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# Dependency to Self-Reliance: India's Path Away from Chinese Imports

By

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## Introduction

India and China, two of Asia's largest and most influential economies, have long shared a complex and evolving trade relationship that significantly impacts the broader Indo-Pacific region. Over the past few decades, as China emerged as the world's manufacturing hub and India developed into one of the fastest-growing consumer markets, bilateral trade between the two nations expanded exponentially. Today, China stands as one of India's largest trading partners, particularly on the import side, supplying a wide range of goods from electronics and machinery to toys, chemicals, textiles, and even essential health and hygiene products.

Despite India's robust demographic advantages, including a massive workforce and rich reserves of raw materials, the trade balance remains heavily skewed in China's favour. In 2000-01 India's export to China was US$830.03 million, and India's import from China stood at US$1.49 billion.[1] This reflected a trade deficit of US$664.89 million. In 2023-24, India's import from China had surged to US$101.74 billion, and India's export to China stood at US$16.66 billion, highlighting the dramatic expansion of bilateral trade. The trade deficit in the year 2023-24 stood at US$85.08 billion.

India's dependence on low-cost Chinese imports has not only undermined local manufacturing but has also widened the trade deficit and exposed the Indian economy to strategic vulnerabilities. This research paper critically examines the nature, extent, and impact of Chinese imports in India, highlights key product categories that can be domestically manufactured, and proposes actionable recommendations for reducing this dependency in line with the goals of *Atmanirbhar Bharat* and the *Make in India* initiative.

## Structure of Bilateral Trade

In the year 2000–01, India primarily imported electronic goods, coal, coke, lubricants, organic chemicals, electric and non-electric machinery, and medical and pharmaceutical products from China. Conversely, its major exports to China included iron ore, iron and steel, plastic and linoleum products, processed minerals, and chemicals. By 2023, India's imports from China

[1] https://www.researchgate.net/publication/45134084_Gains_and_Losses_of_India-China_Trade_Cooperation_-_A_Gravity_Model_Impact_Analysis

shifted to encompass electrical and electronic equipment, machinery, automatic data processing machines, magnetic or optical readers, air or vacuum pumps, air or other gas compressors, organic chemicals, plastics, iron and steel, fertilisers, and vehicles (excluding railway).

In addition to these categories, India has also witnessed a significant influx of Chinese imports in sectors such as telecommunications equipment (including smartphones and networking hardware), solar panels, industrial raw materials like aluminium products and base metals, and components critical to India's pharmaceutical industry, such as active pharmaceutical ingredients (APIs). Consumer goods like LED lights, toys, furniture, footwear, and kitchen appliances have also flooded Indian markets due to their affordability and mass production. This wide range of products highlight India's heavy reliance on China not just for high-tech and capital goods, but also for everyday consumer essentials and intermediate inputs vital to Indian manufacturing. This structural dependency poses long-term challenges for India's industrial self-reliance, particularly in the context of supply chain resilience and national security concerns.

**China in World Trade Organization**

Since joining the World Trade Organization (WTO) in 2001, China has emerged as one of its most influential members, leveraging its position as the world's largest goods trader to shape global trade norms. By actively participating in WTO negotiations, submitting reform proposals, and taking part in over 60 dispute settlement cases, China has established itself as a key player in both rule-making and enforcement processes. At the same time, it maintains its developing country status to benefit from special trade provisions, while strategically bypassing or delaying compliance with rulings that challenge its state-led economic model. China's influence is further reinforced through leadership appointments, financial contributions to WTO programs, and coalition-building among developing nations. This dominant role has enabled China to support its export-driven economy, often at the expense of countries like India, which face challenges such as product dumping and structural trade imbalances due to limited WTO enforcement capacity. This dominance has allowed China to effectively dump a wide range of subsidized and underpriced products across global markets, flooding industries worldwide, including in India, with little resistance.

**Creating Dependency**

China perfected the strategy of using dumping as a tool in international trade, selling goods at below-market prices and targeting the destruction of domestic industries in importing nations. Once a country grew reliant on Chinese materials, exploitation ensued. After 2004, China flooded Indian markets with several active pharmaceutical ingredients (APIs), such as penicillin G and folic acid, at exceptionally low prices. As Indian production significantly declined due to this, China commenced its exploitation tactics. It began selling the same materials at prices four to fifteen times higher. Consequently, this not only damaged India's API sector but also jeopardized the nation's health security. In the fiscal year 2023–24, India imported 344,053 metric tonnes of bulk drugs and pharmaceutical intermediates from China, amounting to a total value of ₹27,055.22 crore (approximately US$3.25 billion). This accounted for 76% of India's total API imports by quantity and 71.72% by value, underscoring

India's heavy dependence on Chinese pharmaceutical raw materials. Over the past five years, both the quantity and value of API imports from China have grown significantly, despite government efforts to reduce reliance through production-linked incentives and bulk drug park schemes.[2]

Whenever India imposed anti-dumping duties or other protective measures, China devised methods to circumvent them. Its strategies included product modification, whereby Chinese firms slightly altered goods to evade the scope of anti-dumping duties; introducing new producers, where emerging Chinese entities replaced those facing restrictions; absorption, where exporters absorbed duty costs to preserve market share; and circumvention, where firms misrepresented the origin or nature of goods. Concurrently, China successfully redirected its goods through ASEAN nations and other countries. To undermine anti-dumping measures, China relocated its factories to other nations and supplied goods through them. China's capacity to produce surplus goods, combined with government subsidies that facilitated low-price sales, allowed it to potentially drive domestic companies out of business, as they struggled to compete.

