

THAW IN TIES: HOW BILATERAL TRADE FARED IN LAST DECADE



Prime Minister Narendra Modi and Chinese President Xi Jinping held bilateral talks on Wednesday, the first formal meeting in half a decade. The trade and investment relation between the two countries has continued to remain robust despite the ups and downs in the bilateral ties.

China has been among India's top two trade partners for close to over a decade, although New Delhi's import dependency on Beijing has been high as compared to exports.

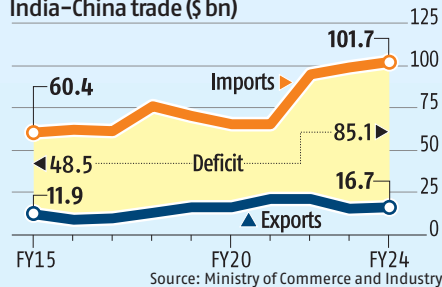
Government data showed that imports from China peaked at \$101.7 billion during the financial year 2023-24 (FY25), as compared to \$60.4 billion a decade ago. The share of imports from China fell to 15 per cent in FY24 from 18 per cent in FY15.

On the other hand, exports grew at a slower pace to reach only \$16.67 billion in FY24 from nearly \$12 billion in FY15. Share of exports to China remained stagnant at 3.8 per cent over the past decade.

As a result, trade balance continued to remain in China's favour and peaked at \$85 billion in FY24.

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India-China trade (\$ bn)



\$2.5 bn

FDI equity inflow from China (Apr 2000-Jun 2024)

0.36%

China's share in total FDI equity inflow

Data also showed that foreign investment from China hasn't been robust.

During the first six months of the calendar year 2024, the FDI equity inflow from China stood at \$3.09 million, with a share of mere 0.01 per cent of the total inflows. Cumulative FDI equity inflows between April 2000 and June 2024 stood at \$2.5 billion, with a share of 0.36 per cent.

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