

# The n-CoV fallout

India Inc could be in a spot of bother if the outbreak prolongs

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## The new scourge across towns

The deadly novel coronavirus (n-CoV) epidemic is taking lives<sup>1</sup> and has now become a global emergency. Epicentre China<sup>2</sup>, especially the province of Hubei and eastern parts, are worst hit. Key industries here are coming to a grinding halt. With the weather getting warmer over the next two months, we expect the impact of the outbreak to subside in China by April 2020. That is the base case. In the worst case, the epidemic might well extend through the first quarter of fiscal 2021, intensifying the severity of impact. If not contained quickly, the epidemic will have a knock-on effect in the world economy and disrupt global supply chains. China is the world's second largest economy and a major trade partner for many countries, including India.

CRISIL tries to assess the extent of economic casualty of the outbreak, especially for India, as things stand. In the base case, CRISIL believes n-CoV's impact for India will be a mixed bag.

**The outright bad:** For Indian importers, supply disruptions in key segments is the biggest threat. On the other side, exports to China are taking a hit, too. Export-import trade between the India and China (including Hong Kong) was \$115 billion in calendar year 2019 (refer to Annexure for details).

Some factories in Hubei province have reopened post Chinese New Year but these units are yet to scale up to their full potential due to labour shortage. Shipping and air transport operations to many Chinese cities remain suspended from and to India, or are operating with low frequency. That's delaying shipments between the countries.

Consumer durables, electronics, solar panels would be most hit, as these heavily depend on imports from China, with no immediate alternatives available.

Besides, some impact on exporters of products such as cotton yarn, sea food, petrochemicals, gems and jewellery is inevitable, given that China is among the biggest markets for these products.

**A breather?** But CRISIL assesses that some sectors in India have stocks that may last 1-2 months such as auto components and pharmaceutical bulk drugs. Hence, we expect the interim impact of supply disruption to be neutral for these sectors dependent on supplies from China. But, a delay beyond 2-3 months due to continued low production or an extended lockdown would impact Indian corporates much more severely.

**Who benefits:** Sectors that are highly import dependent from China, such as ceramics and plastics, are expected to benefit Indian domestic manufacturers, with import volumes reducing. Moreover, India's steel, paper, leather and textile readymade garments (RMG) segments have a window of opportunity to expand exports, as China's own exports from these sectors account for a sizeable pie in global trade, which now stand impacted due to n-CoV. However, sectors such as aluminium, electronics, and pharma bulk drugs in India will be unable to meet the void created by China's virus problem in global trade, as they either are running at peak utilisation or face capability issues. The fact is, other countries including India do not potentially have the scale or size to take material advantage of the opportunities available due to disruption in Chinese supplies. It could take significant resources and time to set up additional capacities, by which time China itself might re-commence production.

**Credit profiles:** The credit profiles of firms in sectors such as automotive components, renewables (solar) and diamonds could get impacted if the supply disruption continues beyond March.

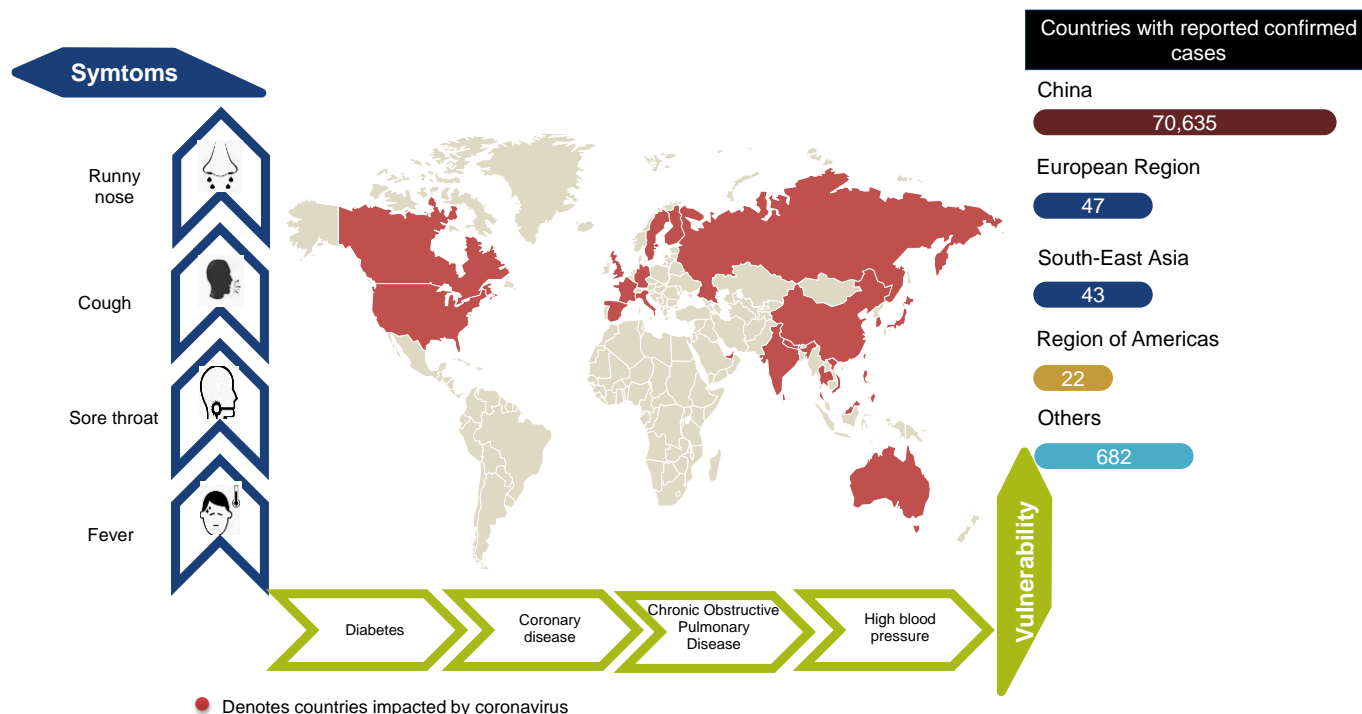
<sup>1</sup>The coronavirus has spread to over 25 countries, infecting more than 70,000 people and leaving ~1,800 dead as of February 18, 2020