India remains heavily dependent on Chinese imports, despite having the capability to produce most of these goods domestically. Over the years, China has leveraged this dependency by flooding the Indian market with low-cost products, undermining local industries and discouraging domestic manufacturing. Much like the U.S. experience revealed under Trump's tariff policy, exposing critical dependencies on China, India too finds itself vulnerable, relying on China for electronics, chemicals, machinery, toys, children's books, and even human blood, which can otherwise be manufactured or processed domestically with sufficient investment.

In recent years, concerns escalated over China's aggressive trade tactics. Through widespread dumping—exporting products at artificially low prices—many Indian industries struggled to remain competitive. Domestic manufacturers frequently found it impossible to match the low costs of Chinese imports, even for goods that India could readily produce. Although these imports appeared cost-effective in the short term, they undermined India's industrial foundation and long-term economic sustainability. With appropriate policy support and investment, India has the potential to reduce its reliance on these imports and strengthen its self-sufficiency in critical sectors.

**Some commodities which can easily be manufactured in India, but are imported from China**

Umbrellas

In 2023, India imported US$22.7 million worth of umbrellas, becoming the 26th largest importer of Umbrellas (out of 216) in the world.[3] India has a well distributed domestic manufacturing ecosystem for umbrellas and related components. Delhi, Rajasthan, Maharashtra, already have manufacturers who have the capacity to produce more umbrellas without taking raw materials from China.

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[2] India's bulk drug imports grow 4.12% in 2023-24, imports from China accounts for almost 72%

[3] Umbrellas in India Trade | The Observatory of Economic Complexity

By promoting Indian manufacturers through incentives, encouraging innovation and design development to boost market competitiveness and exports, diversifying import sources, India can reduce its dependence on these products from China.

Ceramic Products

Ceramic Products valued at US$469.70 million were imported from China in the year 2024.[4] To produce ceramic products, the raw materials needed are mainly Kaolin (China clay), ball clay, feldspar, quartz. India possesses substantial reserves of these raw materials. India's abundant reserves of kaolin, ball clay, feldspar, and quartz provide a strong foundation for the domestic ceramic industry. Leveraging these resources can reduce dependence on imports and promote self-reliance in ceramic production.[5] The only reason India imports these products from China is that they are sold at low prices.

There was a major decline of imports of ceramic products from China in 2016 because, the Directorate General of Anti-Dumping & Allied Duties (DGAD) initiated an anti-dumping investigation concerning imports of ceramic tableware and kitchenware from China. This action was based on allegations that these products were being dumped into the Indian market at prices below their normal value, causing material injury to the domestic industry. And another reason was, geopolitical tensions, including China's stance on India's entry into the Nuclear Suppliers Group (NSG) and its support for Pakistan, which led to public calls in India to boycott Chinese good. These movements contributed to a decrease in the demand for Chinese products, including ceramic. India's abundant raw materials and growing ceramic industry position it well to reduce dependence on Chinese imports. By enhancing domestic production capabilities, implementing supportive policies, and exploring alternative import sources, India can achieve greater self-reliance in the ceramic sector, aligning with the 'Make in India' initiative.

Coffee, Tea, Mate and Spices

Even after being the world's largest producer of coffee, tea, mate and spices, India imported US$84.91 million worth of these products in 2024.[6] In 2023-24, production of **tea** in India was 1,382.03 million kilograms. The northeastern region, specifically the states of Assam and West Bengal, contributed to the majority of tea production during that year.[7] The consumption volume of tea in India was approximately 1,200 million kilograms during the financial year 2022. Consumption of this hot beverage has increased consistently throughout the years.[8] India is the world's largest **spice** producer. It is also the largest consumer and exporter of spices. The production of different spices has been growing rapidly over the last few years. The production of spices in 2023-24 was estimated at 12 million metric tonnes. The largest spices-producing

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[4] https://www.commerce.gov.in/trade-statistics/ May 09, 2025
[5] 04042020121154Kaolin_Ballclay_19_AR.pdf
[6] https://www.commerce.gov.in/trade-statistics/ accessed on May 09, 2025
[7] India: tea production volume 2024| Statista
[8] India: consumption volume of tea | Statista

states in India are Madhya Pradesh, Gujarat, Andhra Pradesh, Rajasthan, Gujarat, Telangana, Karnataka, Maharashtra, Orissa, Uttar Pradesh, Assam, West Bengal, Tamil Nadu and Kerala.[9]

India became the world's seventh largest **coffee** grower during 2023-24. Indian coffee is one of the best coffees in the world owing to its high quality and pertains to be premium in the international markets. India produces two types of coffee: Arabica and Robusta. Karnataka is the largest producer accounting for about 71% of the total coffee production in India. Kerala is the second-largest producer of coffee but accounts only for about 20% of the total production. Tamil Nadu is the third-largest producer with 5% of India's total coffee production.

