

Working Paper
On
Study to develop a strategy for
“Chinese Goods – Make in India and Create Jobs”

This working Paper is an attempt to disseminate at mid-term, the findings thus far compiled and organized, of the ongoing Study. The Study commenced in mid-November 2018 and will complete in end-April 2019. The results of policy research studies can be of interest policy makers, industrialists, promotion agencies as well as researchers. While reasonable care has been taken to ensure authenticity of information and data, there will be some updating, revision and additions as we carry out the rest of the study and complete it.

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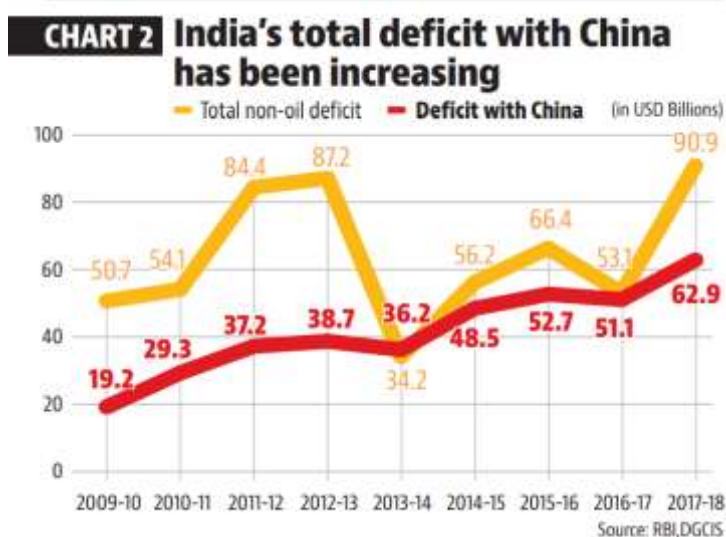
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1 Study Rationale and Focus

India has a serious problem on its hand in the area of trade deficit with China as the total value of exports to China add to \$ 13.33 billion while total imports come to \$ 76.38 billion, leaving a trade deficit \$ 63.04 billion, which is almost 40 % of India's total trade deficit of \$ 162 billion¹. China is the largest trading partner (16.21%). The challenge is real when seen in the context of India's rising non-oil trade deficit with both the rest of the world and China. Crude oil (HS code: 2709) is the largest contributor (18%) in India's total world import bill. If we take crude oil out of the picture, China's share in import bill is almost one-fifth (19.88%) and **almost 90%** in the trade deficit!

Policy makers will have to find ways to manage this huge deficit given that India can neither afford to limit its economic engagement with China nor continue with such a huge bilateral trade asymmetry for a long period of time.

China's Share in India's World trade				
Year	% of total import bill	% of total import bill (excluding crude oil)	% of total trade balance(deficit)	% of trade balance (deficit) (excluding crude oil)
2015	15.77	19.33	41.2	96.2
2016	16.96	20.44	53.5	145.2
2017	16.21	19.88	40.1	89.9



For China with its qualitative improvement in the labour force, the domestic sector is gradually shifting towards more knowledge-intensive industries. In the process, China has started losing its cost advantage in several sectors that span the primary, resource as well as labour intensive industries (WTO, 2012). Some of these industries are shifting out of China and re-located in other countries including India but India needs to gear up for such a role. **China, one of the largest global investors, is keen to leverage the potential of India's skilled workforce and rising labor supply to partially relocate production to counter its shrinking and ageing work force².**

India needs to create jobs: two thirds of India's population is under 35 and in the next decade, India will have more people of working age than anywhere else in the world. A rapidly growing manufacturing sector is the only way India can create highly productive jobs for the 10 million-plus youngsters who join the

¹ <http://commerce-app.gov.in/eidb/iecnttopn.asp>

² Source: ICEC website

country's labor force each year including the large number of rural youth which the agriculture sector cannot absorb. The Govt. of India targets to grow the manufacturing sector's contribution from 17 percent of India's gross domestic product (GDP) in 2013 to 25 percent within the next decade (<http://www.makeinindia.com>). A strong manufacturing sector is critical for an economy like India, considering the huge employable workforce in the country and the need for self-sufficiency in a number of sectors to bring down the trade deficit.

India is among the five largest markets for Chinese goods. Localizing the manufacture of hitherto imported Chinese goods which are anyway being consumed in the domestic market, we can make in India and create jobs, increase employment opportunities and enlarge the share of the firms located within India in the domestic market. Foreign (Chinese) investors will also be attracted by the profitability of local over foreign production, especially for sales in the domestic market.

Away from the geopolitical rancor, India continues to be more than welcoming to Chinese companies keen to do business with it (www.ICEC-council.org). **For setting up competitive domestic production of identified items, the potential of a strategy of Indo-Chinese Joint Ventures (JV) with Chinese private investment in technology and capital will be studied** based on the following premise: Since more than two decades, China has developed and used the technology for the manufacture of the goods we seek to make locally, so sourcing already available technology from China benefits them to move up the value chain - the path that China is following now. For India, the technology is likely to be cheaper and more suitable to import, than looking for technology and investment from say a European country. From the Chinese perspective, JVs with Indian MSMEs has the advantage of providing an existing and larger growing domestic demand as compared to say Vietnam or Cambodia.

The Govt. of India under its Make in India policy has identified and focused on MSME as one of the potential sectors among others. In its "Achievement Report Feb 2017" it is stated that Micro, Small and Medium Enterprises (MSME) sector is one of the still untapped high growth segments in India and an essential partner for achieving socio-economic growth. MSMEs, which are spread across both urban and rural areas of the country, mostly form part of the unorganized sector. The sector contributes 7% to India's GDP while accounting for 45% of the total manufacturing output and 40% of the exports from India.

The study will focus on the MSME Sector since the potential for creating jobs and employment in large numbers, and building competitiveness through item-specific regional manufacturing/ production hubs is feasible with MSME clusters. This is a tried and proven strategy in China with its Township & Village Enterprise (TVE) program, in Japan (one district-one product) and indeed in India in MSME clusters towns like Tiruppur Hosiery Cluster in Tamil Nadu, Diamond Cutting & Polishing Cluster in Surat, Knitwear Cluster in Ludhiana, Brasswork Cluster in Moradabad etc.

Employment growth in the manufacturing sector has remained low, and indeed there are prospects of further slowdown as automation takes off even more broadly. Thus in manufacturing, if jobs get created these would be in the small and medium enterprises (MSME) sector in smaller towns, particularly MSME cluster towns of which there are about 400 well established ones and less capital intensive micro-enterprises in rural areas (such as handloom and handicrafts).

2 Output Expected from the Study

In order to upgrade or build MSME manufacturing centres in some Indian states, engage Chinese investment, unleash Indian entrepreneurship potential and create significant employment and jobs in India, a policy strategy and ecosystem needs to be put in place. This Study is to research existing policies, issues and what

needs to be done to realize the potential, through primary and secondary research and consultations with the entire range of stakeholders and come up with a set of recommendations that can be implemented.

3 Methodology

Apart from RGICS own team, we have hired two experts to support the Study team: 1. Mr. Arun Goyal, Director, Academy for Business Services (ABS) with expertise and experience in providing advisory services to trade, industry and policy makers in foreign investment 2. Mr. Mohammed Saqib, Secretary General, India China Economic & Cultural Council (ICEC) with knowledge and practice in people to people and b2b exchanges between India and China.

We planned a series of steps to undertake the Study which are broadly as follows:

- Make a long list of imported items
- Do feasibility analysis for local manufacture and assess labor component
- Shortlist the top items based on feasibility scores and labor component (30 items)
- Consultation roundtable with industry / trade associations and experts to validate and finalize the list. Consultations with Chinese representative and counterparts.
- Analysis of value-addition for 30 shortlisted items
- Identify potential producing/manufacturing centers and enterprises in India for them
- Drafting the policy and promotion strategy for "Chinese Goods: Now Make in India - and Create Jobs"
- Final Report

3.1 Make a long list of imported items

For the entire list of imports, three official sources were looked at:

- List based ITC trade value data where import value is > or = USD 50 mn at HS4 level for FY 2016-2017
- List of imports by the USA from China, on which the USA has recently imposed high tariff.
- List of imports by India from China which the Govt. of India has put anti-dumping or other tariffs

We subjected these lists to the criteria of high trade value and **Localization feasibility** analysis at HS4 level.

Localization Feasibility Analysis was done using the Atlas of Economic Complexity Tool

(<http://atlas.cid.harvard.edu>), based on its concepts of Complexity and Distance: The complexity of a product is a measure of the productive know-how required to produce it. The higher the complexity of the products of an economy, the higher the value added, and the higher the growth. Distance is a measure of an economy's ability to produce a particular new product, given its current products. The shorter the distance, the easier the product is to produce. These concepts were combined to shortlist those products that are both easy to manufacture locally, and offer high value addition and growth.

Based on trade value, complexity index and distance index we arrived at a long list of 76 product categories (HS4 Level) across 17 chapters of HS2 classification. Most of the HS4 products that fulfilled all 3 criteria have been shortlisted, namely:

- i. Import bill > 50 million USD for the last 3 years

- ii. Product Complexity Index > 0 from the range of -3 to +3.
- iii. Distance < 0.7 from the range of 0 to 1.

In accordance with the experts' opinion, the criteria was changed for:

- Textile Sector where only few HS4 items fulfilled all 3 criteria so here we only applied criterion (i).
- Rubber & Plastics Sector where lower items from the chapter fulfilled all the 3 criteria. Based on expert advice, we added higher value-added items from the chapter by applying only criterion (i).

After this, 5 Sectors out of the 17 HS2 which account for 57 out of the 76 HS4 categories, were shortlisted for taking forward in the Study namely (listed in annexure 1):

1. Machinery and mechanical appliances; parts thereof (HS2 code=84) Includes weaving/sewing machines, power looms, rolling machines, washing machinery etc. among others
2. Electrical machinery and equipment and parts thereof; (HS2 code=85) Includes transformers, batteries, microphones, telecom equipment among others
3. Plastic & plastic articles thereof (HS2 code=39) Includes resins, polymers, plastic sheets, plates among others.
4. Rubber & articles thereof (HS2 code=40) Includes pneumatic tires & articles of vulcanised rubber
5. Textile & textile articles thereof (HS2 codes =50-63). Out of these 13 HS2 chapters, chapters 50-55 constitute raw materials & intermediate goods, while remaining ones deal with processed articles & goods.

Annexure 1 contains the long list of 57 HS4 product categories in 5 (HS2) chapters.

