

RESTRICTED
LIMITED

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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

Contracting Parties

Third Session

NON-DISCRIMINATORY MEASURES NOTIFIED BY
CONTRACTING PARTIES UNDER PARAGRAPH 6 /11/
OF ARTICLE XVIII OF THE GENERAL AGREEMENT

Measures notified by the Government of India

The following statement giving particulars as per Annex D to document GATT/CP.2/38/Rev.1 regarding the non-discriminatory measure relating to grinding wheels, which was in force in India on 1 September 1947, was appended to a letter of 24 December 1948 sent to the Chairman of the CONTRACTING PARTIES by the Government of India:

- (a) Precise description of the measure including the range and type of goods to which it relates and the method of operation -

The import of grinding wheels and segments was prohibited except under license which was given only in those cases where it was proved to the satisfaction of the Government that such types and sizes could not be produced locally. The restrictions have been in force from March 1947. As from 4 December 1948, however, on the imposition of a protective duty of 80% ad valorem import of this article has been placed on the 'open General License' which would permit the free import of this article by anyone. This does not preclude the Government of India from placing it under stricter licensing if circumstances compel them to do so.

- (b) Precise description of the range and type of goods produced by the industry in respect of whose development the measure has been maintained -

Grinding wheels of all types, qualities and sizes from 1/4th" diameter to 36" diameter with the exception of rubber bonded and diamond wheels.

- (c) Statistics of quantities and values over a period of years showing -

	1943	1944	1945	1946	1947
(1) Production					
Quantity					
(Tons)	111	159	187	Not known	258
Value	10,62,643	12,32,000	7,49,833	--	13,72,818
(Rs.)					

	1943	1944	1945	1946	1947
(2) Imports					
Quantity					
(Tons)	400	460	300	Not known	Not known
Value	11,82,667	13,73,333	9,09,333	--	--
(Rs.)					

(3) Exports N I L.

(d) Number of enterprises or firms:- One

Location of enterprises or firms:- Urban, near Bombay

(e) Number employed:- 400 persons

(f) Total working population of the country by principal occupations -

Post war and Post Partition Statistics not available.

(g) Average level of wages paid to employees -

Rs. 3/8/- per day.

(h) Capital investment -

Total amount of block capital is estimated at
Rs. 3,50,000.

(i) Net profits or losses -

1943: Rs. 1,40,000/ - profits

1944: Rs. 1,20,000/ - profits

1945: The firm's audited profit and loss account showed an actual loss of Rs. 1,72,000 for the year owing to their sales to Government at controlled rates:

1946: Not yet known.

1947: -do-

1948: -do-

(j) Cost of imported product ex duty at place of entry into country, costs of transport and distribution of imported product from place of entry to principal market or markets and selling price of domestic product at principal market or markets -

The position of the domestic industry was investigated by a regularly constituted Tariff Board in 1946 and the report submitted by the Tariff Board to Government estimates the margin of difference between the firms' selling prices of the locally manufactured grinding wheels and the landed cost ex-duty of corresponding types of imported grinding wheels between 92 per cent and 141 per cent.

- (k) History of tariff and other protection enjoyed including existing duty, if any, period for which protective measures have been in force and the effect which they have had on the establishment or development of the industry -

Please see (a) above. Control over imports of the common varieties was in force from almost the beginning of the war up till 4 December 1948. The rigour of the import restrictions has been lifted for the present and a protective duty of 80% ad valorem has been imposed instead, as an experimental measure.

- (l) Reasons for the selection of the measure proposed to be maintained in preference to other measures permitted by the GATT such as tariff protection or subsidy payments -

Although the technique developed by the industry compares favourably with that of leading foreign manufacturers, the prospect of the industry withstanding competition does not appear to be bright. The recommendation of the Tariff Board which investigated the claims of the industry for protection and the experience gained since the inception of the industry indicate that non-discriminatory import restrictions only will enable the industry to survive unfair competition.

- (m) Date concerning the future development of the industry - including for example expected levels of production and costs - and the possibility of its becoming independent of the measure proposed to be maintained.

The firm has an estimated production capacity of 400 to 450 tons per year which is sufficient to meet the present home demand.

Additional data required for consideration of application for maintaining or continuing the non-discriminatory measure under paragraph 7(i) or (ii) of Article XVIII -

- (i) (a) Date of establishment of industry -

1939, just before the outbreak of war.

- (b) Type of protection during period January 1, 1939 to March 24, 1948, resulting from abnormal conditions arising out of war. -

- (1) The manufacturers are permitted to import synthetic abrasive grains free of customs duty.
- (2) All railway and other government requirements in respect of grinding wheels are obtained from the domestic industry, up to the limit of its production.

(3) Stoppage of supply from abroad during the war helped the industry to establish itself. From March 1947 up to 4 December 1948 the industry was being afforded protection by total prohibition of import of grinding wheels of such types and sizes manufactured by the local industry.

(ii) (a) Indigenous primary commodity which is being processed -

(b) Statistics of exports of primary commodity -

(c) Details of new or increased restrictions imposed abroad -