Given India's production capacity, reliance on China for these commodities is unnecessary, the Government of India should put high tariffs on imports of these commodities to stop their imports in India and promote Indian-made products only. By increasing the production of these commodities, Indian market will boom, it can become a bigger exporter of these commodities.

Iron and Steel

India's steel production showed steady growth over recent years, rising from 101.29 million tonnes in 2018-19 to 123.20 million tonnes in 2022-23. Despite fluctuations, total finished steel production for April-October 2023 stood at 77.78 million tonnes, indicating sustained production capabilities.

India imported iron and steel worth US$2,655.80 million in 2023-24 from China, along with articles of iron and steel worth US$1,992.89 million.[10] When compared to India's domestic production of approximately 123.20 million tonnes of finished steel in 2022-23 the import levels suggest substantial domestic production but highlight gaps in specialized steel types and finished products.

Indian steel industry faces challenges in producing specialized high-grade steel due to limited technological advancements and insufficient investments in innovation. Inadequate infrastructure, including logistics and transportation, restricts rapid scaling of production capacities.

To counteract China's dumping of low-cost steel products, the Indian government has implemented several anti-dumping measures such as duties on specific steel imports from China, Korea, and Vietnam. These measures are aimed at protecting domestic manufacturers from unfair pricing and sustaining local industry competitiveness. The Directorate General of Trade Remedies (DGTR) regularly conducts investigations and imposes duties when evidence of injury to the domestic industry is found.

Efforts are required to increase investments for upgrading domestic steel production capabilities, particularly for specialized high-grade steel and alloys. Technological collaborations and joint ventures need to be enhanced in specialized steel sectors. Alternate import sources such as Japan, or USA, may be explored to strategically diversify and reduce dependence on Chinese imports as India is the second largest producer of crude steel. China

[9] Indian Spices, Spices Manufacturers and Exporters in India - IBEF accessed on May 09, 2025
[10] https://www.commerce.gov.in/trade-statistics/ accessed on May 09, 2025

was world's largest crude steel producer in 2022 (1018.0 MT) followed by India (125.3 MT), Japan (89.2 MT) and the USA (80.5 MT).[11]

Similarly, India imported spoons, forks, ladles, skimmers, cake-servers, fish knives, butter-knives, sugar tongs and similar kitchen or tableware from China worth US$8.44 million.[12] The value of these products imported is not that huge but it still shows how India is so dependent on China for basic things which can be produced in India itself. These products are made up of base metals like stainless steel, aluminium, or sometimes brass. India has a lot of steel reserves but because of China's low-cost products, Indian traders are drawn towards importing from them. Even if India continues to import raw materials such as steel from China, producing the finished goods domestically would have a significant positive impact on the Indian market. This approach would generate employment opportunities, strengthen domestic industries, and potentially increase production capacity, thereby enhancing export potential. Promoting Indian-made cutlery brands, utilizing domestically produced stainless steel, and encouraging local e-commerce platforms to prioritize listing Indian-manufactured products in this category are essential steps toward fostering self-reliance and protecting the national market.

Plastic and Articles

India imported plastic and related articles from China worth US$5.66 billion in 2024[13], a substantial volume. While the harmful environmental impact of plastic is well-documented, a complete ban on all plastic products is not feasible due to their critical use in sectors such as medical supplies, electronics, and industrial components. However, targeted restrictions can be implemented to protect the environment and safeguard the Indian market. Items such as plastic bags, low-cost plastic toys, single-use plastic products (including plates, spoons, forks, glasses, and straws), packaging films, wrappers, miscellaneous plastic household goods, and plastic furniture should be banned. The Government of India should prioritize the prohibition of harmful and non-recyclable plastic materials to promote environmental sustainability and reduce import dependence.

Sanitary Pads and Tampons, Diapers, Napkin liners, and similar articles

India imports a substantial quantity of personal hygiene products from China, even when the brands are globally recognized and not of Chinese origin. In 2024, India imported these products worth US$47.15 million.[14] These products are often manufactured in China due to lower costs and then exported to India by Chinese facilities. India has the capacity to produce feminine hygiene products itself, and many Indian origin brands have lately come up. By buying their products India can reduce dependence on China. Brands which are manufactured and exported from China should not be promoted.