3.2 Feasibility analysis for local manufacture and assess labor component

This step has to be done after identifying products at HS6 level within the product categories of HS4 level. Before moving on to consult industry and policy people on this, we found that there were already a number of credible and current strategy and policy analysis studies done by various Government and sectoral agencies. Among others, we studied the following Report pertaining to the above identified sectors and product categories, and referred to the recommendations related to localization of products imported from China:

1. **Machinery Sector in India:** Exploring Options for Neutralizing Trade Deficit, EXIM Bank, Occasional Paper no. 62, March 2017
2. Make in India Strategy for **Electronic** Products, NITI Aayog, May 2016
Indian Electronic Goods Industry: Neutralizing Trade Deficit with China, EXIM Bank, Occasional Paper no. 171, March 2015
3. Strategic Plan 2011-2016, Ministry of **Textiles**, February 2011
Study on "Garment Sector to understand their requirement for Capacity building", Ministry of Textiles, January 2018
Make in India (www.makeinindia.com), Textile Sector – Technical Textiles
Textiles & Apparel Sector - Achievements Report, November 2016, Ministry of Textiles

4. **Rubber and Plastics Market & Opportunities**, Indian Brand Equity Foundation (IBEF)
Ministry Commerce & Industry, Government of India
5. **India China Bilateral Trade Relationship**, Study Prepared for Reserve Bank of India by
Research and Information System for Developing Countries (RIS), January 2014

In the above Reports certain products have been identified for indigenization by attracting foreign investments based on detailed research and analysis. The summary is given below and the detailed list for each Sector is in Annexure 2.

Machinery Sector:

58 products falling in categories of Construction Machinery (4 products), electrical equipment and parts (11 products), Hand tools category (2 products), Process plant machinery (26 products) and Textile machinery sector (2 products).

Electronics Goods Industry:

61 products in which investment from China could be attracted. Details are in Annexure 2.

Table 1: Main Product Groups where JVs can be Formed	
Medical equipments	Line printers
Analytical instruments	Control valves
Printed circuit boards	LED lamps
Uninterrupted power supplies	Other diodes & transistors
Control instrumentation & industrial electronics	Diodes & transistors
Therapy equipments	Level controllers
Microwave passive components	Industrial fans, blowers, etc.
Weighing system, load cell	Other automation electronics equipment
Filters	Crystals
Electro cardio graphics	Electronic lighters
Defence communication equipments	Computer systems
Strategic electronics equipments	Solar modules
Connectors	Instrument cooling fans
Surgical equipments	Industrial ultrasonic equipment
Piezo electric elements	Semiconductor devices
Testing & measuring instruments	Integrated circuits
Thermal analysis equipments	Computer peripherals
Soft ferrites	Electronic components
VHF radio systems	Reed switches
Solar appliances	Switch mode power supply systems
Transmission equipments	Process controllers
Electronics	Integrated circuits, nec
Process control equipments	Ph analysis equipments and ph meters
Electronic buzzers	Television receivers, colour

Electrolytic capacitors	Telephone components
Temperature controllers	Computer terminals
Antennae for radios & TVs	Communication & broadcasting eqpt
Rotary switches	Television receivers
Control panels	

Textiles and Garments Sector:

- Synthetic fabrics value chain and fabric processing
- Technical Textiles and Garments which falls in following categories:



Packtech Indutech, Mobilitech, Homitech and Geotech have the most potential. Some examples of high-growth potential technical textiles include shade nets, crop covers, baby diapers, sanitary napkins and surgical disposables.

Rubber and Plastics Sectors:

Based on secondary done thus far, we have not yet located relevant studies in the Rubber and Plastic Sectors which specifically address the issue of high imports from China and strategies to localize production for selected potential products/categories of rubber and plastic items. This will be covered in the coming weeks.

After identifying a shortlist of products ideally at HS6 level if not at HS4 level, it will be possible to have focused and detailed meetings with Industry leaders, representatives and key informants from Industry/Trade associations, SME Cluster representatives and policy makers in State, Central and Sectoral agencies of the Government. The purpose will be to get detailed information on local manufacturing feasibility, SME Cluster development and labour component in its' manufacture since the Study will focus on both reducing trade deficit with China, as well as job creation in India. This process will also result in validating, refining and finalizing the product list and clusters locations.

3.3 Industry, trade associations and leaders

We are identifying the key and active associations, representatives and policy influencers, and started the process of meeting them for discussions. The compiled list for each Sector is attached in Annexure 3 and will

be further updated. The takeaways from the discussions are incorporated in the relevant sections of the Report.

4 Chinese Investment, Enterprises and Promotional Institutions in India

The information has been gathered through secondary research. The process of updating the information will be done concomitant with the study.

Under the Make in India Program (www.makeinindia.com) the following Chinese Companies appear under list of “Marquee Investments”: Chint Group Co, Dalian Wanda Group, Huawei Technologies, Gionee Communication Equipment, JA Solar, Lenovo, Mobvista, Oppo, Phicomm and Xiaomi. The company and investment details are in Annexure 4. Dalian Wanda Group decided not to go ahead with the investment. The DIPP Automotive Sector Achievements Report states that among major foreign investments in the sector during April 2014 to March 2016, FDI USD 973.93 million is proposed by SAIC Motors, China’s largest carmaker in USA carmaker’s General Motors India Pvt. Ltd in Gujarat.

The book “The Silk Road rediscovered” (by Anil Gupta, Girija Pande, Haiyan Wang) has case studies of 3 major Chinese enterprises in India:

- Xindia Steels Ltd. Set up in January 2008, is one of the largest India-based Joint ventures between Chinese and Indian Companies. The office is in Bengaluru and production facilities are located in Koppal District Karnataka. Initially there were 4 JV partners – Xinxing Heavy Machinery Limited, China Minmetals Corporation, Kelachandra Group and Manasara Group.
- Lenovo entered India with a bang in 2005 when it purchased the worldwide PC business from IBM Corporation. The Company also opened an Innovation Centre in Mumbai – Lenovo’s third such centre in the world after those in the USA and China. Lenovo also established a global marketing hub in Bengaluru. Lenovo is one of the top PC sellers in India alongwith HP, Dell and Acer.
- Haier group is the world’s largest white goods manufacturer and one of China’s iconic and most global companies. Haier’s foray in the Indian market began in 1999 when it set up a JV with Kolkata based Hotline Company. In 2003 Haier decided to go it alone and set up Haier India as a wholly owned subsidiary. The first company owned manufacturing facility is based in Pune.
- HIGHLY is the world's leading air-conditioning compressor research and development, manufacturing and sales enterprise with a global market share of 15%, with headquarters in Shanghai has established five world-class green factories in Shanghai, Nanchang, Mianyang and India, and seven technical service centers in China, Europe, India, Japan and the United States. HIGHLY ELECTRICAL APPLIANCES INDIA PRIVATE LIMITED is the first overseas factory established in Ahmedabad in 2013 with an annual capacity of 2 million air conditioning compressors, taking 35% market share India.

The ICEC Council (<http://www.icec-council.org>) informs that currently more than 300 Chinese companies including Huawei, TBEA, ZTE, Sany, LiuGong Machinery and Haier Group have established flourishing businesses across Indian states.

The Chinese are also eyeing India’s fast-growing start-up sector. Chinese online travel company Ctrip picked up a strategic stake in Makemytrip. Baidu is contemplating investments in several Indian internet startups. Alibaba has substantial investments in India’s Snapdeal and Paytm. Hillhouse Capital, one of the largest China-based investment funds, also picked up a stake in online classifieds player Cardekho last year.

China Small and Medium Enterprises Investment Group has also signed a MoU for an industrial park in Gujarat in September 2016 for with a total investment plan of US\$1billion but the process after this is still undergoing. In Andhra Pradesh more than 100 foreign businesses in the Sri City Industrial hub are capitalizing on the Make in India campaign. The eight Chinese companies include Lerri solar, CETC, ZTT, Seiyuan Electric, Haitan machinery, Pals plush, Chunxing, Foxconn and Hyber investment. Manufacturing firm Xi'an LONGi Silicon Materials Corporation has promised to invest an initial \$250 million in building a factory in Andhra Pradesh. There are about 12 to 15 Chinese companies operating in Tamil Nadu.

From 2014 to 2015, mainland China's FDI into India grew either by 200 percent or 600 percent – depending on which of the two countries reported it. India's Department of Industrial Policy and Promotion (DIPP) claims Chinese annual FDI rose from US\$123.99 million in 2014 to US\$494.75 million in 2015; Global Times, China's state owned media outlet, said the figure rose from roughly US\$145 million in 2014 to US\$870 million in 2015. In 2016, between June and August alone, Chinese firms purportedly invested US\$2.3 billion into India. To put this into context, FDI inflow from mainland China totaled US\$1.2 billion between April 2000 and September 2015.

Since 2015, Chinese firms have pumped in hundreds of millions of dollars into Indian digital startups. These figures – not yet reflected in official Indian records – significantly increase the volume of Chinese FDI going into India. It also redirects Chinese investment into a new market. Compare Chinese investments into Indian startups with China's investment history in India. A single investment now overshadows an entire sector.

Profile of Large Chinese Investments Into Digital India

Chinese investor	Indian startup	FDI (US million)	Year
Beijing Miteno Communication Technology	Media.net	900	2016
Alibaba	Paytm	680	2015
Alibaba (with Foxconn Technology and Softbank)	Snapped	500	2015
Ctrip	MakeMyTrip	180	2016
Tencent	Hike	175	2016
Tencent	Practo	90	2015
ByteDance	Dailymail	25	2016

Graphic: Azim Premji Ltd

Traditionally, China's Indian investments focused on the automobile industry, and primarily targeted old industry hubs like the states of Maharashtra and Gujarat.

China's top sectors for investment into India from April 2000 to September 2015 (US\$ million)



But, in the last two years, Chinese firms have diversified their Indian investments into new industries while venturing into other states such as Haryana, Rajasthan, Tamil Nadu, and Andhra Pradesh – either directly or through global mergers and acquisitions. Official records have not been able to keep up with China's recent increase in investment. Likewise, Chinese firms do not always publicize their investments. (<http://www.icec-council.org>)

Besides Chinese corporations, venture capital (VC) funds from the country are keenly scouting Indian startups in search of the next big internet investment, taking advantage of the investor vacuum in the sector in the last two years. VC investments from China amounted to US\$34 million in 2017 across nine deals and US\$30 million across four deals in the first six months of 2018. Currently, multiple Chinese VC funds, including Qiming Ventures, Morningside Ventures, CDH Investments, 01VC, and the Orchid Asia Group, are considering buying stakes in Indian startups, ranging from those innovating financial and education technology to e-commerce, content, and online classifieds platforms. These investors are primarily looking at making series B and C investments, and not providing seed funding, meaning prospect startups have proven the workability of their business model in their respective industry verticals.

By investing in existing digital startups, Chinese companies minimize the risk and operational costs of establishing an independent, competing presence. Furthermore, it is in China's interests to see Indian digital startups flourish. The rise of American e-giants like Amazon and Uber reduce the space for Chinese firms to achieve international growth, sometime even threatening their stronghold at home. During the market access war between Didi and Uber in China, for instance, Didi invested an unpublicized amount (estimated at US\$10 million) into Ola – an Indian ride-sharing startup currently engaged in its own battle for the Indian market with Uber. Promoting competition in India may even save Chinese digital firms in the long term as they confront international upstarts.

