

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2577

ANSWERED ON:26.08.2013

IMPORT FROM CHINA

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether there is a huge influx of cheap Chinese products in the country particularly in pharmaceutical, engineering and footwear sector during the last three years and the current year and if so, the details thereof;
- (b) the sectors which have been adversely affected by import of cheap Chinese products and the preventive action taken/being taken by the Government in this regard;
- (c) whether the Government proposes to offer incentives or mandatory sourcing of equipments from domestic manufacturers and if so, the details thereof and the reasons therefor;
- (d) whether the proposal of mandatory sourcing of equipments from domestic manufacturers is likely to violate any of the agreements made by India with the World Trade Organisation; and
- (e) if so, the details thereof along with the steps taken/being taken by the Government to safeguard the interest of domestic manufacturers particularly in the micro, small and medium sectors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

(a), (b) & (e): Details of imports from China in pharmaceutical, engineering and footwear sectors during last three years and the current year are given below:-

Table-1; Imports from China of Pharmaceutical, Engineering and Footwear Products

Value in USD Million)					
Sl. No.	DESCRIPTION	2010-11	2011-12	2012-13	2013-14 (Apr-May)
1.	Pharmaceutical	85.77	100.65	90.73	15.56
	Products (65.06)	(17.35)	(-9.85)	(-5.25)	
2.	Engineering	13,411.32	16,538.24	14,808.30	2,116.72
	Products (47.94)	(23.32)	(-10.46)	(-22.16)	
3.	Footwear	119.20	180.31	211.15	26.23
	(91.71)	(51.26)	(17.11)	(1.70)	

Percentage growth over corresponding period is given in brackets (Source: DGCI&S)

Major imports from China include electronic goods, machinery, organic chemicals, project goods, fertilizers, iron and steel, transport equipments, electric machinery (except electronics) and manufactures of metals.

All imported goods in India are subject to domestic laws, rules, orders, regulations, technical specifications, environment and safety norms. These regulations are notified from time to time. The Government takes appropriate action in case of goods imported from any source is found to violate these regulations and threaten human, animal or plant life or health.

Due to concerns regarding melamine contamination in milk and milk products from China, on the recommendation from Food Safety and Standard Authority of India, the Government has prohibited import of milk and milk products including chocolate and chocolate products and candies/ confectionery/food preparations with milk or milk solids as ingredient, from China with effect from 24.9.2008 till 23.6.2014. Further, import of toys is subject to meeting of the specified technical and safety standards since 27.1.2010. These standards apply to China also. Import of mobile handsets without International Mobile Equipment Identity (IMEI) or with all zeroes IMEI and import of CDMA mobile phones without Electronic Serial Number (ESN)/Mobile Equipment Identifier (MEID) or all zeroes ESN/MEID, has been prohibited since 16.6.2009. These standards apply to import of such goods from China as well.

Directorate General (Safeguards) can temporarily restrict import of products by imposition of additional duty or quantitative restrictions (QRs) if Indian industry is 'seriously injured or threatened with injury' caused by 'surge' in imports. This is an action in accordance with the WTO Agreements on safeguards. This applies to import from China also.

Government has also been imposing anti-dumping duties for restricting imports when such imports have been established as unfairly affecting the markets for goods produced by Indian industries. The Directorate General of Anti-Dumping and Allied Duties (DGAD) has initiated anti-dumping investigations into 291 cases as on date involving various countries since 1992. Out of these, 159 cases involve imports from China. The major products found to have been dumped from China in all these years and in respect of which anti-dumping duty has been imposed, fall in the product group of Chemicals & Petrochemicals, Pharmaceuticals, Products of Steel & other metals, Fibres & Yarns and Consumer Goods. The anti-dumping investigation by India is always initiated in accordance with the principles and procedures laid down in our national law, which is in consonance with the WTO's Agreement on Anti-Dumping.

(c): Government has been implementing various schemes/programmes to increase the competitiveness of small scale industries (SSIs) to effectively compete 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.

(d): Yes, Madam. The proposal of mandatory sourcing of equipments from domestic manufacturers is likely to violate the provisions given under the WTO Agreement on Trade Related Investment Measures (TRIMs).