

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

UNSTARRED QUESTION NO:1948
ANSWERED ON:15.03.2005
EFFECT OF CHINESE PRESENCE IN INDIAN MARKET
Pathak Shri Brajesh

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

- (a) whether Indian Industries are being adversely affected with China's strong presence in Indian market;
- (b) if so, the reaction of the Government thereto;
- (c) whether the Union Government has taken or propose to take any step to tackle the situation arising out of impact of increased supply of foreign goods in Indian market; and;
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (Shri E.V.K.S. ELANGO VAN)

(a): As per the latest trade statistics (April-October 2004-05) compiled by the Department of Commerce, India's commodity exports to China (in dollar terms), have grown at 73.11% compared to growth in commodity imports into India from China, which is 69.29% during the same period. Industrial growth of India, measured in term of the Index of Industrial Production (IIP) base year 1993-94=100, and as compiled by the Central Statistical Organisation (CSO) has been 9 % during the first nine months (April-December) of 2004-05 in comparison to 7.2 % during the same period last year.

(b): Does not arise

(c) & (d): The Government over the years has liberalized industrial policy. This includes delicensing except for a small list of industries, substantial liberalization of foreign direct investment (FDI), rationalization and reduction in duty rates, removal of quantitative restrictions and emphasis on infrastructure development. The process of reforms has been carried forward in the Union Budget 2005-06, which further envisages rationalization and reduction in both direct and indirect taxes. It also includes a number of initiatives to overcome infrastructure deficit. Further in order to increase the productivity of the manufacturing sector, particularly small and medium enterprises, and to enable them to adjust to the competitive pressures, caused by liberalization and moderation of tariff rates, the Budget 2005-06 has proposed a new scheme that will help them strengthen their operations and sharpen their competitiveness. The scheme will be called the "Manufacturing Competitiveness Programme". These measures are expected to strengthen the competitiveness of the Indian manufacturing sector. The Government has also been monitoring the imports including those from China. Whenever necessary, action is taken through appropriate use of tariff and other mechanisms including anti-dumping and safeguard duty to ensure that imports do not have adverse effect on domestic industry.