<sup>2</sup> Hong Kong considered part of China across the report

## The toll in China

The n-CoV, or COVID-19, was first reported in Wuhan (Hubei), China on New Year's Eve in 2020. According to the World Health Organization (WHO), the number of confirmed cases in China stands at 70,635, with 1,772 deaths as of February 18, 2020. Till date, there is no known cure for n-CoV, though some countries are known to be using a mixture of anti-retro-virals to contain the virus.

## How it went viral



Note: As on February 18, 2020

Source: WHO

## China accounts for ~16% of global exports

China, including Hong Kong, had a trade surplus of \$301 billion according to latest available data (calendar 2018). It accounted for 16% of global exports.

**Majority of n-Cov effect is in east China, over 80% in Hubei province**



Source: World Health Organization

**Key exports from China impacted, as major factories are in the affected areas – except steel**

N-CoV impact	Major commodities manufactured province-wise and exported from China	Electronics (mobile handsets)	Textile RMG	Steel	Plastics	Leather & leather goods	Aluminum	Ceramics	Gems and jewellery	Paper	Consumer durables
Dark Red	Hubei				Green						
	Guandong	Green	Green			Green		Green	Green	Green	Green
Red	Zhejiang		Green		Green	Green		Green		Green	Green
	Henan					Green	Green			Green	
Light Red	Hunan								Green		
	Anhui				Green					Green	
	Jiangxi				Green	Green		Green			
Yellow	Jiangsu		Green	Green	Green					Green	
	Chongqing										
	Shandong		Green	Green	Green		Green			Green	
	Sichuan	Green									
Blue	Heilongjiang										
	Beijing										
	Shanghai				Green						
	Fujian				Green	Green				Green	
	Hebei			Green		Green				Green	
	Shaanxi	Green									
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	Shanxi			Green			Green				
	Guizhuo										
	Liaoning			Green							

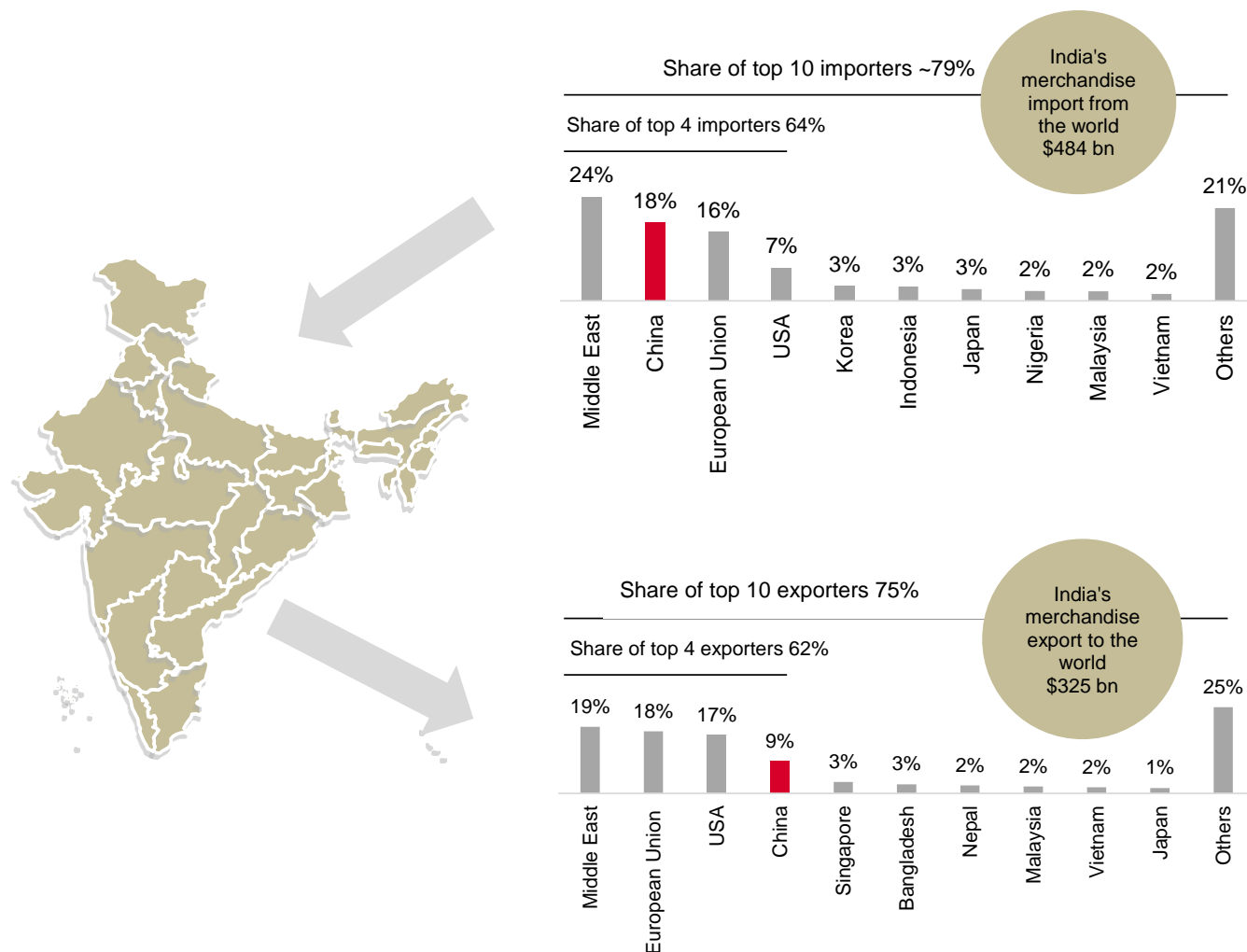
Green box: Significant presence of respective sector's manufacturing in province

