

# China Study Circle



Fifth Session  
3<sup>rd</sup> May



# Chinese companies investing in India but political barriers remain



**Source:** <http://www.hindustantimes.com/business-news/more-chinese-companies-investing-in-india-but-political-relations-barriers-remain/story-MABF9zw9hBAFqUy6LasFSP.html>

- China has emerged as one of the fastest-growing sources of Foreign Direct Investment (FDI) into India – it was the 17th largest in 2016, up from the 28th rank in 2014 and 35th in 2011.

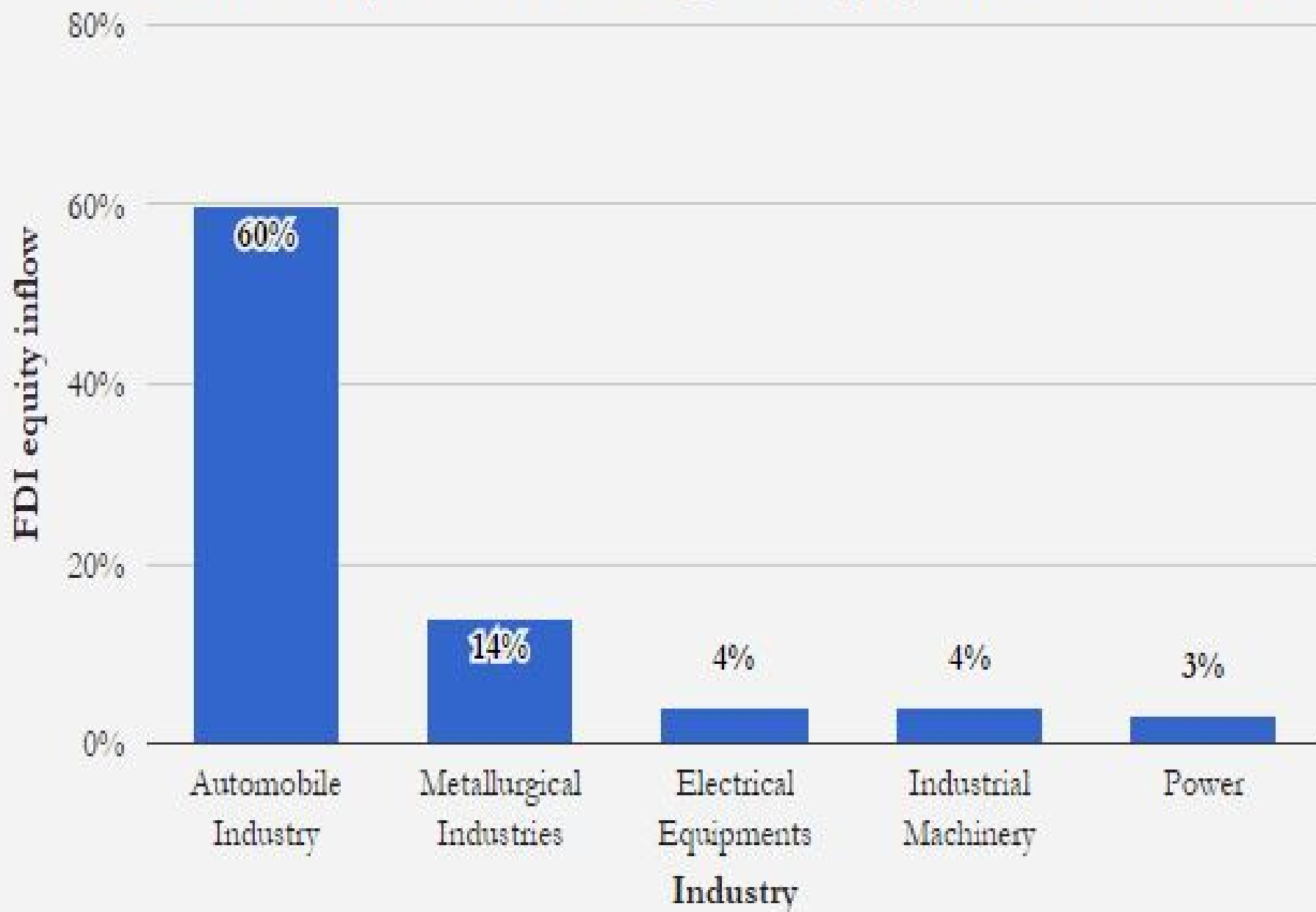
Source: India's official ranking of FDI inflows.

