

IMPACT OF BAN OF CHINESE APPS ON MARKETS OF APPS IN INDIA

Bansi Madlani

Shree Joshi

Abstract

The study was conducted in order to know Indian users' point of view on impact of Chinese apps ban on Indian markets. We have taken, primary data collected from Indians and secondary data collected from experts' articles as our source. We studied about various parameters of Indian market like employment, investments, time-usage, preferences, inclination of support of users to use Indian apps and thus the potential in these markets, incentives provided by government and certain start-ups, overall impact on Chinese and Indian markets and economy and we concluded our research paper based on the findings.

Keywords: Chinese apps Ban, Indian tech Start-ups, Primary data, Economical bang

MAIN-FINDINGS:

- **The Chinese apps mostly used, are banned in India.**
- **Basic but necessary Indian apps have more potential**
- **Currently there is unemployment prevailing but there are many start-ups in the market, which helps India to become independent while give more employment and increasing GDP of the nation.**
- **The impact of ban on Indian markets as well as Chinese markets is immense. It has greatly affected both countries' economy.**
- **Shares price had reduced during that period, Gold was going up, market was running on deficit for Chinese markets.**
- **For Indian markets, it was considered as an opportunity despite being affected. So, the situation was under control and it hadn't created serious suffering for people of India. It can be said that "We are playing safe.**
- **Removing competition in Indian market could not be the sole reason for this ban**
- **Majority of Indians support the Ban of Chinese apps. But the proportion of people using apps for less time has been increased after the ban, it has a positive impact on lives of users, but reduces potential in these apps, though youngsters are the main respondent group, only a few, are using these apps for very high times.**
- **people are discontented in Indian-based-entertainment-apps and U.S.A. based competitor companies for these apps are leading in the competition for entertainment.**

Introduction

Every Chinese application was very popular among Indians, and why wouldn't it be? they had everything that the audiences desired, so what went wrong, what made the government ban these apps?

All the major Chinese applications were funded and regulated by the government of people's Republic of China, the government had full access to people's private data which not only was hazardous to the users but was a threat to our National Security too.

The concern grew with the growing border tensions, and ultimately resulted into a ban on June-29-2020 of 59 Chinese apps and 118 more apps on September-2-2020 under the section 69A of INFORMATION TECHNOLOGY ACT, thus due to the basic disruption of equilibrium of demand and supply of these apps, the Indian based technology market is ought to have some impact on it and a detailed study is conducted for the same.

Scope of Research:

Every aspect of study is clearly defined. In Indian history, Chinese app ban is one of the hardest decisions taken towards imports relating to India. Our findings and conclusions are based on the views of people (primary data analysis) and so can be referred by any individual looking for information based on secondary as well as primary data sources. The reasons, advantages, disadvantages, impact of Chinese app ban is covered smoothly for better understanding. Further, we have shown methods which were used during survey, statistical analysis was also done using experts' methodology and conclusions were drawn accordingly. Also abstract and introduction covered all basic information regarding this matter.

Objectives

- To know the user's perspective on the impact on Indian market by analysing the respondents' answers
- To find the rationale behind respondents' selection of options by doing secondary research
- To know if respondents are aware regarding different parameters impacting Indian market.
- To study effects on investments, employment, start-ups, in this market.
- To know people's perspective on Indian government's efforts done for incentivising this market.
- To analyse the time-usage for the apps and potential in Indian market.
- To know if users support this ban.

Methodology Used:

Respondents – 103 Indians (including all age groups but most of them are students)

Because of the pandemic situation, an online survey was conducted and a questionnaire was circulated among respondents in order to know their view point on a particular matter. Secondary research and analysis was also done in order to make sure, our research analysis can substitute views of 130 crore Indians and we can get accurate conclusions. Also respondents from every state of India were free to be part of this survey.

