

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2060

30 August 1963

Limited Distribution

SCHEDULE XII - INDIA

Introduction of Import Surcharge

1. The Government of India has informed the Executive Secretary that, in order to meet the situation confronting the country in regard to defence and its impact on the economy, it was proposed in the budget for 1963-64 the levy of a surcharge at the uniform rate of 10 per cent of the existing tariffs on all imports. The paramount need to build up the defence potential of the nation was reflected in the budget which made a provision of Rs.8,670 million (\$1,821 million) for 1963-64 as against Rs.5,050 million (\$1,061 million) provided for 1962-63. Other proposals for raising additional resources to meet the emergency included a comprehensive compulsory savings scheme, surcharges on income tax and excise duties. The taxation proposals for 1963-64 were made in the Finance Bill submitted to the Indian Parliament for consideration.

2. The Finance Bill has now been passed into law and the Government of India is ready to discuss with the CONTRACTING PARTIES the emergency import surcharges introduced to raise additional revenue for meeting increased defence costs, to prevent a worsening of the balance-of-payments position and as an anti-inflationary measure.

3. The Government of India has drawn attention to the following passage in the statement of the Minister of Finance on 28 February 1963, on the new taxation proposals:

"Honourable members would appreciate the enhancement of import duties on this scale is designed to have a decisive impact on the demand for imports and on the indigenous production of competing items. At a time when our imports consist essentially of developmental goods, an extensive increase in import duties cannot be undertaken lightly. We have also to bear in mind that an expanding volume of world trade, based on liberal trade policies all round, has a vital bearing on our efforts to achieve a viable position in our external accounts. If I have thought it necessary, despite these considerations, to resort to enhancement of customs duties on such a large scale, it is because of the fact that our imports have grown a great deal over the past few years and we cannot continue to rely so heavily on the generosity of our friends for financing imports which will inevitably increase even further with the growth of our economy."