## FDI Inflows From China

Period	Rank	FDI inflow (In Rs crore)	FDI Inflow (In \$ million)	Inflows* (%)
April 2000-December 2016	17	9,933.87	1,611.66	0.50
April 2000-December 2015	17	7996.09	1322.81	0.48
April 2000-December 2014	28	2508.64	453.82	0.19
April 2000-December 2013	30	1641.9	313.02	0.15
April 2000-December 2012	31	1224.89	240.87	0.13
April 2000-December 2011	35	493.44	102.56	0.06
April 2000-December 2010	36	254.37	53.05	0.04

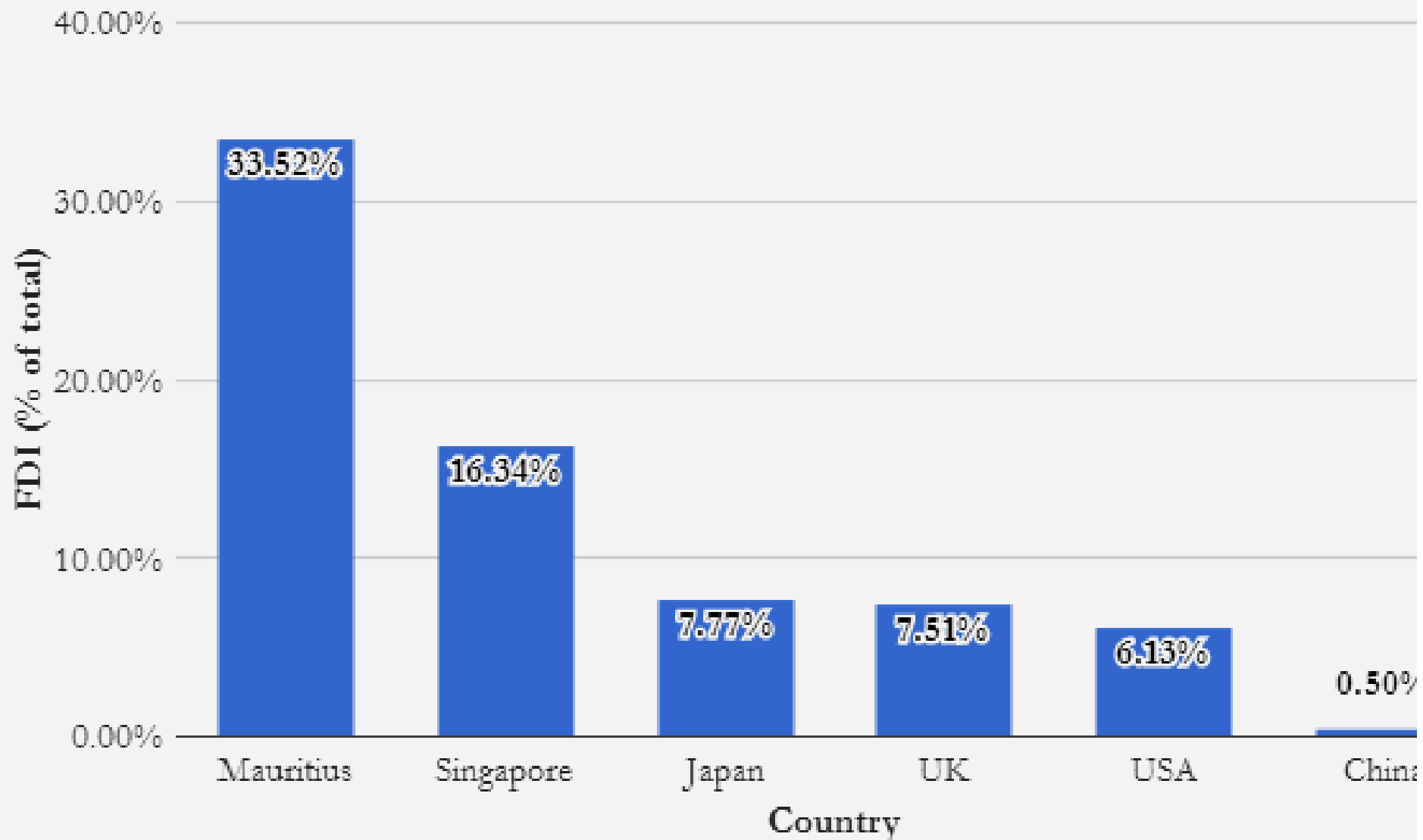
Source: [Department of Industrial Policy and Promotion](#); \*As percentage of total FDI inflows

## Share Of Top Sectors Attracting FDI Equity Inflows From China



- Sixty percent of **Chinese FDI** is concentrated in the automobile industry. Several companies' regional offices are located in Ahmedabad, although Chinese companies are gradually moving away from an initial preference for Gujarat towards Maharashtra, Andhra Pradesh, Tamil Nadu and Haryana. Seven smartphone companies from China have launched, or plan to launch, factories in India, according to a February 2017 Chinese media report.

