

An Analysis on Impact of Banning China Goods to India

Dr Mohd Akhter Ali¹, M.Kamraju², Dr Muzafar Ahmad Wani³

Assistant Professor, Department of Geography, Osmania University, Hyderabad, Telangana, India¹

Student, Department of Geography, Osmania University, Hyderabad, Telangana, India²

Assistant Professor, Department of Geography, government degree College, Pulwama, Kashmir, India³

ABSTRACT: In the present situation we see “Ban China products” posts and videos every next day in social media and internet. Here the most significant question arises- Is it really correct to do that? The boycott China products is a popular sentiment among the people of India. People today desperately feel they should boycott products that are made in China. Most of the posts and videos try to convince you by bringing the patriotism sentiment in you. But the real facts and figures which will arise because of it will be known to the economists and academicians.

China is the largest country on this globe by population, and the third largest by province, sharing long borders with several other nations. It is one of the top ten manufacturing countries of the world. Most of the countries are directly dependent on china for their trade. In this research paper we will try to analyse the consequences of banning china products in India. We have used mostly secondary data from various reports and websites. This paper will try to bring myths and reality together with quantitative data.

KEYWORDS: significant, desperately, patriotism, economists, academicians.

I. INTRODUCTION

India-China trade disputes are always in the news. The trade transaction between India and china is almost 7 lakh crores every year. Out of which India exports 1.5 lakh crores and imports 5.5 lakh crores, it is almost 5 times the exports because of which india is having a trade deficit of 56 billion dollars.

In 2017-18, approximately 60% of India’s import necessities of electronic tools was met by China. In our Smartphone business, out of the five bestselling mobile brands in India, four are Chinese – Oppo, Vivo, Realme and Xiaomi. These four brands combined dominate over 70% of the mobile phone market in India. On the other hand, 35% of India’s vehicle components are met from China and about 92% of the country’s toy market is occupied by Chinese products. Similarly, 55% of the demand in the country’s cycle market is met by imports in which China has a large share. Thus, some of the key sectors of the Indian economy are decisively dependent on China.

II. OBJECTIVE AND METHODOLOGY

The main objective of this paper is to analyse the impact of banning china products in India. For this paper we use used both primary and secondary but the mass of secondary was high compared to primary. The secondary data was taken from various websites and reports.

III. DISCUSSION

Most of the Indians are thinking that if we ban Chinese goods and products we can become self dependent. But the reality can be decided after analysing few quantitative data.



Table 1 Top Ten Manufacturing countries in world

Country	Percentage	Country	Percentage
China	28.4	India	3.0
USA	16.6	Italy	2.3
Japan	7.2	France	1.9
Germany	5.8	UK	1.8
South Korea	3.3	Mexico	1.5

Source: UN Statistics Division

From the above data it is seen that one fourth of the manufacturing of the world is taking place in China. Directly or indirectly whole world is dependent on china for their trade. China exports mainly toys, lightings, electronics products, parts of computers, cars and motorcycles, milk products, fertilizers, antibiotics, and mobiles, etc to various countries of the world. Most of the Multi National companies products are manufactured in china, eg: Apple, Sony, Samsung, AMD, Intel, etc.

Table 2 Top Ten Exporting countries of China

Country	Percentage	Country	Percentage
USA	20	Vietnam	2.9
Hong Kong	11	India	2.9
Japan	6.5	France	2.2
Germany	4.5	Russia	1.8
South Korea	4.1	Netherlands	1.8

Source: UN Statistics Division

Table 3 Top Ten Importing countries from China

Country	Percentage	Country	Percentage
USA	9.7	Malaysia	2.8
Japan	8.8	Thailand	2.6
Singapore	8.7	Russia	2.5
South Korea	6.2	Saudi	1.9
Germany	3.3	India	0.9

Source: UN Statistics Division

Table 4 Top Ten Exporting countries of India

Country	Percentage	Country	Percentage
USA	15	UK	3.1
UAE	9.6	Nepal	2.1
China	5.1	France	2.1
Hong Kong	4.4	Italy	2.0
Germany	3.4	Japan	1.8

Source: UN Statistics Division

Table 5 Top Ten Importing countries from India

Country	Percentage	Country	Percentage
China	16	Indonesia	3.6
UAE	5.3	Germany	3.3
Saudi	5	Russia	2.9
South Korea	4.6	Iraq	2.2
Switzerland	3.7	Japan	1.5

Source: UN Statistics Division



From the above tables we can say that we are only importing 0.9 percent (Table 3) of products from china’s economy which becomes 16 percent (table 5) for our country.