Data-Gathering Process:

A questionnaire in form of google form was circulated to peer groups and they were asked to share their views. The form was open for a period of 2 days from 30th January, 2021 to 1st February 2021, 12:00am and we

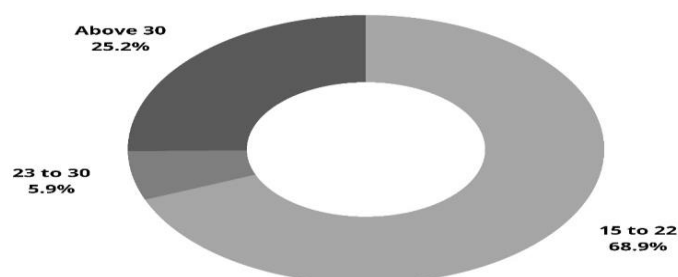
stopped accepting responses after reaching 100 responses. As researchers, our goal was to survey minimum 70 and maximum 100 people and 14 questions were asked.

Statistical Analysis/Measuring Instruments:

We have used google analysis tool as base for our research. Graphs, charts and figures are taken from google analysis and deep research was done to understand the charts and facts. The statistical analysis was also done on the basis of articles published by various experts. We have taken references of all the articles dated from June-29-2020 to September-5-2020. The secondary analysis is shown on that basis. We have referred newspaper articles and YouTube videos which includes various videos on Chinese app ban and its impact on Indians.

Data analysis

The age group of the respondents :

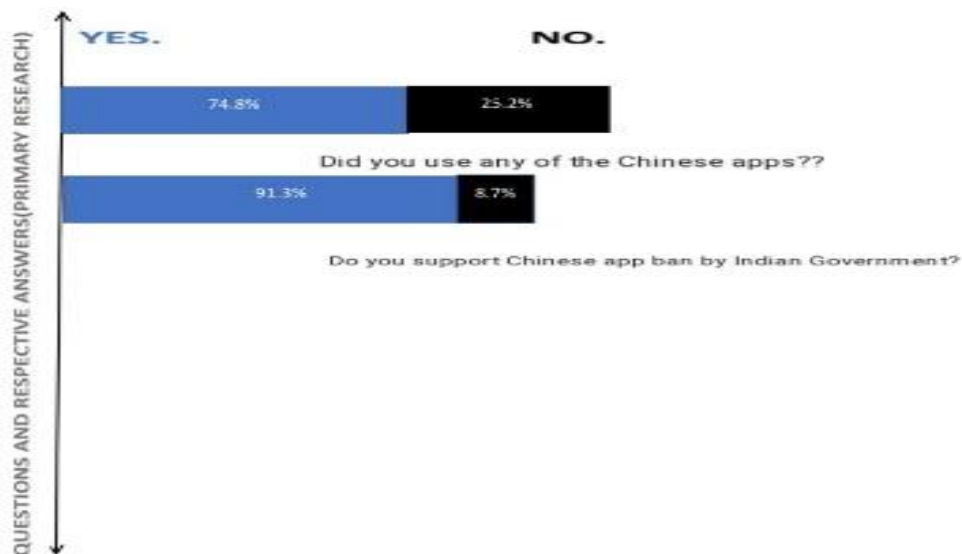


We have described people's view and what experts say on each questions.

https://docs.google.com/forms/d/e/1FAIpQLSe-wjDKiDmb6a_AKr78NLeB8AJaH8I7YbDX3wBOuMFOXBxONg/viewform

