

# Chinese imports likely to continue till feasible alternatives emerge: Auto, Pharma players

## Synopsis

Indian auto and pharma industries import several critical components and raw materials from China.



NEW DELHI: **Imports** from China are expected to continue for the time being till other feasible and cost effective alternatives emerge, according to players in **Indian automobile** and pharmaceutical industries. Days after a deadly border clash with China that saw 20 Indian soldiers losing their lives, there has been a call from various quarters to cut imports from the neighbouring country.

Indian auto and pharma industries import several critical components and raw materials from China.

Currently, companies based out of China continue to be the leading suppliers of automotive components for the domestic industry.

In 2018-19, India imported auto components worth USD 17.6 billion, of which 27 per cent -- USD 4.75 billion -- were from China.

Explaining the rationale behind the imports from China, **Maruti Suzuki India** [NSE 0.06%](#) Chairman R C Bhargava told that the reason is "either the product is not made in India, not available or what is made in India does not provide the desired quality, or the product made in India is too expensive".

When asked in today's circumstances, if importing components from China is inevitable, he said, "Yes, unless we can find alternative sources of imports and which do not raise the prices to a level that consumers get hurt".

Bhargava further said: "Remember the price of imports, ultimately who pays for it? Consumers. So, the same people who are boycotting have to remember that in some cases it may lead to their being asked to pay more for the same product".

Similarly, Automotive Component Manufacturers Association of India (ACMA) Director General Vinnie Mehta said the industry has started to take steps towards "deep localisation" in order to de-risk business from Chinese imports.

"There is no denying that the industry needs to be 'Atma-Nirbhar' and the industry and the government should together define a roadmap and deliver accordingly," he noted.

Ease of doing business, capital availability at lower rates and globally competitive logistics and energy costs are some of the prerequisites that the government should look into to ensure growth of the domestic auto component industry, Mehta said.

He, however, stressed on continuing with the imports till other alternatives emerge for the industry.

"Post the lockdowns, our value chains, including automotive, have been severely disrupted and are in a disarray, we are gradually piecing them together. Any further disruptions would only be detrimental to the interest of industry and the economy," Mehta said.

The major component imports from China include drive transmission and steering parts, electronic and electrical items, cooling systems, suspension, and braking parts, among others.

Lack of technological competence with domestic players in various segments like electronics and BS-VI components and sheer price advantage are the two main factors which support Chinese imports, Mehta said.

When asked to comment on the pharma sector, India Pharmaceutical Alliance (IPA) Secretary General Sudarshan Jain said India imports some critical APIs and intermediates from the neighbouring country, owing to competitive advantages set through incentivisation and subsidies in China.

He, however, added that the government has addressed the need to reduce import dependence by bringing in the bulk drug and medical devices policy.

"The approved scheme will promote bulk drug parks for financing common infrastructure facilities in three such facilities with the financial investment of Rs 3,000 crore in the next five years," Jain said.

Secondly, Rs 7,000 crore have been allocated for production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical KSMs/drug intermediates and APIs in the country, he added.

"Going forward, the execution of the policy on the ground will be important to accelerate the process, and this step over a period of time help to provide health security," Jain noted.

IPA represents 24 research based pharmaceutical companies including Sun Pharma, Dr Reddy's Laboratories, Lupin, Cipla, **Glenmark**, Piramal, Cadila and Wockhardt, among others.

Collectively, these firms account for 80 per cent of the country's exports of drugs and pharmaceuticals and service over 57 per cent of the domestic market.

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