

### India's import dependence on China increases in 2020

During the outbreak of the COVID pandemic, there was a popular perception that Indian importers would diversify their source of imports to de-risk from future supply side shocks similar to the one witnessed at the beginning of this crisis. However, data on merchandise imports suggests that the concentration of India's imports in favour of China has increased in the last seven months.

Contrary to the argument of shifting global supply chain, India's dependence on China for overall imports has only increased so far in the current financial year. For instance, India's dependence on China for key auto component import has grown to 26% in April-October 2020 from 22% in the year ago period, despite reduction in absolute import value. India imported USD 738 million worth of major auto components from China in the first seven months of the current fiscal year compared to USD 994 million in the corresponding period of last year. Major auto components considered for this analysis include: chassis, drive transmission, braking and suspension systems, electrical parts and internal combustion engines. China is the largest source of these auto components for India and it is followed by Germany, South Korea, Japan, USA, Thailand, Singapore and Italy. As the following table shows, the share of these other leading sources in India's auto components has either declined or remained steady since last year.

<b>India's imports of auto components (April-October)</b>				
<b>Countries</b>	<b>USD million</b>		<b>Share in total imports</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
China	<b>994.91</b>	<b>738.11</b>	22%	26%
Germany	<b>554.19</b>	<b>283.42</b>	12%	10%
South Korea	<b>773.44</b>	<b>465.82</b>	17%	16%
Japan	<b>396.6</b>	<b>235.65</b>	9%	8%
USA	<b>340.23</b>	<b>221.27</b>	7%	8%
Thailand	<b>303.51</b>	<b>188.62</b>	7%	7%
Singapore	<b>239.84</b>	<b>128.57</b>	5%	4%
Italy	<b>110.18</b>	<b>81.38</b>	2%	3%
Total from world	<b>4591.6</b>	<b>2867.8</b>	100%	100%
<b>Source: Ministry of Commerce &amp; Industry, GoI</b>				

India depends on China to the extent of 44% for import of suspension, braking and drive transmission components. This share has risen from 40% in April-October 2019. Similarly, India imported 29% of auto electrical parts from China in April-October 2020, compared to 25% in the previous year. In case of internal combustion engines, India's reliance on China is 13% this year, compared to 11% in the previous year.

The increase in the share of China in India's total auto component imports is in line with the general trend in overall imports. Although India's overall merchandise import has declined from China during April-October 2020, the country's share in our imports has grown from 15% to 18%. India's import from China declined from USD 41.7 billion in April-October 2019 to USD 33.5 billion in April-October 2020.

As can be seen from the following table, except for China, the share of no other top 10 countries has increased in India's overall imports during April-October 2020.

<b>Share of top 10 source countries in India's overall imports (April-October)</b>			
<b>S.No.</b>	<b>Country</b>	<b>2019</b>	<b>2020</b>
1	CHINA P RP	15%	18%
2	U S A	8%	8%
3	U ARAB EMTS	6%	6%
4	HONG KONG	4%	5%
5	SAUDI ARAB	5%	4%
6	IRAQ	5%	4%
7	INDONESIA	3%	3%
8	KOREA RP	3%	3%
9	SINGAPORE	3%	3%
10	GERMANY	3%	3%
	<b>India's Total Import</b>	100%	100%
<b>Source: Ministry of Commerce &amp; Industry, GoI]</b>			

## Notifications

### PIB

India's Foreign Trade December 2020

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1688833>

India-Japan sign MoU in the field of ICT

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1688812>

Minister exhorts industry to be export centric

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1688813>

## **RBI**

Monthly data on trade in services

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=50984](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50984)

## **CBIC**

Tariff fixation on certain items

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt04T-2021.pdf>

## **DGFT**

Introduction of online e-PRC system for application seeking policy relaxation

<https://content.dgft.gov.in/Website/dgftprod/a4931de0-8b61-438b-833b-79e8b432ebba/Trade%20Notice%20No.38%20dt%2015.01.2021.pdf>