

Chinese goods hit SMEs hard: Ficci

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With Chinese manufacturers diverting their produce to India in the wake of global recession, the country's SMEs face the double whammy of cheap imports in the domestic market and declining exports, a study said.

As western markets like the US are losing their appetite for imports, Chinese manufacturers are increasingly looking at alternative markets, including India, to offload their wares, a study by industry body Ficci said.

It said that India is a first choice in such a scenario given its geographical proximity and the fact that it is still growing at 6.5-7%.

Chinese products reach the domestic market at prices lower by 10-70% compared to Indian items, Ficci said.

Out of the 110 small and medium enterprises (SMEs) units surveyed, about two-thirds reported that they have been seriously affected because of competition from Chinese products, whose landed price in the Indian market was lower by 10-70% as compared to prices of similar Indian products, it said.

The industry segments that have been impacted include processed food units, light and heavy engineering goods such as printing machines and high speed diesel engines, chemicals and their products.

India has not offered 'market economy' status to China as there are serious dis-

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tortions and lack of transparency in the pricing of products that come out of any Chinese factory, the chamber said.

Participants stated that quality and safety related aspects of Chinese products are not up to the mark.

"Immediate imposition of severe testing requirements on imports from China is a must as these include basic items of consumption and even vaccines," Ficci said. It further said that to deal with export subsidies that Chinese manufacturers enjoy, India should fasten the anti-dumping investigations for imports from China.

According to the Reserve Bank of India, India's imports from China has almost doubled to \$24.16 billion in April-December 2008-09 from \$12.64 billion in the comparable period of 2006-07.

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