Adverse effect of concession to MNCs on Indian partners

1557. DR. T.N. SEEMA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that recently Government has given unjustified concessions to the MNCs to set up new units in the same field of business without approval of their Indian partners;

(b) whether it is also a fact that Department of Industrial Policy and Promotion (DIPP) has even allowed MNCs to change their Indian partner unilaterally; if so, the details thereof;

(c) whether this measure will only strengthen the grip of MNCs over the Indian economy at the expense of Indian companies;

(d) if so, the details thereof; and

(e) the steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) and (b) As per the Foreign Direct Investment (FDI) policy, which was in force till 31.3.2011, a non-resident investor, having an existing joint venture/technology transfer/trademark agreement, as on January 12, 2005, was required to seek prior Government approval, through FIPB/Project Approval Board, for new investment/technology transfer/technology collaboration or trademark agreement in the same field. This condition has been removed with effect from 1.4.2011. This has been done with a view to enable Indian industry to become globally competitive, through access to latest technologies, enhanced levels of FDI and increased competition.

(c) to (e) Under the liberalized economic environment, investment decisions of investors are based on the macro-economic policy framework, economic environment in the host and investing countries, investment policies of transnational corporations and other commercial considerations. The Government does not have any role with regard to commercial decisions made by investors in choosing their business partners.

Adequate mechanisms are provided within the Indian legal system for enforcement of legal rights, arising out of breach of contracts between contracting parties, such as arbitration or litigation in the relevant courts, depending upon the provisions laid down in the contract agreement.

Surge in import of finished copper products

1558. SHRIMATI SMRITI ZUBIN IRANI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that there has been a surge in import of finished copper products; and

(b) if so, what steps have been taken to insulate domestic manufacturers from this surge?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) and (b) India's total import is Rs. 1683 thousand crore in 2010-11, a growth of 23%, as compared to Rs. 1364 thousand crore in 2009-10. The import of base metals and articles of base metal is Rs. 99 thousand crore, growth of 27%, as compared to Rs. 78 thousand crore in 2009-10. The import of copper and articles thereof, which constitutes 86% of base metals and articles in 2010-11, is 8.5 thousand crore, a growth of 54% as compared to 5.5 thousand crore in 2009-10,

India has removed all quantitative restrictions and other barriers on import and export of most items. Import takes place either because the country is short of it or because domestic prices are higher. When representations are received about adverse impact of such imports, remedial measures are taken mainly in the shape of imposition of higher import duty or import restrictions including port restrictions, imposition of standards, prescribing minimum floor price etc.

Trade deficit with China

1559. SHRI SYED AZEEZ PASHA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the trade deficit of India with China is US $ 24 billion in 2010-11;

(b) whether it is a fact that China has ignored 7 specific requests from India to support Indian exports to China;

(c) what are these seven requests and when were they made; and

(d) what steps does Government propose, to reduce the trade gap in 2011-12?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) The trade deficit of India with China was US$ 23.864 billion in 2010-11.

(b) and (c) The matter relating to growing trade deficit was taken up with the Chinese side by India during the Eighth Session of India-China Joint Group on Economic Relations, Trade Science and Technology (JEG) held on 19th January, 2010 in Beijing. Following specific requests to increase imports from India were made to the Chinese side during 8th Session of the JEG:—

(i) Greater import of IT and ITES by China from India.

(ii) Removal of tariff and non-tariff barriers to the import of power plant equipment from India.

(iii) Removal of restrictions on import of Basmati Rice, fruits and vegetables by China.