



IMPACT OF CHINESE GOODS ON INDIAN ECONOMY

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ABSTRACT :

With the world turning into a global village and competition getting stiff, countries like china are ruling the roost in many a market in varied spheres. India is the hub of diverse business opportunities, & slowly yet steadily , Chinese products like Electronics, crackers, idlis, apparels, etc. predominating similar Indian products.

KEYWORDS : *global village , business opportunities , Small and Medium Enterprises.*

INTRODUCTION:

The domestic sector holding sway over the market , the opportunities are grabbed by Chinese manufacturers with their Variety of Exquisite products . whether it is SMEs (Small and Medium Enterprises) or cottage industries, they are not able to provide a stiff competitors to the cost effective offers provided by the Chinese. Due to these continuously import of Chinese products, most Indian cottage industries have closed down, and the future of the existing ones looks very bleak.

ECONOMY OF INDIA:-

India is prominent global voice that has made significant progress in human development over the past 60 years, but the benefits of a growing economy are not shared equally : the country is still home to one third of the world's poor. The economy of India is developing mixed economy. It is the world's sixth largest economy by nominal GDP and the third largest by purchasing power parity (PPP). The country ranks 139th in per capita GDP (nominal) with \$ 2,134 and 122nd in per capita GDP (PPP) with \$ 7,783 as of 2018 After the 1991 economic liberalization , India achieved 6-7% average GDP growth annually . Since 2014 with the exception of 2017, India's economy has been the world's fastest growing major economy, surpassing china.

India topped the world Bank's growth outlook for the first time in fiscal year 2015-16, during which the economy grew 7.6% Despite previous reforms, economic growth is still significantly slowed by bureaucracy, Poor infrastructure , and inflexible labour laws (especially the inability to lay off workers In a business slowdown.

India has one of the fastest growing service sectors in the world with an annual growth rate above 9% since 2001, which contributed to 57% of GDP in 2012-13. India has become a

major exporter of IT services Business process outsourcing (BPO) services, and software services with \$ 154 billion revenue in FY 2017 . This is the fastest – growing part of the economy .The IT industry continues to be the largest private sector employer in India. The industry (manufacturing) sector has held a steady share of its economic contribution (26% of GP in 2013-14). India had \$ 600 billion worth of retail market in 2015 and one of world's fastest growing e –



Commerce market.

The following table shows the main economic indicators in 2012-2017. Inflation under 5% in black-

Year	GDP (in Billion us \$ PPP)	GDP per Capita (in us \$ PPP)	Share of world (GDP PPP in%)	GDP Growth (real)	Inflation rate (in percent)	Government debt(in% of GDP)
2012	▲6,209.9	▲5,034	▲6.23%	▲5.5%	▲10.0%	▼69.1%
2013	▲6,713.1	▲5,371	▲6.41%	▲6.4%	▲9.4%	▼68.5%
2014	▲7,340.0	▲5,797	▲6.65%	▲7.4%	▲5.8%	▼67.8%
2015	▲8,024.6	▲6,255	▲6.96%	▲8.2%	▲4.9%	▼69.6%
2016	▲8,705.0	▲6,697	▲7.23%	▲7.1%	▲4.5%	▼68.9%
2017	▲9,459.0	▲7,183	▲7.45%	▲6.7%	▲3.6%	▼70.2%

CHINESE GOODS IN INDIAN ECONOMY-

Chinese goods are using the big Indian market merely to dump their products and by doing so they are killing the India units. For example last year during Diwali, China made crackers were sold in the Indian market. The Chinese Crackers were cheaper than the Indian crackers, So they managed to attract innocent and largely illiterate Indian lot. As a result the Indian cracker industry saw a decline in the revenue. Because of cheaper prices products made in china are becoming more Popular among the Indian masses. this has had a very negative, effect on our manufacturing units and as a result many of them have had to shut shop.

For instance, data reveal that 60 percent of the industrial units in the industrial belts of Thane and Bhivandi near Mumbai have been closed down. (Indian cottage industries i.e., handicraft) Due to its cheap labour, china offers low-priced imports such as textiles and clothing, electronic devices, machinery, etc. According to official data, Chinese imports stood at \$ 319 million (Rs 1,435 crore) during April – June this year as compared to \$ 223 million (Rs 1000) Crore during the corresponding period of the previous year. It has also affected Indian export market, as china has replaced Indian goods in the foreign market as being cheaply produced.

