

CHINA LOOMS LARGE IN REPORTS SUBMITTED BY ALL EIGHT GROUPS OF MINISTERS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

[China](#) looms large in reports submitted by all eight groups of ministers (GoMs) formed amid the Covid-19 pandemic. While the GoM on [employment](#), as reported by ET on Friday, called for a balance between supporting the gig economy and geopolitics, others have mostly focused on ways to counter China.

The GoM on [manufacturing](#) has even suggested formulating a model 'Time-Bound Clearances Act' for permissions to set up [investment](#) projects in a state, besides speedier land acquisition, titling and registration processes for businesses looking to relocate from China.

It has recommended that states must "acquire sizeable areas of non-inhabited land and carve out investment zones under the protection of Article 234q(c) and (they) should be notified as an industrial township". The article allows the governor to notify a designated municipal area as an industrial township.

This will protect it from local inspections and political interference. Noida authority was set up through this.

Significantly, the GoM on health has called for earmarking 4% of GDP for healthcare, of which 25% should be for AYUSH.

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Manufacturing

The GoM on manufacturing chaired by textile minister Smriti Irani has done a detailed comparison between India and China.

It has pointed out that while Chinese exports to India reduced after imposition of anti-dumping duties, there was a spike in goods through Hong Kong and Singapore to evade import duties. This was done, according to the GoM, to exploit loopholes in India's free-trade agreements.

To counter the same, the GoM has recommended an industrywise HSN Code analysis to map local capabilities of production, and facilitate indigenisation of inputs. It has also sought "strict interventions to identify mis-declared goods in import".

The GoM has also underlined the need for simplification of dispute resolution through arbitration and mediation. "It takes nearly 1,445 days and 30% cost of claim value to resolve a commercial dispute in India as compared to 216 days and 27.2% of claim value in New Zealand, 290 days and 12.7% of claim value in South Korea, and 437 days and 45.7% of claim value in UK." It has recommended a waiver of the dividend distribution tax out of current and accumulated profits for companies relocating from China.

Active support to MNCs to build capacity in the home country just like Sinosure, China's premier

export and credit agency, supported GE to build manufacturing capacity for exports from China.

HEALTH

The GoM on health headed by AYUSH minister SY Naik has strongly advocated that spending on health be increased to 4% of GDP. China, it has noted, spends 5% of GDP on health.

"It notes how while developed nations such as the US (16.9%), Germany (11.2%), France (11.2%) and Japan (10.9%) spend considerably on their health setup, India spends the least even among BRICS countries: Brazil spends the most (9.2%), followed by South Africa (8.1%) and Russia (5.3%)." It also recommends that India may take the lead along with Asian, African and Middle Eastern countries to create an equivalent alternative to USFDA for all medical products to increase the market size for products made in India.

The GoM has called for classifying pharmaceutical industry as a priority sector for lending with interest subsidy or at a concessional interest rate along with tax breaks for R&D.

AGRICULTURE & RURAL ECONOMY

The GoM on agriculture and rural economy notes that in furniture, India has become a net importer from China, Malaysia, Italy and Germany. It has recommended that import duty may be raised to 50% to encourage domestic value addition and exports.

It also suggested that the import duty on wood and wood products may be increased to 10% to encourage domestic producers and the ministry of housing and urban affairs be asked to empanel and promote only Indian manufacturers of bamboo wood to dissuade growing imports of Chinese products.

EXPORT PROMOTION

The GoM on export promotion chaired by parliamentary affairs minister Pralhad Joshi noted how packaging manufacturers in India are currently constrained to import certain key input materials from China and other countries in South East Asia towards meeting export commitments. It notes how "in comparison to China, logistics transportation takes 70% longer from factory to final destination".

The GoM also pointed to China Post's 'e-packet' as an example that India Post could consider to ensure level playing field for Indian exporters and ensure faster delivery to customers.

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