Source: CRISIL Research

## About 18% of India's total merchandise imports is from China

India had a trade deficit of \$159 billion as of calendar 2019. It remains a net importer from China (including Hong Kong) of \$56 billion. Key commodities imported on the India-China trade lane include: electronics, consumer durables, auto components, pharma bulk drugs intermediaries, etc.

### China has one of the largest shares of India's import basket



Note: 1. Hong Kong considered part of China in the above chart 2. Chart reflects share of India's merchandise exports/imports for calendar 2019

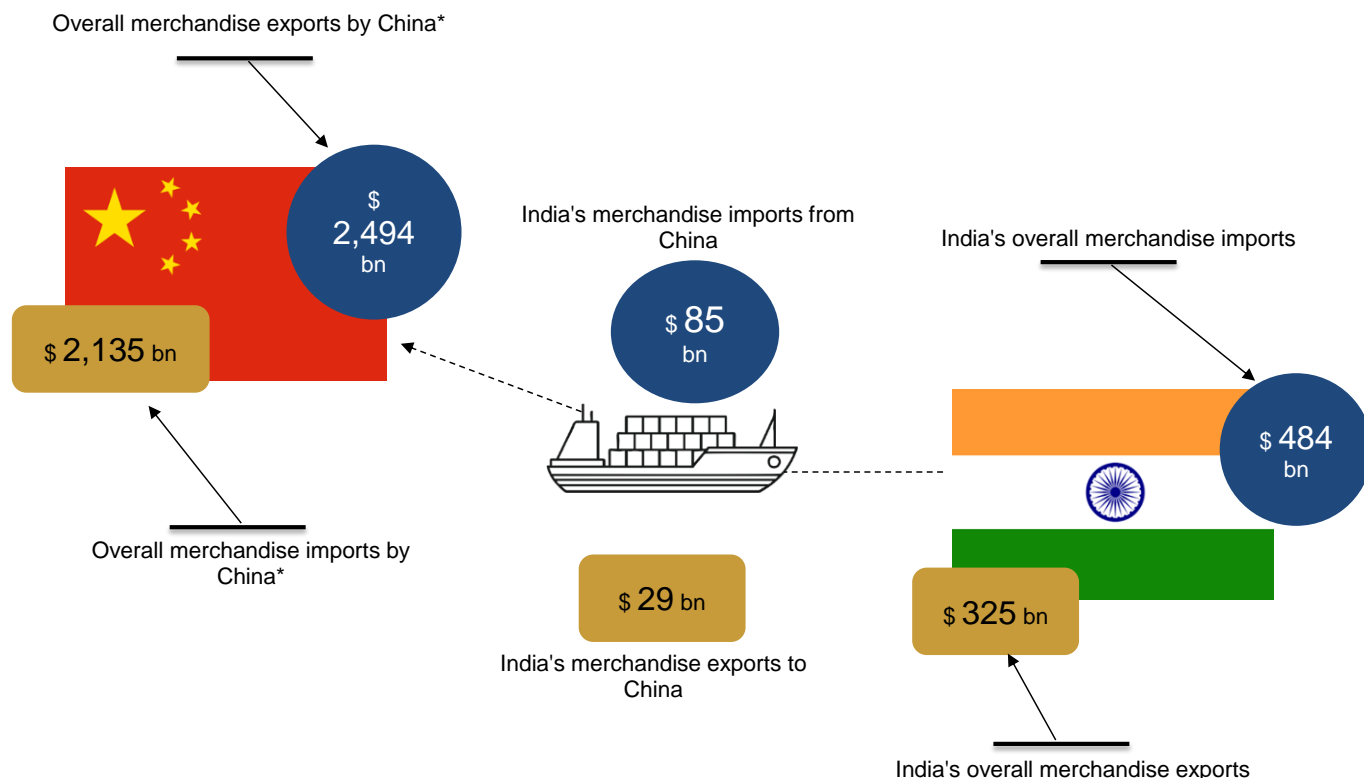
Source: Directorate General of Foreign Trade (DGFT), CRISIL Research