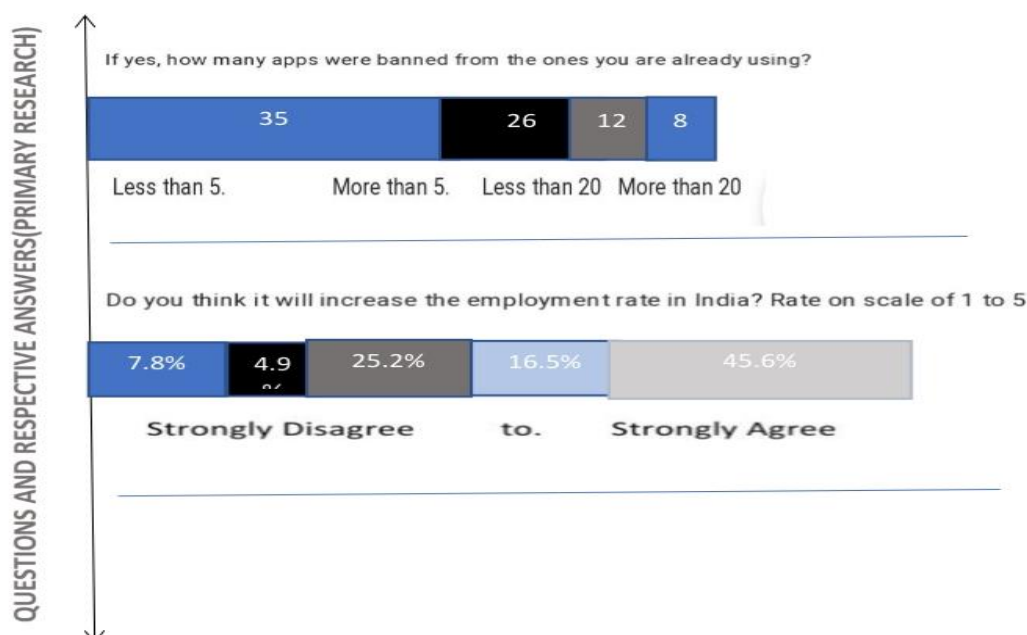
We have analyzed the data according to the questions asked, which are as follows:

Q1. Did you use any of the Chinese apps??



With a clear bias of the 'Yeses' the Indian respondents have agreed that they used Chinese apps, prior to the first ban imposed by the Indian government on June-2020. Some of the many reasons for people's such behavior could be the lack of proper substitutes or the heavy marketing campaigns run by these apps. Also while individual comparison of the responses it was found that majority of people saying 'no' belonged to the age group of 15 to 22 years, which is considered to be the 'tech-savvy generation', so it can be assumed that this option selection has resulted because of them finding the substitutes with ease, with the help of peer groups and various other sources with association to their curiosity to do so.

Nevertheless, it cannot be denied that these Chinese apps had a huge user base in India. In an article released in July-2020, titled, "*India a major market for Chinese apps on banned list*", said that Indians accounted for TikTok's 40% of users in the world and the Helo app ,its sister app had 10.8 million Indian installs in June-2019 and as for Likee had 6.1 million new users from India ,UCbrowser has 130 million out of 430 million users from India and for Cam-scanner Indians consist of 100 million users of its total users.



Q2 If yes, how many apps were banned from the ones you are already using?

This was not a compulsory question, there were 4 options, the one was of less than 5 apps banned group, here there were majority of respondents, so there were two possibilities which caused this:

1. Either they used less than 5 apps and they were all banned,
2. Or they used many apps and only less than 5 apps were banned, and the rest are still unbanned.

The later hypothesis isn't possible because only a few Chinese apps like AliExpress, TurboVPN, and App Lock-DoMobile, etc. are currently unbanned in India. This logic can be applied to all the respondent groups.

Thus, ***The Chinese apps used were mostly, all banned***.

More people have less apps banned and less people have more apps banned. The number of people using less than 5 apps banned is high, and number of people using more than 5 apps getting banned is comparatively lower than the former, the trend continues till the lowest number of respondent group has more-than-20 apps banned, this implies, be it any app, more-than-20 apps weren't used or weren't popular amongst majority of the sample population. Thus it can be concluded that:

Even the apps which were not that popular among people did get banned, so removing competition in Indian market could not be the sole reason for this ban.

But Indian user market did get impacted by this ban as "in India, these apps together accounted for 5% of total installs from apple's app store and google play store."

Q3. What is the average hours spent by you on apps per day before and after ban?

