

Q: Microchip is the new oil Substantials? What are the impacts of recent Chinese move to place export controls on gallium & germanium.

Ans: From cell phones to solar cells, computers to microprocessors chips are involved.

for eg: microprocessor unit installed in any programmable device.

Impacts of recent export control by Chinese side can be analysed from two broad perspectives:

1. SHORT TERM

- a. Temporary supply crunch of chips
- b. Increased cost of chip manufacturing
- c. A slow down in Indian economy
(a short term.)
- d. Trade deficit with China increases further

2. LONG TERM

- a. In long term the problem can act as a blessing in disguise.
 - a1. Diversification: India now will have to diversify imports of gallium & germanium.
 - a2. Technology Transfer from west: India can leverage this opportunity by getting recent & latest technology from west.
eg: Recent India - US agreement on critical & emerging technologies has a provision for transfer of technology.
 - a3. Strong & sustained growth & use of alternate options