The top four regions – the Middle East, China, the European Union (EU) and the United States (US) – consume over 60% of India’s merchandise imports as well as exports.

Over the past three years, India’s overall merchandise imports logged a compound annual growth rate (CAGR) of 12%. In comparison, merchandise imports to the China grew 6%. Similarly, India’s overall merchandise exports grew 9% CAGR. In comparison, merchandise exports to the China grew by 7%.

**India is a net importer from China**







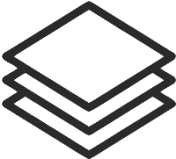



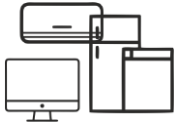

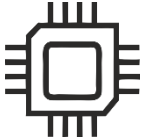



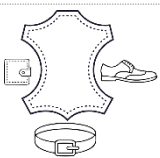



Note: 1. Data for calendar 2019 2. \*data is for calendar 2018 3. Hong Kong considered part of China in the above chart







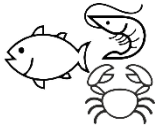

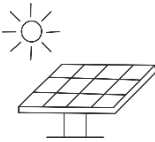

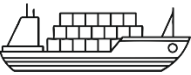

Source: DGFT, CRISIL Research









**Outbreak to have mixed impact across sectors in India in Q4FY20**

	<b>Dependency of sector on imports/exports from/to China</b>	<b>Proportion of China's trade to India's sector trade in CY19 (in value terms)</b>	<b>Impact of Coronavirus on the sector in Q4 FY20</b>	<b>Comment</b>
 <b>Aluminium</b>	Low dependency on both imports/ exports from China	India exports 1% of total primary aluminium to China. Similarly, imports from China is also marginal (<2% of total value)		Not much opportunity for primary aluminium to export given high utilisation. However, fall in imports from China to benefit secondary aluminium
 <b>Auto components</b>	Moderate dependency on China for imports	18% of automobile component imports and ~30% of tyre imports comes from China		Inventories sufficient to support in short term; but lack of single critical components can hurt OEMs. Local Indian auto-component manufacturers cannot immediately capitalise on the void created by China as it takes time for OEMs to recalibrate their supply chain
 <b>Agri-linked</b>	Varies across sub-segments. High dependency for imports of pesticides inputs, moderate dependency for fertilisers	For pesticides, India imports ~50% of its total technicals (input) from China. In case of fertiliser, ~10%# of urea consumed in India is imported from China		Given that procurement season for rabi crop has ended, there is no major impact. In case the manufacturing facilities do not operationalise by end of February, though, there could be some impact in procuring raw material for the upcoming kharif season
 <b>Ceramics</b>	Industry has low dependency on ceramic tile imports overall	However, on a low base, ~37% of imports are from China		Temporary decline in import from China will not have major impact on domestic industry. On the other hand, players to benefit from temporary decline in exports from China to major consumer countries such as the US and Gulf Cooperation Council. India cannot benefit fully from potential opportunities due to low capacity in comparison to China, however, marginal business shift to India will give boost to export revenues

	Dependency of sector on imports/exports from/to China	Proportion of China's trade to India's sector in CY19 (in value terms)	Impact of Coronavirus on the sector in Q4 FY20	Comment
 <b>Consumer durables</b>	High dependency on imports from China	India imports 45% completely built units of consumer durables from China. In addition, India also imports bulk of consumer durables components from it		Players have already stocked inventory, so impact will be felt only towards the end of Q4 FY20. Product prices could rise next month.
 <b>Electronics (includes mobile handsets)</b>	High dependency of import of components from China	67% of electronic components are imported from China		Though India progressed from assembling to manufacturing of low-end electronic components, import dependency remains high. Such high dependency on imports with some critical components being produced with China is expected to have significant impact
 <b>Gems &amp; jewellery</b>	Dependency on exports to China is high (especially polished diamonds)	India exports 36% of diamonds to China		Share of diamond exports to the region has been declining for some time due to reasons other than coronavirus. Nonetheless, rescheduling of the Hong Kong International Jewellery Show and n-Cov will adversely impact exports and dampen the domestic industry in Q4 FY20
 <b>Leather and leather goods</b>	Import dependency on China is moderate	imports constitute a lower share in leather consumption, China contributes ~38% to imports		Indian leather exporters are operating at ~60% capacity utilisation. Therefore, these entities have the capacities to absorb any sudden influx of orders from US and EU players
 <b>Petrochemicals</b>	Dependency of exports to China is high	India exports 34% of its total petrochemicals to China		Exports to China would be hit; finding new markets immediately is monitorable. Indian petchem is unable to capitalise on n-CoV effect, due to high utilisation. Petrochemicals prices and margins will be under further pressure due to the virus

