Exit the Dragon: India can afford to boycott Chinese products

June 26, 2020

BY ROHIT VAID

New Delhi/Mumbai, June 26 (IANS) India can afford to boycott “Made in China” products only by developing domestic industries and diversifying its sources of import. Incidentally, the opposition to the flood of cheap ‘Made In China’ products in the domestic market has been steadily growing over the years. However, the sentiment got a major push due to the ongoing Himalayan stand-off between the Asian giants.

Accordingly, industry and trade experts contended that a move to fully boycott Chinese products will not just require time but also strategic policy intervention and support to develop domestic industries. Similarly, duty hikes and implementation of quality control norms would be required to stave-off dumping activity.

Besides, trade analysts cited the need to source imports from other countries, thereby, reducing dependence on Chinese industries.

“Indian consumers may boycott Chinese goods such as toys, leather bags, mobile handsets and other goods in the lower price range,” Rupa Naik, Senior Director, MVIRDC World Trade Center Mumbai told IANS.

“However, the real challenge would be to boycott B2B goods such as industrial machineries, fabricated equipments used in industries, chemicals and plastic products that are used in manufacturing. India depends on China in electronics, machinery, pharma, chemicals, fertilizers and auto components is anywhere between 25-70 per cent. It is difficult to manufacture these goods locally at a short notice.”

On the other hand, Naik pointed out that India’s exports raw material to China is significant.

“We have been exporting minerals, ore, agri commodities and importing value added products from China,” Naik said.
"This has significant impact on domestic industries. We must first begin with containing raw material export to China and make it available to domestic industries to help in making them self-reliant."

At present, India’s trade deficit with China is declining due to imposition of antidumping duty in sectors like steel.

In FY20, India imported $65.1 billion worth of “Made in China” products, and exported only about $16.6 billion to the East Asian country, thereby, recording a trade deficit of $48.5 billion.

“There is a case for encouraging domestic small scale producers of low value added goods like toys and household appliances vis-a-vis imports not just from China but also other nations,” said Sankar Chakraborti, Group CEO of Acuite Ratings and Research.

“Higher trade barriers with China is likely to lead to fresh investments in the manufacturing sector in India by foreign players, given the large size of the domestic market.”

Furthermore, Chakraborti pointed out that indigenous suppliers in sectors such as chemicals and bulk drugs, capital goods, auto components and consumer durables can benefit if imports are discouraged or additional duties are imposed.

“A concerted effort by the government and the industry to encourage the development of indigenous manufacturing capacities in India as a substation for imports will lead to an increase in private sector capital expenditures,” Chakraborti said.

“It will be important to ensure two things to build a large investment pipeline in the private manufacturing sector. One is adequate trade protection to these indigenously developed capacities till they attain cost competitiveness at the global level and also ensuring availability of debt funding from banks for such new projects.”

As per an Acuite rating’s report, India can potentially reduce its trade deficit with China by $8.4 billion over FY21-22, via rationalisation of just a quarter of its imports from the East Asian country.

In terms of import barriers, highly placed sources have indicated that certain high volume import products from China may attract steeper tariffs.

These tariffs might have different range and scope such as imposition of countervailing and anti-dumping duty or a basic custom duty hike.

Several products such as printing paper, toys, toners, AC compressors, general use electrical wires and switches are amongst items that have been identified for either a tariff or quality control standard hike, sources said.

In contrast, machinery components, pharma ingredients and other goods that go into the final manufacturing of finished products have been left out for now.

According to Shrirish Ghoge, an independent industry expert and a former senior director with Abbott and Sanofi: "India’s pharma industry can regain its edge in API manufacturing if proper support and fiscal push is provided."

"It is not a rocket science. We were way ahead in API manufacturing in the past and we can still achieve that mark with proper government support."

