

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3711
16 June 1972

Limited Distribution

Original: English

INDIAN REGULATORY DUTY

Communication from the Government of India

The following communication, dated 12 June 1972, has been received from the Permanent Representative of India.

1. I have the honour to refer to the Decision adopted by the CONTRACTING PARTIES on 18 April 1972 (L/3695), waiving until 30 June 1972 the provisions of paragraph 1 of Article II of the General Agreement to allow to the Government of India to maintain the temporary regulatory duty on imports and to state as follows:
2. It will be recalled that as communicated in their notification dated 5 January 1972 (L/3654) the Government of India had been compelled, in conjunction with other fiscal measures, to levy temporary regulatory duty of customs with effect from 13 December 1971. These measures were taken for maximum mobilization of resources to meet the staggering cost of refugee relief and assistance to population affected by natural calamities. The magnitude of the financial burden imposed on Indian exchequer as a result of the former will be apparent from the fact that while the estimated expenditure in the fiscal year 1971-72 on refugee relief alone was around Rs 3,250 million, the international assistance was Rs 1,200 million. Taking into account the additional expenditure, the overall deficit in the year 1971-72 is estimated to be around Rs 3,850 million.
3. In the above circumstances and in order to keep the deficit during the year at a modest level, the Government of India have been compelled to continue the fiscal measures taken in December 1971 and take additional taxation measures, while taking steps to curb the expenditure on non-developmental programmes. In this context the budget for the year 1972-73 provides for further continuation of the regulatory duty on customs for a period of one year ending 15 May 1973. The regulatory duty is applicable on most of the imports at 2.5 per cent except for items bearing an effective rate of 100 per cent or more and a few other specified items, which are subject to a regulatory duty of 10 per cent ad valorem. Similarly articles bearing effective customs duty of 60 per cent or more are subject to a regulatory duty of 5 per cent ad valorem.
4. Annex I contains a list of articles, which are GATT-bound and which would be subject to a regulatory duty of 10 per cent. The data of imports into India in the years 1969-70 and 1970-71 of these items is shown in the Annex.

5. Generally, as the level of customs duties on items in respect of which India has given bindings ranges between 10 to 30 per cent, the regulatory duty on GATT-bound items will be at the rate of 2 1/2 per cent ad valorem, except in respect of items in Annex I. There are no GATT-bound items which would attract regulatory duty of 5 per cent.

6. Items which are exempt from the regulatory duty are shown in Annex II. It may be pointed out that the list of items is the same as contained in Annex I to document L/3654.

7. The regulatory duty is not expected to have a significant effect on the quantum or value of imports into India. In conjunction with other measures taken, the regulatory duty is expected to contribute to better balancing in the Government account.

Annex I

IMPORTS INTO INDIA OF GATT BOUND ITEMS SUBJECT TO
10 PERCENT AD VALOREM REGULATORY DUTY

Sl.No.	Description of products	Imports into India (In thousand Rs.)	
		1969-70	1970-71
1.	Tallow	1,844	131
2.	Vegetables, canned all sorts other than tomatoes, potatoes, onions and cauliflowers	Neg.	Neg.
3.	Spirits	Neg.	2,497
4.	All sorts of mineral oils not otherwise specified	2,399	7,742
5.	Dyes derived from coal tar, and coal tar derivatives, used in any dyeing process, all sorts, not otherwise specified. (Alizarine moist exceeding 20 per cent, Alizarine red)	45,046	66,640
6.	Wood pulp	13,327	123,609
7.	Printing paper, other than white, excluding newsprint	235,498	248,090
8.	Domestic refrigerators and parts thereof such as are specially designed for use with such refrigerators	Neg.	1,085
9.	High speed alloy or special steel used in the manufacture of small tools	86,018	50,528
10.	Boots and shoes, cinema-projecting, metal-working, mining, oilcrushing and refining, petroleum and gaswell drilling, refrigerating, sound recording, sugar manufacturing and refining-machineries and component parts thereof	170,991	103,052
11.	Polysterene moulding powder	996	523
		<u>547,119</u>	<u>603,897</u>

Annex II

BRIEF DESCRIPTION OF GOODS WHICH HAVE BEEN EXEMPTED
FROM THE REGULATORY DUTY OF CUSTOMS

1. Grains
2. Wheat
3. Rice
4. Samples of goods which are exempt under the International Convention to Facilitate the Importation of Samples and Advertising Material
5. Trade catalogues, price lists and advertising circulars exempt from import duty under the aforesaid Convention
6. Paper money
7. Books, printed, including covers for printed books, charts and maps, proofs etc.
8. Current coins of the Government of India
9. Works of art, namely statuary and pictures intended to be put up in a public place and memorials of a public character to be put up in a public place
10. Specimens, models and wall-diagrams illustrative of natural science, medals and antique coins
11. Free items of baggage including those covered by concessions under the Transfer of Residence Rules and Baggage Rules
12. Vehicles which are now passed free under the Convention on Temporary Importation of Road Vehicles
13. Reimported articles of baggage and goods of Indian origin and goods imported for repairs and return which are now passed free
14. Aircraft materials imported subject to re-export
15. Television equipment now passed free subject to bond for re-export
16. Goods imported by post and which are now passed free of duty
17. Gifts imported by post which are now free of customs duty
18. Unclaimed postal articles which are now exempt from customs duty
19. Free gifts imported by philanthropic organizations for free distribution to the poor and needy, which are now exempt from basic customs duty
20. Donations such as to the National Defence Fund, Indian Red Cross etc.
21. Durable containers which are now exempt from basic customs duty

22. Government stores imported primarily for defence purposes and other articles connected with defence or defence personnel and are now exempt from customs duty
23. Tourist literature which is now free of duty
24. Trophies, theatrical equipment including costumes belonging to any foreign theatrical company etc. which are now exempt from customs duty
25. Scientific and technical instruments etc. imported by research or educational institutions
26. Goods imported for the Kandla Free Trade Zone and are now passed free
27. Pontoons imported subject to re-export
28. Precious stones imported by post for approval and return
29. Tangible appliances and hearing-aids for the blind and deaf which are now exempt from basic customs duty