## FDI Into India: Share Of Top Investing Countries

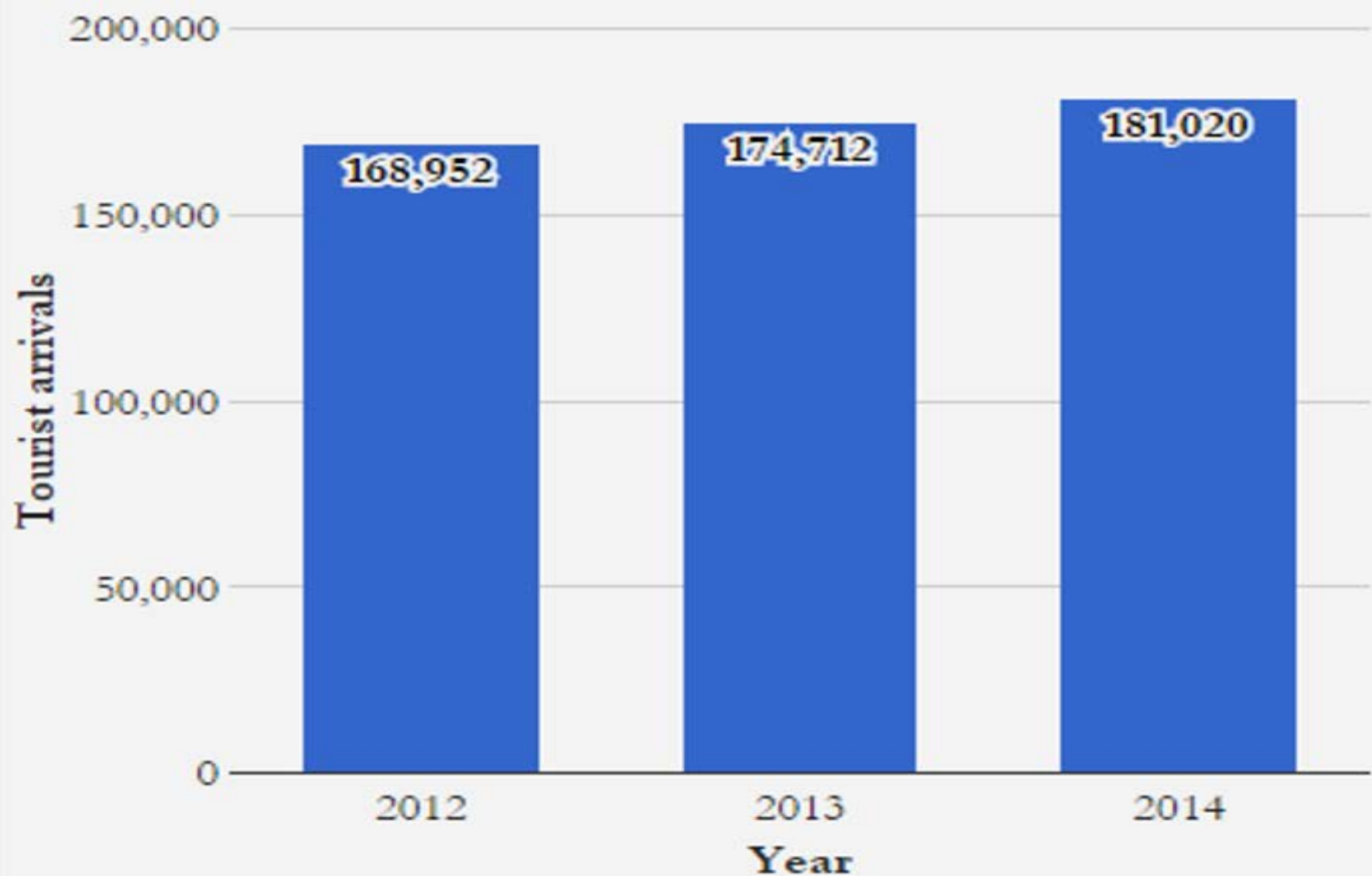


- Chinese investment flows into India remain relatively low, both in terms of total FDI flows into India and Chinese outward investment globally. China's share of total FDI in India is only 0.5%, despite its being the second largest economy in the world and India's largest trading partner.