While comparing responses individually we see that;

All the respondents either have their timespan for apps decreased or equal as before, ***it has not increased after the ban.***

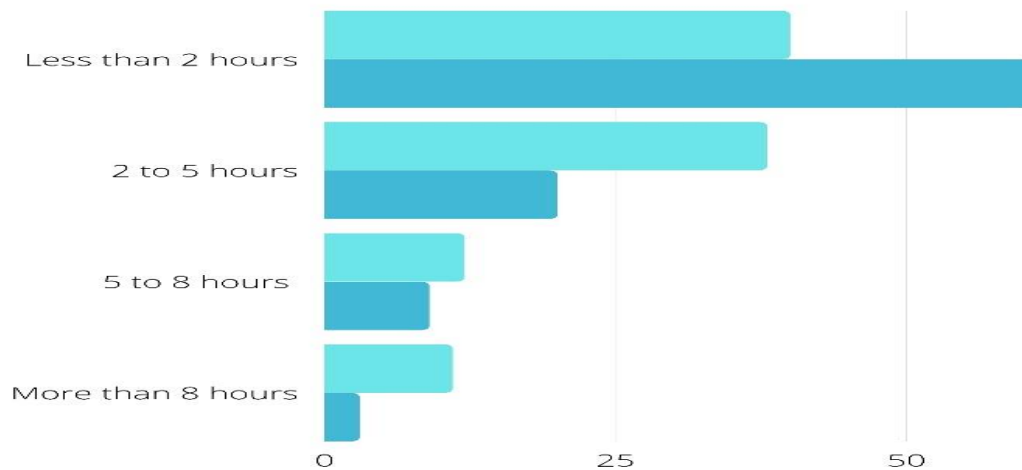
The respondents using apps for ***more than 8 hours were mainly from the age group of 15-20 years***, and according to various articles people have been failing due to excessive mobile-app usage.

The important work by using these apps like scanning-documents, sharing formal-messages, checking news can be done in 2 hours, thus graphically, we see a ***positive impact*** among people after the ban as:

1. The number of people spending less than 2 hours on apps is more after the ban comparatively, out of the total constituency of people, ***the proportion of people using apps for less time has been increased after the ban***, comparatively to the prior situation, where the number of people using apps for less than 2 hours was undeniably more, but it wasn't proportionately such steeply high.

2. Respondants for each time-options for more than 2 hours declined after ban.

Thus potential in Indian market seems to be declining.



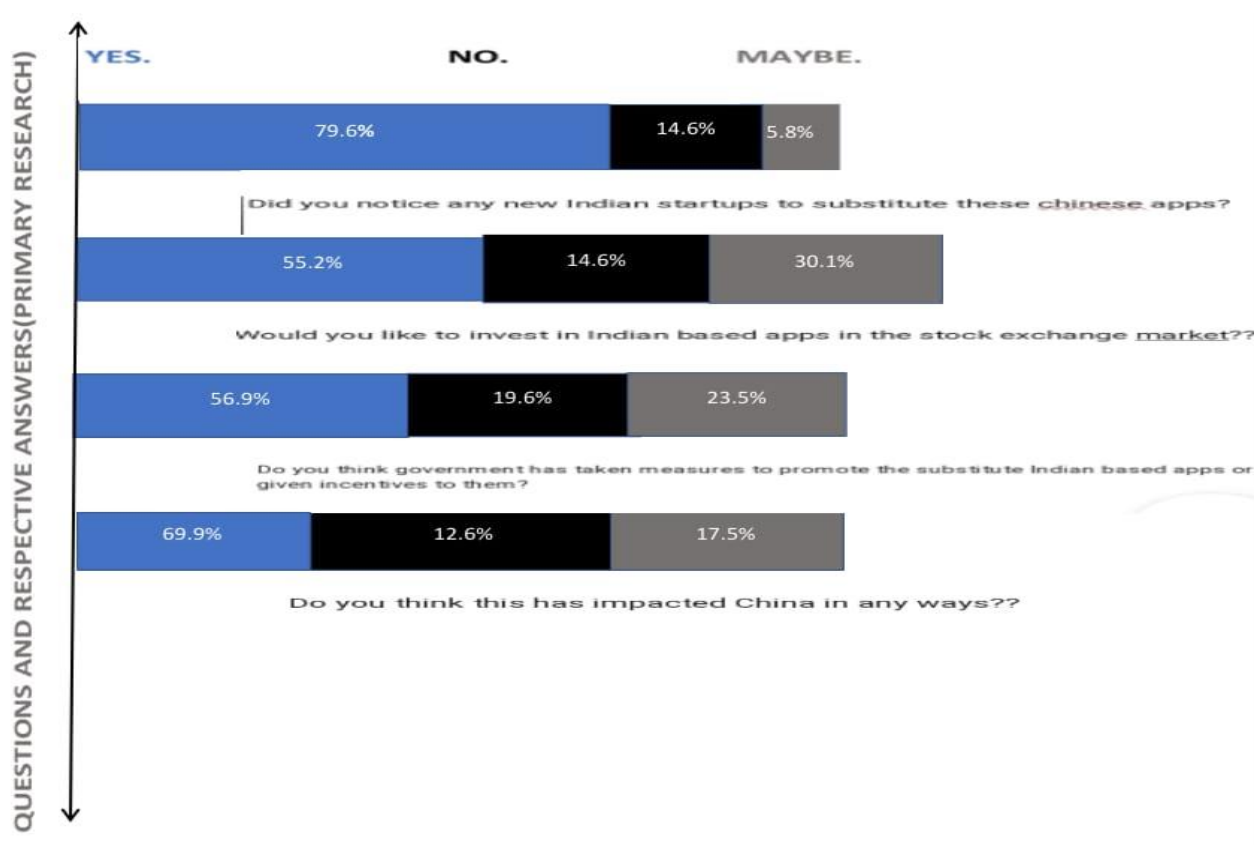
Q4.Do you support Chinese app ban by Indian Government?

