



## Effects of Chinese products on India's large and small industries

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### Abstract

Poor infrastructure, particularly insufficient electricity, is one of the reasons why Chinese goods, which have been the primary source of competition in the industries negatively impacted by imports, are not competitive with Indian goods. You can find the Chinese equivalent of everything in India at a far lower cost, including needles, toys, technological devices, hot water bottles, and Diwali crackers. Chinese items are 10–70% less expensive than Indian ones. Chinese items are popular in India because of their variety, low cost, and mass availability. Large amounts of Chinese goods being imported into the Indian market, which has a negative impact on Indian businesses. Chinese products are having an impact on our nation's export market in addition to local companies and the Indian market. 'Made in China' labels are replacing Indian products both domestically and internationally. The Made in China brand is gradually taking over every market niche in India, including toys, medications, automobile parts, textiles and apparel, electronics, and more. Although India takes comfort in the fact that its growth rate has outpaced China's, the reality is that these figures often present an overly optimistic view of the nation's economic success relative to the nearby powerhouse. The truth is that low-cost Chinese imports are destroying the Indian economy, and Madhya Pradesh's many industries are arguably the most affected at the moment. The Madhya Pradesh Association claims that since duty-free imports of around 1429 different component categories were permitted starting in 2014 as part of an information technology accord with the World Trade Organization, the component sector has suffered.

**Keywords:** China, India, manufacturing, exports, economy, competition

### Introduction

Over the past 20 years, many rising nations have emerged as global economic superpowers. About 15% of the global economy is made up of China and India. Global commerce has changed as a result of manufacturing giants like China and India. Between 1970 and 2015, China and India's respective export shares grew significantly, with China now accounting for more than one-eighth of global exports. This essay assesses how China's ascent as a major exporter of manufacturing has affected India's economic expansion. Nearly every segment of the Indian market has been overtaken by Chinese products, which appear to be making things more difficult for the Indian industry. Many economists worry that indigenous manufacturing facilities or India's major and small-scale industries may diminish as a result of the abundance of inexpensive, seemingly technologically superior Chinese goods. The Indian industry is having so much trouble with the surge in demand and unexpected popularity of Chinese items that are cheaper than they have begun to affix "Made in China" stickers on their products in an attempt to increase sales. Large quantities of commodities are produced by Chinese industrial facilities. They are killing the Indian units by leveraging the enormous Indian market only to dump their goods. For instance, Chinese-made crackers were offered for sale in the Indian market during Diwali last year. According to reports, these crackers included sulfur. Nitrate, which is used to create crackers in India, is less dangerous than sulfur. Chinese crackers were able to draw in the naive and generally uneducated Indian population since they were less expensive than Indian crackers. Consequently, the revenue of the Indian cracker sector decreased. Chinese ships carrying goods are causing some sectors in India to suffer. The list is lengthy and includes steel, electronics, silk, footwear, ceramics, khadi, and car parts. To guarantee that our manufacturing sector survives the Chinese assault on

these industries, guardians of India's international trade must intervene with appropriate changes to our customs tariff policy. We take great pride in our community of Indian importers. However, we cannot heedlessly jeopardize our manufacturing sector's very future for the fleeting pleasure of Made in China products! Our main rival in industries like software, hardware, electronics, etc. is China. China should not be permitted to dispose of its surplus produce here. In India, the small-scale sector accounts for 35–40% of all manufacturing. Therefore, the SSI bears the brunt of the negative effects of Chinese goods. For example, data shows that 60% of the industrial units throughout the country's main industrial belts have been shut down. Many small Indian businesses now import their items from China instead of producing their own. Many Indian laborers have lost their employment as a result. This demonstrates that SSIS's goal of giving India's rural youth jobs has been totally undermined. Our main rival in industries like software, hardware, electronics, etc. is China. China should not be permitted to dispose of its surplus produce here. In India, the small-scale sector accounts for 35–40% of all manufacturing. Therefore, the SSI bears the brunt of the negative effects of Chinese goods. Chinese workers have improved their ability to produce electronic goods, such as semi-conductors, telecom equipment, power equipment, etc., during the past ten years, which has allowed them to take advantage of the sizable American and European markets. Not surprisingly, they have also been successful in taking over the Indian market. India is unquestionably one of the emerging economic powers of the modern world. Despite occasional setbacks, India's economy is now expanding at a moderate pace and ranks third globally in terms of purchasing power parity (PPP). By 2030, it is predicted to rank third in terms of GDP. India's economy has not expanded as quickly as it should or as quickly as China's over the last few decades.