	Dependency of sector on imports/exports from/to China	Proportion of China's trade to India's sector in CY19 (in value terms)	Impact of Coronavirus on the sector in Q4 FY20	Comment
 <b>Paper</b>	Moderate dependency on imports from China	17% of imports of paper is from China		Export reduction of paper from China to provide opportunities for India, especially in paperboard segment
 <b>Pharma bulk drugs</b>	High dependency on imports from China	India imports 69% of its total pharma bulk drugs intermediates from China		Players have sourced their raw materials and created buffer stocks for 2-3 months, ahead of holiday period in China
 <b>Plastics</b>	High dependency on imports from China	India imports 44% of its total plastics from China		Reduction in cheap Chinese imports to benefit India's plastic industry
 <b>Seafood</b>	Moderate dependency on exports	India's exports to China accounts for ~22% of its overall seafood export		With fall in demand for seafood in China, there would be pressure on Indian exports in the short term. While players would look at other countries like US, Japan, and Thailand for exports, it would not be possible to completely offset the loss
 <b>Solar panels</b>	Highly import dependent for solar modules	India imports ~70% of solar modules from China		Supply disruption of solar panels (~80% capacity globally is controlled by China) for projects commissioned in India in next 4-6 months could lead to project completion delays and possible invocation of force majeure clauses to avoid penalties by solar developers
 <b>Shipping &amp; Logistics</b>	Over 90% of the global trade is via sea; China is key consumption centre for bulk drugs and containers	China accounts for 70-75% of iron ore trade, 20-25% of coal trade and 25-30% for crude oil across globally#		The virus outbreak is expected to keep the demand and freight rates low in the short term

	Dependency of sector on imports/exports from/to China	Proportion of China's trade to India's sector trade in CY19 (in value terms)	Impact of Coronavirus on the sector in Q4 FY20	Comment
 <b>Steel</b>	Moderate dependency on China for imports	India imports 17% of its steel from China		Domestic steelmakers to benefit from import substitution as we typically import commodity steel. Further, exports will also benefit to a certain extent with void created owing to virus outbreak
 <b>Textile cotton yarn</b>	Dependency on exports is high	India exports 27% of total cotton yarn to China		Decrease in exports to put further pressure on domestic prices of cotton yarn. Effectively, this will lead to lower margins of cotton yarn players
 <b>Textile RMG</b>	Dependency on exports is low	India exports 1% of total RMG to China		Due to rising costs, sourcing of apparel is shifting to low cost destinations such as India. Virus outbreak to provide further opportunities



**Positive**



**Neutral**



**Negative**

Note: 1. CY: calendar year 2. Hongkong considered within China 3. # in volume terms

Source: CRISIL Research

## How n-CoV is playing out on different sectors in India (base case)

### SMEs in secondary aluminium to benefit more than larger primary aluminium players



Note: Considered select HS Codes of 76

Fall in imports from China is expected to benefit secondary aluminium manufacturers, mostly small and medium enterprises (SMEs) operating at less than optimal utilisation.

The slowdown in China led to a fall in primary aluminium prices across the globe as steep fall in Chinese consumption led to global surplus. However, that does not impact India's exports, as India is one of the lowest cost manufacturers in world. Nor does it create an opportunity for India's primary aluminium manufacturers, as they operate at 93-94% capacity. Domestic players are unlikely to use this calamity to its advantage, as it takes 3-4 years to set up new capacity.

### Auto parts inventories enough for now, but lack of critical parts can impact production



Note: Considered select HS Codes of 40, 70, 73, 83, 84, 85, 87, 90

Drive transmission, steering, electricals, interiors, engine components, and alloy wheels are major imports from China. Auto component importers had stocked up inventories in anticipation of the Chinese New Year. Hence, the virus outbreak is expected to cause limited disruption in the fourth quarter of fiscal 2020, as Indian auto original equipment manufacturers (OEMs) tend to have import inventories for 30-60 days. But lack of even a single critical component such as printed circuit boards can hurt an OEM's ability to manufacture vehicles. The current slowdown and adequate stock of Bharat Stage (BS)-IV vehicles serves as a relief for domestic OEMs albeit production of BS-VI vehicles, to be sold effective April 1 2020, could get disrupted if lockdown in China persists.

A lion's share of auto component and tyres imports cater to the aftermarket segment and availability of these components in the aftermarket will be impacted. But this would get offset by lower domestic demand there. Moreover, local Indian auto-component manufacturers cannot immediately capitalise on the void created in China, as it takes time for OEMs to recalibrate their supply chain.

