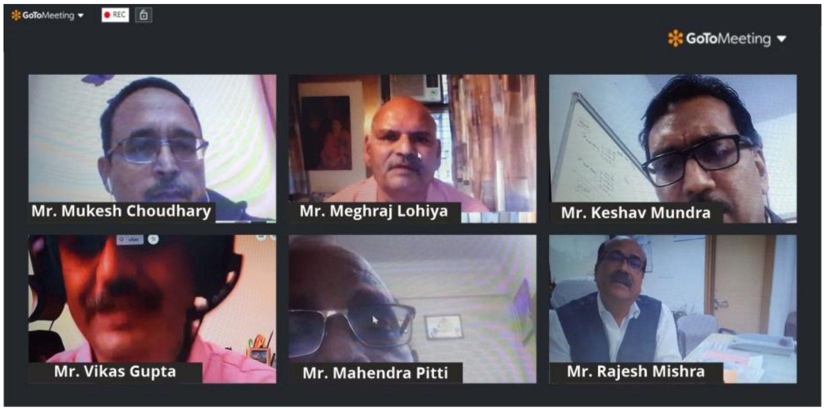
Import Substitution strategy can fuel growth for Indian MSMEs

Like all countries, India's trade policy too covers a wide regime of taxes on import and export, tariffs and quotas. The policy thus framed by the government protects domestic manufacturers from foreign competition. The protection from imports as usually done in two forms, first being quotas - specifying the number of goods that can be imported into a country and the second being tariffs- tax that is imposed on imported products to decrease their consumption.



Import substitution is a strategy underneath our trade policy that minimises the import of foreign products and inspires production in the domestic market. The determination of this policy is to change the financial edifice of the country by replacement of foreign goods with domestic goods. Since independence our government has tried often to support domestic industries by striking heavy tariffs on import duty and most times we have been successful in doing so. The few times that we have not succeeded is because our manufacturers have yet to upgrade their manufacturing capabilities and develop skilled manpower so that continuous delivery of standardized high-class products is possible to answer the rising challenges of globalization and meet customer expectation.

In the light of above background and to discuss how coal imports can be substituted to empower our SMEs, World Trade Center Jaipur collaborated with Ministry of MSME, Government of India and Ministry of Coal to organize a webinar on Coal Related Issues and Import Substitution for MSMEs. The webinar also focused on issues in the Lime Industry, P.O.P. industry, Foundries and Rolling Mills.

Addressing the participants, Mr. Mukesh Choudhary, Director, Ministry of Coal, Government of India said, "despite India being world's 3rd largest producer of coal, we were a net importer of it by 26 crore tones''. He then explained that in the absence of consistency in supply, competitive pricing and quality, which are the most important factors considered by buyers, imports are resorted to. To tackle this issue, steps are to be taken like, independent third party sampling agency to test the quality of coal, stability in pricing by bringing in state nominated agencies, coal India notified pricing and defining of consumer of advance requirement can resolve the issues and bring stability to the system."

Earlier Mr. Rajesh Mishra, Head of Marketing, Coal India Limited, in his address revealed that to avoid shortfalls and reduce dependency on imports, a mechanism has been developed for efficient distribution of high-grade coal in sufficient quantities through state government nominated agencies thus reaching maximum industrial clusters.

Mr. Vikas Gupta, Deputy Director, MSME DI Jaipur, Ministry of MSME, shared the expectations of MSMEs in Rajasthan from Coal India Limited and Ministry of Coal and urged greater support from the ministry and Maharatna CIL which is the world's largest coal producer.

Mr. Keshav Mundra, General Secretary, Foundry Owners Association Jaipur, in his speech, shared industry concerns from rising pollution issues, sulphur content, ash content etc., which severely impacts the quality of coal and acceptable standards on shortage while transporting the product.

From the State Government, Mr. Avindar Laddha, Joint Director, disclosed that the quality and consistency in coal has become an area of concern and it needs to be taken care of. He further suggested that local dependency of state industries should be improved by procurements from domestic suppliers.

The webinar drew support from All India Lime Manufacturers Association, Khara Udyog Sangh, Foundry Owners Association Jaipur, S.S. Rolling Mills Associations Jaipur, RSIC and NSIC.

Vote of thanks was proposed by Mrs. Anila Choraria, Assistant Director, MSME DI Jaipur.

The Webinar was held on December 2, 2020