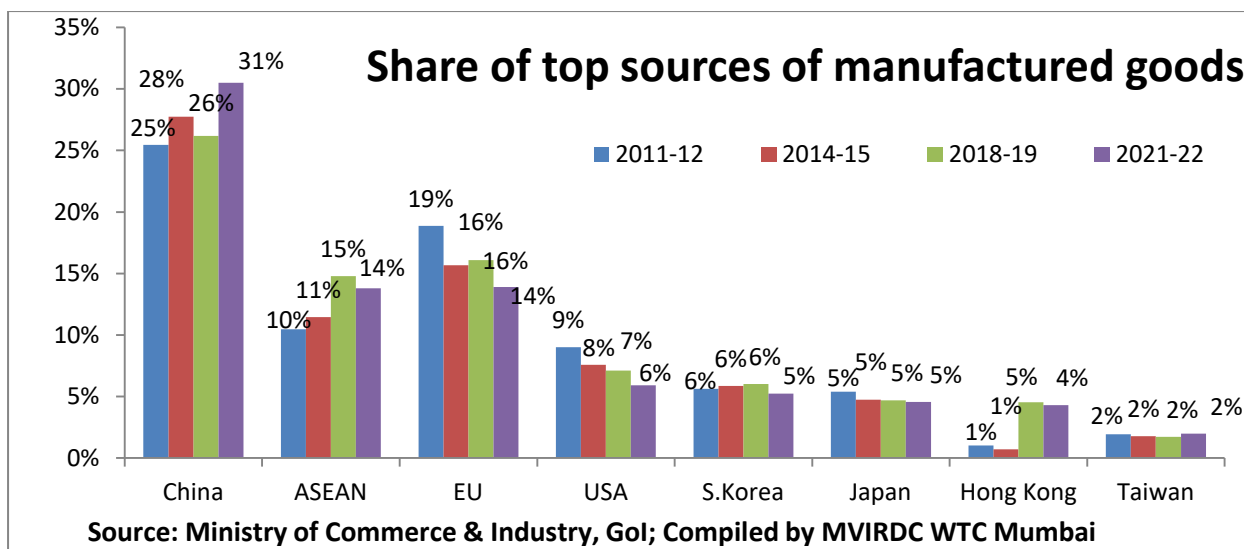
India, in the financial year (FY) 2021-22, imported around USD 387 billion of non- agro and non-energy goods or what can be termed as "manufactured goods" as they are derived from manufacturing process. These manufactured goods represent over 63% of India's total imports and they include everything from pharmaceuticals, chemicals, fertilizers, iron & steel products, plastic products, engineering goods, textile and gems & jewellery. Removing imports of gems & jewellery, total manufactured goods import stood at USD 305 billion or around 50% of total imports in FY 2021-22.

Major import sources for manufacturing goods

China is the biggest import source for India as it has a share of around 15% in our merchandise imports. Specifically, in the manufactured goods, the country has a share of around 24% and if we remove gems & jewellery, the corresponding share rises to more than 30%. More than 98% of USD 94.5 billion in total imports from China were of manufactured goods. European Union (EU), with a share of around 12.5% or an import value of USD 48 billion, was a distant second biggest import source for India's manufactured goods in FY 2021-22 followed by ASEAN with a share of 11% or USD 43 billion. The difference in share between ASEAN and EU for India's manufactured goods import narrows down to 0.10% (EU - 13.90%, ASEAN - 13.80%) when we exclude the import of precious stones. USA, South Korea, Japan, and Hong Kong each had around 4.5% to 6% share in India's total manufactured goods import.

Historical trend

India's import of manufactured goods excluding precious stones grew at a rate of around 46% as compared to India's total import growth rate of close to 25% in the last decade. India's import of manufactured goods grew from around USD 200 billion in FY 2011-12 to more than USD 300 billion in FY 2021-22. Share of China and ASEAN jumped from 25% and 10% respectively in FY 2011-12 to around 31% and 14% respectively in FY 2021-22. The share of the EU for the same period declined from 19% to 14%. The following chart provides a historical trend of country-wise share in India's manufactured goods import for the last decade.



As Indian companies are looking to diversify their sourcing to de-risk their supply chain, it is time to explore alternative sources of imports as we currently rely on China for 31% of manufactured goods imports (excluding precious stones). Such a heavy reliance on one country exposes our manufacturing activity to supply chain disruption caused by any unexpected shock, such as lockdown or economic slowdown in the source country.

Notifications

PIB

Announcement of Results for Patent Agent Examination 2022

<https://pib.gov.in/PressReleasePage.aspx?PRID=1847110>

India's merchandise export in April -July 2022-23 was USD 156.41 billion with an increase of 19.35% over USD 131.06 billion in April -July 2021-22.

<https://pib.gov.in/PressReleasePage.aspx?PRID=1847550>

India to become Aatmanirbhar in Diammonium Phosphate (DAP)

<https://pib.gov.in/PressReleasePage.aspx?PRID=1847976>

1st Session of India-Mauritius High-Powered Joint Trade Committee, under the India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement, successfully held

<https://pib.gov.in/PressReleasePage.aspx?PRID=1848300>

Union Minister of Commerce and Industry; Consumer Affairs; Food and Public Distribution and Textiles, Shri. Piyush Goyal unveiled the digital version of the ODOP gift catalogue

<https://pib.gov.in/PressReleasePage.aspx?PRID=1848890>

Rs. 375.25 crore approved to 102 incubators under Startup India Seed Fund Scheme (SISFS) as on 30th July 2022

<https://pib.gov.in/PressReleasePage.aspx?PRID=1848658>

DGFT

Amendment in Import Policy Condition of HS code 29021100 under Chapter 29 of ITC (HS) 2022, Schedule – I (Import Policy)

[Notification 24 dt 04-08-22 Eng.pdf \(dgft.gov.in\)](#)

Amendment in import policy condition of HS Code 29335200 under Chapter 29 of ITC (HS) 2022, Schedule – I (Import Policy)

[Notification 23 dt 01-08-22 Eng.pdf \(dgft.gov.in\)](#)

CBIC

Anti-Dumping Duty notification

[csadd24-2022.pdf;jsessionid=3F7C4889049DA96EE1D01A7B776D6A93 \(cbic.gov.in\)](#)

RBI

Policy Rate hiked by 50 bps to 5.40%

[Reserve Bank of India - Press Releases \(rbi.org.in\)](#)

RBI releases the results of Forward Looking Surveys

[Reserve Bank of India - Press Releases \(rbi.org.in\)](#)