Despite the sudden upward trajectory, China's FDI into India still pales in comparison to its investments throughout the rest of South Asia. Comparatively, China is Pakistan's biggest foreign investor and has recently pledged a staggering US\$55 billion to develop the China-Pakistan Economic Corridor. Bangladesh and Sri Lanka have also received significant investments from China. This could, however, change in the near to midterm. In May, China's leading state-run bank, The Industrial and Commercial Bank of China, publicized the launch of its first India-dedicated publicly offered investment fund. Named the Industrial and Commercial Bank Credit Suisse India Market Fund, it will track the following sectors for investments – financial industry, information technology, alternative consumption, energy, essential consumption, raw materials, and healthcare, among others. (<http://www.icec-council.org>)

Discussions with Industry practitioners brings out that there is already many Chinese investments in enterprises all over India, and there are Chinese living and working here and visits by Chinese officers from time to time. In fact in such industrial areas there are Chinese restaurants to cater to Chinese visitors. You will not find these restaurants in general shopping market areas. The first wave of investors came in 2015 when the new Government came in under PM Modi and the India-China leaders met. The 2nd wave started 2018 and is on now (following the 2nd meeting of India-China leaders). The initial Chinese investors have been big players like Xiaomi, Lenovo, Foxconn, Oppo, and Vivo. Now the wave of interested investors consists of medium and small business investors who would set up smaller/medium sized manufacturing units making less sophisticated products.

4.1 Agencies promoting China – India business, trade and cultural relations

4.1.1 Chindia Chamber of Commerce and Industry (CCCI), Gurgaon

CCCI (<http://en.ccei.org.in>) is a non-profit organization set up in the year 2012 through contributions from the Chinese Companies doing business in India and the Embassy of P.R. China in New Delhi, India. As of

January 2013, more than 100 Chinese Companies are members of the CCCI. (Refer Annexure 5). The members range from large-scale MNC's to small and medium scale enterprises and traders belonging to various sectors such as Power, Mining, Healthcare, and Consumer Goods etc. Members are mainly located in Delhi, NCR Region, Mumbai, Gujarat, Pune and other parts of the country. Activities of CCCI include

- To regularly conduct seminars to update and provide knowledge to its members about the regulatory environment of India such as tax, Legal, HR and PR Activities.
- Conduct Regular board meetings among the governing body and the officials from the Embassy of China to discuss future prospects activities for the Chamber.
- Co-ordinate with Industry bodies such as FICCI, CII and ASSOCHAM to participate in seminars and help in connecting potential clients to our companies.
- Take up regular issues with Government Organizations in India and China to help facilitate and remove trade barriers between both the countries.
- Regularly conduct workshops on PR, Human Resource providing information to our Chinese Companies on India's economy, and its political system.

The Chinese Embassy has a lot of say in the activities of the CCCI and it is generally not a very active organization. Few activities are mostly limited to organizing social gatherings of the Chinese community in India.

4.1.2 India China Economic and Cultural Council (ICEC), Delhi

ICEC is an autonomous membership based organization founded in 2003 with a vision to enhance economic and cultural cooperation between India and China. With cutting edge policy research and advisory to National and State governments on trade issues with a China focus, ICEC Council is one of the leading nonprofit organizations with established credentials for enhancing economic and cultural cooperation. ICEC has assisted in building partnerships through consulting and advisory services for a large base of clients, which includes the Government of India, corporate clientele, non-governmental bodies and the Embassy of People's Republic of China in India. (<http://www.icec-council.org>).

4.1.3 India China Chamber of Commerce & Industry (ICCCI), Mumbai

ICCCI (<https://www.indiachinachamber.com>) is a Govt. of India recognized all-India organization, registered as a Society. It was formally inaugurated in Mumbai on 20 March 1990 by the Foreign Minister of the People's Republic of China. ICCCI has as its main objective promotion of mutually beneficial trade, commercial & economic contacts, industrial collaboration, joint ventures, investment, seminars, international exhibitions etc. between India, China, Hong Kong and Macau.

ICCCI has been promoting Chinese International Trade Fairs in India and International Exhibitions in China, Hong Kong and Macau as an effective method of increasing mutual trade between the two economies. The business transactions between both Chinese and Indian enterprises have over the years, substantially increased which are also reflected in the surging volume and direction of trade between the two countries. The Chamber endeavors to provide greater flow of information and data on various matters, by arranging frequent exchange of business delegations, and increased participation in trade fairs held in both the countries.

ICCCI brings out a monthly News Bulletin, which is content rich & has relevance to trade & business. It includes details of business opportunities like trade enquiries, investment offers, technology transfer, tenders, projects, etc. The Chamber has launched Chinese language education programme in Mumbai, Pune, and New Delhi and also provides interpretation, translation, promotion services in Chinese. ICCCI Website can host homepage for Indian and Chinese enterprises in both Chinese and English.

4.1.4 China India Foundation (CIF), Gurgaon

CIF (<http://chinaindiafoundation.org/>) is a very recent initiative started in 2018, to roll out in 2019. The founders felt that it is crucial that the two countries foster a healthy working relationship on bilateral, regional, and global issues. Increasing citizen-level mutual understanding is a vital part of this process. CIF plans to focus on Education (Student exchanges), Cultural exchanges celebrating the everyday cultures of India and China by telling stories using new media, and facilitate issue-based collaborations on mutually beneficial policy areas such as environmental challenges, vocational training, and agricultural reform.

4.1.5 India China Institute, Washington DC

The China India Institute, a Washington DC-based research and consulting organization dedicated to cultivating a deeper understanding about China and India among corporate leaders and helping them develop strategies to both win local opportunities and create leverage for global advantage.

(<http://www.chinaindiainstitute.com>).

5 Trends and issues in Indian import trade from China

There are 80,000 Indian traders living in China who dominate the import of Chinese goods into India, according to discussions with China-India trade experts, They live in Yiwu town near Shanghai. They deal in cheap, low-cost items. Much of this import is under-invoiced. The reported value of such import is 30 mn USD but would be much higher. The Mumbai port is the hub for landing of these consignments. Import from China to India also takes place via Kolkata. Human carriers are hired by traders to fly between Kolkata and China bring back such items for trade in India. The goods are carried as personal passenger check-in baggage as well as on the person. Each carrier gets a net income Rs. 3000 per journey.

A linked trend is **Indian traders importing in wholesale from online B2B marketing platforms** such as Alibaba, MadeinChina and BizVibe. These imports comprise cheaper items like toys, electronics, furniture, home interior products etc.

Increasing imports through Chinese ecommerce platforms and applications:

(<http://timesofindia.indiatimes.com>, Dec 2018, BusinessToday.in, Dec. 2018).

Most of these are popular for cheap products and are playing a starring role in India's red hot online retail pie. Indian consumers can import directly from them and get the products delivered anywhere in the country. A large number of products from China are entering India as 'gifts' and shipped directly to customers, since gifts of up to Rs 5,000 intended for personal use are exempt from customs duties under the current rules.

The products are at least 50-60% cheaper than what's available on Indian e-commerce sites like Myntra or Jabong. The popularity of Chinese e-commerce sites has been steadily. For instance, Shein's an international B2C fast fashion e-commerce platform, managed to triple its business in India in less than a year. Its mobile app has crossed five million do downloads in India, it delivers to 15,000 pin codes in Tier pin codes in Tier I and Tier II cities and it is handling over 10,000 orders from India daily, clocking an average order value of Rs 1,000-1,500 according to industry estimates. Similarly, Club Factory, Aliexpress, Romwe are among some of some of the other top-performing Chinese e-commerce apps doing brisk business in India. In September, Club Factory had said in a statement that India accounted for around 57% of its over 70 million worldwide user base. Club Factory is ranked among the most popular apps on Google Playstore.

Malpractices by the Chinese e-tailers is being reported by the Indian e-tail industry. "They don't pay customs duties or goods and services tax. They don't display maximum retail price (MRP) as is mandatory according to the Packaged Commodities Rules 2017 amendment that covers foreign e-commerce sites doing transactions with Indian consumers". Similarly, when the products are delivered, the invoices are missing and Cash on Delivery (CoD) too works with the orders according to a senior executive at a large Indian etailer. The Indian industry has reportedly complained to the government that Chinese etailers such as Club Factory, AliExpress and Shein are taking undue advantage of this exemption benefit. Given the volumes involved and the concerns it has triggered over a violation of domestic laws as well as an adverse impact on local manufacturing, India is now mulling imposing restrictions on online purchases of goods from Chinese players. The Department of Industrial Policy and Promotion (DIPP) has suggested capping purchases of "gifts" from Chinese etailers and apps at four per buyer per year but the final call will have to be taken by the customs authorities.

The proposal to impose restrictions on ecommerce purchases from China is likely to face logistical challenges. Chinese etailers, unlike their counterparts from other countries, do not ask customers for any government-issued identity proofs to complete the transaction. This makes it difficult to track such transactions, which in turn makes it difficult to implement restrictions. since goods are shipped directly to consumers' doorsteps via couriers and postal gift shipments, an integrated system connecting customs, Reserve Bank of India and India Post would be needed to effectively track such imports.

Uncompetitive Imports from China

(Source: Study for RBI done by Research and Information System for Developing Countries (RIS), a New Delhi based autonomous think-tank under the Ministry of External Affairs, Government of India)

It is commonly believed that Chinese products are more competitive than other suppliers in India; and therefore Chinese presence has been strong in the Indian market. However, empirical findings suggest that India's imports from China have been uncompetitive in large number of products. The distribution of such imports is disproportionately spread across sectors, and is heavily concentrated in five sectors such as chemicals, textiles, minerals, base metals and machinery. There are another three sectors such as plastics, gems & jewelries, and automotive sectors, where importation of uncompetitive products is important.

Uncompetitive Imports in Intermediate sectors

In a globally dependent economy, intermediate products are very important for meeting critical export obligations of an emerging country like India and also in supporting domestic production to meet a growing demand in the economy. In the total bilateral imports from China, intermediate products constitute nearly two-third of the total. The share of such products was 59.8 per cent in 2007, which increased to 63 per cent in 2008 and declined to 60.9 per cent in 2012 - owing to global recession. Bilateral import in this sector is mostly in the industrial sector though some imports are taking place in agricultural and mineral sectors. Though imports of Industrial intermediates spread over several sectors, a high concentration of imports is observed in sectors like chemicals, base metals, automotive and machinery & mechanical appliances. Other important sectors engaged in imports of intermediate products include plastics and textiles & clothing. India's bilateral trade balance can improve considerably if India could restrict Import of uncompetitive products from China and switch to more competitive suppliers.

