

GENERAL AGREEMENT ON

RESTRICTED

L/6969

10 January 1992

TARIFFS AND TRADE

Limited Distribution

NOTIFICATION UNDER PARAGRAPH 3 OF THE DECLARATION¹
ON TRADE MEASURES TAKEN FOR BALANCE-OF-PAYMENTS PURPOSES

The following communication, dated 5 December 1991, has been received from the Permanent Mission of India.

1. India's import and export policy for the period April 1990 to March 1993, together with import compression measures announced in July 1990 were notified vide Document L/6765 dated 20 November 1990. Subsequent changes in the import policy were notified vide L/6846 dated 27 May 1991.

2. Substantial changes in the export and import policy were announced from July 1991 onwards. As a result of these changes, the import policy and procedures for import of raw materials, components, consumables and spares have been streamlined and simplified.

The major changes are as follows:

July 1991

3. The Import Replenishment Licensing (REP) Scheme had been the main feature of Indian Import Policy 1990-93. Under the Scheme, exporters were entitled to replenish raw materials, components, consumables and spares used in the manufacture of products exported, at the specified rates which ranged from 5 per cent to 20 per cent of FOB value of exports. The replenishment scheme has since been enlarged and restructured. REP licences have now been replaced by a new instrument named "Exim Scrips" which has been made the principal instrument of import. The Exim Scrips are issued on the basis of FOB value of exports of Net Foreign Exchange (NFE) earnings from exports.

4. The Exim Scrips are issued against exports at the rate of 30 per cent of FOB value of exports. Products such as gems and jewellery, certain

¹ BISD 26S/205.

² In November 1991, India forwarded to the GATT Secretariat a copy of its Import Licensing Policy for 1990-93 realigned on HS. See L/6910.

metal based handicrafts, newspapers, journals, periodicals and exposed cinematographic films, which enjoyed a higher rate of replenishment benefits continued to be eligible for Exim Scrips at the previous rate.

5. The Exim Scrips are freely tradeable and can be used to import any item in the limited permissible list (Appendix 3) and non-sensitive canalised list (Appendix 5 Part A) and items listed in list 8 Part I and list 10 of Appendix 6 of the Import Export Policy 1990-93.

6. Imports of raw materials, components, consumables and spares including iron & steel and ferro-alloy raw materials appearing in the limited permissible list (Appendix 3), which were previously allowed against supplementary licences, are now allowed against Exim Scrip. These scrips are freely transferable and no certification of essentiality for import and indigenous clearance is required for such imports. Supplementary Licensing system for raw materials, components and spares listed in the list (Appendix 3) has been discontinued. However, Special Licences for import of such items are now granted to Small Scale Industries and producers of life saving drugs/equipments to the extent considered necessary in the interest of production and requirement that can not be met from indigenous sources.

7. Manufacturers of the capital goods listed in Appendix 4 are eligible to meet their requirements of raw materials, components and consumables through Exim Scrips. The provision for grant of supplementary licences to such manufacturers has been dispensed with.

8. Similarly import of after-sales service spares by manufacturers of machinery and equipment listed in Appendix 9 is also against Exim Scrips.

9. Certain products listed in Appendix 12 of the Import Export Policy 1990-93 which are not entitled for replenishment benefit have also been made eligible for normal replenishment benefits (i.e. at 30 per cent).

10. The category of Unlisted OGL was abolished. Raw materials, components, consumables and spares which are not listed in any of Appendices of Import-Export Policy 1990-93 have been shifted to Appendix 3 (limited permissible list). They are now importable against Exim Scrips (Except for small Scale Industry Units and manufacturers of life saving drugs and equipment).

11. The "Additional Exim Scrip Licences" (earlier known as "Additional Licence) issued to Export/Trading Houses are now available for import facilities of limited permissible items (Appendix 3) and non-sensitive canalised items (Appendix 5 Part A). These items can now be imported to the full value of the licence in place of 10 per cent earlier. Import of

permissible non-OGL capital goods is also permitted against these licences by the licensee for own use subject to certain conditions.

August 1991

12. Exporters of engineering goods and stainless steel products availing the benefit of International Price-Reimbursement Scheme (IPRS) who were earlier entitled for reduced rate of replenishment were made eligible for replenishment at normal rate (i.e. 30 per cent).

13. Exporters operating under Duty Exemption Scheme who were eligible to replenishment rate of 10 per cent of the value addition were made eligible for the special replenishment rate of 30 per cent of value addition.

14. Individually quick frozen fish; canned marine products; cashew kernels roasted (in consumer packs); fresh fruits; vegetables; cut flowers; plant and plants materials and spices; all types of canned, bottled and aseptically packed fruits, vegetable products; pulverised treated guar gum; instant tea; quick brewing black tea; tea bags; packed tea; tea caddies; tea chestlets; instant coffee; drugs and drug intermediates; all electronic products and high technology engineering products were made eligible for additional Exim Scrips entitlement of 10 percentage points, (i.e. a total Exim Scrip rate of 40 per cent of FOB value).

15. Exports made on the basis of duty free imports obtained against Advance Licences were made eligible for Exim Scrip at the general rate of 30 per cent of net foreign exchange earnings. On the same principle, all 100 per cent Export Oriented Units (EOU) and Units situated in EPZ/FTZ were made eligible for the benefit of replenishment at 30 per cent of NFE of products other than those listed in Appendix 17 Part II of the Policy and gold/silver plain or studded jewellery and articles.

16. Exporters working under Customs bond were also entitled to enhanced replenishment rate of 30 per cent of value addition achieved in place of the earlier rate of 10 per cent.

17. The procedure for import of capital goods was simplified. The requirement of clearance from indigenous angle was dispensed with for import of capital goods under international competitive bidding procedure for externally aided power project.