A controversy erupted in November 2024 when the inferior quality of sanitary pads produced by Chinese companies ignited a fierce debate in China, as women voiced concerns online about inadequate government regulations and poor manufacturing standards for a product essential

[11] ANOVERVIEWOFSTEELSECTOR-Updated December 2023.pdf
[12] https://www.commerce.gov.in/trade-statistics/ accessed on May 09, 2025
[13] https://www.commerce.gov.in/trade-statistics/ accessed on May 09, 2025
[14] https://www.commerce.gov.in/trade-statistics/ accessed on May 09, 2025

to millions across the country. On social media platforms some have dubbed the uproar "Sanitary Pad Chaos" as they have focused on alleged false advertising about the size of pads, as well as concerns that a contaminated material known as "black cotton" is being used in sanitary napkins.[15]

China has demonstrated significant shortcomings in the production of hygiene products, raising serious concerns about quality and safety. Due to a lack of public awareness, such products continue to be widely used, posing genuine health risks not only in India but globally. In response, the Indian government should consider banning the import of hygiene products from China, promoting domestic brands instead, and enforcing mandatory labelling for all imported items. Several popular brands in India, such as Whisper, has manufacturing units in China due to lower production costs. However, consumer trust should be placed in Indian-made products, and authorities must closely monitor this sector. Given that cotton is a primary raw material for these products and India ranks among the world's top cotton producers, there is little justification for continued dependence on Chinese imports in this category.

Paper and Paperboard; articles of paper pulp, of paper or of paperboard

India imported paper and articles of paper worth US$720 million in the year 2024.[16] Total paper consumption in 2023-24 was approximately 23 million tonnes annually. And annual production in the same year was 22 million metric tonnes.[17] India has the capacity to increase production of paper and articles and reduce imports from China.

The Indian government should modernise its ageing paper mills by installing high-speed, energy-efficient machinery, enhancing waste paper collection and recycling rates (as the country continues to import waste paper), imposing higher import duties on finished paper products (noting that anti-dumping duties have already been applied on certain types), and promoting a "Make in India for Paper" initiative (as informally proposed by the Indian Paper Manufacturers Association). Alternatively, India can source paper product imports from countries such as Indonesia, Thailand, or Vietnam.

Children's picture books, drawing or colouring books

India imported children's picture, drawing, or colouring books from China valued at US$2.42 million in 2023, as reported by the United Nations COMTRADE database on international trade[18]. To reduce such imports, Indian government should introduce a targeted policy and industrial strategy, which includes imposing higher import duties to reduce the competitiveness of Chinese imports, requiring government schools, libraries, and educational programmes to source only Indian-made books under the "Make in India" initiative, prohibiting books containing harmful phthalate-based inks commonly found in low-cost Chinese imports, and mandating eco-label certification for all imported children's books.

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[15] China faces backlash over subpar quality of sanitary pads
[16] https://www.commerce.gov.in/trade-statistics/ accessed on May 09, 2025
[17] Indian Paper Industry Structure, Overview and Development
[18] India Imports from China of Children's picture, drawing or colouring books - 2025 Data 2026 Forecast 1994-2023 Historical

Human Blood

India should not import human blood or its derivatives from any country, including China, under normal circumstances, as these are sensitive biological products governed by rigorous ethical, safety, and traceability standards. Any importation of human blood components, such as plasma-derived medicinal products, likely indicated deficiencies in India's domestic blood collection, storage, and processing capabilities. In 2023, India imported 116,579 kg of human and animal blood products from China, valued at approximately US$17.6 million[19], which supported critical medical needs in hospitals, including childbirth, surgeries, and treatments for conditions like anaemia and thalassemia. Despite being the world's most populous nation, India faced persistent blood shortages in its healthcare facilities.

To address this, the Indian government needs to mandate 100% voluntary blood donations, phase out reliance on replacement or paid donors, initiate nationwide donation campaigns engaging schools, colleges, religious institutions, and corporate entities, offer incentives for regular donors such as health check-ups, insurance benefits, or tax relief, establish additional district-level blood banks in rural and underserved regions, improve cold chain logistics through refrigerated vehicles and drone deliveries, and develop a mobile application to enable citizens to locate nearby blood banks and donation drives.

**Sourcing of Chinese Products by Brands**

Numerous major brands operating in India, including H&M, Whisper, Shein, Zara, Nike, and Uniqlo, import products manufactured in China. These brands either directly source finished goods from Chinese factories or depend on China for essential inputs such as textiles, trims, and packaging materials. Even when production shifts to countries like Vietnam, Bangladesh, or India due to diversification efforts or geopolitical tensions, many of these companies continue to rely on Chinese-made fabrics and intermediary components within their supply chains. In some cases, concerns arose that substandard or contaminated materials, such as those used in textiles, could potentially pose health risks if not properly regulated, raising fears about their use as a biological threat. This persistent reliance underscored China's commanding role in global manufacturing and textile supply chains. These brands represented only a fraction of those engaged in such practices, and their extensive use of Chinese manufacturing highlighted the obstacles India faced in establishing a fully localised and independent consumer goods ecosystem. Miniso is also a very popular brand in India, known for its low prices and visually appealing products ranging from bath essentials to lifestyle accessories. However, what many consumers overlook is that most of these products are manufactured in China, contributing to India's growing dependence on Chinese imports. Despite its Chinese origin, the brand has rapidly expanded its presence, opening over 200 stores across the country and aiming to reach 800 by 2025. It's time we reconsider where our money goes. Instead of supporting foreign brands like Miniso, we must promote Indian-origin alternatives that not only offer quality but also strengthen our local economy.