6 Chinese Investments in Manufacturing: Challenges and Opportunities

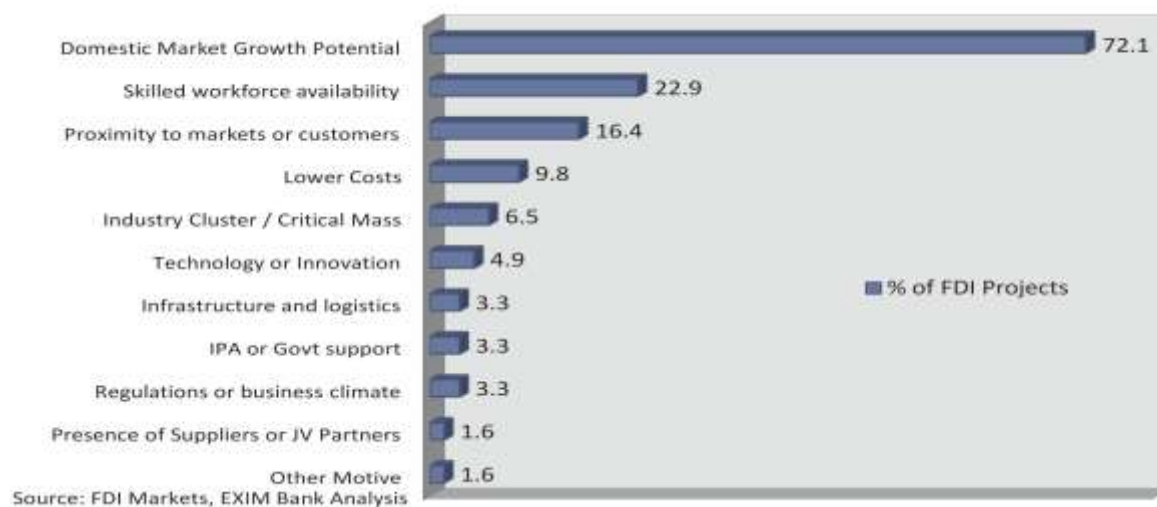
6.1 FDI Strategies – Conceptual Overview

Dunning (1993) provides four different motivations for outward FDI from a country: a) market seeking investment for accessing new markets, b) resource seeking investment for specific resources found in the foreign territories, c) strategic asset seeking investment for expanding the set of firm's proprietary resources, and d) efficiency seeking investment with a view to reduce cost. (EXIM Paper – Neutralizing Trade Deficit with China)

For emerging economies such as China or India, the importance of inbound FDI goes well beyond mere financial capital. Multinational enterprises bring valuable knowhow as well as links to global supply chains and markets. Longer-term, the economic impact of these "non-financial resources" can be much larger than that of financial capital.

In surveys, Chinese firms point to labor costs as the number one barrier to their development. Just as the Hong Kong and Taiwanese investors moved to China in the early 1980s in response to high wages in their respective locations, firms currently located in China are looking for locations with less expensive labor. However, when it comes to investments into India in the electronics goods sector by Chinese firms, Chinese firms have cited market seeking investment as a major reason for investment. This implies that India's import demand would be a key parameter for the identification process. (Electronics Sector EXIM Report)

Exhibit 36: Major FDI Motives Cited by Companies Investing in Indian Communication Equipment Industry (January 2003 - March 2014)



The increasing outward orientation of Chinese investment especially in resource-rich areas like Africa is most of these investments abroad are 'resource seeking' in orientation. This is set to rise further in the coming years as China's mega investment plans in Africa materialise.

Identification of Areas for Investment Where China Faces Temporary Trade Barriers

India can attract investment in those areas where China faces temporary trade barriers from other countries and hence would like to circumvent these trade barriers. These product categories can also be identified on a country-wise basis.

Identification of Areas for Investment Where India has Access to Preferential Duties

Although both China and India have greater access through trade agreements in many regions, India has concluded agreements with some countries/regions where China has not been able to gain preferential

access. It is the latter category of agreements which are crucial from the point of view of attracting market seeking investments from China.

6.2 Challenges

This Section is based on discussions held thus far with some Industry Association representatives and industry leaders, including Chinese.

The Chinese experience and feel that as Chinese nationals and business people/investors, they suffer discriminatory treatment by the MHA compared to other nationals.

- Duration to stay under business visas for Chinese nationals is 3-6 months which is much less than that for German & US nationals. A minimum 1 year stay is needed if the investors have to set up and establish their enterprises. This is all the more needed since the workforce employed is local, and needs to be trained and overseen.
- In case of visa extension, they face harassment and exploitation by FRRO officials (working under supervision state/city police).
- Stalemate and opposing stances between MEA (visa-issuing authority) & MHA (visa-extension authority) results in blacklisting of many people. More synergy is needed on part of both ministries to ensure trade issues don't escalate into diplomatic standoffs. This tightening of visa norms by India is in response of issue of stapled visas by China to Indian nationals of Arunachal Pradesh & Jammu & Kashmir. For example, the MHA stopped ICBC from opening second branch because the first (existing) branch of ICBC in BKC employed more than authorized number of Chinese officials. The Chinese view point is that surplus workers make use of business visa, work for 180 days and leave.
- Earlier it used to take 13 days for registration. With online systems, this time has increased to 4 ½ month in the best case. Online systems have made it more difficult to resolve the issues because applicant has no idea of or access to persons who can be approached to resolve the matter. Many times a person is put on blacklist just because the officer has not been paid "chai-pani". No clear reason is given for rejection, it is only broadly defined as rejected for "technical reasons".

However it is also true that there are many cases where the Chinese do not or are not able to follow the rules for registration and it is not always a case of intentional harassment from the Indian side.

The nature of manufacturing today is that products get obsolete faster, so there is a need to change/upgrade products and therefore also a need to retrain staff.

The Chinese industries are supported by a system that gives them very strong financial muscle to produce in very large quantities, hold over a long time and sell. To bring Chinese investment to India, the cost of capital in India is very high which can raise the price of final goods, and there is a lot of paperwork to be done. These issues need to be sorted out.

Business environment in India continues to be extremely challenging for manufacturing. Chinese did come to India for specific industries meant for Indian market, not because India is attractive enough/ ready enough to be a manufacturing base for export. Even for Indian market, they are contemplating putting up manufacturing in Sri Lanka (after having access to Sri Lanka's largest port built by them) for exporting to India at zero rate under Indo-Sri Lanka free trade agreement.

The Japanese Company Toyota has invested in India and made good profits (Toyota Innova) but they don't want to invest further India in spite of the profits. They have realized that as many as 64 different Government offices can arrest the CEO at short notice for violations or lapses. The closure of the Sterlite plant in Tamil Nadu has also sent negative signals to foreign investors.

Employers need to consider multiple factors when assessing their statutory requirements, such as their industry, location, and number of employees. While the government is often ineffective in enforcing its labor laws, the legal and reputational risks of non-compliance garner attention leading to corruption. Thus, promoting **disincentive to grow big**.

IT companies come under ambit of state-legislated shops & commercial establishments Act leading to unbalanced growth of IT industry across India. To improve ease of doing business for IT companies in Karnataka, the state government has revised provisions in the Shops and Establishments Act, such as employability of women or hours of work, while entirely exempting them from the federal Industrial Employment Act.

For the manufacturing sector, stringent clauses in the federal Industrial Disputes Act, 1947, mandate government permission to retrench, layoff, or even reassign any workers in an establishment with more than 100 workers. The states of Haryana, Maharashtra, Madhya Pradesh, Rajasthan, and Uttarakhand have raised the threshold to 300 workers under this law.

6.3 Trade Policy and regulation issues

The MEA and MHA to align their opposing stance towards the Chinese nationals and investors - a very basic issue needs position needs to be agreed upon: whether both want Chinese investors or not. Depending on the agreement, the implementation issues down the line of Government agencies needs to be enabled accordingly. In case the agreed policy is to invite and enable Chinese investors, some measures suggested are:

1. Increasing business visa term to 1 year will in itself make a huge change for increasing Chinese investment in India. Chinese investors investing in or setting up business in India cannot oversee or manage their business interests if the business visa is only 3 months long.
2. Even rejecting some visas is not necessary because Chinese don't want to come here to settle down, they will hire local staff only. But some need to visit for overseeing, training etc.
3. In China, new firms are not regulated too tightly in the beginning and they are more regulated as they grow in size. But in India, even very small firms are regulated very intensively from the beginning, which he said, makes it difficult for investors.
4. Some labour legislations are not even pertinent or implementable should be examined and revised.
 - Contract Labor (Regulation & Abolition) Act, 1970
 - Factories Act, 1948: Above act deals with health, safety, service condition, welfare of workers employed in factories. An example is the rule for a 40 feet setback in case of establishing a factory which is not even maintained in Government offices. Women are not allowed to work at night in factories, even though there are a hundred other professions that demand women working at night at present.
 - Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979: Above act to regulate the employment of inter-state migrant workmen and to provide for the conditions of service and for matters connected therewith.

Most of these acts are enacted by union governments but can be amended by state governments.

- Minimum Wages: In the absence of the National Floor Level Minimum Wage, as was set previously under the Minimum Wages Act 1948, the minimum wage set in different states will be arbitrary. Because of this, the states where the working class movements are weaker will be able to reduce the minimum wage to even below the minimum threshold. This is a severe problem

in India, as there are a vast majority of workers available in the country who will be ready to work on extremely low rates because of the grasp of consuming poverty, and a lack of power to protest.

5. Business models have changed with models like “uberization”. The whole onus of social security should not be put on the private entrepreneur especially in these times of fast changing models and market preference. In the manufacturing cluster or park, the State also should have a share in workers social security so that workers have security in a world of fast changes.

6.4 Opportunities

6.4.1 Sectors

Textiles and Apparel sector

Tremendous opportunities have opened up for this hugely labour intensive **export-oriented apparel** industry in the recent past. If Government and industry handles it correctly, this could lead to explosive growth and explosive job creation in India. Apparel Sector is suitable employment especially for ladies/ girls, since “tailoring” is traditionally associated with women. It is possible to train agricultural workers for apparel manufacturing factory work in 6 weeks.

India should start preparing itself for such a restructuring in China by getting in to partnership with foreign firms to establish production centres in India for mass production of garments. The Chinese phase out from the garment industry is opportunity that should not be missed. The sector development strategy should focus on enabling:

- doing things at scale to achieve cost efficiency and for international market
- Synthetic fabric products and apparel manufacture
- Investment in apparel manufacturing industry with domestic and export market in mind. The two need not be mutually exclusive.
- Govt. should provide plug & play facility for textile/Apparel Cluster

The State Governments are also welcoming, especially since there is a big scope for creating employment. Jharkhand, Odisha, MP, AP are investment friendly destinations for textile/ apparel industry, having a good policy. The Multi-Fiber Arrangement (MFA) needs to be reviewed and revised.

Electronic Sector

The specific products/categories that have potential have been identified as follows:

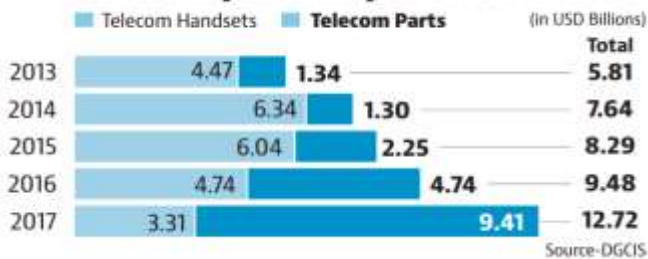
- Mobile phones
- Consumer Electronics (Set top boxes, Refrigerators, Washing Machines)
- Medical Devices (including earphones which Arun ji said has high labour content and we can become a specialist in that)
- Electric bikes, vehicles
- Defense electronics

Phased Manufacturing Programme of Mobile Phones: A study conducted by the Ministry of Commerce and Industry shows India imported \$6.3 billion worth of mobile phones from China in 2014, this number has declined continuously and reached \$ 3.3 billion in 2017. But India’s import of parts of mobile phones as well as telecom equipment from China increased from \$1.3 billion in 2014 to \$9.4 billion in 2017. The total import of mobile phones and telecom parts increased from \$7.6 billion to \$12.7 billion during this period. “Through the assembly of final telecom products in India, the Chinese firms have started assembly in India but as yet import substantially from home country to support (the) assembly line”, the study says.

