GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
RAJYA SABHA
UNSTARRED QUESTION NO-1675
ANSWERED ON-12.03.2015

Import from China destroying MSMEs

1675. Shri Ajay Sancheti

(a) The number of items that were taken away from the list of items reserved for production by small scale industries in the country during last five years:

(b) whether cheap imports of goods produced by this sector mainly from China has made their business economically unviable, and if so, the details thereof; and

(c) the steps taken by Government to stop cheap imports of such goods and protect the indigenous industry?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a): Yes, Sir. One item that has been de-reserved from the list of items reserved for production by small scale industries in the country during last five years vide Notification S.O. 1881 (E) dated 30 July, 2010.

(b): As per information compiled from Director General of Commercial Intelligence & Statistics (Annexure), there are 8 major product groups largely manufactured by the Small Scale industries (SSIs) in India whose imports from China grew at a higher rate than their respective imports from All Countries combined during 2010-11 to 2013-14. As these 8 product groups accounted for 68% of India's total imports from China in 2013-14, a significant proportion of Indian SSIs are seen to be facing greater competition from China as compared to the rest of the World. These product groups pertain to Electrical and Electronics, Mechanical and Metallurgical products on the one hand and Chemical & Glass & Ceramics based products on the other.

(c): Government has been implementing various schemes/programmes to deal with this problem and help the micro and small industries for effectively competing with imports from China and other countries. Some of these schemes/programmes include National Manufacturing Competitiveness Programme (NMCP); Credit Guarantee Scheme; Credit Linked Capital subsidy Scheme; Cluster Development Programme; Market Development Assistance Scheme; and Vendor Development Programme for Ancillarisation. These schemes/programmes help MSMEs growth, increase their competitiveness and consequently exports.

Government has also been imposing anti-dumping duties, permitted under the WTO, for restricting imports when such imports have been established as unfairly affecting the market for goods and services produced by Indian industries. Government also imposes Safeguard duties to protect domestic industries against a surge of imports from other countries. These mechanisms are operated by Directorate General of Anti Dumping and Allied Duties (DGAD) and Directorate General of Safeguards (DGSG) respectively.