The major products are mobile, Air conditioners, cameras, refrigerators, toys, electrical, etc, which have now become the essential commodities of every household in India.

Now coming to posts and social media videos, if we ban importing the products from china which is 16 percent (table 5) the consequences will be pathetic for India. As India only contributes 0.9 percent (table 3) to china’s exports which can be neutralized by selling to any other countries.

The main problem of India will be how to compensate the 16 percent products which they were importing from china.

Here people will say that we can go for self dependent or Athma Nirbar by producing those products in India so that our public can gain employment. There are many problems will arise because of establishing industries in India. Some of them will be delineated here:-

Constrains of establishing industries in India

- i. Land: In India the price of land is very high, small plots of lands are in crores which will act as an obstacle for an industry.
- ii. Licensing: there is long process of obtaining licenses in India, which acts as a barrier for establishing industries.
- iii. Capital: There are very less people who are interested in investing their money in Indian industries.
- iv. Corruption: This is one of the significant constrain in India as for every small issue they have to bribe people, from grade IV employee to grade I officers.

If, fortunately by overcoming all this problems if such industries are established in our country then industries will face few other problems. As the manufacturing industry it is being installed for the first time they are likely to face the challenge of raw materials, capital, skilled labour and technology. After all these, the major constrain will be time as for making an industry stable it will take minimum 5 years. Now the final question will be after all these process will it succeed? Will the cost of production can be less than china or equal to china?

The toy industry in India is badly affected by discounted Chinese imports. The cost of Chinese toys is so low that any Indian company is unable to compete with China. Last year only 20% of the Indian toy market is captured by the Indian companies while the rest of the 80% market is captured by the Chinese and Italian companies. According to a study by ASSOCHAM, 40% of Indian toy-making companies have been closed in the last 5 years and 20% are on the verge of closure.

Certain industries can never be matched as china is the only option for the whole world such as mobile chips: which is one of the essential component of mobiles is made in china like Media tech, AMD, Intel, etc. Our Indian Smartphone’s companies like Micromax,lava also buy their mobile chips from Chinese companies.

Some of the essential industries which are ruled by china are:-

Table 6 Essential companies manufactured in china

Product	Company	Country
Processors	AMD,Intel	US
Battery	Sony ,Panasonic	Japan
Display	LG,Samsung	South Korea

Most of the big companies have their manufacturing units in China. The significant reason for that is its population and number of consumers so that import duty can be saved. The geographical factor such as land, water and cheap labour is one of the essential reasons for establishing industry here. The other important factor is government in china provides loans to industries at very low interest rates and grants permission easily.

Finally one will strike us that can we really boycott china products fully? The answer will be No, as we are fully addicted to these Chinese products from our daily products to luxury products. As per the rules made by the World Trade Organisation, it is not possible to impose a full ban on imports from any country even if there are no diplomatic, regional, and trade relations with that country.

These Chinese products have a large share of income generation to our informal sector.

IV. SUGGESTIONS

Presently the trade deficit between India and china is 56 billion dollar, which is a very huge amount. So, we should minimize the deficit by exporting more goods and products to china.

New polices and law's should be made to protect Indian companies.

The investment on Research and Development (R&D) should be increased so that innovative ideas can come up.

Simultaneously Indian companies should start manufacturing the alternative of the goods and products of china.

India should impose an anti-dumping duty and countervailing duty on the cheap Chinese products like electronic items and toys. After the imposition of these two duties the prices of Chinese products increase in the Indian market, hence Indian manufacturers will have the chance to produce these products on Indian soil which will generate employment to our nation.

Every government in India say's that they have distributed huge amount of free money to poor people, but I don't think it is correct. If we really want to develop we should invest on education, research, innovation and job creation.

V. CONCLUSION

Finally I want to conclude by saying that before deciding of banning or boycotting of Chinese products the government of India should remember that China sends just 1% of its total export to India while India sends 6% of its total export to China. Hence Government of India needs to make a rational decision not an emotional one on this matter.

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