

# GENERAL AGREEMENT ON

RESTRICTED

# TARIFFS AND TRADE

L/6446/Add.8

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Limited Distribution

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## STATE TRADING

### Notification Pursuant to Article XVII:4(a)

#### INDIA

The attached notification, dated 21 August 1992, has been received from the Permanent Mission of India.

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#### 1. Enumeration of State Trading Enterprises

Information relating to State Trading Enterprises which have been granted special privileges by way of monopoly or near monopoly on export or import (canalizing agencies) is available in the Export & Import Policy (1 April 1992 to 31 March 1997), Chapter-XV, part-III and Chapter-XVI, part-IV of the Export-Import Policy book contain the list of items and enterprises designated for imports and exports of these items respectively. A consolidated list of canalizing agencies and the products with which they deal is given in Annex-1. The number of canalizing agencies and the products canalized has been drastically reduced as compared to the Import Policy during 1988-91 (GATT Document No. L/6446/Add.6 dated 15.9.1989).

Annex-1A comprises one Marketing Board which is engaged in purchasing and selling and thus falls within the scope of notification requirement.

#### 2. Reason and purpose for introduction and maintain State Trading Enterprises

In general, the objectives of granting monopoly on export or import of certain products are the following:-

- (a) Obtain better terms of trade through bulk transactions than would otherwise have been possible, and
- (b) Realize economies of scale in trade operations.

The objectives of the Marketing Boards which falls within the scope of notification requirement is to protect the domestic producers from sharp fluctuations in return on account of fluctuations in production and to provide fair return to producers.

3. Description of the functioning of the State Trading Enterprises

- (a) The enterprises dealing with imports or exports or both are listed in Chapter-XV, part-III and Chapter-XVI, part-IV of the Export-Import Policy (April 1992 to March 1997). The Export and Import Policy of the Government of India is a published document.
- (b) Export or import trade in canalized goods is substantially reserved for the designated agencies. However, the Government may grant licences to private parties to import or export any canalized goods.
- (c) In the case of fertilizers, crude oil and petroleum products, availability of foreign exchange is the major consideration in deciding the quantum of imports. Import of cereals and edible oil is undertaken on the advice of Government from time to time. Government is guided by a number of factors including the balance of payments and domestic production and prices situation.

As regards exports, there is no control on quantum of exports for Nigerseeds, Gumkaraya and Gum resin. The quantum of export of onions, butter, powder milk, ghee (butter oil) is determined taking into account the domestic supply conditions. The quantities of mineral products available for export are liable to be restricted from time to time keeping in view the domestic requirement as well as the need to conserve exhaustible natural resources.

- (d) Export prices are determined on commercial considerations. As regards mark-up on imported products, prices of imported commodities are fixed on the basis of actual costs incurred including duties, warehousing costs etc. with a nominal service charge for handling these operations.

4. Statistical information

The imports and exports of canalized items undertaken in last three years are enclosed at Annex-2 and 3.

5. Reason why no foreign trade has taken place in certain products

The considerations which determine the volume of import or export trade are already explained against column 3(c) above.

ANNEX I

List of Canalizing Agencies (State Trading Enterprises granted monopoly for imports or exports of specific products) and the products or group of products for which they are canalized (as per April 1992 to March 1997 Export & Import Policy)

S.No.	Canalizing agency	Nature of trade	Products/Group of products canalized
(1)	(2)	(3)	(4)
1.	Food Corporation of India	Imports	Cereals
2.	Indian Oil Corporation Ltd.	Exports	Petroleum products, namely, Aviation turbine fuel, Bitumen (asphalt) paving grade, Crude oil, Furnace oil, High speed diesel, Kerosene, Liquified petroleum gas (LPG), Motor spirit, Naptha and Raw petroleum coke.
3.	Indian Rare Earths Limited, Bombay and Kerala Minerals & Metals Ltd., Kollam.	Imports	Petroleum products, namely, Aviation turbine fuel, Crude Oil, Kerosene, Liquified petroleum gas (LPG), Motor spirit, Bitumen (asphalt) paving grade, Naptha and Furnace oil, High speed diesel.
		Exports	Thorium ores, Concentrates, Rare earth ore and compounds; Other minerals containing the following substances as accessory ingredients including Columbite, Monazite, Samerskite uraniferrous allanite: Radium ores and concentrates, Thorium ores and concentrates; Uranium ores and concentrates, Uranium bearing tailings left over from ores after extraction of copper or gold, Zircon ores and concentrates and Titanium ores and concentrates (ilmenite, rutile, looucexene, etc.). Granular sillimanite produced by Indian Rare Earths Ltd. and Kerala Minerals and Metals Ltd.

