

India's trade balance with China improves, but turns negative with Hong Kong

India's trade deficit with China has declined in the last five years from USD 52.69 billion in 2015-16 to USD 48.65 billion in 2019-20 largely because of substantial growth in our exports to the northern eastern neighboring country. India's exports to China grew at a compounded annual growth rate of 17% since 2015-16, while our imports from China grew at a CAGR of 1% during this period. India's exports to China grew to USD 16.61 billion in 2019-20 from USD 9.02 billion in 2015-16. On the other hand, our imports from China grew hardly to USD 65.26 billion from USD 61.71 billion during this period. As a result, China contributes 30% to the overall merchandise trade deficit of India in 2019-20, compared to 38% in 2015-16. China accounts for 14% of our overall goods imports and this has remained constant between 2015-16 and 2019-20; however, the share of China in our total goods exports has almost doubled from 2.9% to 5.3% during this period.

India's trade with China (USD Billion)						
	2015-16	2016-17	2017-18	2018-19	2019-20	CAGR FY15-FY20
Exports	9.02	10.17	13.33	16.75	16.61	17%
Imports	61.71	61.28	76.38	70.32	65.26	1%
Total Trade	70.72	71.46	89.72	87.07	81.87	4%
Trade Balance	-52.69	-51.11	-63.05	-53.57	-48.65	
India's trade with Hong Kong (USD Billion)						
	2015-16	2016-17	2017-18	2018-19	2019-20	CAGR FY15-FY20
Exports	12.09	14.05	14.49	13.00	10.97	-2%
Imports	6.05	8.20	10.68	17.99	16.94	29%
Total Trade	18.14	22.25	25.17	30.99	27.90	11%
Trade Balance	6.04	5.84	3.81	-4.99	-5.97	
Source: Ministry of Commerce and Industry, GoI, Compiled by MVIRDC World Trade Center Mumbai						

While India's trade deficit with China has declined in the last five years, our trade balance has turned negative with Hong Kong, which is a special administered region (SAR) of China, during this period. India had a trade surplus of USD 6.04 billion in 2015-16, which gradually declined to USD 3.81 billion in 2017-18 and turned negative in the subsequent years. In 2019-20, India incurred a trade deficit of USD 5.97 billion with Hong Kong. The cause for the trade deficit is the sharp spike in imports from Hong Kong during this period. India's imports from Hong Kong grew at a CAGR of a whopping 29% since 2015-16, while its exports to Hong Kong posted marginal decline of 2%. The huge growth in India's imports from Hong Kong is in sharp contrast to our overall imports from the world, which grew hardly 1.4% during this period.

Notifications

Press Information Bureau, Government of India

Cabinet approval for programmes announced under Atma Nirbhar Bharat Abhiyan

<https://pib.gov.in/PressReleasePage.aspx?PRID=1633893>

COVID tests breach the ceiling of 2 lakhs per day

<https://pib.gov.in/PressReleasePage.aspx?PRID=1633884>

Subordinate debt scheme to benefit 2 lakh operational MSMEs

<https://pib.gov.in/PressReleasePage.aspx?PRID=1633907>

Interest subvention on prompt repayment of shishu loans

<https://pib.gov.in/PressReleasePage.aspx?PRID=1633897>

RBI

Fair practices code for loans provided through digital platforms

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11920&Mode=0>