[19] India Human and animal blood; microbial cultures; tox imports by country | 2023 | Data

China has long maintained a controversial policy requiring mandatory animal testing for all imported cosmetic products, meaning that many international brands choosing to enter the Chinese market comply with these practices—often at odds with cruelty-free ethics. Brands such as L'Oréal, Estée Lauder, MAC, and Maybelline have faced criticism for adhering to these testing requirements to sell in China. While some of these companies claim to be reducing animal testing or seeking alternatives, their compliance with China's regulations undermines global cruelty-free standards. India, which banned animal testing for cosmetics in 2014, must uphold its ethical commitment by refusing to import or support brands that continue such practices abroad. We need to push cruelty-free, ethically-made Indian alternatives instead.

**Adverse Impact of Chinese Imports**

The importation of vast quantities of goods from China inflicted considerable damage on India's domestic economy and market framework. It perpetuated an unsustainable trade deficit, depleted foreign exchange reserves, and hindered the development of Indian manufacturing sectors. Local industries, particularly micro, small, and medium enterprises (MSMEs), struggled to compete against the flood of inexpensive, mass-produced Chinese goods, resulting in job losses, factory closures, and diminished innovation. This reliance also exposed India to geopolitical risks, as political tensions could disrupt vital supply chains. Furthermore, it hampered the growth of a self-reliant economy by discouraging investment in domestic production capabilities. Ultimately, excessive dependence on Chinese imports undermined India's economic sovereignty and weakened its capacity to formulate independent trade and industrial policies.

**China's Dominance in Rare Earth Elements**

Rare Earth Elements (REEs) refer to a group of 17 chemically similar elements crucial to modern technological applications. These include the 15 lanthanides along with scandium and yttrium. Despite their name, REEs are relatively abundant in the Earth's crust but are rarely found in concentrated, economically viable deposits, making extraction and separation complex and costly.

Due to their unique magnetic, luminescent, and optical properties, the Rare Earth Elements (REEs) have intensive use across electronics, manufacturing, medical science, technology, defence, aerospace, automotive, renewable energy technologies, and others.[20]

China leads the world with 44 million metric tons of rare earth reserves, including major deposits like Bayan Obo in Inner Mongolia and ion-adsorption clays in southern provinces, rich in heavy rare earths like dysprosium. These elements are crucial for technologies requiring high-performance magnets, such as EVs, wind turbines, and military systems. Beyond its vast

[20] Some of the REEs are used for making powerful magnets, hard disc drives, CD and DVD players, portable electronics, microphones, speakers, magnetic refrigeration, petroleum refining, batteries, fuel cells, alloys, jet engines, fluorescent lamps (CFLs), cathode ray tubes, light emitting diodes (LEDs), LCD, plasma screens, lasers, fibre optics, glass polishing, ceramics, water treatment, catalytics converters, nuclear fuel rods, medical imaging, X-ray, cancer treatments, robotics, drones, headphones, mobile phones, computers, wind turbines, and electric motors - making them a key component in electric vehicles.

reserves, China dominates over 80% of rare earth refining capacity, controlling global supply chains and reinforcing its strategic importance.[21] Over 85% of magnet REEs are mined and refined in China, creating risks around geopolitics, pricing, and availability. Limited refining capacity outside China and rising demand from EV and energy sectors drive concerns. As a result, governments and manufacturers are investing in diversified supply, domestic processing, and REE recycling.[22] China controls the entire supply chain market from mine to market.

After China, Brazil, and India have the largest reserves of rare earth elements, 22 million metric tons and 21 million metric tons respectively. India has 6.9 million metric tons of reserves, making it the world's third largest reserve holder.[23] Largely the reserves are in Andhra Pradesh, Odisha, Kerala, and Tamil Nadu.

These rare earth elements tend to occur in small quantities or mixed with other minerals, making extraction difficult and costly. China has spent the last 30 years mastering solvent extraction, while cheap labour and relatively lax environmental standards give it a cost advantage.

Among the rare earth elements, the most critical for magnet production are Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy), and Terbium (Tb). These elements are combined to produce Neodymium-iron-boron (NdFeB) magnets, which are the most powerful commercial magnets available. Dy and Tb enhance thermal stability for demanding applications like EV drivetrains and defence systems.

In 2024, China exported 58,152 tonnes of rare earth permanent magnets and permanent magnet alloys (nearly all NdFeB, minor SmCo), 10% more than it exported the year prior according to data from China's General Administration of Customs. China had put export restrictions targeting neodymium iron boron NdFeB magnets containing two key rare earth elements: Terbium (Tb) and Dysprosium (Dy). As these materials are commonly used in high-performance magnetic applications, especially those requiring high thermal stability, such as electric vehicles, wind turbines, and defence systems, this creates a major disadvantage to the importers of these materials.