source: Department of industrial policy and Promotion



## Chinese Tourist Arrivals In India, 2012-14



Source: [Ministry of Tourism](#)

- **Major Indian Companies in China**
- Adani Global
- Air India
- Apollo Tyres
- Aptech Worldwide Inc.
- Aurobindo (Datong) Bio-Pharma Co. Ltd.
- Bank of Baroda
- Bank of India
- Bharat Forge (Changchun) Co. Ltd.
- Canara Bank
- Dr. Reddy's Laboratories
- Essar
- ICICI Bank
- iGate Global Solutions Limited
- India Grasim Industries Ltd
- Infosys Technologies Ltd
- Jindal Steel and Power Limited
- JSW Steel Limited
- Jubilant Organosis Ltd
- Larsen & Toubro Limited
- Mahindra (China) Tractor Co. Ltd
- Punjab National Bank
- Reliance Industries Limited
- Shipping Corporation of India
- State Bank of India
- Steel Authority of India Limited
- Suzlon Energy (Tianjin) Limited
- TATA Autocomp Systems Limited (TACO)
- TATA Sons Limited
- TVS Motors Co. Ltd
- Wipro (Shanghai) Limited

- **Major Chinese Companies in India**
- Sinosteel
- Shougang International
- Baoshan Iron & Steel Ltd
- Sany Heavy Industry Ltd
- Chongqing Lifan Industry Ltd
- China Dongfang International
- Sino Hydro Corporation
- Huawei Technologies
- ZTE
- TCL
- Haier
- Shanghai Electric
- Harbin Electric
- Dongfang Electric
- Shenyang Electric
- Beijing Automotive Industry Corporation (BAIC)
- ZTE Kangun Telecom Company (I) P. Ltd
- ESSEL Ahmedabad Godhra Toll Roads Ltd
- Shanghai Electric India Pvt Ltd
- TBEA Energy (India) Ltd
- TBEA Energy (India) Ltd
- CHENGUANG Bio-Tech(India) Pvt Ltd
- Ecolutions Green Energy (India) Pvt Ltd
- YAPP India Automotive Systems Pvt Ltd
- XINDIA Steels Ltd.
- Nippon Paint (India) Pvt Ltd
- XINDIA STEELS LTD.
- Cheetah Multitrade P. Ltd.
- Jushi India FRP Accessories Pvt Ltd
- WISCO (I) P. Ltd

- Today, India's largest digital payments company Paytm is 40%-owned by Chinese e-commerce firm Alibaba and its affiliates, and Alibaba is reportedly raising its stake to 62%.
- China's fourth-largest mobile phone company Xiaomi assembles one phone every second at a new factory in India.

# Problem of politics

- Chinese FDI in India has increased even as India and China have picked new points of political disagreement in the last two years. **India object to China's \$46 billion investment in the China-Pakistan economic corridor that passes through parts of Pakistan-occupied Kashmir.** Last year, Beijing obstructed India's efforts to get membership of the Nuclear Suppliers Group, and China has repeatedly blocked a proposal at the United Nations to blacklist Jaish-e-Mohammed chief Masood Azhar, implicated in terror strikes in India, including the 2016 Pathankot attack.

# Business barriers

- However, it is far from smooth sailing for Sino-Indian investment. India's attempts to gain market access in China for its information technology, agricultural and pharmaceutical industries have hit a wall for over a decade. India's deficit in trade with China bloated to \$46.56 billion last year. Bilateral trade remains below the target of \$100 billion that both sides were aiming to achieve in 2015. At \$70.08 billion in 2016, bilateral trade was 2.2% lower than the \$71.63 billion in 2015. The CII-Avalon study forecasts that the trade deficit will hit \$60 billion by 2018-19.
- Second, India trailed at 130th while China was ranked 78th in the World Bank's latest (2017) ease of doing business index. Proposed industrial parks funded by China, including a reported \$10 billion investment in Haryana, are stuck due to land acquisition and other complexities.

Thank you