

Government of India
Ministry of Finance
Department of Revenue
LOK SABHA

UNSTARRED QUESTION NO. 4663
TO BE ANSWERED ON MONDAY, MARCH 23, 2020
CHAITRA 3, 1942 (SAKA)

IMPACT OF CORONAVIRUS ON TRADE

4663. SHRI SANJAY SADASHIV RAO MANDLIK:

SHRI SYED IMTIAZ JALEEL:

SHRI SHRIRANG APPA BARNE:

SHRI SUDHEER GUPTA:

SHRI ASADUDDIN OWAISI:

SHRI BIDYUT BARAN MAHATO:

SHRI KARTI P. CHIDAMBARAM:

SHRI GAJANAN KIRTIKAR:

Will the Minister of FINANCE be pleased to state:

(a) whether Indian economy has started showing decline in the import duty received by the Government from Chinese goods due to impact of Coronavirus and if so, the details thereof along with the assessment made by the Government in this regard and the corrective measures taken/being taken for the same;

(b) whether it is true that India is heavily dependent on China for the raw material used in the manufacturing in the country and if so, the details thereof;

(c) whether the Government is searching for some other alternatives for the raw materials being imported from China and if so, the details thereof along with the steps taken in this regard;

(d) whether the Government is going to announce a set of measures to tackle possible disruption of supply of drugs and other manufactured goods due to Coronavirus outbreak in China and if so, the details thereof;

(e) whether any meeting has been held with the Industry players/businessmen and other stakeholders in this regard and if so, the detailed discussion held and the plan chalked out to address the concern raised by them; and

(f) whether the Government is also contemplating to cut excise duty along with other measures and if so, the details thereof along with the time by which a final decision is taken by the Government in this regard?

ANSWER

MINSTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): The import data from China for the period November 2018-February 2019 vis-a-vis imports during corresponding period in 2019-20 are as under:

(Rs. Crore)

Apr-18 to Oct-18	Apr-19 to Oct-19	Nov- 18	Nov- 19	Dec- 18	Dec- 19	Jan- 19	Jan- 20	Feb- 19	Feb- 20
2,96,000	2,93,000	41,454	36,633	39,092	35,675	44,043	42,955	36,478	35,494
Nov-18 to Feb-19- Rs. 1,61,067 crores									
Nov-19 to Feb-20- Rs. 1,50,757 crores									

There is a general trend of imports declining from China in the entire Financial Year.

(b) and (c): As reported by Ministry of Electronics and Information Technology, presently out of total electronics goods imports in the country, approximately 40% are from China and 17% from Hong Kong. These imports are largely in the nature of components that go into manufacturing of sub-assemblies and final products. Due to recent outbreak of Coronavirus in China, there is an impact on supply of such components due to disruption in supply chain. However, the Government has taken various measures to contain the disruption in supply chain which includes:

- Facilitating the industry to lift consignments from China to India after taking adequate health and safety precautions.
- For exploring the sources of import of such components from other countries, the industry associations have been advised to organize buyer-seller meets to explore such avenues. However, in view of spread of Corona virus to other geographies, this has not materialized substantially.
- Clarification has been issued to consider Corona virus outbreak in China or any other country as a case of natural calamity and Force Majeure clause may be invoked wherever considered appropriate.

(d): To mitigate difficulties faced by trade and industry in the contextual situation, Central Board of Indirect Taxes & Customs has directed all custom stations as well as testing labs to function on 24x7 basis till the end of May, 2020. The field formations have been advised to show greater sensitivity in dealing with cargo from affected areas and waive late fee arising due to delayed receipt of documents in genuine cases.

(e): The Hon'ble Finance Minister has interacted with various stakeholders to discuss the problems being faced by trade and industry in the wake of spread of coronavirus in China. Several issues were raised during the interaction requiring suitable action from different Ministry/Department/Agencies of the Government. Subsequently, these issues were discussed with concerned Ministries/Departments/ Agencies in a meeting convened by Hon'ble Finance Minister on 20.02.2020. Directions given in the meeting are as per Annexure.