(1)	(2)	(3)	(4)
4.	Kudremukh Iron Ore Company Limited, Bangalore	Exports	Iron ore concentrate prepared by beneficiations and/or concentration of low grade ore containing 40 per cent or less of iron produced by Kudremukh Iron Ore Co. Ltd. Iron ore pellets manufactured by KIOCL.
5.	Minerals and Metals Trading Corporation of India Limited and Mica Trading Corporation of India Ltd., Bihar	Exports	Mica waste (including factory cuttings) and scrap which is obtained by processing Mica and which because of size and colour is considered below the specification or processed mica.
5.(A)	Minerals and Metals Trading Corporation of India Ltd.	Exports	Iron ore except of Goa origin; Chrome ore, Bauxite and Manganese ore with certain specifications.
6.	National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED); New Delhi	Imports	All types of nitrogenous, phosphatic potassic and complex chemical fertilizers.
7.	National Dairy Development Board (NDDB), Anand, Gujarat	Exports	Niger Seeds and Onions.
8.	The State Trading Corporation of India Ltd.	Exports	Butter; Powder Milk/whole or infant Milk Food, Pure Milk Ghee
8.	The State Trading Corporation of India Ltd.	Imports	Vitamin-A and Premixes of Vitamin-A.

(1)	(2)	(3)	(4)
9.	The State Trading Corporation of India Ltd. and Hindustan Vegetable Oils Corporation Ltd.	Imports	<p>Oils (Corocum oil, Groundnut oil, Safflower oil, Palm oil (all types including palmolein and other tractions), Rapeseed oil, Sunflower oil, Soyabean oil, Cottonseed oil).</p> <p>Seeds (Copra, Groundnut, Palm, Rapeseed, Safflower, Soyabean, Sunflower, Cotton).</p> <p>All other oils or seeds or any other material from which oil can be extracted (whether edible or non-edible) including vegetable fats not specifically mentioned above or elsewhere in this Policy (but excluding tung oil/China wood oil and natural essential oils).</p>
10.	The Tribal Co-operative Marketing Federation of India Limited (TRIFED), New Delhi	Exports	Gum Karaya and Gum Resin.

ANNEX IA

List of Marketing Boards Engaged in Purchasing and Selling

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Name of Board	Commodity dealt with	Nature of activity
Coffee Board	Coffee	Under the Coffee Act, all coffee produced in the country is compulsorily pooled with Coffee Board for sale and disposal. Coffee sales in the domestic market are mainly through domestic auctions and reserve price is based on minimum release price. Coffee meant for export is sold in separate auctions and reserve price is based on London Terminal Prices. The mechanism of coffee pooling and separate auction system for domestic sales and export sales is used to provide fair return to producers and restraining undesirable fluctuations.

ANNEX II

Imports of Canalized Items During 1989-1991

	<u>Re Millions</u>		
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
1. Crude oil	2,861.89	4,089.35	6,118.42
2. Liquified petroleum gas	702.60	980.70	1,602.60
3. Aviation fuel	112.10	879.80	79.80
4. Kerosene	7,090.80	8,887.80	19,633.70
5. Diesel	5,514.00	9,644.20	22,822.50
6. Furnace oil	535.80	-	-
7. Lubes	1,358.10	1,832.40	2,079.10
8. Waxes	269.70	269.50	344.40
9. Others	15.30	52.70	40.00
10. Edible oils	8,160.00	1,990.00	3,500.00
11. Fatty acids	350.00	430.00	280.00
12. Sulphur	2,344.00	2,582.00	3,096.00
13. Rocj phosphate	1,372.00	2,005.00	2,638.00
14. Urea	217.00	-	-
15. DAP	2,720.00	9,094.00	6,760.00
16. MOP	1,962.00	3,501.00	3,904.00
17. SOP	41.00	67.00	192.00
18. Calcium cynamide	1.00	2.00	3.68
19. N.P.	-	264.00	565.00
20. Vitamins	-	10.00	10.00
21. Wheat	4,330.80	214.20	241.90
22. Rice	2,306.40	2,829.10	391.90
23. Other cereals	234.50	235.00	2.80

ANNEX III

Exports of Canalized Items During 1988-91

	<u>Re Million</u>		
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
1. Naptha	4,408.70	5,619.10	6,218.70
2. HSD/LDO	289.80	-	315.40
3. Fuel oil/Heavy stock	21.20	271.50	885.00
4. Others light/middle and heavy distillates	212.60	1,065.00	2,626.10
5. Thorium products	0.90	1.01	0.62
6. Monazite	-	18.34	4.61
7. Zircon	-	-	-
8. Granular sillimanite	1.80	4.20	5.36
9. Iron ore	3,812.90	4,967.69	5,253.14
10. Chrome ore	655.99	673.42	430.14
11. Manganese ore	135.11	380.27	415.43
12. Bauxite	37.54	65.17	89.46
13. Iron ore concentrates	51.64	53.37	76.85
14. Iron ore pellets	630.20	975.5	1,164.10
15. Mica waste & scrap	79.80	n.a.	64.10
16. Onions	688.15	845.46	1,159.06
17. Nigerseeds	36.86	46.20	48.60
18. Gumkaraya	110.50	132.80	38.50

Note: Exports of butter, powder milk and pure milk ghee and gum resin which are canalized through the National Dairy Development Board and TRIFED are not indicated because items have been put under canalization with effect from April 1992.