For reference, a detailed list of rare earth elements and their primary uses is provided in **Appendix**.

**Table 1: India's Imports of Rare Earth Elements from China**

| HS Code | Item | Year 2023-24 (US $ Million) | Quantity (kgs) | Year 2024-25 (US $ Million) | Quantity (kgs) |
|---|---|---|---|---|---|

[21] Rare Earths Reserves in 2023
[22] Magnet Rare Earths – For EV Motors, Turbines & Defence
[23] India's Rare Earth Industry: Potential & Global Role | IBEF

| | | | | | |
|---|---|---|---|---|---|
| 26140031 | Rare Earth Oxides including Rutile Sand | 1,037,235.35 | 1,037,235 | 8,598,280.00 | 4,338,000 |
| 28053000 | Rare Earth Metals Scandium and Yttrium W/N | 2,458,212.94 | 2,458,213 | 1,777,141.00 | 1,777,141 |
| 28469010 | Rare Earth Oxides NES | 558,637.45 | 558,637 | 333, 966.00 | 333,966 |
| 28469020 | Rare Earth Fluorides NES | 2,028.37 | 2,028 | 0.00 | 0 |
| 28469030 | Rare Earth Chlorides NES | 25,782.23 | 25,782 | 19,095.00 | 19,095 |
| 28469090 | Other Compnds Inorganic/Organic of Rare Earth | 2,541,058.00 | 2,541,058 | 711,870.00 | 7,11,870 |
| 28461010 | Cerium Oxides | 2,225,307.60 | 2,225,308 | 1,233,550.00 | 1,233,550 |
| 28461090 | Other Cerium Oxides | 883,920.99 | 883,921 | 554,078.00 | 554,078 |

*(Source: Ministry of Commerce and Industry, Government of India)*[24]

**World resources of rare earths:**[25]

| Country | Resource Base |
|---|---|
| Australia | 5800 |
| China | 89000 |
| CIS nations | 21000 |
| India | 1300 |
| Malaysia | 35 |
| Thailand | NA |
| USA | 14000 |
| Other countries | 23000 |
| World : Total | 150000 |

[24] Trade Statistics - Mcommerce accessed on July 25, 2025
[25] 64a3eae23bee21688464098.pdf

**Potential RE Markets in India:**[26]

| End Use | REE required | Present status | Expected (2030) |
|---|---|---|---|
| Magnets for wind turbines | Nd , Pr, Dy, Tb (high strength magnets have 30 % RE) | 12,000 MW of wind power capacity | ~ 50,000 MW |
| EV, Hybrid vehicles (batteries, motor, catalytic converter) | La (15 kg per car)<br>Nd (1 kg per car), Dy, Tb, Ce | Negligible EV | Up to 1 million vehicles |
| LED | Y, Eu, Tb | Negligible | ~ 1 million bulbs |
| Al, Steel, Mg industry, grain refinement | Ce, La , mischmetal | | Huge growth rate |
| Screens brighteners (cell phone, computers, TV screen) | Eu | mostly imported | Huge growing market |
| Other magnets | Pr, Sm, Gd | mostly imported | Computer hard disks, microphones |

India's domestic demand for rare earths, especially magnet materials, has been rising rapidly, driven by the automotive (EV) industry, renewable energy infrastructure, electronics manufacturing, and defence needs. The domestic production meets only a small fraction of the total domestic demand. Essential heavy rare earth for magnets (dysprosium, terbium) are not produced at all in India, must be imported. Table 1 shows REEs imported by India from China. This imbalance explains why India continues to rely on imports of the bulk for its rare earth needs.

As China controls most of the rare earth production and refining capacity, it has been using this dominance as a geopolitical tool. The U.S., E.U., Japan, and India rely heavily on Chinese exports of refined REEs for electronics, defence, EVs, and renewable energy.

[26] 64a3eae23bee21688464098.pdf

During a territorial dispute over the Senaku/Diaoyu Islands, China suspended rare earth exports to Japan in 2010. This was a major wake-up call for global industries, as Japan's high-tech sector depends heavily on REEs. Similarly, China's Ministry of Commerce early in 2025, imposed export controls on seven specific rare earth elements and magnets used in defence, energy, and automotive industries. After India raised concerns, China recently conveyed that it has lifted curbs on export of fertilizers, rare earth magnets/minerals as well as tunnel boring machines to India.[27]

Demand for Nd, Pr, Dy, Tb are likely to skyrocket as India expands EV production, renewable energy, and defence modernization. With Chinese exports available again, industries will see cost stabilization, but supply security concerns remain unresolved. India must therefore treat this as a temporary opportunity rather than a permanent solution, using the window to accelerate domestic refining, invest in magnet production, diversify overseas sources, and build strategic stockpiles, ensuring long-term security in this critical sector.

