

Tik-Tok-ed: India's Ban on Chinese Apps

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Summary

India recently banned 59 Chinese-origin mobile applications citing national security concerns. This may be the first step in a limited decoupling between the two countries. However, given the level of penetration of Chinese goods and investments into Indian markets, decoupling is fraught with challenges. Furthermore, it is not apparent whether this development would in any way constrain China's assertive behaviour.

India recently banned 59 mobile applications of Chinese origin, including Tik Tok and WeChat. The two apps are popular in India with surging demand – Tik Tok has 200 million users and 600 million downloads. The Indian government's sudden decision has complicated ByteDance's (Tik Tok's parent company) Indian expansion. Some analysts have speculated that the ban was driven by recent hostilities across the border but there is more to the move than meets the eye. Recent Sino-Indian skirmishes could have triggered the ban but other reasons exist, including supporting domestic technology firms and aligning with partners like the United States (US) on digital issues. That said, the extent to which New Delhi can restrict the inflow of Chinese products and investment into the Indian technology market remains to be seen since Chinese companies already have a significant presence in India's thriving digital landscape. Calls for a decoupling, as a result, might be premature and fitful.

New Delhi's rationale for banning these Chinese apps rests on "national security concerns". However, this is not the first time Indian officials have flagged concerns. India's Ministry of Defence previously issued advisories to Indian armed forces personnel to uninstall 40 or so Chinese-origin apps, given fears of data breaches. However, the recent move is more widespread; India is one of ByteDance's largest markets and the ban could severely affect its growth. Recent days have seen a massive surge in the Indian alternatives with apps like [Chingari](#) (10 million downloads in June 2020) and [Trell](#) that crossed 12 million downloads following the ban. Media reports suggest Chinese companies like Huawei and ZTE could be barred from India's 5G-rollout plan. The Department of Telecom insiders have [speculated](#) that the possibility of allowing Huawei to participate in India's 5G rollout has all but evaporated. Whether this is done for national security reasons or to support local enterprise remains to be seen.

Some analysts attribute the ban to Prime Minister Narendra Modi's call for *Atmanirbhar Bharat Abhiyan* or 'Self-reliant India Mission' which promotes self-sufficiency by incentivising local production of goods, not imports. That said, it is important to note that the ban on Chinese apps is a low hanging fruit to a more 'self-reliant India'. Chinese apps had Indian alternatives that were free to download. Chinese goods and services have extensively penetrated the Indian market driven by their ease and competitiveness. Restricting Chinese apps may also have adverse political effects given how many Indians use

these apps, including thousands who monetise the content. The government hopes it can tap rising nationalism and anti-China sentiment to reduce imports from China, at least in the short-term. Recently, the Modi government has also compelled e-commerce players like Amazon and Flipkart to display the country of origin of products being marketed.

However, in areas like mobile phones and telecommunications, the government will need to make critical decisions. For instance, India's telecommunication sector is already under severe financial stress and some reports suggest that excluding Huawei from the 5G rollout could [increase](#) prices by 15-20 per cent, which could pose additional constraints during an economic emergency. Several Chinese technology companies like Alibaba, Tencent and Baidu have invested US\$1 billion (S\$1.4 billion) in Indian startups while setting up operations. Hence, a technological decoupling from China may require determined policy initiatives and stubborn resolve.

Fundamentally, India's ban on Chinese apps demonstrates how technology has emerged as a geopolitical fault-line, given intensifying competition between the US and China with India in the crosshairs. The US is [mulling](#) the same ban implemented by India. Moreover, the US has [sanctioned](#) ZTE and Huawei, labelling them as national security threats and currently pushing its partners and allies to remove them from respective 5G rollout plans. American pressure has seen some success with Australia, Japan and, more recently, the United Kingdom limiting their engagement with Huawei.

The US has also pushed India to restrict Huawei. India's Tik Tok ban may be a slow tilt towards the US and possibly an attempt to, at least, get a decoupling process underway vis-à-vis China. To be sure, concerted decoupling is unlikely since US-India convergence on technology matters will be constrained by palpable trade tensions between Washington and Delhi. The US values the free flow of data and patently opposes techno-nationalism while India has championed data sovereignty under the garb of localisation. That said, the ban of Chinese apps and limiting firms like Huawei from India's 5G rollout may bring both countries closer on technology matters. A possible US-India convergence could help establish certain rules and norms as part of the free and open Indo-Pacific agenda on emergent technology and digital issues.

New Delhi's desire to revive India's economy by diversifying import partners, reducing Chinese domestic technology investments and a renewed focus on indigenisation appears timely. The ban on Chinese apps may be the first step to reorient India's economic structure. However, the Indian government must remain acutely aware of both the risks and challenges of this extrication.

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