Dynamics of Indo-China trade

India will have to increase the value added component in electronic manufacturing to reduce its trade deficit with China

CHART 1 Handset imports down, but telecom parts imports have risen



These findings capture the complex challenge of promoting domestic manufacturing to reduce import dependence in skill-intensive products in a country like India. A company setting up manufacturing facility in a country might only lead to the final assembly of a product while bulk of the inputs, which have a big share in the overall cost of the equipment, might still be imported. The increase in mobile phone manufacturing within the country is a result of the Phased Manufacturing Programme, which mandated localization of manufacturing activity.

With the right policies and ecosystem in place, this can follow the same trend when Maruti started making cars in India in 1985, it began with importing from Suzuki, Japan, CKDs (completely knocked down) kits, which merely needed assembly. Within a year moved to SKDs (semi-knocked down) kits which needed some local processing. By 1989, most of Maruti's production had been indigenized as the component manufacturing ancillaries became operational. Today India is a major production base for automobile manufacturing and Maruti makes several times more cars than Suzuki Japan.

Mechanical Sector:

Live case of an existing Chinese manufacturer wanting invest and expand to a manufacturing Cluster:

The manufacturer has 50% localization. It has a group of vendors and customers who plan to invest in India to set up a Home Appliances manufacturing zone/ cluster. The whole investment would be more than Rs. 1000 Crores.

It seeks the following kind assistance:

- 1) Land to set up the industrial zone at free or at the lowest cost from the market price.
- 2) Capital subsidies provided to special project like mega project
- 3) Incentives in terms of tax like GST reimbursement and other tax benefits.
- 4) Exemption in government duty like stamp duty, registration charges and electricity duty.
- 5) Provide the power supply at the discounted rate for the some specific initial period.
- 6) Beneficial industrial policies of Central Government like MSIPS, MEIS beneficial for such industry.
- 7) Beneficial industrial policies of State Government like ESDM and such kind of special policies which can be beneficial for such industry
- 8) Provide export benefits and incentives to such kind of zone.
- 9) Incentive and assistance to set up the R & D center for the Industry
- 10) What Assistance can be got to set up the training center for the Industry to enlarge and produce skilled manpower for the industry?

6.4.2 Cluster Development

For Cluster or Industry promotion, the key is to plan and work in a manner that aligns all stakeholders' interests including the workers. Even for cluster development, creative ideas for worker participation and stake can be tried. Aligning worker and industry development is very important for success and sustainability. For Cluster Development in India, better to go for more small clusters rather than few mega clusters. Worker related issues in mega clusters will be more difficult to negotiate.

Different Manufacturing Cluster Models

ELCINA had made the scheme and started the Bhiwadi Electronic Manufacturing Cluster. It is like a cooperative of manufacturers. It is an interesting model but is running into problems because it was designed and implemented in a hurry. SRI city in Telengana is another model where cluster been developed by a private developer.

In the UP Electronics Manufacturing Cluster (in NOIDA, referred to above for the PMP) it is a different model where State Govt. is a partner. The Phased Manufacturing Program (PMP) of the Dept. of Electronics set up at NOIDA is a good start though some problem are beginning to crop up.

Pune Auto Industry Cluster is also a good example. In the past Uttar Pradesh (now Uttarakhand) had a successful investment by Tata motors because they also set up the system for inviting ancillaries manufacturing industries that could supply components.

To attract Chinese investment to manufacture in India, if possible we should open up for 100% Chinese ownership because only they can bring Capital of a large size and at lower cost which Indian investors may not be able to match. This will help to keep the pricing of the manufactured items competitive.

The address the issue of Chinese investors not feeling welcome in India the idea of country specific parks like a “Chinese Manufacturing Park” could be thought of. Similar clusters focusing on Japanese industry and Korean industry do exist.

Manufacturing Cluster/Park should be near a place with access to shipping port and airline connectivity. The ports are important to receive/import parts that go into manufacturing. Coastal cities and states are at an advantage like – Chennai, Gujarat. Chennai could attract investments from Korea, Japan etc. for manufacturing industries also because it had a good and literate labour force both for blue and white collar work. When Chennai was not possible, it extended to Karnataka and AP. Both are easily reachable from Chennai which has an all-weather port. Karnataka (Mangalore) and AP now have good ports also. The north-east could be a focus for such investment, and these states have a high literacy rate also. Andhra Pradesh under Chandra Babu Naidu could be an investor friendly state. AP has good ports also and no water problems.

A summary of key points for attracting Chinese investment:

- Attract investment for manufacture of parts of machinery (rather than the full machinery) which can then be sold back, with agreement to buy back for a defined number of years.
- If we seek investment for manufacture of end-product, then get investment to set up manufacture of all components also.
- The investment should be for full (100% FDI) rather than having part Indian investment (if political climate makes such a policy possible).
- The Chinese Company can partner with experienced executives / consultant organizations who can handle the non-technical environment and issues which Chinese would find it difficult to understand and dealt with.

7 Way Forward in the Study

What we have found so far based on desk research and discussions with trade and industry leaders and representatives is:

- In most Sectors there are many Studies done and reports available where Sectors and subsectors have been analyzed and identified with policy and strategy recommendations.
 - However none of these has analyzed job creation potential, nor gone a step ahead to analyze and give strategy and recommendations for growth and employment development of specific location /clusters based on talking to industry, labor representatives and policy makers and based on socio-economic, political and geographical condition there.
 - We need to go one step further to consult with more Chinese counterparts
 - Hold consultation between identified Indian subsector/cluster policy and industry people on one side at State and Central level, and Chinese counterparts to arrive at a specific level of matchmaking of investment making and investment seeking intent for a list of products/categories and possible locations (Clusters) in interested States.
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Annexure 1: Long-list of 57 HS4 product categories in 5 (HS2) chapters.

Shortlisted Sectors (5 HS2 Chapters):

1. Machinery and mechanical appliances; parts thereof (HS2 code=84)
2. Electronic machinery and equipment and parts thereof; (HS-2 code=85)
3. Textile & textile articles thereof (HS2 codes =50-63)
4. Plastic & plastic articles thereof (HS2 code=39)
5. Rubber & articles thereof (HS2 code=40)

List of 57 HS4 Product Categories (Tables 1 to 5)

Table 1. Machinery and mechanical appliances; parts thereof (HS2 code=84)

Code	Description	Complexity	Distance
8418	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps; parts thereof (excluding air conditioning machines of heading 8415)	0.542	0.7
8445	Machines for preparing textile fibers; spinning, doubling or twisting machines and other machinery for producing textile yarns (excluding machines of heading 8444); textile reeling or winding, incl. weft-winding, machines, and machines for preparing textile yarns for use on the machines of heading 8446 or 8447	1.02	0.0709
8446	Weaving machines "looms"	1.02	0.0709
8447	Knitting machines, stitch-bonding machines and machines for making gimped yarn, tulle, lace, embroidery, trimmings, braid or net and machines for tufting (excluding hem-stitching machines)	0.637	0.697
8448	Auxiliary machinery for use with machines of heading 8444, 8445, 8446 or 8447, e.g. dobbies, jacquards, automatic stop motions, shuttle changing mechanisms; parts and accessories suitable for use solely or principally with the machines of this heading or of heading 8444, 8445, 8446 or 8447, e.g. spindles and spindle flyers, card clothing, combs, extruding nipples, shuttles, healds and heald-frames, hosiery needles	1.02	0.0709
8450	Household or laundry-type washing machines, incl. machines which both wash and dry; parts thereof	0.337	0.688
8452	Sewing machines (other than book-sewing machines of heading 8440); furniture, bases and covers specially designed for sewing machines; sewing machine needles; parts thereof	0.339	0.689
8455	Metal-rolling mills and rolls therefor; parts of metal-rolling mills	1.02	0.0709
8464	Machine tools for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold-working glass (excluding machines for working in the hand)	1.3	0.692
8471	Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	0.824	0.708
8474	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid, incl. powder or paste, form; machinery for agglomerating, shaping or moulding solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder or paste form; machines for forming foundry moulds of sand; parts thereof	1.02	0.0709
8480	Moulding boxes for metal foundry; moulds bases; moulding patterns; moulds for metal, metal carbides, glass, mineral materials, rubber or plastics (excluding moulds of graphite or other carbons, ceramic or glass moulds and linotype moulds or matrices)	1.16	0.706

8482	Ball or roller bearings (excluding steel balls of heading 7326); parts thereof	1.1	0.71
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Table2 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles (HS-2 code=85)

Code	Description	Complexity	Distance
8504	Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof	0.685	0.71
8506	Primary cells and primary batteries, electrical; parts thereof (excluding spent)	0.468	0.686
8507	Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts thereof (excluding spent and those of unhardened rubber or textiles)	0.553	0.702
8516	Electric instantaneous or storage water heaters and immersion heaters; electric space-heating apparatus and soil-heating apparatus; electro-thermic hairdressing apparatus, e.g. hairdryers, hair curlers and curling tong heaters, and hand dryers; electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors (other than those of heading 8545); parts thereof	0.579	0.698
8517	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, incl. apparatus for communication in a wired or wireless network; parts thereof (excluding than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528)	0.539	0.707
8518	Microphones; loudspeakers, whether or not mounted in their enclosures; headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers; audio-frequency electric amplifiers; electric sound amplifier sets; parts thereof	0.171	0.689
8521	Video recording or reproducing apparatus, whether or not incorporating a video tuner	0.792	0.69
8525	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders	0.704	0.699
8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	0.0862	0.686
8529	Parts suitable for use solely or principally with transmission and reception apparatus for radio-telephony, radio-telegraphy, radio-broadcasting, television, television cameras, still image video cameras and other video camera recorders, radar apparatus, radio navigational aid apparatus or radio remote control apparatus, n.e.s.	0.522	0.699
8531	Electric sound or visual signaling apparatus, e.g. bells, sirens, indicator panels, burglar or fire alarms; parts thereof	0.75	0.697
8532	Electrical capacitors, fixed, variable or adjustable "pre-set"; parts thereof	0.635	0.685
8534	Printed circuits	0.468	0.69
8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, incl. photovoltaic cells	0.645	0.698

	whether or not assembled in modules or made up into panels (excluding photovoltaic generators); light emitting diodes; mounted piezoelectric crystals; parts thereof		
8542	Electronic integrated circuits; parts thereof	0.955	0.694
8544	Insulated "incl. enameled or anodized" wire, cable "incl. coaxial cable" and other insulated electric conductors, whether or not fitted with connectors; optical fiber cables, made up of individually sheathed fibers, whether or not assembled with electric conductors or fitted with connectors	-0.711	0.671