It is important for India to enhance both its mining and refining capacity for rare earth elements. Currently, only a limited number of companies are engaged in this sector. The Indian Rare Earths Limited (IREL), located in Mumbai, Maharashtra, is a government-owned company under the Department of Atomic Energy. It is the primary body involved in mining and processing REEs. Most of India's rare earth deposits are found in monazite-rich beach sands along the coast of Kerala, Tamil Nadu, Andhra Pradesh, and Odisha. While India primarily extracts light rare earth elements (LREEs) such as cerium, neodymium, and praseodymium, its capability to separate and refine heavy rare earth elements (HREEs) remains limited.

**What can Indians do to reduce dependence on China**

**Knowledge and Awareness**: Citizens need to be mindful of the origins of the products they purchase. Checking product packaging to determine where goods were manufactured or imported from before buying is essential. By making informed decisions, consumers can actively support Indian-made commodities. Promoting and purchasing locally produced goods not only bolster the domestic economy but also foster self-reliance, safeguard local industries, and reduce reliance on foreign products, particularly those from nations like China.

**Campaigns in Schools, Colleges, and Offices:** To ensure the success of the "Make in India" initiative, awareness campaigns should commence at the grassroots level. Regular initiatives in schools, colleges, and workplaces will help educate young people and the workforce about the value of supporting Indian-made products. These campaigns need to extend beyond mere slogans, incorporating interactive sessions, workshops, and exhibitions to demonstrate how purchasing local goods bolster the economy, create jobs, and diminish reliance on foreign products. Children and young adults need to be taught how their daily choices—whether

[27] https://economictimes.indiatimes.com/news/economy/foreign-trade/china-lifts-curbs-on-fertilizers-rare-earths-tunnel-boring-machines-to-india/articleshow/123377378.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

stationery, clothing, electronics, or food—directly influence India's industrial growth and self-sufficiency. Fostering a sense of responsibility and national pride in consumption from an early age is vital for cultivating a more resilient, self-reliant India.

**Reduce, Reuse, and Recycle:** Adopting the principles of reduce, reuse, and recycle is crucial not only for environmental sustainability but also for reducing dependence on imported goods. By minimizing unnecessary consumption, reusing items wherever possible, and recycling materials like plastic, paper, and metals, individuals can significantly cut down the demand for cheap, disposable products, many of which are imported. Indian businesses, researchers, and consumers can reduce dependence by recovering rare earths from e-waste, discard electronics, and old magnets. Recycling hubs and startups focusing on magnet-to-magnet recovery will help reduce fresh imports. Citizens can contribute by responsibly recycling electronics product instead of discarding them. This practice encourages mindful consumption and supports the growth of India's recycling and waste management industries. Promoting these habits in households, schools, and workplaces can lead to a more circular economy, where resources are conserved, pollution is reduced, and the reliance on foreign-manufactured goods is actively challenged through responsible living.

**Boycott Chinese Products:** Boycotting Chinese products is not just an emotional or political reaction, it is a strategic economic move to protect India's industries and workforce. Each time consumers opt for a Chinese-made item over an Indian alternative, they weaken local businesses and reinforce foreign dominance in India's markets. By consciously rejecting Chinese goods and embracing Indian-made products, we will be able to boost domestic manufacturing, create jobs, and take a firm step toward true economic independence.

**Support Indian Alternatives and Clean-Tech Innovation**

Industries and consumers should prioritize Indian-made EVs, renewable energy systems, and electronic products that use locally sourced or recycled rare earths. At the same time, Indian startups and research institutions should be supported in developing rare-earth substitutes which can partially reduce reliance on Chinese REE-heavy technologies.

**What Should the Government of India Do to Reduce Dependence on Chinese Imports?**

To effectively reduce India's dependence on Chinese imports, the Government must adopt a comprehensive, multi-pronged strategy that addresses trade policy, industrial capacity, consumer awareness, and workforce integration:

1. **Conduct Anti-Dumping Investigations:** Strictly monitor sectors where Chinese goods are being sold below market value. Initiate and enforce anti-dumping investigations to protect Indian industries from unfair competition and ensure a level playing field.

2. **Provide Incentives to Indian Manufacturers:** Offer tax breaks, production-linked incentives (PLI), and financial support to domestic producers, especially MSMEs, to boost competitiveness and reduce the cost gap with Chinese goods.

3. **Modernize Domestic Industries:** Invest in upgrading India's manufacturing infrastructure with energy-efficient, high-speed technologies. Modernization will help improve quality, reduce costs, and increase scalability of Indian-made products.

4. **Ban Harmful Plastic Products:** Prohibit the import and domestic sale of non-recyclable and single-use plastic items such as plastic cutlery, packaging films, and cheap toys. This will reduce environmental harm and limit low-value imports from China.

5. **Impose High Tariffs on Chinese Goods:** Increase tariffs on non-essential and easily substitutable Chinese goods. Consumers primarily buy them because they are cheaper; if those goods lose their cost advantage, demand will naturally shift to Indian alternatives.

6. **Educate Consumers:** Launch nationwide awareness campaigns to encourage citizens to check product origin labels and choose Indian brands. Schools, colleges, and public offices should promote responsible and patriotic consumer habits.

