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India's Indigenisation Drive

100 Critical Items and Import Dependence

India's Indigenisation Drive – Latest News

Amid China's proposed export curbs on critical capital goods and technologies, India's Department for Promotion of Industry and Internal Trade (DPIIT) has launched a fresh drive to indigenise 100 critical items spanning intermediates and capital goods across sectors.

This push reflects India's strategy to reduce import dependence and build supply-chain resilience amid rising global trade tensions.

Background: China's Export Curbs

China's Ministry of Commerce is set to introduce an export licensing regime from November 2026 covering capital goods used in solar equipment and heavy machinery, including tunnel boring machines (TBMs).

In response, India has:

- *Set up a TBM manufacturing plant in Tamil Nadu, with production expected to begin soon.*
- *Advanced plans to indigenise select petrochemical products, partly driven by the West Asia crisis.*
- *Begun preparing guidelines for solar module waste recycling, following stakeholder consultations by the Ministry of New and Renewable Energy.*

Solar Manufacturing: A Capacity Gap

India's solar value chain runs from polysilicon → ingots → wafers → cells → modules, but capacity is uneven across this chain:

- *Module manufacturing: ~233 GW annual capacity — robust.*
- *Solar cell manufacturing: only ~30 GW — far behind, despite India adding ~50 GW of solar capacity annually.*
- *Ingot and wafer manufacturing: just ~2 GW installed — the weakest link, heavily import-dependent.*

Industry voices note a silver lining: companies with completed cell capacity expansion have limited exposure to China's new technology-import curbs, since restrictions mainly target capital goods and technology for new plants.

However, sourcing equipment from alternatives like Europe or Japan could raise costs by 20-40%, given limited availability and higher technology costs outside China.

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Petrochemicals: Reducing Import Reliance

The government is prioritising domestic production of key petrochemicals — PVC, polyethylene (LDPE/LLDPE), polypropylene, polystyrene, and ABS — critical for packaging, pipes, containers, and consumer goods.

Other targeted high-value imports include phosphoric acid, ammonia, acetic acid, and toluene (used in agriculture, food, and industrial manufacturing), along with plastics like polycarbonates and propylene copolymers (used in automotive, packaging, and medical devices).

In August 2026, the Commerce and Industry Ministry imposed a Minimum Import Price (MIP) of $0.766/kg on PVC Suspension Resin to protect domestic producers.

Industry Response

Adani Group is entering the PVC sector via Mundra Petrochem Ltd in Gujarat.

Reliance Industries, which controls 51% of domestic PVC manufacturing, plans to expand capacity to 1.5 MMT/annum by 2026-27.

The Larger Trade Imbalance with China

India's trade deficit with China has crossed $100 billion this fiscal year, despite record-pace anti-dumping measures on Chinese goods.

China's global trade surplus hit $1.2 trillion in 2025 and is expected to exceed $1 trillion again in 2026.

A Rhodium Group report notes that China's rising export share comes at the cost of other economies:

By 2030, the US is projected to lose 1.2 percentage points of global trade share; Indonesia (0.8pp), Canada (0.5pp), Germany (0.4pp), Netherlands (0.4pp).

Rest of the world combined: a 4.6pp loss — matching China's estimated 8pp gain.

Conclusion

India's indigenisation push for 100 critical items signals a strategic shift from reactive trade defence to proactive self-reliance, particularly in sectors where China dominates global supply chains.

While progress is visible in solar cell capacity and PVC manufacturing, persistent gaps — especially in ingot-wafer production and dependence on Chinese capital goods and technology — mean India's path to genuine supply-chain resilience will require sustained investment, policy support, and time, even as rising global trade tensions make this transition increasingly urgent.