## Negligible impact for agriculture as imports for rabi is almost over

India imports 50% of its raw material (technical) pesticides requirement from China. For crop year 2019-20, most of the procurement has already taken place by November-December. In case of fertilisers, while ~10% urea is imported from China, it is produced in the Middle East and traded by China. Therefore, we do not see a significant impact of n-CoV and shutting down of chemical plants, in the fourth quarter of this fiscal. However, if the outbreak is not contained beyond that, imports for the next season will be impacted. In case of crops such as soybean, India depends on China by way of export of soy meal. But since a large part of the commodity has been harvested and already sold, the virus outbreak is not expected to impact farmers much. Some downward pressure on margins of soy millers might be seen in the near term, though, due to lower soy meal exports.

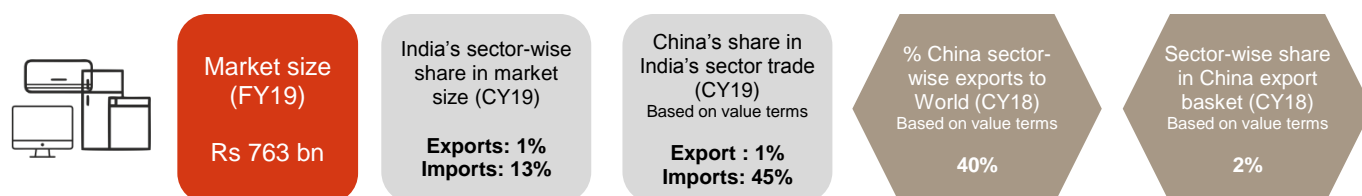
## Indian ceramics to benefit from window of opportunity in global markets



Note: Considered select HS Codes of 69

India is a net exporter of ceramic tiles. It has low dependency on import, however, India imports ~37% of ceramic tiles from China (mainly low value tiles). However, in global trade, China has export share of ~20% against India's ~5%. China features among the top two exporters of ceramic tiles, exporting to countries/regions like US, south-east Asia, etc. India cannot benefit fully from potential opportunities created by n-CoV due to low capacity in comparison with China. However, a marginal business shift to India would boost export revenues.

## Consumer durables inventory to run out after March, but no domestic capacity to cash in



Note: Considered select HS Codes of 84, 85

Inventory days for consumer durables sector is typically around two months. Hence, with the virus outbreak, the impact will begin to be visible in March 2020 – marked by inventory rundown, leading to negative impact by end of fourth quarter this fiscal, and a possible increase in product prices. India currently doesn't possess large-scale manufacturing capability in this sector. Thus, even if China loses out on consumer durables exports, India may not be able to capitalise on the opportunity.

## India lacks capability to produce complex components; electronics sector will be hit



Note: Considered select HS Codes of 85

Shutdown of factories in China due to n-CoV is expected to negatively impact the electronics industry in India as Indian players currently do not have the capability to manufacture such semiconductors and components in the short term, though some components are sourced from Japan, South Korea, Taiwan, and Germany, among others. Stocking of inventories carried out in anticipation of Chinese Lunar New Year has prevented immediate shortfall for the industry but disruptions are expected in the next few weeks in case the situation does not normalise. Delay in the supply of components, non-availability of flights and shipment for transportation of material/components and short supply might cause some increase in prices of the components end products.

## Gems & jewellery exports to take another blow as finding new markets not easy



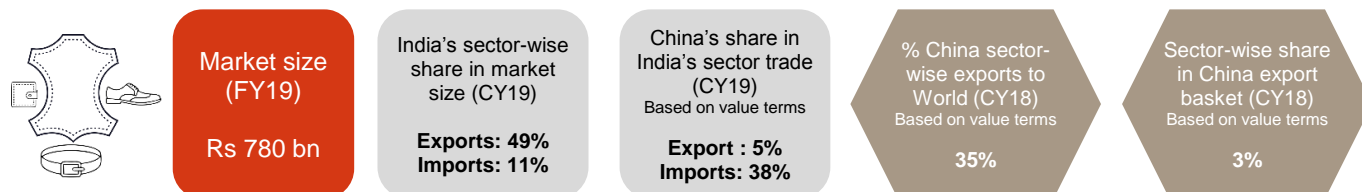
Note: Considered select HS Codes of 71

The recent rescheduling of Hong Kong International Jewellery Show from March to May and shutdown of manufacturing activities owing to n-CoV has been a big blow to domestic exporters. Accordingly, diamond exports are likely to be further impacted. This comes on the back of decline of about 17 percent during the period April – December 2019, as against corresponding period of previous fiscal. If the virus is not contained by first quarter of fiscal 2021, orders and subsequent exports could witness further pressure.

25-30% of sales to south-east Asian region is in January-March quarter. Sales to Hong Kong took place till January 15, 2020. Markets generally resume in the first week of February, however, this year, holidays have been extended till mid-February 2020. So far, payments from Hong Kong market have been on time. However, bulk of the payments would fall due in the second half of February 2020 and beyond, as large part of the sales took place post November 2019, and the bills are generally discounted for 90-120 days. Any prolonged delays in receipts from Hong Kong, would increase the company's reliance on unfinanced export receipts from non-Hong Kong export geographies like the US, the EU, and Middle-east etc. to honour the upcoming bank obligations arising out of exports to Hong Kong.