Table3 Plastic & Plastic articles thereof (HS2 code=39)

Code	Description	Complexity	Distance
3904	Polymers of vinyl chloride or of other halogenated olefins, in primary forms	0.576	0.695
3906	Acrylic polymers, in primary forms	1.63	0.732
3907	Polyacetals, other polyether and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms	0.667	0.706
3909	Amino-resins, phenolic resins and polyurethanes, in primary forms	1.08	0.712
3912	Cellulose and its chemical derivatives, n.e.s., in primary forms	1.21	0.724
3919	Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls (excluding floor, wall and ceiling coverings of heading 3918)	1.47	0.713
3920	Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles (excluding self-adhesive products, and floor, wall and ceiling coverings of heading 3918)	0.258	0.698
3921	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly combined with other materials, or of cellular plastic, unworked or merely surface-worked or merely cut into squares or rectangles (excluding self-adhesive products, floor, wall and ceiling coverings of heading 3918)	0.537	0.713
3923	Articles for the conveyance or packaging of goods, of plastics; stoppers, lids, caps and other closures, of plastics	-0.336	0.692
3925	Builders' ware of plastics, n.e.s.	0.246	0.715
3926	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	0.817	0.718

Table4 Rubber & Rubber articles thereof (HS2 code=40)

Code	Description	Complexity	Distance
4011	New pneumatic tyres, of rubber	-0.0433	0.669
4016	Articles of vulcanized rubber (excluding hard rubber), n.e.s.	0.68	0.717

Table5 Textile & textile articles thereof (HS2 codes = 50-63)

Code	Description	Complexity	Distance
5002	Raw silk "non-thrown"	-0.73	0.658
5208	Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 200 \text{ g/m}^2$	-1.21	0.576
5306	Flax yarn	-0.0326	0.691

5402	Synthetic filament yarn, incl. synthetic monofilaments of < 67 decitex (excluding sewing thread and yarn put up for retail sale)	0.0481	0.66
5403	Artificial filament yarn, incl. artificial monofilament of < 67 decitex (excluding sewing thread and yarn put up for retail sale)	0.0481	0.66
5407	Woven fabrics of synthetic filament yarn, incl. monofilament of ≥ 67 decitex and with a cross sectional dimension of ≤ 1 mm	0.0481	0.66
5503	Synthetic staple fibers, not carded, combed or otherwise processed for spinning	-0.254	0.62
5509	Yarn of synthetic staple fibers (excluding sewing thread and yarn put up for retail sale)	-0.254	0.62
5603	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s.	0.937	0.704
5902	Tyre cord fabric of high-tenacity yarn of nylon or other polyamides, polyesters or viscose rayon, whether or not dipped or impregnated with rubber or plastic	0.578	0.687
5903	Textile fabrics impregnated, coated, covered or laminated with plastics (excluding tyre cord fabric of high-tenacity yarn of nylon or other polyamides, polyesters or viscose rayon; wall coverings impregnated or covered with textile materials; floor coverings consisting of a textile backing and a top layer or covering of plastics)	0.581	0.704
6005	Warp knit fabrics "incl. those made on galloon knitting machines", of a width of > 30 cm (excluding those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or crocheted fabrics, impregnated, coated, covered or laminated)	-0.839	0.623
6006	Fabrics, knitted or crocheted, of a width of > 30 cm (excluding warp knit fabrics "incl. those made on galloon knitting machines", those containing by weight $\geq 5\%$ of elastomeric yarn or rubber thread, and pile fabrics, incl. "long pile", looped pile fabrics, labels, badges and similar articles, and knitted or crocheted fabrics, impregnated, coated, covered or laminated)	-0.839	0.623
6301	Blankets and travelling rugs of all types of textile materials (excluding table covers, bedspreads and articles of bedding and similar furnishing of heading 9404)	-0.939	0.611

Annexure 2: List of products identified for indigenization by attracting foreign (Chinese) investment

1. Machinery Sector:

The EXIM Bank, Occasional Paper no. 62, March 2017 on “Exploring Options for Neutralizing Trade Deficit” identified 58 products, of which the ones with a specific recommendation to go for JV or seek FDI from China are listed here:

Construction Machinery (4 products) in the category of overhead travelling cranes (HS: 842619)

1. Transporter cranes,
2. Gantry cranes,
3. Bridge cranes
4. Mobile lifting frames

Electrical equipment and parts (11 products)

5. Switches for a voltage ≤ 1.000 V (excluding relays and automatic circuit breakers) (HS: 853650)

Hand tools category (2 products)

6. Interchangeable tools for pressing, stamping or punching (HS: 820730),
7. Plates, sticks, tips and the like for tools, uncounted, of sintered metal carbides or cermets (HS: 820900).
(More than 90 percent of domestic production of hand tools is from the small scale sector.)

Process plant machinery (26 products)

8. Parts of ball or roller bearings (excluding balls, needles and rollers), n.e.s. (HS: 848299).
(This the only product category where India is among the major suppliers for the top importing countries. India accounts for 10 percent share in the USA).

Textile machinery sector (2 products)

9. Textile spinning machines (excluding extruding and drawing or roving machines) (HS: 844520)
10. Parts and accessories of machines for extruding, drawing, texturing or cutting man-made textile (HS: 844820).

2. Electronics Sector:

The EXIM Bank Paper on “Electronic Goods Industry: Neutralizing Trade Deficit with China” identified 61 products in which investment from China could be attracted.

HS Code	Category	Product Description
854140	Component	Photosensitive semiconductor device, photovoltaic cells and light emitting diodes
850440	Component	Static converters, nest
850490	Component	Parts of electrical transformers, static converters and inductors
854011	Component	Cathode-ray television picture tubes, including video monitor tubes, colour
853649	Component	Electrical relays for a voltage exceed- in 60 V but not exceeding 1,000 volts
850511	Component	Permanent magnets and art intended to become permanent magnets of metal
854130	Component	Transistors, diodes and triodes, other than photosensitive devices
853641	Component	Electrical relays for a voltage not exceeding 60 volts

961210	Component	Typewriter or similar ribbons, prepared for giving impressions
850519	Component	Permanent magnets and articles intended to become permanent magnets
854091	Component	Parts of cathode-ray tubes
853210	Component	Fixed capacitors designed for use in 50/60 Hz circuits (power capacitors)
854370	Final goods (Analytical Instruments)	Electrical machines and apparatus, having individual functions, nest
903210	Final goods (Analytical Instruments)	Thermostats
902519	Final goods (Analytical Instruments)	Thermometers, not combined with other instruments, nest
852580	Final goods (Cameras and project- tors)	Television cameras, digital cameras and video camera recorders
847130	Final goods (Computer and storage devices)	Portable digital computers <10kg
847150	Final goods (Computer and storage devices)	Digital processing units not sold as complete systems
847160	Final goods (Computer and storage devices)	Computer input/outputs, with/without storage
847180	Final goods (Computer and storage devices)	Units of automatic data processing equipment and nes
847149	Final goods (Computer and storage devices)	Digital data processing systems, nes
847141	Final goods (Computer and storage devices)	Non-portable digital data processing machines with processor and i/o
847190	Final goods (Computer and storage devices)	Automatic data processing equipment nes
901819	Final goods (Medical)	Electro-diagnostic apparatus, nes
902214	Final goods (Medical)	X-rays apparatus, medical/surgical/veterinary use, nes
902140	Final goods (Medical)	Hearing aids, excluding parts and accessories
847010	Final goods (Office equipment)	Electronic calculators capable of operation without an external source of power
847050	Final goods (Office equipment)	Cash registers
853120	Final goods (Others)	Indicator panels incorporating liquid crystal device/light emitting diode
853180	Final goods (Others)	Electric sound or visual signaling apparatus, nes
853110	Final goods (Others)	Burglar or fire alarms and similar apparatus
851712	Final goods (Phones, Fax Machines, and Routers)	Telephones for cellular networks mobile telephones or for other wireless
851762	Final goods (Phones, Fax Machines, and Routers)	Machines for the reception, conversion and transmission or regeneration
851769	Final goods (Phones, Fax Machines, and Routers)	Apparatus for the transmission or reception of voice, images or other data
851761	Final goods (Phones, Fax Machines, and Routers)	Base stations of apparatus for the transmission or reception of voice
852691	Final goods (Radar & Radio Navigation Equipment)	Radio navigational aid apparatus
852352	Final goods (Sound and Video Recording Devices)	Cards incorporating one or more electronic integrated circuits smart cards

852351	Final goods (Sound and Video Recording Devices)	Solid-state, non-volatile data storage devices for recording data from an external source
852190	Final goods (Sound and Video Recording Devices)	Video recording or reproducing apparatuses
852329	Final goods (Sound and Video Recording Devices)	Magnetic media for the recording of sound or of other phenomena excluding cards incorporating a magnetic stripe and goods of chapter 37
851830	Final goods (Sound projection)	Headphones, earphones and combined microphone/speaker sets
851829	Final goods (Sound projection)	Loudspeakers, nes
851822	Final goods (Sound projection)	Multiple loudspeakers, mounted in the same enclosure
851840	Final goods (Sound projection)	Audio-frequency electric amplifiers
851810	Final goods (Sound projection)	Microphones and stands therefor
852872	Final goods (Television and Monitors)	Reception apparatus for television, colour, whether or not incorporated
852851	Final goods (Television and Monitors)	Monitors of a kind solely or principally used in an automatic data-processing system
852859	Final goods (Television and Monitors)	Monitors, not incorporating television reception apparatus excluding with
851770	Subassembly products	Parts of telephone sets, telephones for cellular networks or for other data
847330	Subassembly products	Parts and accessories of automatic data processing machines and units thereof
852990	Subassembly products	Parts suitable for use solely/principally with the application of headings 85.25 to 85.28
903300	Subassembly products	Parts and accessories for machines, appliances, instruments or apparatus of Chapter 90
853710	Subassembly products	Boards, panels, including numerical control panels, for a voltage ≤ 1000 V
850110	Subassembly products	Electric motors of an output not exceeding 37.5 W
852910	Subassembly products	Aerials and aerial reflectors of all kinds; parts suitable for use therewith
853190	Subassembly products	Parts of electric sound or visual signaling apparatus
847340	Subassembly products	Parts and accessories of other office machines, nes
852290	Subassembly products	Parts and accessories of apparatus of heading Nos 85.19 to 85.21, nes
901590	Subassembly products	Parts and accessories for use with the apparatus of heading No 90.15
851890	Subassembly products	Parts of microphones, loudspeakers, headphones, earphones and electric sound amplifier
847350	Subassembly products	Parts and accessories for more than one office machine