In terms of automobile components, Sridhar V, Partner, Grant Thornton India LLP said: “Our imports of auto components from China is about 25 per cent of the total imports by the industry. With respect to EV’s the dependence is all the more. An outright boycott can not be a right solution but a conscious and persistent move to encourage local manufacturing with the right type of fiscal and financial support can help India to be self reliant on many aspects thereby bringing down our dependence on China.”

“This is a fairly long term approach. In the medium term one should also explore alternate supply sources to keep our economy going. Our private sector has the capabilities to rise to the challenge.”
Even the country’s nascent drone manufacturers are looking for alternate sources of component supplies.

"The drone industry is actively looking for alternate supply chain options for components like batteries and motors. Also, there is a growing consensus amongst the drone industry to raise R&D funds towards indigenisation of these components," said Smit Shah, Director – Partnerships, Drone Federation of India.

"Multiple industry stakeholders should come together to identify common products and pool resources to achieve this."

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(MENAFN - IANS)
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‘Champion State Control Room launched to assist MSMEs’

Date :25-jun-2020

TO HELP the women entrepreneurs rebuild businesses post lockdown, the vidarbha Industries Association Lady Entrepreneurs Wing (UIA LEW ) conducted two webinars on “MSME schemes of Atmanirbhar Bharat”. P M Parlewar, Director, MSME – DI, Nagpur was resource person of the first session while Rupa Naik, Senior Director - WTC, Mumbai, conducted the session e-session on “Rebuilding Businesses Post Lockdown”. Reeta Lanjewar, Chairperson - VIA LEW, presided over the events.

Parlewar, while elaborating on various schemes for MSMEs of Atmanirbhar Bharat, said Emergency Credit Line Guarantee Scheme (ECLGS) is in the form of additional working capital term loan facility (in case of Banks and Financial Institutions), and additional term loan facility (in case of NBFCs). It is a special scheme to help small businesses battling the economic impact of Covid-19. He further said that the MSME Department has launched Champion State Control Room to resolve the problems of MSMEs including those related to Finance, Marketing, Raw Materials, Labor, Regulatory Permissions, etc.

particularly in the Covid created difficult situation. He highlighted various schemes of MSME Ministry like Technical & Management Consultancy for PMEGP, Entrepreneurship / Skill Development Training (ESDP, MDP), Marketing Assistance for GeM. Exhibitions, Public Procurement Policy, Technology and Quality Upgradation includes CLCSS, Lean Manufacturing, Assistance for Export Promotion, Cluster Development, IPR etc. "If MSME company is facing a problem of payment recovery from the Government or from a large scale industry, that company can contact the state control room for assistance. Also this control room can help the small businesses to get registered on Government e-Market Place (GeM)," he added. In the second session on “Rebuilding Businesses Post Lockdown”, Rupa Naik gave effective and simple tips to women entrepreneurs to rebuild their businesses.

She said the women entrepreneurs must write down tools for marketing. “Find out who is your target customer and learn how to franchise your product,” she said, explaining the importance of project report. “Every business must have the basic project report handy with them. Which should include product details, costs, raw material sources, target customers markets, profits, future plans, future targets, scope etc.,” she added. Naik also said that doing SWOT Analysis will help the business to set the direction and goals. “Setting number of small goals is more important than having one big goal,” she added. At the outset, Reeta Lanjewar gave the opening remarks and welcomed the guests. Shachi Malik, Past Chairperson - VIA LEW introduced Parlewar and Neelam Bowade. Past Chairperson - VIA LEW introduced Rupa Naik. Y Ramani, Past Chairperson - LEW helped the participants to get their queries solved. Manisha Bawankar, Secretary - VIA LEW proposed the formal vote of thanks.
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Incidentally, the opposition to the flood of "Made in China" products in the domestic market has been steadily growing over the years.

However, the sentiment got a major push due to the ongoing Himalayan stand-off between the Asian giants.

Accordingly, industry and trade experts contended that a move to fully boycott Chinese products will not just require time but also strategic policy intervention and support to develop domestic industries.