DRAGON's designs of Capturing a major share..... There are killing the economy of not only India but also the economy of the whole world very slowly. they are selling their cheap products on very cheap rates and we people are getting addicted of these cheap rated things and after few years there will come a time when you will see only the Chinese goods in the markets because all the other manufacturers will become bankrupt and after that china will start to raise the rates of their products i.e. there will be complete monopoly of china on the goods markets. That's the policy on which china is working now days.

INDIAN ECONOMY-

facts	India
GDP	around \$ 1.3123 trillion
GDP growth	8.90%
Per Capital GDP	\$ 1124
Inflation	7.48%
Labour force	467 million
Unemployment	9.4%
fiscal deficit	5.5%
foreign Direct investment	\$12.40
Gold Reserves	15%
Foreign Exchange Reserves	\$2.41 billion
World Prosperity Index	88 Tn Position
Mobile users	842 million
Internet Users	123.16 million

Impact of Cheap Chinese Products on the Indian Economy-

Go to any goods market in India or visit an online retail site, you will find cheap Chinese products everywhere whether it's electronic gadgets, crackers, decoration items, or other daily consumables, you will find cheaper Chinese versions for almost every thing.

Although, these cheap products that usually come at the price of 10-70 percent lower than their original counterparts, help consumers save their hard-earned money; however, they are impelling a negative impact on the Indian economy.

Chinese products are affecting not just the domestic businesses and industrial market, but also the export market of India as many people are replacing Indian goods with Chinese ones. The "Made in china" label has become the most preferred choice in India and other countries due to price factor and availability of huge variety.

Chinese Goods are Affecting the Economy largely is one of the major concerns worldwide. few points are as follows:-

- 1) Chinese crackers contain Sulphur which is more dangerous than nitrate and during Diwali, they create a lot of pollution in the country. However, due to their low price, a majority of buyers get attracted to these products and the revenue of the India's domestic cracker industry has to bear the brunt.
- 2) Apart from crackers, Chinese toys are also impacting the Indian toy industry. The Indian market is full of Chinese toys, so the Indian toy industry is struggling hard to survive. Nearly 40 percent of Indian toy companies have been closed in the last five years, and rest 20 percent are struggling to break even. In fact, the Chinese toy market is the largest in the world. Cheap Chinese products have become the reason for the shutdown of nearly 60 percent of the industrial units in Bhiwandi and there.
- 3) Chinese firms focus on the mass production and consumption strategy, which is the main reason why their products are low cost. On top of that, the Government of China has export-friendly policies, they buy raw material from around the world and sell the end products back to the world.
- 4) Due to cheap prices, wide availability and huge profit dissemination to the dealers, China has become the second-largest export-focused country in the world.

China Shadow On Indian Economy-

To the extent that India tries to maintain some kind of stability in the rupee-dollar exchange rate, the Chinese advantage against the dollar is transferred to the rupee as well. And if this advantage is

countered by the rupee weakening against the dollar, as it has in recent weeks, it simultaneously raises the cost of our essential imports.

This has an inflationary impact at home as it pushes up the price of oil and food imports. There is thus an Indian interest in keeping the rupee stable against the dollar, even if it offers an advantage to Chinese imports into India.

Following are some of the reasons behind Chinese goods being cheaper than Indian goods-

- 1) China does not have stringent intellectual property rights (IPR) issues so come any new product in the world market; china is ready with a cheaper alternate. Thus there is no cost of research, designing and redesigning of any product.
- 2) The labour is not demanding and does not go on strike.
- 3) Where most Indian companies are striving for a total Process Review (TPR) for quality satisfaction, Chinese companies are not so particular.
- 4) China does not have any after sales tax on its products leading to a further lowering of costs.
- 5) Are we enjoying the cheap Chinese goods because the Chinese currency.
- 6) The cheap Chinese labor is another major reason for the dirt cheap Chinese goods especially like toys where intensive labor techniques are employed.
- 7) with the removal of quantitative restrictions (QR), the ending of the textile quota regime and Chinese Accession to WTO, the dumping activity by Chinese has increased manifold.
- 8) Lower rate of indirect taxes on inputs. High level of cash subsidies being offered by the Chinese government to its producers and exporter.
- 9) Lower taxes enables the Chinese companies to participate in the world market at a lower margin and thus dominate it. Adopt the business modal focused on higher volumes is a natural progression in this scenario.

