

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1859
ANSWERED ON:09.03.2010
SMALL SCALE AND COTTAGE INDUSTRIES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the steps taken by the Government to protect the small scale and cottage industries from dumping of cheap goods from other countries;
- (b) whether the Government is aware that due to Chinese sub-standard goods, the small scale and cottage industries are adversely affected in the country;
- (c) if so, the details thereof and the reasons for Indian industries not able to withstand the competition; and
- (d) the steps taken by the Government to enable them to sustain the competition?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a) to (c) The Directorate General of Anti-Dumping and Allied Duties (DGAD) in the Department of Commerce is an investigating agency set up for conducting anti-dumping investigations which acts on the applications filed by the domestic industry with prima-facie evidence of dumping of goods in the country, injury to the domestic industry and causal link between the dumped goods and injury to the domestic industry. Such petitions submitted by domestic industry are processed as per the procedures and within the time limits specified under the Customs Tariff Act, 1975 as amended in 1995 and the rules made thereunder. DGAD conducts investigations and recommends imposition of duty, wherever appropriate, to the Department of Revenue by issuing its preliminary/final findings. Acting upon such recommendations of the DGAD, the Department of Revenue may impose the provisional or definitive duties. The DGAD does not maintain any record of the status of the applicant/domestic industry (i.e. whether the applicant/domestic industry is a small scale and cottage industry or otherwise).

Imports (including those dumped) from other countries, including China, could either be used as raw material/components for further production or as substitutes for domestically produced goods. As such, the precise effect of imported goods on small scale and cottage industries in the country is varied and not quantifiable.

(d) To facilitate the development of micro, small and medium enterprises (MSMEs), and to enhance their competitiveness, the Government has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which has come into force w.e.f. 2 October 2006. The Act defines micro, small and medium enterprises, thus changing the concept from industry to enterprise. In addition, the Act provides, inter alia, for a National Board for Micro, Small and Medium Enterprises as a statutory consultative mechanism at the national level; Notification of schemes/programmes for SMEs; Preference in Government procurements to products and services of the micro and small enterprises; more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises. To facilitate the promotion and development of micro, small and medium enterprises (MSMEs) and enhance their competitiveness, the Government has announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' in August 2005 which envisages public sector banks to fix their own targets for funding MSMEs in order to achieve a minimum 20 per cent year-on-year growth in credit to the MSME sector. The Government has also announced in February 2007 a 'Package for Promotion of Micro and Small Enterprises' with an objective to provide support in areas of credit, technology upgradation, marketing, infrastructure, etc. Further focusing the productivity and the competition into consideration Government has also announced the National Manufacturing Competitiveness Programme (NMCP), having ten components. These steps intend to provide enabling environment for MSMEs to sustain the competition.