Similarly, duty hikes and implementation of quality control norms would be required to stave off dumping activity.

Besides, trade analysts cited the need to source imports from other countries, thereby, reducing dependence on Chinese industries.

"Indians consume many Chinese goods such as toys, leather goods, mobile handsets and other goods in the lower price range," Rupa Nei, Senior Director, MOOD Day World Trade Centre Mumbai told IANS.

"However, the real challenge would be to boycott EZH goods such as industrial machines, fabricol equipment used in industries, chemicals and plastic products that are used in manufacturing. India depends on China in electronics, machinery, pharma, chemicals, fertilizers and auto components is anywhere between 21-76 percent. It is difficult to manufacture these goods locally at a short notice."*

On the other hand, Nei pointed out that India's exports raw material to China is significant.

"We have been exporting minerals, ore, agri commodities and importing value added products from China," Nei said.

"This has significant impact on domestic industries. We must first begin with containing raw material export to China and make it available to domestic industries to help them make self-reliant."

At present, India's trade deficit with China is declining due to imposition of anti-dumping duty in sectors like steel.

In FY20, India imported $55.1 billion worth of "Made in China" products, and exported only about $16.6 billion to the East Asian country, thereby, recording a trade deficit of $38.5 billion.

"There is a case for encouraging domestic small and medium enterprises to substitute for imports not just from China but also other nations," said Sankar Chatterjee, Group CEO of Acute Ratings and Research.

"Higher trade barriers with China is likely to lead to fresh investments in the manufacturing sector in India by foreign players, given the large size of the domestic market."

Furthermore, Chatterjee pointed out that indigenous suppliers in sectors such as chemicals and bulk drugs, capital goods, auto components and consumer durables can benefit if imports are discouraged or additional duties are imposed.

"A concerted effort by the government and the industry to encourage the development of indigenous manufacturing capacities in India as a substitute for imports will lead to an increase in private sector capital expenditures," Chatterjee said.

"It will be important to ensure two things to build a large investment pipeline in the private manufacturing sector. One is adequate trade protection to these indigenously developed capacities till they attain cost competitiveness at the global level and also ensuring availability of debt funding from banks for such new projects."

As per an Acute ratings report, India can potentially reduce its trade deficit with China by $8.4 billion over FY21-22, via rationalisation of just a quarter of its imports from the East Asian country.

In terms of import sources, highly placed sources have indicated that certain high volume import products from China may attract steeper tariffs.

These tariffs might have different range and scope such as imposition of countervailing and anti-dumping duty or a basic customs duty hike.

Several products such as printing paper, toys, toners, AC compressors, general use electrical wires and switches are amongst items that have been identified for either a tariff or quality control standard hike, sources said.

In contrast, machinery components, pharma ingredients and other goods that got into the final manufacturing of finished products have been left out for now.

According to Shirish Chorge, an independent industry expert and a former senior director with Abbott and Sanofi, "India's pharma industry can again its edge in API manufacturing if proper support and fiscal pull is provided."

"It is not a rocket science. We have way ahead in API manufacturing in the past and we can still achieve that with proper government support."

In terms of automobile components, Sandesh V, Partner, Grant Thornton India LLP said, "Our imports of auto components from China is about 25 per cent of the total imports by the industry. With respect to EVs, the dependence is all the more. An outright boycott can not be a right solution but a conscious and persistent move to encourage local manufacturing with the right type of fiscal and financial support can help India to be self-reliant on many aspects thereby bringing down our dependence on China."

"This is a fairly long term approach. In the medium term one should also explore alternate supply sources to keep our economy going. Our private sector has the capabilities to rise to the challenge."

Even the country's nascent drone manufacturers are looking for alternate sources of component supply.

"The drone industry is actively looking for alternate supply chain options for components like batteries and motors. Also, there is a growing consensus amongst the drone industry to raise RD&dP funds towards indigenisation of these components," said Smit Shah, Director - Partnerships, Drone Federation of India.

