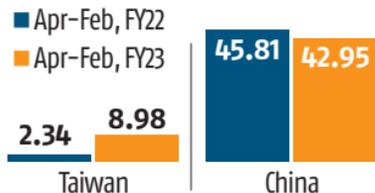


Amid tension with China, India looks to Taiwan for high-tech imports

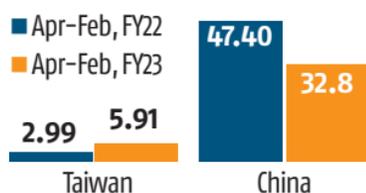
CHANGING EQUATIONS

% share in India's total imports in product group

▶ TELECOM INSTRUMENTS



▶ ELECTRONICS INSTRUMENTS



Value of imports in product group

(in \$ mn)

	Taiwan		China		All countries	
	Apr-Feb, FY23	(YoY chg in %)	Apr-Feb, FY23	(YoY chg in %)	Apr-Feb, FY23	(YoY chg in %)
Telecom instruments	1,329.2	57.1	6,360.6	0.8	14,810.3	7.5
Electronics components	1,325.4	102.2	7,361.5	-29.2	22,432.8	2.3

Source: Commerce Dept

ASIT RANJAN MISHRA

New Delhi, 10 April

As relations between the two neighbours remain strained, India seems to be working to reduce its dependence on China for telecom instruments and electronic components by increasing its imports from Taiwan.

During April-February 2022-23, Taiwan's share in India's import of telecom instruments jumped to 9 per cent from 2.3 per cent in the same period a year earlier. Though China continued to be India's major source of high-tech imports, its share declined from 45.8 per cent to 43 per cent during this period.

India's telecom instrument imports from China increased by just 0.8 per cent, while that from Taiwan jumped 57 per cent. Taiwan's growing share was significant also because India's overall telecom instrument imports rose by 7.5 per cent during the period.

Similarly, Taiwan's share in India's import of electronic components during April-January doubled to 6 per cent year-on-year, while China's reduced by almost 14 percentage points to 32.8 per cent.

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the combined net profit of the rest of index companies might have grown 9.1 per cent to around ₹1.2 trillion in the January-March 2023 period from ₹1.1 trillion a year ago, according to brokerages.

In contrast, the combined net profit of non-BFSI companies had declined year-on-year in Q2 and Q3. FMCG firms and automakers are likely to be the biggest earnings drivers in the non-BFSI space, followed by IT services exporters, such as Tata Consultancy Services, Infosys, and HCL Technologies.

The analysis is based on Q4 earnings estimates from multiple brokerages, including Motilal Oswal Financial Services, Kotak Institutional Equity, Elara Securities, and Bloomberg Consensus Estimates. Estimates are for 49 of the Nifty50 companies, excluding Adani Enterprises, which is not widely tracked by brokerages.

These brokerages, however, don't see a secular and broad-base growth in corporate earnings. "Earnings performances for both MOFSL Universe and Nifty in Q4 are likely to be lopsided and led by a few heavyweights. Five companies within the MOFSL Universe (SBI, IOC, BPCL, IndiGo, and Tata Motors) are expected to contribute 72 per cent of the incremental YoY accretion in earnings. Similarly, within the Nifty, five companies (SBI, ICICI Bank, ONGC, Tata Motors, and BPCL) are likely to contribute 82 per cent of the incremental YoY accretion in earnings," write analysts at Motilal Oswal Financial Services.

Imports...

In value terms, India's import of electronic components from China during the period contracted 29 per cent to \$7.4 billion, while that from Taiwan rose to \$1.3 billion. India's overall imports from Taiwan during April-February rose by 34 per cent to \$7.5 billion. Even as India's total imports from China grew 6.2 per cent, its share in India's overall imports declined to 13.8 per cent from 15.5 per cent during the same period a year earlier.

Amid pressure on India's merchandise exports due to global headwinds, the central government has been focusing on curbing non-essential

imports and import substitutions. India's growing reliance on Taiwan for high-tech imports may have been fuelled by border tensions with China and frequent supply disruptions. Significantly, the two key import items from Taiwan during April-February were mobile display screens (\$949 mn) and monolithic integrated circuits or chips (\$853 mn).

However, India has maintained its 'One China' policy despite provocations from China, and it has been restrained in its statements on Taiwan. The Ministry of External Affairs told Parliament in February: "The Government of India's policy on Taiwan is clear and consistent. The government facilitates and promotes interactions in areas of trade, investment, tourism, culture, education and other such people-to-people exchanges."

The government has also denied India's engagement with Taiwan for any help in areas related to the roll-out of 5G services.

FMCG sales...

Personal care saw a decline in Q4 and only a 0.1 per cent increase in FY23. Confectionery witnessed a pickup of 12.1 per cent in Q4, but only of 3.5 per cent in FY23.

"In FY23, rural areas did show signs of lower spends driven by inflationary fears after the festival season. However, in Q4 we see a strong reversal in rural stocking, driving double-digit growth and this has led to a moderate growth in the financial year," said D'Souza.

Beverage sales grew the most in FY23 on the back of a hot summer last year and stocking up for a hotter one being predicted this year. Commodity products sales have been steady, as prices declined after December, helping FMCG post high single-digit growth for the year. The first quarter witnessed strong growth because of the weak base in the comparable quarter of the previous year due to Covid-induced disruptions.

"We have seen a strong increase in direct distribution in rural... This is really the key for most large FMCG com-