Majority support this decision, it's reasonable as it ensures national integrity, small-scale/make-in-India enhancement, user privacy, higher FDIs, but not entirely, it also causes some unemployment, negative diplomatic-relations, fewer imports and exports to some countries, instability to investors maybe that's why few people have disagreed.

Also, majority of the people who disagreed were among the age group of 15-22 years ,again *maybe because of some particular entertainment preferences like PUB-G,TIKTOK, etc. it also says that they might be discontented by their substitutes.*

Q5.Do you think it will increase the employment rate in India?

Majority agreed indeed employment will rise with increase in substitute apps in India as the CEO of BOLOINDYA said that he would like to employee the employees who faced turnover and also many other startups like Chingari, etc., but many Indians working for these Chinese apps' branches have lost their jobs and not all can be employed, also other users who earned from it can also be impacted, maybe that's why some people remain neutral about it.



Q6. Did you notice any new Indian startups to substitute these Chinese apps?

Majority agree, maybe because various news sources promoted the Indian made substitutes of Chinese apps, some disagree as other countries have also substitute them, like Instagram-Reels, Google-Chrome, Adobe-Scanner, etc.

But people about the substitute Indian based apps

Q7. If yes, which are the startups which you noticed??

This was open ended question and people have certainly not been limited to the given options (BOLOINDYA, NASSCOM, IN-MOBI), they have noticed various other Indian-apps to cater to use of these Chinese-apps like:

- SHARE KARO
- MAUJ
- UPSEND
- FAUJI
- KAAGAZ SCANNER
- DOCUMENT SCANNER
- MITRON
- JIO SHARE
- MX-TAKATAK

Mainly these weren't for entertainment-purpose, meaning that Indian apps have **more potential in formal sector** than the entertainment based apps, implying that apps which help them get through their basic needs of day-to-day lives are mainly noticed, retained thus, preferred/used by them.

Q8. Would you like to invest in Indian based apps in stock exchange market??

They have to choose between Yes, No and Maybe. To which 55.3% of 103 individuals have responded positively. Here it is to be noted that the most respondents are students, under age of 20, and they are not well aware about stock market. There are 30.1% respondents who said, it is not a good decision to invest in new Indian apps companies which are coming up. And some people said they might invest in those start-ups.

But contradictory to it, secondary research showed that it is **difficult for Indians to invest in new app-based companies for now**. Slowly and steadily new start-ups are getting funds from various investors but the process is really slow which can affect Indian economy.

