Syllabus subtopic: Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Prelims and Mains focus: about the move: need, objective and significance; case of dumping solar equipment and measures taken to curb it; about DGTR; BIS

News: The government has proposed to amend the Customs Act, 1962.

Background

- In May 2019, India merged two separate bodies handling anti-dumping and import safeguards to form the Directorate General of Trade Remedies, similar to the US International Trade Commission, to create a trade defence mechanism that can respond to developments in a comprehensive and timely manner.

- The government has recently initiated more than 130 anti-dumping/countervailing duty/safeguard cases to deal with rising incidence of unfair trade practices.

Present Scenario

So far, the government had powers to only ban imports and exports of gold and silver under the Customs Act, 1962.

Need for the amendment

The steps come amid a global rise in protectionist policies to shield home-grown companies amid slowing economic growth.

Objective of the amendment

- Once approved, the amendment, through the Finance Bill, will expand the government’s power to ban imports or exports of all goods that may hurt
the local economy,

- According to the govt., this power will be exercised only in exceptional circumstances

- The measures are aimed at narrowing the trade deficit with China, which has flooded the Indian market with items such as toys, firecrackers and solar power equipment. The steps come amid a global rise in protectionist policies to shield home-grown companies amid slowing economic growth.

- The new powers to protect the economy may provide a lever to the government to foster consumption of local products and boost manufacturing.

Other reforms proposed

The government also proposes to amend the Customs Tariff Act of 1975 to strengthen the mechanism to prevent dumping of cheap goods in the domestic market.

Case of Solar Equipments and measures taken by the govt.

- The domestic market for solar components, for instance, is dominated by Chinese companies due to their competitive pricing. The surge in imports led the Modi administration in its previous term to impose a safeguard duty from 30 July 2018 on solar cells and modules imported from China and Malaysia. This will end in July this year.

- The Union budget also approved an enabling mechanism to raise tariffs on imports of green energy equipment such as solar cells and modules.

- Once a separate notification is issued, a new duty structure enabling a basic customs duty (BCD) of 20% on cells and modules will come into effect. There is no BCD levied on such equipment now.
India currently has a **domestic manufacturing capacity** of 3 gigawatts (GW) for solar cells and imported $2.16 billion worth of solar **photovoltaic (PV)** cells, panels, and modules in 2018-19.

The budget move comes against the backdrop of a **non-tariff barrier that involves a certification requisite for all solar power generation equipment makers** who want to do business in the world’s largest green energy market.

The step is aimed at boosting domestic manufacturing and shielding domestic companies from **cheap and sub-standard imports**.

Only manufacturers and solar modules that are approved by the **Bureau of Indian Standards** and the **ministry of new and renewable energy**, and are on the approved list of modules and manufacturers will be eligible for government supported schemes, including projects from where electricity distribution companies procure solar power for supplying to their consumers.

**About Directorate General of Trade Remedies (DGTR)**

- Earlier known as Directorate General of Anti-dumping and Allied Duties (DGAD).

- Named in May 2018 as an **integrated single window agency** for providing comprehensive and swift trade defence mechanism in India.

- Earlier, the DGAD dealt with anti-dumping and countervailing duties (CVD) cases, **Directorate General of Safeguards (DGS)** dealt with safeguard measures and **Directorate General of Foreign Trade (DGFT)** dealt with quantitative restriction (QR) safeguards.

- The DGTR **brings DGAD, DGS and Safeguards (QR) functions of DGFT into its fold** by merging them into one single national entity.
DGTR now deals with Anti-dumping, CVD and Safeguard measures. It also provides trade defence support to our domestic industry and exporters in dealing with increasing instances of trade remedy investigations instituted against them by other countries.

DGTR provides a level playing field to the domestic industry against the adverse impact of the unfair trade practices like dumping and actionable subsidies from any exporting country, by using Trade Remedial methods under relevant framework of WTO arrangements, Customs Tariff Act & Rules and other relevant laws and International agreements, in a transparent and time bound manner.

DGTR functions as an attached office of Department of Commerce, Ministry of Commerce and Industry. It is a professionally integrated organisation with multi-spectrum skill sets emanating from officers drawn from different services and specialisations.

About Bureau of Indian Standards (BIS)

BIS is the National Standard Body of India established under the BIS Act 2016 for the harmonious development of the activities of standardization, marking and quality certification of goods and for matters connected therewith or incidental thereto.

BIS has been providing traceability and tangibility benefits to the national economy in a number of ways – providing safe reliable quality goods; minimizing health hazards to consumers; promoting exports and imports substitute; control over proliferation of varieties etc. through standardization, certification and testing.

BIS has its Headquarters at New Delhi and its 05 Regional Offices (ROs) are at Kolkata (Eastern), Chennai (Southern), Mumbai (Western), Chandigarh (Northern) and Delhi (Central).

Keeping in view, the interest of consumers as well as the industry, BIS is
involved in various activities as given below:

- Standards Formulation
- Product Certification Scheme
- Compulsory Registration Scheme
- Foreign Manufacturers Certification Scheme
- Hall Marking Scheme
- Laboratory Services
- Laboratory Recognition Scheme
- Sale of Indian Standards
- Consumer Affairs Activities
- Promotional Activities
- Training Services, National & International level
- Information Services