## With unutilised capacities, leather and leather goods could get more export orders



Note: Considered select HS Codes of 34, 41, 42, 64

Prominent brands based out of EU and US have already begun enquiring with Indian leather exporters for supply of initial quantities. Order execution in footwear may be slower as it is dependent on components and other ancillaries from China. But other leather products will witness an uptick given that Chinese exports have been hampered. Indian leather exporters are currently operating at ~60% capacity utilisation. Therefore, these entities have the capacities to absorb any sudden influx of orders from US and EU based players.

## Paperboard players could cut new deals



Note: Considered select HS Codes of 48

The fall in Chinese paper exports -- with paperboard constituting ~70% (in volume terms) of the total exports -- could provide an opportunity for Indian players, especially for mid and smaller ones present in the paperboard segment, as they have low capacity utilisation of less than 70% (as of fiscal 2019). However, competition would be fierce with countries from the ASEAN too vying to fill the gap. As of fiscal 2019, China accounted for ~10% (in volume terms) of India's total paper and paperboard imports. Of this, import of paperboard formed ~70% (in volume terms). This is expected to aid domestic paperboard manufacturers in the short run, as they can cater to the unmet domestic demand.

## Petrochemicals may miss exports bus with utilisation high, prices under pressure



Note: Considered select HS Codes of 29, 39, 40

With slowdown in Chinese demand, India's exports will get impacted and players will have to look for other export destinations, which is a monitorable. China's exports of petrochemicals will also get impacted due to the virus but India's petrochemicals industry will not be capitalise on this, as it operates at 88-89% utilisation and setting up new capacities immediately is difficult. Petchem prices and margins, which were subdued due to global oversupply and demand slowdown, will see further pressure.

## Lower pharma bulk drugs imports not a bitter pill for India as sufficient inventory in place

India is a net importer of pharma bulk drugs from China. Indian players have already sourced their raw materials and created sufficient inventory for 2-3 months in view of the holiday period in China. However, a few pharma players have seen price escalation in some imported bulk drugs and intermediates off late such as paracetamol. Hence, the impact is expected to be moderate this quarter. Currently, India doesn't have the capability to produce key starting material/intermediates which are manufactured by China.

## Indian plastics at an advantage



Note: Considered select HS Codes of 39

India's plastic industry is highly fragmented. However, it faces competition from cheap Chinese imports. With decline in Chinese imports owing to spread of n-CoV in the major plastic products manufacturing province, Indian players are expected to benefit. The industry is in distress for some time now, owing to slowdown in Indian economy and ban on single use plastic. This development will help Indian players improve their utilisations.

## Seafood industry could be in troubled waters if Chinese orders don't pick up

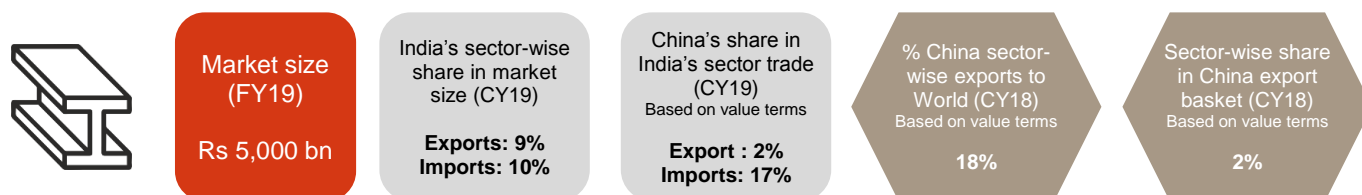


Note: Considered select HS Codes of 03

Though demand from China has been impacted, it has not been major as players in China stock up inventory in third quarter each year to cater to Chinese New Year requirements (January 25). Going forward, we expect India's seafood exports to China to fall, as demand from the country will remain lean amidst virus scare. Our interactions suggest that no new orders have been received recently from the country, and demand is expected to pick up only on normalisation of export/import situation in China.

China is one of the major exporters of value-added seafood. Hence, China's export loss in this segment would be grabbed by Vietnam which has facilities to provide such products. However, with limited infrastructure, India would not be in a position to seize the opportunity. Indian players can expect an increased demand from China in case of change in consumption pattern with substitution of live food to frozen seafood in the near future.

## Steel capacity headroom can absorb lack of imports, exports opportunity could open up



Note: Considered select HS Codes of 72

Indian steel industry is facing weak domestic demand and has enough capacities to meet any import shortfall, if needed. In fact, imports from China declined in April-December 2019 by ~16%, following weak domestic demand growth of 3.5% in India during this period and ramp up of domestic capacities. Impact of n-CoV will primarily be on steel prices globally, which are expected to moderate to \$470-490 per tonne in fourth quarter of this fiscal, led by muted demand of steel in China. Further, given that China has 26% share in total exports of global finished steel (in volume terms), a fall in China's exports because of n-CoV would provide an opening for steelmakers to exports as they operate at less than optimal utilisation.