7. **Encourage Innovation and Design:** Invest heavily in R&D hubs, design centers, and innovation labs across key sectors. Support collaboration between academia, startups, and industries to build globally competitive Indian products.

8. **Utilize India's Skilled and Unskilled Workforce:** With the world's largest youth population and a vast pool of skilled and unskilled labour, India has the human capital to become a global manufacturing hub. This includes harnessing underutilized demographics.

9. **Rehabilitate Beggars into the Workforce:** As per the Census of India 2011, over 4.1 lakh individuals were identified as beggars. States like West Bengal, Uttar Pradesh, Bihar, and Andhra Pradesh account for more than 50% of this population. A targeted national policy can provide them with training and employment in labour-intensive industries, helping reduce poverty and expand the productive workforce.

10. **Introduce Mandatory Product Origin Labelling:** Make it compulsory for all products to clearly display their country of origin. This empowers consumers to make informed choices and promotes transparency in retail and e-commerce sectors.

11. **Invest in Skill Development:** Expand programs under Skill India and Pradhan Mantri Kushal Vikas Yojana (PMKVY) to train workers in advanced manufacturing, electronics, textiles, and other high-demand sectors. This will strengthen domestic capabilities and reduce the need for imported products.

12. **Build REE Domestic Refining and Magnet-Making Capacity**: India must move beyond raw mineral extraction and invest in advanced separation plants, refining facilities, and magnet production units (NdFeB, SmCo). Heavy rare earths like Dysprosium and Terbium, essential for EVs and Defence, should be prioritised through technology transfer agreements with Japan, South Korea, the EU, and Australia. A

Production-Linked Incentive (PLI) scheme targeted at REE-based products can encourage private and foreign investment.

13. **Diversify REE Global Supply and Create Strategic Stockpiles:** Through KABIL (Khanij Bidesh India Ltd., a joint venture of three PSUs (NALCO, HCL, MECL), was established in 2019 to secure overseas reserves of critical and strategic minerals, including rare earths), India should aggressively secure mining rights and joint ventures in Africa, Australia, and Latin America, where untapped reserves exist. Simultaneously, India should establish a National Rare Earth Stockpile, ensuring a buffer against sudden Chinese export restrictions and price shocks.

By implementing these measures holistically, India can not only reduce its trade deficit with China but also build a resilient, self-reliant economy aligned with the goals of *Atmanirbhar Bharat*.

India's trade with China has remained heavily imbalanced over the five-year period, with imports consistently outpacing exports. Exports to China fell sharply from US$21.56 billion in 2021-22 to US$14.25 billion in 2024-25, a cumulative drop of approximately 33.9% over three years. Imports, meanwhile, increased from US$94.57 billion in 2021-22 to US$113.46 billion in 2024-25, after crossing a US$100 billion mark in 2023-24. This represents an overall increase of about 20% from 2021-22 to 2024-25. This continued rise in imports underscores the persistence of India's dependence on Chinese goods, despite policy efforts to curb it. Overall, the trade deficit has steadily worsened, rising from US$73.01 billion in 2021-22 to a record US$99.21 billion in 2024-25, underlining India's persistent import dependence.[28]

To truly reshape this trajectory, it is not just government action that is needed, every citizen must make conscious choices to support domestic industries and reduce reliance on Chinese goods.

[28] https://eoibeijing.gov.in/eoibejing_pages/MjQ,

**Appendix: List of all rare earth elements and usages**

| Atomic No. | Symbol | Element | Uses |
|---|---|---|---|
| 21 | Sc | Scandium | Aerospace components, baseball bats |
| 39 | Y | Yttrium | LED lights, cancer treatment medicines. |
| 57 | La | Lanthanum | Camera lenses, rechargeable batteries, and petroleum refining. |
| 58 | Ce | Cerium | Car exhaust systems, glass polishing, and self-cleaning ovens. |
| 59 | Pr | Praseodymium | Aircraft engines, magnets, lasers. |
| 60 | Nd | Neodymium | Strong magnets for hard drives, electric car motors, and wind turbines. |
| 61 | Pm | Promethium* | Luminous paint, atomic batteries and thickness-measurement devices |
| 62 | Sm | Samarium | High-temperature magnets, nuclear reactor control. |
| 63 | Eu | Europium | Red color in TV screens, energy-saving light bulbs. |
| 64 | Gd | Gadolinium | MRI machines, computer memory chips |
| 65 | Tb | Terbium | Green phosphors in screens, laser technology. |
| 66 | Dy | Dysprosium | Electric vehicle motors, wind turbine magnets. |
| 67 | Ho | Holmium | Nuclear reactor control, the strongest magnets |
| 68 | Er | Erbium | Fiber optic cables, infrared devices |
| 69 | Tm | Thulium | Portable X-ray machines |
| 70 | Yb | Ytterbium | Lasers, earthquake monitoring equipment |
| 71 | Lu | Lutetium | Medical scans, oil refining |