**Methodology**

In India, quantitative restrictions (QRS), which were implemented through import licensing, were gradually lifted starting around four years ago. However, in April 2001, 1429 products were added to the Open General License (OGL) list, marking the removal of QRS in a significant way. In April 2011, an additional 1576 entries will be added to the OGL list. Free import is implied when an item is added to the OGL list. The immediate result of the Indo-US agreement, which was implemented in accordance with WTO regulations, was the removal of QR codes from 3005 goods. The QRS could not continue since India did not have a balance of payments issue.

**Data collection sources:** a. The information gathered for the study is separated into two categories:

**Primary sources**

Information from the survey "A study on retailer's preference towards Chinese goods over Indian goods in Central Indian Market" makes up the primary data. Using standardized questionnaires, the data was gathered directly from the respondents. Secondary sources: The secondary data was gathered from websites, research studies, news stories, and the internet. The descriptive technique was used to gather information from potential clients. The retail goods

establishments located throughout Central India serve as the sampling frame. Owners or salespeople of the establishments serve as the sampling unit. Here, basic random sampling has been employed in conjunction with probability sampling. One hundred stores have been chosen as a sample. Self-administered questionnaires are used in this investigation.

**Results and discussion**

The paper's three main findings are as follows. First, it was shown that while export competition is negligible, import competition from China and India contributes positively to income development in developed nations. This suggests that advanced nations have generally benefited from competition from China and India. Second, manufacturing employment is negatively impacted by both import and export competition, but overall employment is not. Third, the examination of the transmission routes shows that the development of China and India has benefited nations with smaller manufacturing employment shares and less robust job protection laws. To a certain degree, established commercial ties with China and India also help developed nations with the growing effects of China's and India's rising. The percentage rise in Indian imports of Chinese goods is displayed in the following table.

**Table 1:** Increase in the imports of Chinese goods in India

Name of Goods	Electronic	Machinery	Oganic Chemicals	Transport Equipments	Plastic Products	Paper
% of Growth in Imports (2009-2010)	9.54	4.54	2.35	0.96	3.74	1.54
% of Growth in Imports (2011-2012)	14.29	7.31	3.42	2.54	9.24	3.28

After falling 30% the month before, India's imports fell 3.88 percent year over year to 32678 USD million in 2015. Gold imports rose 179.05 percent, while oil purchases fell 33.19 percent. From 1957 to 2015, India's imports averaged 6564.39 USD million, with a record low of 117.40 USD million in August 1958 and a record high of 45281 USD million in May 2011. The Indian Ministry of Commerce and Industry reports on imports.

**Table 2:** Boarding at the seams imports from China

S.N.	Year	Import in USD Millions
1	2006	12000
2	2008	22580
3	2010	29875
4	2011	45281
5	2012	43200
6	2013	45965
7	2014	37486
8	2015	32678

Although Indian workers can overcome these obstacles by developing their talents, the country's industrial sector is hindered by strict and ineffective labor laws. Since even small-scale businesses are using current techniques, the sector does not have any difficulties with technological advancement. Power outages are a major issue, and the infrastructural facilities accessible to small-scale units are woefully inadequate. Small businesses find labor laws to be quite cumbersome. It is imperative that our political leaders shift their perspective and implement the appropriate changes without wasting valuable time on pointless debates. We must take the required actions to avoid being the target

of the dragons' schemes to seize a significant portion of our expansion, which might ultimately be detrimental to our economy. Leaving China is a surprisingly popular choice.

**Conclusion**

Moreover, Indian manufacturers felt that the government should supply low-cost testing facilities for both raw materials and products. The following factors prevented the unit from competing with China:

- a. High raw material imports taxes.
- b. No inexpensive credit.
- c. Insufficient authority.
- d. Inspector Raj, which comes at a financial expense.

Industry groups often bemoan government indifference, claiming that their Chinese rivals have an advantage due to inexpensive land, consistent energy, low-cost financing, and well-maintained roads. Many variables combine to give them a 20–40% increase in efficiency. Small and medium-sized businesses are losing out in markets where the Chinese employ superior machinery, even if India has an advantage in handcrafted goods. According to experts, there are several cases of dumping in the industrial sector, but small businesses are too disorganized to make a strong case against dumping. Government representatives claim they are at a loss. Only when we have evidence and data—which we do not—can we take action. We should get regular updates from industry associations. More significantly, India has to approach contemporary economic policy with an eye on growth rather than reaction.

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