Q9. What According to you is reason behind the Chinese app ban?

There were 4 options given by us, as per our understanding, in questionnaire, which are Privacy issues, Boundary issues, Lockdown or COVID 19 and others. If they choose Others, they have to

compulsorily write which one? Here, 39.8% respondents., 41 out of 103 mentioned that the Chinese app ban happened because of Boundary issues between India and China. Out of remaining, 38.8% respondents said that privacy issues is the reason, which means that the apps are not maintaining security of private data of users according to them. Also, some of the respondents expressed that lockdown or COVID 19 is reason behind the Chinese app ban. Only 2 people said that all of the above are reason behind this ban. In others we found out various new reasons such as Ladakh issues, Internal issues, Economic issues, the dominant nature of China, not loyal in political terms.

And at the same time, secondary research showed that "**Privacy and security threats were major reason behind this decision** backed by other reasons as well." And here lockdown or COVID-19 does not play any role at all. Also, Ladakh issues just helped to take this decision before it was expected but it was not the major reason behind this ban.

Q10. Do you think Indian government has taken measures to promote Indian substitutes or given incentives to them?

To which, 56.9% respondents replied positively. They believe that Indian government has taken utmost steps to promote Indian substitute apps. 19.6% denied to the above statement. And 23.5% expressed that Indian government might be doing enough to develop Indian apps, also here these respondents don't seem confident about the given question.

To add on, Secondary data search showed "Government launched many schemes to promote Indian apps. **With an objective to support and build a strong ecosystem for Indian apps**, MeitY in partnership with Atal innovation mission – NitiAayog launches Digital Indian AatmaNirabhar Bharat App innovation challenge Indian tech entrepreneurs and start-ups".

Q11. How else, according to you, are Indian markets impacted because of ban?

This was not a compulsory question and so only 27 have attempted this question. Also, this was an open-ended question and so various responses are found such as GDP will get impacted, eSports industry is highly affected and so on. But most respondents answered in positive way such as more scope of growth and Made in India will get promotion.

Whereas secondary data results measured that “Indian market and economy will be impacted in some or the other way because of Chinese app ban as it used to be the large transaction among both the countries. Also conclusion cannot be drawn regarding this in short term, ***we need to be patient in order to get expected rise in Indian markets***”.

Q12. What do you think, because of ban, Is Chinese market impacted?

To which, 69.9% said that it has impacted china in some ways. Also, 12.6% respondents said that it has not affected china in anyways just because of banning few Chinese apps in a particular nation. And 17.5% people said that they are not sure whether this ban has affected china in any of the way.

Secondary references described “The reaction of china clearly shows that Chinese market is hugely affected because of Indian government’s decision to ban Chinese apps in India. ***China urges India to withdraw Ban*** on TikTok and other apps, as this decision violates WTO rules.” From, the above facts it is very clear that China is very strongly affected.

Q13. If yes, how are Chinese markets impacted, as per you?

It was an open ended and non-compulsory question(70 responses). Mostly everyone (63 responses i.e., 90% of 70 respondents) mentioned that china is affected economically and drastically as India was one of the main markets for imports from china. Others said that unemployment will increase in china and china is neither left with private data nor money.

And as mentioned, secondary analysis also showed that it can be assumed from the reaction given by china that the Chinese markets will need India as main market to survive as it is one of the largest exporting nations in the world. Otherwise, their existence will be in danger.

This is the data; we have collected using various sources and research. Analysis clearly shows that there is ***huge difference in the data collected using primary and secondary methods***. We have taken both into consideration and analysed both the sides of coin before noting our findings.

Conclusion and suggestion:

Chinese Ban has given Indian start-ups a new chance to develop in tech field. This ban has huge impact on Indian markets, both positively as well as negatively. We can let Chinese apps come in India with some terms and conditions ***&agreement related to privacy*** so that Indian users also gets satisfied and China also understands that it is not very easy to break sovereignty of India and have to work as per the strict terms and conditions.

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