

Does a Product Made in India From Chinese Materials Count as Indian?

Yash Khatri

Founder, SourcingFrom

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A good made in India from Chinese inputs counts as Indian for a free trade agreement only if it meets the origin rule written for that product. The same shirt can pass in one market and fail in another, so the annex for your HS code decides, not the factory.

Key takeaways

- "Made in India" on the carton and "Indian origin" on the certificate are two different claims, and only the second gets you the duty rate.
- Under ECTA, spices such as pepper, cumin and turmeric must be wholly obtained, so ground cumin from imported seed fails.
- The UK's DCTS rule for cut-and-sewn knitwear needs knitting in India, so a tee from imported fabric fails it.
- Since April 2026 the certificate's invoice number must match the shipping bill exactly.
- Until you have a bill of materials, price the order at the full duty rate.

Sometimes yes, sometimes no, and it depends on the product, not on the factory. For a free trade agreement, a good made in India from Chinese inputs counts as Indian only if those inputs were transformed enough to meet the rule written for that product. A shirt sewn from Chinese fabric can pass in one market and fail in another, and ground cumin from imported seed fails in Australia however it's processed.



This matters more every year, because China+1 buyers often move the factory and keep the supply chain. Plenty of excellent Indian makers buy fabric, yarn, components or seed from China for a finish, a price or a lead time, and that's normal business. It isn't a red flag. It just means the "Made in India" on the carton and the "Indian origin" on the certificate are two different claims, and only the second one gets you the duty rate.

SourcingFrom Intelligence

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- 01 **Buyers have started warning each other about it.** A UK importer told others in June 2026 to "be careful as SOME manufacturers input Chinese cotton to fabricate with!" ([r/smallbusinessuk](#), [June 2026](#), from our forum log)
- 02 **India's paperwork got stricter in April 2026.** The invoice number on a preferential certificate must now match the shipping bill exactly. ([DGFT](#)

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- 03 Phones show how far the gap can run.** India's own industry body estimates domestic value added in smartphones at 18 to 20%, with about 60% of inputs imported. (*ICEA via Business Today, April 2026*)

What Decides Whether It's Indian?

The agreement's product rule, read for your HS code. Each of India's agreements with Australia, the UK and New Zealand has an annex with one rule per chapter, heading or subheading. Some rules ask every imported input to change tariff code. Some ask for a minimum share of local value. Some ask for both, and some say the good must be wholly obtained in India. Chinese inputs only matter if they make the good fail that rule.

I won't repeat the whole method here, because [rules of origin explained](#) walks through it with a worked T-shirt and a worked sideboard. What that guide doesn't do is give you the question to ask by product type, which is what most buyers actually need on a first call.



The Question to Ask, Product by Product

Garments and home textiles. Ask "where are the yarn and the fabric made?" Under a heading-change rule, imported knitted fabric becoming a T-shirt passes the shift, so the value test decides, and fabric is the biggest cost in a basic garment. The UK's older DCTS scheme is stricter still. It requires "knitting and making-up (including cutting)" in India for cut-and-sewn knitwear, so a tee from imported fabric fails it outright ([UK tariff, DCTS rule for 6109](#)). India grows its own cotton, so a Tiruppur shirt knitted from Indian yarn is Indian from fibre to hem. The risk sits with synthetics, special finishes and printed blanks.

Spices. Ask "where was the seed or the whole spice grown?" Under ECTA, pepper, chillies, cumin, coriander, ginger, turmeric and cardamom must be wholly obtained in India or Australia. Spice mixtures may have a value alternative, by our reading of the annex. So a blend with imported seed may

qualify, but ground cumin from imported seed can't ([India to Australia](#) has the annex reference). Grinding is not transformation.

Furniture and home goods. Ask "are the parts made here, or bought in and assembled?" Simple assembly is on the list of work that never confers origin in the UK and New Zealand texts. Flat-pack parts bought in and bolted together in India fail. Solid wood worked by hand passes comfortably, because labour is most of the value.

Electronics and electrical goods. Ask "which components are imported, and what share of the ex-works price are they?" Assembly-heavy products are where value tests bite hardest, as the phone figures above show. Get the bill of materials before you price the order with a preference in it.

Leather, brass and other craft goods. Usually the easiest case. The materials and the work are local more often than not. Still ask about hardware, zips and linings, and expect a straight answer.



In short:

Product type	The question to ask	Where it usually lands
Garments and home textiles	Where are the yarn and the fabric made?	Indian yarn passes. Imported fabric depends on the value test, and fails the UK DCTS knitwear rule
Spices	Where was the seed or whole spice grown?	Single spices must be wholly obtained under ECTA. Grinding is not transformation
Furniture and home goods	Are the parts made here, or bought in and assembled?	Simple assembly fails. Solid wood worked by hand passes
Electronics and electrical goods	Which components are imported, and what share of ex-works price?	Value tests bite hardest here
Leather, brass and craft goods	Where do the hardware, zips and linings come from?	Usually the easiest case

Does This Matter If I Buy for the US?

Differently. The US has no trade agreement with India, so there's no preferential rule to meet. But the US still decides country of origin, for marking and for the duty rate it applies, and that turns on whether the inputs were substantially transformed in India. Since US duties on Chinese and Indian goods differ, a product that's really Chinese with an Indian label is a risk for the importer, not the supplier. There's a second US issue too. Cotton traced to Xinjiang falls under the forced labour import ban whatever country the garment was sewn in, which our guides on [forced labour due diligence](#) and [cotton traceability](#) cover. Check the origin call for your product with your customs broker before you book.

What Paperwork Should I Ask For?

Three things, and none of them is an accusation.

1. **A bill of materials** listing each imported input with its HS code, country and cost.
2. **A written statement of the origin criterion** the supplier will claim on the certificate.
3. **A promise to answer a customs verification request** within the agreement's time limit.



Put all three in the purchase order.

Then make sure the certificate is raised on the final commercial invoice. Since April 2026 India requires the certificate's invoice number to match the shipping bill, and a trade adviser summed up the effect of a mismatch as

"the duty benefit is denied at destination" ([LinkedIn, April 2026](#)). The document side is covered in [certificate of origin](#).

A supplier who won't share a bill of materials isn't necessarily hiding anything. Many small makers have never been asked for one. But until you have it, price the order at the full duty rate, not the preferential one.

Ready to act

Need hands-on help?

Collecting input-origin declarations from the maker for each order and checking them against the product rule before the goods sail is execution work. SourcingSync does it at the Indian end.

[**Talk to SourcingSync**](#) ↗

For the wider question of moving production, see [moving manufacturing from China to India](#). For Australian buyers, [are you getting ECTA zero duty?](#) checks whether the preference is reaching you.

The Short Version

Chinese inputs don't make a product Chinese, and an Indian factory doesn't make a product Indian. The annex for your HS code decides. Ask the input question for your product type on the first call, get the bill of materials before you agree a price, and you'll know which rate you're really buying at.

FAQ

Can I claim the FTA rate on an Indian shirt made from Chinese fabric?



Possibly in Australia or the UK under the agreements, if the shirt passes the value test. Not under the UK's DCTS scheme, which needs knitting in India. Get the cost sheet and check.

Does printing or embroidering an imported blank make it Indian?



Will customs check where the materials came from?



Is a supplier using Chinese inputs a bad supplier?