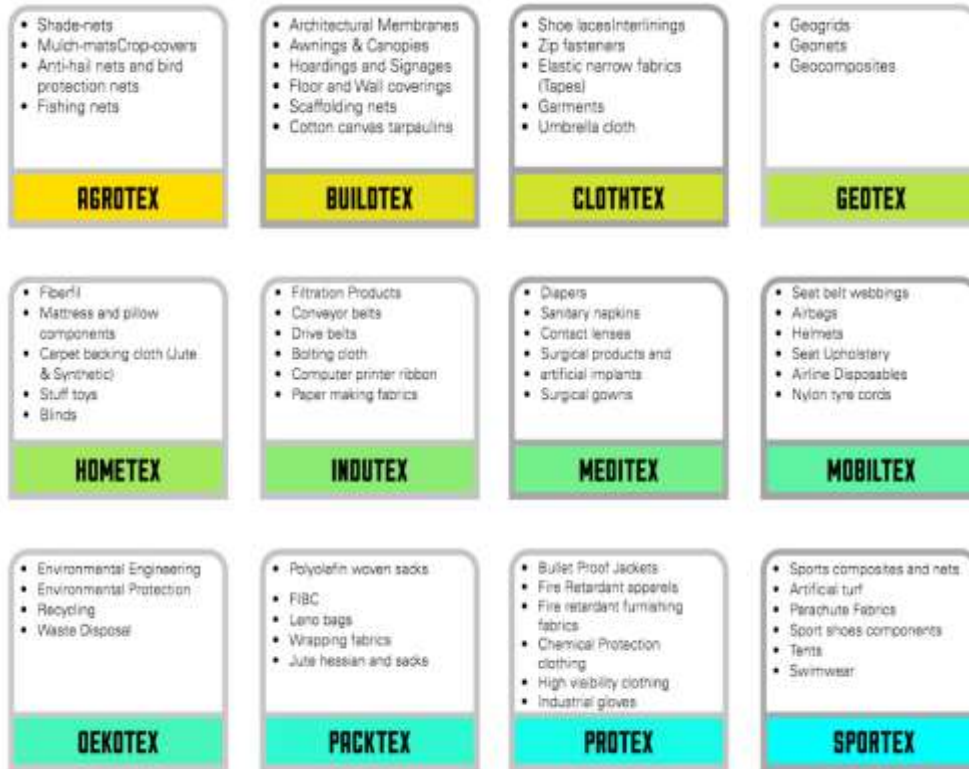
3. Textiles and Garments Sector:

The Report of Ministry of Textiles Study on "Garment Sector to understand requirement for Capacity building" 2018, the Strategic Plan for 2011-16 of Ministry of Textiles (Feb 2011) and the plan for Textile Sector in www.makeinindia.com (2016) identified the following products:

- Synthetic fabrics value chain and fabric processing to encourage FDI/JV (HS4 5407, 5512, 5516)

- Trims and embellishments to be set up around key garment manufacturing clusters
- Sewing and embroidery threads
- Buttons
- Labels & Badges
- Zippers

- **Technical Textiles and Garments**



Among all categories, Packtech forms the largest segment and holds 42% of the market share. This is followed by Indutech, Mobilitex and Hometech. With regard to growth, Geotech is predicted to grow the fastest at a CAGR of 30%. Some of the examples of high-growth potential technical textiles include shade nets, crop covers, baby diapers, sanitary napkins and surgical disposables, among others.

- **List of eligible products for Merchandise Exports from India Scheme (MEIS):**

HS Code 50-60: eligible lines

HS Code 61-63: eligible lines

All handloom & handicraft items

All jute, ramie and coir based items

- **The list of fabrics exempted from/ reduced Basic Customs Duty (BCD):**

Cotton and Elastane blended printed fabrics

Cotton and metallic yarn dyed blended fabrics

Cotton and Spandex and metallic blended fabrics

Cotton and Elastane printed fabric • Cotton and silk lining fabric

100% linen Chambray woven/ dyed fabric

100% ramie dyed/ blended printed yarn dyed fabric

Nylon and spandex lining fabrics

100% polyester velvet dyed fabric

Cotton/ Nylon/ Embroidery crochet lace lining fabric

- **Apparel Made-Ups and Home Furnishing, Textile & Handloom: Sector Skills Council (SSC) set up.**

Annexure 3: Industry, Trade Associations and Policy Agencies		
Sector	Name of Association / Agency	Address
Machinery Sector	Indian Machine Tool Manufacturers Association (IMTMA)	Plot No. 249,, Phase IV, Sector 18, Gurugram, Haryana
	INDIAN CUTTING TOOL MANUFACTURERS' ASSOCIATION	No.41, IMPERIAL COURT, 33/37 CUNNIGHAM ROAD, Bengaluru 560052, phone 91-80-4111376, email: Secretary@ictma.co.in, President@ictma.co.in
	AUTOMOTIVE COMPONENT MANUFACTURERS ASSOCIATION OF INDIA	6th Floor The Capital Court, Olof Palme Marg, Munirka, New Delhi 110 067
	Indian Pharma Machinery Manufacturers Association (IPMMA)	20, Suyog Industrial Estate, L.B.S. Marg, Vikhroli (West), Mumbai, Maharashtra 400083
	All India Air Conditioning and Refrigeration Association (AIACRA)	Suite No. 208, PHD House, 2nd Floor, 4/2, Siri Institutional Area, August Kranti Marg, Opp. Asian Games Village, Hauz Khas, New Delhi, Delhi 110016
	Association of Diagnostic Manufacturers of India (ADMI)	424, New GIDC, Kablipore, Navsari, Gujarat 396424
	Indian Transformer Manufacturers Association (ITMA)	2F CS-11, Ansal Plaza, Sector-3, Near Vaishali Metro Station, Vaishali, Lalkuan, Uttar Pradesh 201010
Electronics Sector	ELECTRONIC COMPONENT INDUSTRIES ASSOCIATION (ELCINA)	ELCINA House, 422 Okhla Industrial Estate New Delhi, INDIA-110020
	Electronics & Computer Software EPC	PHD House, 3rd Floor, Ramakrishna Dalmia Wing, Opp. Asiad Village New Delhi
	Manufacturers Association of Information Technology (MAIT)	PHD House, 4Th Floor, August Kranti Marg, New Delhi, Delhi 110016
	INDIAN ELECTRICAL & ELECTRONICS MANUFACTURERS' ASSOCIATION (IEEMA)	Rishyamook Building, First Floor, 85 A, Panchkuan Road, New Delhi 110001, INDIA.
Textiles Sector	Association of Man-Made Fiber Industry of India (AMFI)	5th floor, Resham Bhavan, 78 Veer Nariman road, mumbai- 400020
	Clothing Manufacturers 'Association of India (CMAI)	2/44, Old Rajinder Nagar, New Delhi - 110060
	Confederation of Indian Textiles Industry (CITI)	6th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi, Delhi 110001
	Indian Jute Industries Research Association (IJIRA)	17, Taratala Rd, CPT Colony, Taratala, Kolkata, West Bengal 700088

	National Handloom Development Corporation Limited (NHDC)	Wegmans Business Park, 4th Floor, Tower - 1, Plot No. 03, Sector Knowledge Park - III, Surajpur - Kasna, Main Rd, Ecotech-II, Knowledge Park III, Greater Noida, Uttar Pradesh 201306
	Silk Mark Organization of India	342-347, 2nd floor, A wing, August Kranti Bhawan, Bhikaji Cama place , Delhi -110016
	Apparel Export Promotion Council	7, Naraina Industrial Area Phase 1, Naraina, New Delhi, Delhi 110028
	INDIAN TECHNICAL TEXTILES ASSOCIATION	A-Block, B.T.R.A.,L.B.S. Marg, Ghatkopar (W), Mumbai, Maharashtra 400086
	BTRA - The Bombay Textile Research Association,	R City Mall, LBS Rd, Amrut Nagar, Ghatkopar West, Mumbai, Maharashtra 400086
	SASMIRA - Synthetic and Art Silk Mills Research Association	Sasmira Marg, Worli, Mumbai, Maharashtra 400030
	SITRA - South India Textile Research Association	Phone: 91 422 2574367, 6544188, 4215333, E-mail: sitraindia@dataone.in, www.sitra.org.in
	NITRA - Northern India Textile Research Association	Block M, NITRA, Sector 23, Sanjay Nagar, Ghaziabad, Uttar Pradesh 201002
	Textile Assn of India (TAI)	Address: 72-A, Santosh, Dr M B Raut Road, Shivaji Park, Dadar, Mumbai - 28,
	Northern India Textile Mills' Association (NITMA)	Address: 121, Gagandeep Building (First Floor), 12, Rajendra Palace, New Delhi 8, www.nitma.org
Plastics Sector	All India Reinforced Plastic Moulders Association (AIRPMA)	: 51, DECCAN COURT, 259, S.V.ROAD, BANDRA (W), Mumbai, Maharashtra 400050
	All India Federation of Plastic Industries (AIFPI)	1st Floor, Flat No 17, 40, Dlf Industrial Area, Kirti Nagar, New Delhi, Delhi 110015
	All India Plastic Industries Association (AIPIA)	203, Hansa Tower, 25, Central Market, IInd Floor Ashok Vihar, Delhi-110052
	Organisation of Plastics Processors of India (OPP)	404/ 405, Golden Chamber, New Link Road, Andheri West, Mumbai - 400053
	The All India Plastics Manufacturers' Association (AIPMA)	Plot No. 232, Sector-18, Phase - 4, Udyog Vihar, Gurugram, Haryana - 122 016.
Rubber Sector	Indian Rubber Manufacturers Research Association (IRMRA)	254/1 B, Rd Number 16U, Neheru Nagar, Wagle Industrial Estate, Thane West, Thane, Maharashtra 400604
	All India Rubber Industries Association(AIRIA)	Pramukh Plaza, 601, B' Wing, Cardinal Gracious Rd, Chakala, Andheri East, Mumbai, Maharashtra 400099

	FEDERATION OF INDIAN EXPORT ORGANISATIONS (FIEO)	Niryat Bhawan", Rao Tula Ram Marg, Opp. Army Hospital Research & Referral
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Other Associations are as follows:

CII
FICCI
All India Manufacturers' Organization
PHD Chamber of Commerce
EXIM Bank
Tamil Nadu Industrial Guidance & Export Promotion Bureau
FISME
CISME
NSIC
SIDBI
DIPP Department of Industrial Policy and Promotion
Invest India, Make in India, Niti Aayog
Karnataka Industrial Areas Development Board (KIADB)

Appendix 4: Marquee Investment Company Profiles



7.1 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 2,000 MILLION

COMPANY PROFILE: *Chint Group Co., Ltd. produces and sells industrial electrical equipment to Utilities, industrial end users and customers. It also offers power transmission and distribution equipment. The company offers its products in approximately 100 countries and regions, Including Europe, Asia, the Middle-East and Africa. Founded in 1984 and headquartered in Shanghai, China, Chint has total assets of over USD 5 billion and 29,000 employees.*

INVESTMENT PLANS IN INDIA: *Chint Group announced plans to invest USD 2 billion in solar power and equipment manufacturing in October 2015.*



7.2 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 10 BILLION

COMPANY PROFILE: *Dalian Wanda Group is a Chinese conglomerate and among the biggest private property developers in China. Founded in 1988, the group has four primary business segments – commercial property, luxury hotels, culture and tourism and department stores. The group's commercial properties subsidiary develops Wanda Plazas, a chain of mixed-use developments that feature shopping malls, hotels, movie theatres arcades and apartments.*

INVESTMENT PLANS IN INDIA: *After conducting a detailed opportunity assessment exercise across Several states in India, the group has shortlisted a site in Haryana for its first project. Dalian Wanda Group will set up a \$10 billion industrial park on 3,000 acres near Kharkhoda in Haryana.*



7.3 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 50 MILLION

COMPANY PROFILE: *Gionee Communication Equipment Co. Ltd., founded in 2002, is one of the largest mobile manufacturers in China and amongst the world's top 10 mobile manufacturers. It is a high tech enterprise that focuses on the R&D, production and sales of cellular mobile devices. Gionee products are currently available in over 40 countries, with exports reaching 1 million phones per month for overseas markets.*

INVESTMENT PLANS IN INDIA: *Gionee is initially going in for contract manufacturing in India*

And plans to establish an independent manufacturing plant over the next 18-24 months. The company plans to invest around USD 50 million in India over a period of three years. The Manufacturing plant in India may serve as a hub supplying the company's Android handsets to multiple markets in the region. The company is also setting up R&D centre in India.