Pros and Cons of Impact of Chinese goods on Indian Economy-

Positive Aspects –

1. Relatively cheaper than the regular/know brands.
2. Advanced features.
3. widely available
4. Higher profit margins for dealers.

Negative Aspects-

- unsafe products.
- Non Long – lasting.
- Resulted in closure of many businesses, which lead to unemployment, lower turnover.
- outflow of capital.
- Increased in imports and decrease in exports.

Do Chinese Products Affect the Indian Economy?

In order to make our economy strong, we need to consume our own 'desi' products. In addition to that, we have to increase exports. we should research means and ways to make our products cheaper and widely available without compromising on quality. unnecessary imports from china should be stopped and indigenous production encouraged.

Chinese products are affecting the Indian Economy to a great extent. Chinese products are very cheap and are mostly of poor quality as compared to Indian products. And due to their low price, they are much in demand, and have badly affected Indian industry. A huge fall has been noticed in Indian textiles. Yes, Chinese products have adversely affected the Indian economy. Be it any product, you will find the Chinese version of the same in the Indian market at a lower price. The 'made in china' label is slowly

capturing every segment of the Indian market. India must find ways to reduce the import of Chinese goods. the government should encourage local small business enterprises to reduce foreign goods in the market. The best remedy is the one started by our Prime Minister, **Narendra Modi** – '**Make in India**', which encourages companies to manufacture the products in India itself. By following this initiatives, we can bring about a big change in India's economy.

By using Chinese products, we Indians are somehow draining our economy. The profit made by India through Chinese trade is very less as compared to profit made by china. this is disadvantageous to developing country like India. According to me, it's high time for us to take action. A boycott of such products is the solution to this issue.

India is a rapidly – growing market. Different countries around the world are interested in taking advantage of this scenario. our country is not ruled by foreigners, yet a massive amount of wealth is being drained away from our country by foreign Companies. china is one of them. It is their third class products that are other wise of no use to them, that reach India . A boycott of every Chinese product would not only help keeping India' wealth in India but also help the cottage industry to flourish. Therefore the economy would improve.

Buying of Chinese products does affect the Indian economy ; if we buy any Chinese product the revenue goes to the Chinese government rather than to the Indian government. also several artisans as well as small cottage industries lose their sources of income. A good measure against the sale of Chinese goods is that people should be encouraged to buy Indian products and not Chinese products. If possible Chinese products should not be allowed to be sold In india. Banning of Chinese products is the most effective way to prevent sale of those products.

china is India's largest trading partner. china can make anything from toys to electronics at prices no one can match. For Indian consumers, it will be quite hard to find alternatives for these goods. Chinese firms are the dominant producers of a number of goods in the Indian market, like computer, phones, integrated circuits, factory machines, networking equipments etc. If we want to reduce imports from china, we should strengthen our manufacturing units and support entrepreneurs.

Yes, Chinese products do affect the Indian economy. To remedy the situation, the public have to buy Indian products and the government should take steps to improve the quality of Indian goods to make them durable and less costly, so that people will be confident enough to buy them .This will help India to grow and develop its economy.

The 'Made in China' label is gradually taking our every sector of the Indian market. Our own manufacturing units may have to shut down. This is practically slaughtering the Indian economy. I feel that a boycott of Chinese goods is not going to make Indian products cheaper and competitive. People in India may not be able to buy expensive jute bags, but they will be able to afford Chinese poly bags. Instead of a boycott, support Indian organizations with the goal of capacitating them to compete at a global level.

In spite of abundant natural resources and the huge manpower in our country, it is only pathetic that India imports products like crackers! This affects the Indian economy on the global front and renders many Indians Jobless. Importing indigenous products from developing nations will raise their economic status and procuring goods from china will increase their economy.

Goods imported from china cause harm to the Indian economy. the only solution is to impose a ban on foreign goods not only from china but also from other nations. This can be done by the combined efforts. of the government as well as the citizens. This will bring prosperity and India can achieve better growth and development.

The dragon has undoubtedly clutched our consumer goods market with its attractive yet affordable commodities ; from toys and gadgets to ornamental articles and a myriad of products. As far as the remedy is concerned, we must set aside our material instincts. and selfish motives, and stop buying these products. we have to rekindle our spirit, listen to the voice of our conscience and then I am hopeful, we shall surpass every adversity to the growth of our great nation.

