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While widening trade deficit between India and China is continuing to raise concerns, a recent report suggests that rice exports could actually help India to reduce the trade gap which it currently runs with China. An SBI 'Country Wrap' report released earlier this week said that India should try to tap sectors such as pharmaceuticals and agriculture — particularly in commodities like rice — in the Chinese market with an aim to bridge the widening trade gap.

According to the Economic Research Department of the SBI, China is a top importer of rice globally. However, for some reason, India has not been able to export enough rice to China. Once India is able to tap those (agriculture and pharma) markets and increase its exports, the trade deficit will be quite balanced.

Demand for Indian goods has been on a decline in the Chinese market, while India's dependence on China for items such as electric equipment, machines, medical and surgical instruments and fertilizers, among others, is on a rise. Other top imports from China include organic chemicals, plastic, ships and boats, iron and steel, and optical photographic. The report pointed out that this has led to a widening trade deficit between India and China. Huge imports of Chinese goods by India has made China the country's largest trade partner, it added.

In FY17, India's trade deficit with China expanded to \$51.11 billion from \$38.72 billion in FY13. Structural reforms in China has reduced its imports from India, the report said. Commerce ministry data showed on Tuesday that the US emerged as the top export destination for India with \$47.9 billion worth of shipments in FY18, PTI reported. However, China was India's largest source country for imports during 2017-18 with \$76.3 billion worth of imports.

Items like ores, cotton, organic chemicals mineral fuels copper, iron and steel, nuclear reactor and mechanical appliances, electrical machinery and plastic make it to the list of top export items from India to China, the report said.

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