## Dark days for solar projects with supply of panels disrupted

Supply disruption of solar panels (~80% capacity globally is controlled by China) for projects commissioned in India in next 4-6 months could lead to project completion delays and possible invocation of force majeure clauses to avoid penalties by solar developers.

## Charter rates for dry bulk and container trade under pressure

With China being a key importer of coal, iron ore, and crude oil, and a key exporter for container trade, shipping industry is expected to witness some downturn in the fourth quarter of fiscal 2020. China accounted for 70-75% of iron ore, 20-25% of coal, and 25-30% of crude oil trade globally in calendar 2019. Dry bulk is generally muted in January due to New Year in China, but this time around, the impact was higher due to n-CoV. Dry bulk charter rates declined 15-20% in January 2020 on-year. While slowdown in China will impact its crude oil consumption, tanker charter rates are up by 50-55% in January on-year, following movement of low sulphur fuel oil across ports, as the shipping industry has to comply with International Maritime Organization (IMO)'s latest regulations. Container charter rates growth is muted at 0-5%. Hence, trade is expected to be impacted negatively if the shutdown continues.

Among the Indian ports, 40-45% of volumes at Jawaharlal Nehru Port Trust and Chennai have origins from China, which are expected to be impacted. The dry bulk shipping rates, indicated by the Baltic Dry Composite Index, has substantially declined (to 431 on February 6, 2020 from 1,500 on December 10, 2019), owing to the low season and implementation of the new IMO sulphur regulations (mandatory from January 1 2020), which led to higher fuel costs for shippers.

## Lower exports to China could unravel cotton yarn prices, margins for domestic players



Note: Considered complete four digit HS Codes of 5205

Shutting down of ports will lead to excess yarn supply in domestic market, affecting cotton-yarn spreads and impacting profitability of domestic yarn manufacturers. Typically, the fourth quarter of the financial year is a good season for these players. Decrease in exports of cotton yarn to China due to the virus will put further pressure on domestic prices of cotton yarn. Effectively, this will lead to reduction in demand as well as margins of cotton yarn players.



Note: Considered full two digit HS Codes of 61 and 62

### Indian RMG exports could see more orders

Due to rising operating costs, the sourcing of apparel by US and EU had already shifted from China to other low cost economies. N-CoV will further impact China's exports, thereby giving more opportunities to low cost economies like India, Vietnam, and Bangladesh. Our interactions with market participants indicate that there is an improvement in apparel orders from US and EU to India, and is likely to get incremental \$ 2-3 billion of orders for fiscal 2021. Although, the operating rates of many Indian RMG players are high at ~90%, the labour-intensive sector should be able to add temporary manpower to take up these additional orders.

### Extended outbreak could spell big trouble for India Inc

On balance, n-CoV will prove to be a mixed bag across sectors in the fourth quarter of this fiscal. But if it persists, Indian industry is heading for serious disruptions. Sectors such as auto components, pharma bulk drugs, and agro chemicals can survive the n-CoV headwinds to some extent in the near term, given inventory stocks of two months. However, as inventories run down, industry will face significant pressures. Overall, that would eventually result in more sectors being negatively impacted, outweighing the positives.

Credit profiles of firms in select sectors could also get impacted if the supply disruption continues beyond March – for instance automotive components, renewable (solar) and diamonds. Both diamond and automotive component sector are already witnessing demand sluggishness for over a year; also the automotive sector is on the cusp of adopting BS VI regulations effective April 1, 2020, leading to higher cost of components and hence vehicles.

Also 3 giga watt (GW) of solar projects, worth ₹16,000 crore, could be at risk of penalties for missing their project completion deadline if the coronavirus impact prolongs and delays supplies of solar panels. Credit profiles of some of the firms implementing these projects could therefore witness some strain.

## Annexure

### Major segments of India-China trade in calendar 2019

Imports from China (~18% of India's imports)	% imports from China	Exports to China (~9% of India's exports)	% exports to China
Electrical machinery	34%	Gems and jewellery	36%
Nuclear reactors and machinery	18%	Mineral and ores	15%
Organic chemicals	10%	Organic chemicals	11%
Gems and jewellery	6%	Sea food	5%
Iron and Steel	4%	Electrical machinery	4%
Plastic goods	4%	Cotton	4%
Fertilisers	2%	Plastic	3%
Medical equipment	2%	Nuclear reactors and machinery	3%
Automobiles & components	2%	Iron & steel	3%
Chemicals, etc.	2%	Salt	2%
<b>Total of above</b>	<b>84%</b>	<b>Total of above</b>	<b>86%</b>
<b>Grand total (Rs crore)</b>	<b>603,631</b>	<b>Grand total (Rs crore)</b>	<b>206,896</b>
<b>Grand total (\$ billion)</b>	<b>86.2</b>	<b>Grand total (\$ billion)</b>	<b>29.5</b>

Note: China including Hong Kong

Source: Intracen

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