Chinese goods are slowly replacing indigenous goods and might even eat away the entire Indian market. China is encouraging terrorism in Pakistan by supplying arms and ammunition. So it seems morally correct to boycott Chinese products. But this doesn't really help! We ought to make our domestic products self-sufficient, flood Indian markets with indigenous goods and ban the smuggling of goods from China completely. I would say, Chinese goods do affect our economy but India can neither ban nor boycott products until use becomes self-reliant.

Yes, they do affect Indian Economy. No doubt Chinese products are cheaper than Indian products which allure the Indian mentality to purchase goods at a lower price. The ratio of Indian and Chinese exports is 1:40. Even after so much of 'say no to Chinese products', people are still drawn to Chinese goods. Chinese products have a sway in the Indian throng and have been able to usurp Indian pockets. The solution is either to increase exports from India or stop purchasing Chinese products.

The use of Chinese goods has undoubtedly reduced the pressure on the common man's pocket but at the cost of the Indian economy, not only by reducing its GDP but also by acting as an obstacle in the growth of employment. Dependence on Chinese products has damaged the Indian Economy. Our government should work to enhance the advancement of Indian goods, affordable yet of a superior quality. People should be encouraged to use native goods. The rate of export should be twice the rate of import to maintain a balance in our economy there by making it stable.

China has invaded almost all sectors of the Indian market and seems to be bringing tougher times for Indian industries. Small scale industries (SSI) contribute 35 – 40% of the total manufactured products in India. It is the SSI which suffer the most because of Chinese goods. Many of the industries have closed down near Mumbai and many are unemployed because of the increase in purchase of Chinese goods. We should not allow China to dump their produce in India and take a resolution to buy only Indian products.

China is producing every little thing from a needle to huge machines. They are produced on a large scale and exported to India. Though Chinese products are low in quality and durability, they attract a lot of people because they are very cheap. This needs to be stopped. Our Indian industries should be motivated with low interest loans and machinery, but this can be possible only when all Indians are determined to take our country to greater heights.

How to reduce the impact of Chinese products-

India must look into its administration to reduce the import of Chinese goods. Our economy is agriculture based and slowly service sector is also getting into it. But the most important contributor to our economy is agriculture. This is happening because natural resources are reducing which is leading to a significant reduction in agriculture. Government should encourage local small business enterprises to reduce the foreign goods in the market. To safeguard there is a dire need to change the policies and add duties. Apart from this India seriously needs to work on its infrastructure and efficient use of energy and other natural.

CONCLUSION-

Conclusively it can be said that while studying the effects of price dumping on Indian economy with special reference to dumping from China, it was established that China is the chief dumping country in India since 1995. Dumping from China is most troublesome in major industries like chemical industry, mechanical, machinery and electrical industry, plastic and rubber industry and textile industry of India. Dumping from China has negatively affected growth of Indian industries and caused serious material injury to most of the products of Indian domestic industries. There were serious volume effects, price effect and economic and financial effect on Indian industries.

The volume effect can be seen in the form of volume of imports from China in absolute terms and relative to Indian production and consumption. Price effect can be understood in terms of price undercutting and underselling by Indian manufacturers. Economic and financial effect is clearly visible in the form of material injury of Indian industries. It was realized that dumping from China has been a serious trade

distorting practice and was predatory in nature. By and large on execution of an anti-dumping duty equal to the dumping margin on dumped imports, the price effect was controlled but the volume effect persisted even of anti-dumping measures by Indian Government.

However there was almost no effect of anti-dumping duty on volume of imports in India from China. The Chinese exporters, once gaining access in Indian market during the period of dumping achieved market power lasted long and even anti-dumping measures taken by India to counter dumping were largely fruitless.

The predatory dumping through Chinese exporters has driven away fair competition out of India to which Indian domestic firms suffered serious material injury. The impact of this injury was pragmatic even after anti-dumping measures and was seen majorly in the form of volume of imports into India as well as on market share & capacity utilization of domestic industries. Therefore it is very obvious that the effect of dumping from China was found to be a critical issue requiring utmost concern. The situation seems alarming and needs to be addressed by Indian Government before this practice grows and results into dwindling effects of the industries in question & so our economy.

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1. Daily newspaper times of India
2. Internet sites