7.4 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 170 MILLION

COMPANY PROFILE: *Huawei Technologies Co Pvt Ltd. is a prominent Chinese information technology solution provider. A multinational networking and telecommunication equipment and services company, Huawei has presence in about 170 countries and regions. One of the primary focus of the company is R&D - invests over 10% of its annual sales revenue in R&D and about 45% of its 1,70,000 employees are engaged in R&D.*

INVESTMENT PLANS IN INDIA: *The company has invested USD 170 million in an R&D centre in India. The facility is located in Bengaluru and is Huawei's largest R&D centre outside China. The facility can accommodate 5000 software engineers. The company has also obtained an approval for setting up an electronics/telecom hardware manufacturing facility in Sriperumbudur, Tamil Nadu.*



7.5 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 200 MILLION

COMPANY PROFILE: *JA Solar Holdings Co., Ltd is the world's leading manufacturer of high-performance solar power products for residential, commercial and utility-scale power generation. The company was founded in 2005 and is based in Shanghai. In a short span, it has been able to establish itself as a pioneer in high power solar power products.*

INVESTMENT PLANS IN INDIA: *JA Solar has announced plans to enter the Indian market. The company has signed an agreement with India's Essel Group to set up a manufacturing facility for solar cells and modules. The facility will have an annual production capacity of 500 MW solar cells and modules every year. The joint venture will invest an estimated USD 200 million in the manufacturing plant.*



7.6 COUNTRY: CHINA

INVESTMENT AMOUNT: N.A.

COMPANY PROFILE: *Lenovo is a USD 34 billion personal technology company and the world's largest PC vendor. It has more than 33,000 employees in more than 60 countries serving customers in more than 160 countries. A global Fortune 500 company, Lenovo has headquarters in Beijing, China and Morrisville, North Carolina, U.S.*

INVESTMENT PLANS IN INDIA: *Lenovo is partnering with contract manufacturer Flex, previously known as Flextronics on a new smartphone assembly line in Chennai. Lenovo aims to have an annual production capacity of 6 million smartphones and intends to employ 1,500 people under this expansion.*



7.7 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 100 MILLION

COMPANY PROFILE: *Mobvista, headquartered in China, specializes in global mobile advertising and overseas game publishing. Leveraging on accelerating technology innovation and excellent customized service, Mobvista has reached more than 230 countries with 10 billion daily impressions. Mobvista, which started operation in 2013, has grown its business by 30 times in a short span of two years. In India, Mobvista counts firms like Flipkart, PayTM, OLX, Jabong, Freecharge, Yatra and Newshunt among its clients.*

INVESTMENT PLANS IN INDIA: *Mobvista plans to invest USD 100 million over the next three years to expand its India operations. As part of its expansion plans, Mobvista is establishing a local office by the end of 2016. In addition to this, the company aims to actively focus on various other investment opportunities in the Indian market.*



7.8 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 150 MILLION

COMPANY PROFILE: *OPPO Electronics Corp. is a global electronics and technology service provider that delivers mobile electronic devices in over 20 countries throughout Europe, Southeast Asia, South Asia, Middle-East and Africa. Its major product lines include smartphones, MP3 players, portable media players, LCD TVs, eBooks and DVD/Blu-ray disc players.*

INVESTMENT PLANS IN INDIA: *Oppo, which entered India in 2014, has a manufacturing plant at Noida and the company is planning to invest USD 150 million to set up a manufacturing unit in Andhra Pradesh, which is likely to create 25,000 jobs in the state.*

The Phicomm logo is displayed in orange capital letters within a white square, which is itself enclosed in a black border. To the right of the logo, there are two thick horizontal black lines.

7.9 COUNTRY: CHINA

INVESTMENT AMOUNT: USD 1000 MILLION

COMPANY PROFILE: *Founded in 2009, Phicomm is an R&D orientated high-tech enterprise*

headquartered in Shanghai. Phicomm offers its users and clients a wide range of software and hardware such as mobile terminal, data communication products and cloud computing as well as overall solutions.

INVESTMENT PLANS IN INDIA: *Phicomm plans to invest around \$1 billion in India by the end of 2017-end in setting up five business units including mobile phones, SOHO, cloud services and intelligent cities in a phased manner.*



7.10 COUNTRY: CHINA

INVESTMENT AMOUNT: N.A.

COMPANY PROFILE: *Xiaomi is a privately owned Chinese electronics company headquartered in Beijing, China. It is also the world's fourth largest smartphone maker and designs, develops, and sells smartphones, mobile apps, and related consumer electronics.*

INVESTMENT PLANS IN INDIA: *Xiaomi launched local manufacturing in Visakhapatnam in August 2015 under the Make in India initiative. The plant exclusively assembles Xiaomi phones and is Xiaomi's second manufacturing unit outside China. The company is planning to setup its own e-commerce portal, which will directly sell Xiaomi products in the Indian market. Xiaomi is in talks with some state governments to set up handset plants in collaboration with contract manufacturer Foxconn. Xiaomi has led investment of \$25 million funding round into Hungama Digital Media Entertainment, an aggregator and publisher of entertainment content on the Internet.*

Annexure 5: Member list of India China Chamber of Commerce and Industry (ICCCI), Gurgaon

Shri Kashi S Deora-President

Email Id: kashi@regentplast.com / mktg@regentplast.com

Mr Kamal Dujodwala-Vice President

Email Id: power@bom3.vsnl.net.in

Mr Suresh Deora-Hon.Gen Secretary

Email Id: deora@sapharmachem.com

Mr Ravi Dalmia-Hon.Treasurer

Email Id: dalmia@bom2.vsnl.net.in

Sundip N Shah-Member

Email Id: shahsilk@gmail.com

Kavita Saha - Advisor

Contact No: 91-7666981928

Members (2013)

State Grid Corporation (India) Office

Huawei Telecommunications (India)

ZTE India

Steel India Limited

China Shipping India Limited

Dongfang Electric Engineering India Headquarters

Shandong Electric Power Construction Company

China International Airlines Delhi Sales Department

Industrial and Commercial Bank of China Mumbai Branch

China Minmetals India Office

BYD Electronics India Ltd.

China Eastern Airlines India representative office

National Development Bank India Office

Harbin Electric Group India Office

Haier Electronics India

Liugong India Heavy Industry India Company

Indian steel company

China Telecom India representative

China Southern Airlines Company Limited, India

China Water Power Group Company India Office

China Petroleum Technology Co., Ltd.

Shanghai Urban Construction International Engineering Co., Ltd.

Shenzhen Mindray Bio-Medical Electronics Co., Ltd.

Harbin Boiler Factory

SAIC-GM joint venture in India

Shougang India Ltd

Gezhouba Group

China Railway 14th Construction Bureau Co Ltd

Jiangsu Overseas Group

Panzhuhua Guanghua Group

TCL

Media Xinhua Group

Baogang Group
Wuhan Posts and Telecommunications Research Institute
Shandong Electric Power Construction Corporation
Shandong Yantai Sheng ho Company
South Asia Investment consulting firm
Tiens Group
Yuncheng Engraving
Yantai Moon
Hubei Electric Power Construction
Shanghai Liangxin Electric Company
Forleda Surveying and Mapping
Aokang Group
Hong Kong pure Global Co., Ltd.
The Hopewell international freight forwarders
Shenzhen Launch Tech
Tianjin Electric Power Construction Company
Tongmao International India Limited
Maipu Communication
Polar Transmission
Shenyang Yuanda Aluminium Industry Engineering
Shanghai Hitachi Electrical Appliances
China South Locomotive Group (Hunan)
Changzhou Wujin Feng Communication Equipment Co., Ltd.
Angang India Ltd
Central Southern China Electric Power Design Institute
Long Jian Road and Bridge Co
Shanghai Electric San luan Group Yantai
Shenzhen Precision Instrument Co., Ltd.
Zhejiang Sunshine Group
Northwest Electric Power Construction
China National Biotec Group Company
Sichuan Machine
Jianghe Curtains
Guangdong Kin Long Hardware Products Co., Ltd.
Du an Environments
Yapp Automotive Parts (Chennai)
The Zhe Jiang Jinfei Machinery Group Company
Harbin Coslight Battery CO., LTD.
Zoomlion India Company
Dongxin and Smart Card Corporation (Delhi)
The Zhe Jiang Jiangjie Adhesives Limited
Shenzhen high-tech stock company (Chennai)
Jiangsu Transportation Engineering Corporation Project (India) Private Limited
BAK Battery, Inc.
CHANGLIN India Machinery Engineering Co., Ltd.
Shandong Power Construction Company
Uni-top Group
Heidelberg Science and Technology Co., Ltd.
The CSTC Card Technology Pte Ltd
Wolong Electric Group
TBEA Group
Shanghai Baijin Group
China Power Equipment Group
Feida Group
Pinggao Group
The Shandong Source and Power Plant Engineering Technology Co., Ltd.
Henan Xianghe Aluminium Co Ltd
Dongfang Electronics

Longtel technology
Hong Kong Aviation Co
Shandong FIN CNC Machine Co Ltd
Jinan Liaoyuan Machine Co Ltd
Xinhua News Agency
Wen Wei News
State Nuclear Electric Power Design Institute
India Home
Sino pharma International
Sanya Holiday Travels India Pvt Ltd
Nanjing Iron & Steel Co., Ltd., India Office
Adfactors Public Relations Private Limited
D.H. Law and Associates
Tianjin Golden Huge line Group-Hugeline Co.Ltd
Shandong Bihai Machinery Packaging Co. Ltd
HSBC Bank - China Desk of India
Fulham International Company
Resource International Private Limited
Foshan Shundefeng Trading Company
Beijing Kundalini Yoga Culture Co Ltd
Yunnan Construction Engineering Group Co. Ltd

Designation	Name	Email
Secretary General	Amit Li Jian	lj@chindiachamber.org
Director General	Tribhuvan Darbari	tsd@chindiachamber.org
Manager-Operations	Barakha Liu	huanran@draphant.com
Analyst	Smita Wang	N/A
Analyst	Surya Liu	N/A

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