"Multiple industry stakeholders should come together to identify common products and pool resources to achieve this."

(Rohit Vaid can be contacted at rohit.v@ians.in)

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New Delhi/Mumbai June 26 (IANS) India can afford to boycott "Made in China" products only by developing domestic industries and diversifying its sources of import.

Incidentally, the opposition to the flood of cheap Made in China products in the domestic market has been steadily growing over the years.

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Accordingly, industry and trade experts contended that a move to fully boycott Chinese products will not just require time but also strategic policy intervention and support to develop domestic industries.

Similarly, duty hikes and implementation of quality control norms would be required to stave-off dumping activity.

Besides, trade analysts cited the need to source imports from other countries, thereby, reducing dependence on Chinese industries.

"Indian consumers may boycott Chinese goods such as toys, leather bags, mobile handsets and other goods in the lower price range," Rupa Naik, Senior Director, MVRDC World Trade Center Mumbai told IANS.

"However, the real challenge would be to boycott B2B goods such as industrial machinery, fabricated equipments used in industries, chemicals and plastic products that are used in manufacturing. India depends on China in electronics, machinery, pharma, chemicals, fertilizers and auto components is anywhere between 25-70 per cent. It is difficult to manufacture these goods locally at a short notice."

On the other hand, Naik pointed out that India's exports raw material to China is significant.

"We have been exporting minerals, ore, agri commodities and importing value added products from China," Naik said.

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At present, India's trade deficit with China is declining due to imposition of antidumping duty in sectors like steel.

In FY20, India imported $65.1 billion worth of "Made in China" products, and exported only about $16.6 billion to the East Asian country, thereby, recording a trade deficit of $48.5 billion.

"There is a case for encouraging domestic small scale producers of low value added goods like toys and household appliances via a a vs imports not just from China but also other nations," said Sarkar Chakraborti, Group CEO of Acuité Ratings and Research.

"Higher trade barriers with China is likely to lead to fresh investments in the manufacturing sector in India by foreign players, given the large size of the domestic market."

Furthermore, Chakraborti pointed out that indigenous suppliers in sectors such as chemicals and bulk drugs, capital goods, auto components and consumer durables can benefit if imports are discouraged or additional duties are imposed.

"A concerted effort by the government and the industry to encourage the development of indigenous manufacturing capacities in India as a substitution for imports will lead to an increase in private sector capital expenditures," Chakraborti said.

"It will be important to ensure two things to build a large investment pipeline in the private manufacturing sector. One is adequate trade protection to these indigenously developed capacities till they attain cost competitiveness at the global level and also ensuring availability of debt funding from banks for such new projects."

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Even the country's nascent drone manufacturers are looking for alternate sources of component supplies.

"The drone industry is actively looking for alternate supply chain options for components like batteries and motors. Also, there is a growing consensus amongst the drone industry to raise R&D funds towards indigenisation of these components," said Shnit Shah, Director – Partnerships, Drone Federation of India.

"Multiple industry stakeholders should come together to identity common products and pool resources to achieve this."

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~iANS
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"There is a case for encouraging domestic small scale producers of low value added goods like toys and household appliances vis-à-vis imports not just from China but also other nations," said Sankar Chaikaraborti, Group CEO of Acuite Ratings and Research.

"Higher trade barriers with China is likely to lead to fresh investments in the manufacturing sector in India by foreign players, given the large size of the domestic market."

Furthermore, Chaikaraborti pointed out that indigenous suppliers in sectors such as chemicals and bulk drugs, capital goods, auto components and consumer durables can benefit if imports are discouraged or additional duties are imposed.

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India and China Flags. (IANS Photo)

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"Higher trade barriers with China is likely to lead to fresh investments in the manufacturing sector in India by foreign players, given the large size of the domestic market." Furthermore, Chakraborti pointed out that indigenous suppliers in sectors such as chemicals and bulk drugs, capital goods, auto components and consumer durables can benefit if imports are discouraged or additional duties are imposed.