18. It was announced that with effect from 1 April 1992, new production units and units undergoing substantial expansion would automatically be granted licences for import of capital goods other than those covered by Appendix I Part A (Restricted list) without any clearance from indigenous

availability angle provided the import of capital goods was fully covered by foreign equity or the import requirement was up to 25 per cent of the value of plant and machinery up to a maximum of Rs 20 million.

19. The system of Advance licences was streamlined and simplified to provide exporters with duty free access to the inputs needed by them. The number of documents accompanying an Advance Licence Application was reduced from 9 to 3 where norms were prescribed and to 4 where norms were not prescribed.

20. Ninety-five items of raw materials and consumables were shifted from the Restricted List (Appendix 2) to the Limited Permissible List (Appendix 3). The items include chemicals and allied products like ABS resin/granules/moulding powder; acetylsalicylic acid, aniline /aniline oil and salts thereof; benzylchloride; caustic soda; cellulosic tops/spun yarn/waste; cement including clinker; fused bifocal blanks; cyrceraphosphoric acid and its salts; liver extract; metronidazole; para-titrochloro benzene; phenacetin phenylmethyl; pyrazalone; sulphacetamide and sulphacetamide sodium; sulphaguanidine; enzymes used for: conversion of penicillin; diazepam etc. and also trimmings and embellishments for garments; made up knitwear, plastic/leather goods; ball/taper super precision/bearings; fasteners- snap and zip and components thereof; peripherals of computers; stainless and alloy steel rasps; high speed steel rounds, wire rods etc; second and defective circles, cuttings of alloy steel etc.

21. Seventy-six items of raw materials, components and consumables were taken out of OGL list and shifted to the Limited Permissible List (Appendix 3). The items include medical gas cylinders; resin bonded graphite black, rock salt/black salt; art/chrome paper/board; bleaching earth; carbon paper; cathode blacks; dye intermediates; n.e.s.; dyes/dye stuffs; lacquers and varnishes including emulsions thereof; optical whitening agents, nitric acid; heat resisting rubber thread; PVC film with embossing, engraving and texturised finish, refractory specialities; stencil paper; stick labels and gummed papers; burners; lead scrap including ash; automatic tool changers; card clothing for woollen worsted cotton waste cards; refrigerant filter cum-driers and replaceable cartridge etc. These items can now be imported against Exim Scrip.

22. Imports of 22 items were decanalised. Out of this 6 items viz. silk worm, sodium borate, old ships, fluorspar, platinum and palladium were put on OGL list and other items including jute pulp, raw jute, some acids and fatty acids, soap stocks, etc. were listed in Appendix 3 (Limited Permissible) and their imports would be allowed against Exim Scrips.

23. This cut of 15 per cent imposed as a measure of import compression on OGL imports by manufacturers engaged in the manufacture of automobiles electronic items and consumable goods was abolished.

24. Imports of spares for aircraft by non-resident Indians required for the maintenance of aircraft imported by them of their own foreign exchange resources under Air Taxi scheme, can be made under Open General Licence.

25. Second hand moulds can be imported under OGL and can be re-exported without permission of CCI&E in cases where no payment is involved except payment of hire charges as per approval of Reserve Bank of India and the import is in accordance with the terms and conditions of foreign collaboration.

September 1991

26. Dates (wet or dry) were shifted from the list of items allowed for import under OGL for actual user/stock and sale purpose (Appendix 6 list 8 - part II) to the list of Limited Permissible Items (Appendix 3 Part A) of the Imports and Export Policy 1990-93.

27. Dates and Dry Fruits other than almonds and cashew nuts were allowed for import under Exim Scrip. Licence for imports of almonds equivalent to US\$ 10 million were authorized.

28. The raw materials, components, consumables and tools allowed previously for import under Open General Licence by actual users (Industrial) (Appendix 6 - list 8 Part II) which were permitted for import against Exim Scrip in August 1991 have now also been allowed for import against Additional Exim Scrip.

29. Finished rolls of cinematographic colour films (unexposed) positive have been allowed for import under Open General Licence.

October 1991

30. Units subject to Phased Manufacturing Programme of Indigenisation will not be required to surrender Exim Scrip for import of listed OGL items i.e. these appearing in Appendix 6, List 8 and List 10 of the Import and Export Policy for 1990-93. Import of such items can now be made under Open General Licence by PMP units in free foreign exchange, as in the case of non-PMP units or PMP units which have completed their PMP obligation. Their requirement of OGL Import Entitlement Certificate also stands dispensed with in the case of PMP as well as non-PMP units. Also, the submission of a declaration by the units subject to Phased Manufacturing Programme of Indigenisation to the Customs Authorities at the time of

clearance of OGL items that the import consignment do not include these which have been indigenised by them during the Phased Manufacturing Programme period stands deleted.

31. Manufacturers subject to the Phased Manufacturing Programme of indigenisation have been made eligible for import of listed Open General Licence items in free foreign exchange without requiring to surrender Exim Scrip for import of the same as in the case of Non-PMP units or units whose PMP is over.

32. Several automobile components viz., components of fuel injection equipment, crankshaft/cam shaft; cylinder block and heads; components of transmission and steering systems; knuckles, CV joints assembly and parts; turbo charger and parts; components of axle assembly; components of bimetal type spark plug; and long member/side member have been shifted from limited permissible list to OGL list. Forty-seven electronic raw materials and components have also been shifted to the OGL list.

33. Jigs, fixtures, dies and patterns (including contour roller dies), moulds (including moulds for die casting), and press tools have been allowed for import under Open General Licence.

34. Actual User condition in respect of OGL capital goods (Appendix 1, part B) and OGL raw materials, components, consumables and spares (Appendix 6, List 8, Part II) has been removed.