Taiwan can play a major role in India’s Aatma Nirbhar Mission

The east Asian country of Taiwan can play an important role in India’s ambition to be a Self-reliant economy (Aatma Nirbhar Mission). In the early days of the COVID pandemic, Taiwan was one of the first countries to supply medical equipments to India. India needs to engage Taiwanese business community in its efforts to promote local manufacturing of electronics, pharmaceuticals and other products. Already, Taiwanese firms such as Foxconn, Wistron and Pegatron are said to be holding discussion with India to set up mobile handset manufacturing unit in the country. Already, Foxconn and Wistron have manufacturing facilities for in India.

India can also play a major role in Taiwan’s New Southbound Policy, under which Taiwan aims to strengthen relations with South Asia. Both the countries share strong ties in infrastructure, electronics, automobile, sports shoes, technical textile, food processing, education and cultural exchanges. Trade between India and Taiwan stood at USD 5.7 billion in 2019-20, of which India’s export was USD 1.6 billion and import was USD 4.04 billion. India exports naphtha, aluminium, chromium, manganese, chemicals, marine products, diamonds, communication apparatus and refined copper. India imports chemicals, solar cell, steel, electronic integrated circuits, digital cameras and parts used in machineries.

Although India does not have political relations with Taiwan, India conducts its consular and passport services through the India-Taipei Association (ITA) set up in Taipei in 1995. The association facilitates bilateral trade, investment, tourism and cooperation in education, science and technology. Last month, India appointed Joint Secretary Mr. Gourangalal Das as Director-General of India Taipei Association.

In order to promote foreign investment from Taiwan, Government of India should clarify the applicability of paragraph 3.1.1 of the extant FDI policy, which was amended in April 2020. Government of India amended this paragraph to disallow foreign direct investment from neighbouring countries through the automatic route. Thus, foreign direct investment from countries sharing land border with India will be allowed only through the government approval route. Considering that Taiwan is officially part of China, which shares land border with India, it is not clear whether this provision will be applicable to investors from Taiwan. Secondly, India should also clarify whether it can allow Chinese citizens to work in Taiwanese companies based in India. These clarifications will go a long way in promoting bilateral investment in the near term.
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