"A concerted effort by the government and the industry to encourage the development of indigenous manufacturing capacities in India as a substation for imports will lead to an increase in private sector capital expenditures," Chakraborti said.

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"The drone industry is actively looking for alternate supply chain options for components like batteries and motors. Also, there is a growing consensus amongst the drone industry to raise R&D funds towards indigenisation of these components," said Smit Shah, Director - Partnerships, Drone Federation of India.
By Rohit Vaid

New Delhi/Mumbai, June 24 (IANS) India can afford to boycott "Made in China" products only by developing domestic industries and diversifying its sources of import. Incidentally, the opposition to the flood of cheap "Made in China" products in the domestic market has been steadily growing over the years. However, the sentiment got a major push due to the ongoing Himalayan stand-off between the Asian giants. Accordingly, industry and trade experts contend that a move to fully boycott Chinese products will not just require time but also strategic policy intervention and support to develop domestic industries. Similarly, duty hikes and implementation of quality control norms would be required to slash-off dumping activity. Besides, trade analysts cited the need to source imports from other countries, thereby, reducing dependence on Chinese industries. "Indian consumers may boycott Chinese goods such as toys, leather bags, mobile handsets and other goods in the lower price range," Rupa Naik, Senior Director, MYRDO World Trade Center Mumbai told IANS. "However, the real challenge would be to boycott B2B goods such as industrial machineries, fabricated equipments used in industries, chemical and plastic products that are used in manufacturing. India depends on China in electronics, machinery, pharma, chemicals, fertilizers and auto components is anywhere between 25-76 per cent. It is difficult to manufacture these goods locally at a short notice." On the other hand, Naik pointed out that India's exports raw material to China is significant. "We have been exporting minerals, ore, agri-commodities and importing value added products from China," Naik said. "This has significant impact on domestic industries. We must first begin with containing raw material export to China and make it available to domestic industries to help in making them self-reliant." At present, India's trade deficit with China is declining due to imposition of antidumping duty in sectors like steel. In FY20, India imported $61.1 billion worth of "Made in China" products, and exported only about $16.6 billion to the East Asian country thereby, recording a trade deficit of $44.4 billion. "There is a case for encouraging domestic small scale producers of low value added goods like toys and household appliances vis-a-vis imports not just from China but also other nations," said Sankar Chakrabarti, Group CEO of Acute Ratings and Research. "Higher trade barriers with China is likely to lead to fresh investments in the manufacturing sector in India by foreign players, given the large size of the domestic market." Furthermore, Chakrabarti pointed out that indigenous supplies in sectors such as chemicals and bulk drugs, capital goods, auto components and consumer durables can benefit if imports are discouraged or additional duties are imposed. "A concerted effort by the government and the industry to encourage the development of indigenous manufacturing capacities in India as a substitution for imports will lead to an increase in private sector capital expenditures," Chakrabarti said. "It will be important to ensure two things: to build a large investment pipeline in the private manufacturing sector. One is adequate trade protection to these indigenously developed capacities till they attain cost competitiveness at the global level and also ensuring availability of debt funding from banks for such new projects. "As per an Acute ratings' report, India can potentially reduce its trade deficit with China by $4.4 billion over FY21-22, via rationalisation of just a quarter of its imports from the East Asian country. In terms of import barriers, highly placed sources have indicated that certain high value import products from China are subject to discriminatory tariffs. These tariff rates might..."
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by CanIndia New Wire Service  June 26, 2020  20  10

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“The drone industry is actively looking for alternate supply chain options for components like batteries and motors. Also, there is a growing consensus amongst the drone industry to raise R&D funds towards indigenisation of these components,” said Smit Shah, Director – Partnerships, Drone Federation of India.

“Multiple industry stakeholders should come together to identify common products and pool resources to achieve this.”

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