(f): However, as regards excise duty, at present there is no such proposal.

Meeting chaired by Hon'ble Finance Minister on 20.02.2020 to discuss Contextual Issues

Decision Points

Department of Financial Services:

- Banks and financial institutions should be aware of the constraints arising out of the situation and assist the industry accordingly.
- RBI may be requested to consider extending credit period from 90 days to 180 days, and temporarily relaxing NPA norm.

Ministry of Labour & Employment:

- The Ministry may take necessary steps to relax requirements of labour laws for expanding production capacity of the industry, for instance, allow contract-based work, overtime etc.

Ministry of Environment:

- Ministry of Environment may take steps to simplify the process for Environment Clearance (EC) and reduce the time taken.
- Examine whether public hearing can be dispensed with or relaxed in the contextual situation.

Department of Pharmaceuticals:

- Nodal officer may be appointed at JS level to coordinate with Ministry of Civil Aviation for airlifting of critical inputs/raw material such as API.

Central Board of Indirect Taxes and Customs:

- CBIC to immediately set up a dedicated helpline on its website where any person can seek resolution of any contextual issues, and the required relief or assistance from concerned Dept/Agency would be provided at the earliest.
- All Customs formations including testing facility have to function 24x7 immediately for the next four months.
- To ensure expedited clearances in cases of delayed receipt of requisite documents in the contextual situation, all concerned Ministries to identify the import documents that are getting delayed, and where clearances can be permitted when documents are subsequently presented within a prescribed period.
- All processes related to clearance of goods to be prioritized and monitored in the contextual situation by all concerned such as Customs, Port authorities as well as Partner Govt Agencies.

Ministry of Shipping:

- Priority to be given to vessels coming from China, keeping in view the contextual situation.
- Decongestion plan to be implemented on priority to reduce congestion from ports specially on the eastern coast and riverine ports like Paradip and Haldia.
- All processes related to clearance of goods to be prioritized and monitored in the contextual situation by all concerned such as Customs, Port authorities as well as Partner Govt Agencies.

Ministry of Railways:

- Ministry of Railways to divert resources, such as allocation of additional rakes, for faster movement of goods in the contextual situation.

Ministry of Civil Aviation:

- Ministry of Civil Aviation to nominate nodal officer at JS level to coordinate with concerned line Ministries such as MeitY, D/Pharma and M/Heavy Industry, for prompt airlifting of critical inputs / raw material.

Department of Commerce:

- All 32 EPCs should be informed about the steps taken by Customs for online grievance redressal and 24x7 working of customs formations.
- DGTR to suitably handle any likely surge in imports after the situation normalizes abroad.
- DGFT to consider removing certain non-essential items from the prohibited list of personal protective equipment and clothing in consultation with Ministry of Health.

Ministry of Agriculture:

- Ministry of Agriculture to furnish a report on exports of agriculture and horticulture commodities to China directly or indirectly i.e. through another country, by 22nd Feb (Saturday).

Ministry of External Affairs:

- MEA to identify those countries to which exports are likely to be hit, and explore whether the gap created in the contextual situation can be filled by Indian exports.

Ministry of Electronics and Information Technology:

- Nodal officer may be appointed at JS level to coordinate with Ministry of Civil Aviation for airlifting of critical inputs and components required by electronic industry.

Ministry of Heavy Industry:

- Nodal officer may be appointed at JS level to coordinate with Ministry of Civil Aviation for airlifting of critical inputs such as auto parts.

Ministry of Chemicals and Fertilizers:

- Department of Fertilizers to inform concrete steps to ramp up production of DAP and NPK in PSUs.

Ministry of Steel:

- Ministry of Steel to examine whether the unfulfilled quota in other countries in the contextual situation can be met by India.

There was no decision point relating to Central Board of Direct Taxes.
