
TRADE WITH US, CHINA

Industry body calls for mass production of commodities

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India should focus on mass production of commodities in which it has a comparative advantage over its top-two trading partners — the US and China — the PHD Chamber of Commerce and Industry (PHDCCI) said in a report.

According to the industry body, India has a lot of potential to export pharmaceuticals, electrical machinery and equipment, nuclear reactors and boilers and plastic items to the two countries during the pandemic.

“As a result, the US and China should import most of these commodities from India rather than other countries. It would necessitate more support and guidance from the government, focusing on lowering the cost of doing business in the country. These costs are capital costs, compliance costs, logistics costs, land costs and availability as well as labour costs,” the report said.

In the fiscal year 2021-22,

the US was India’s largest trade partner, followed by China. The US was also India’s largest export market during the last fiscal, while China was India’s largest import destination.

India can increase its exports to the US in sectors such as nuclear reactors and boilers, electrical machinery, vehicles and components of iron and steel, the report said.

“India is exporting less than a per cent of the US’s total imports of these products while China, Mexico and Canada are the major exporters to the US. On the other hand, India can tap into exports of cereals, electrical machinery and pharmaceutical products to China,” it said.

The share of India’s top-10 exporting products to the US and China’s importing basket

are not very significant. So, India should take necessary steps such as product-specific trade agreements to improve its export potential in these countries, the report said.

It further suggested that India holds the potential to reduce 40 per cent imports, worth around \$35 billion, from China.

India has significant scope for producing more import substitutes in sectors like chemicals, automotive components, bicycle parts and agro-based items. The items also include handicrafts, drug formulations, cosmetics, consumer

electronics, and leather-based goods, among others, said industry association’s President Pradeep Multani.

Enhanced production in these sectors will not only reduce imports from China but also boost India’s exports, said Multani.

PHD CHAMBER OF COMMERCE AND INDUSTRY SAYS IN A REPORT THAT INDIA CAN INCREASE ITS EXPORTS TO THE US IN SECTORS SUCH AS NUCLEAR REACTORS AND BOILERS, ELECTRICAL MACHINERY, VEHICLES AND COMPONENTS OF IRON AND STEEL