

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/29

20 April 1979

Special Distribution

Multilateral Trade Negotiations

Original: English

## CONTRIBUTION OF INDIA

Reproduced hereunder is the text of the Contribution of India as notified to the participants in the Multilateral Trade Negotiations on 1 June<sup>1</sup> 1978.

1. I am writing this letter to apprise you of the several measures the Government of India has taken to liberalize its import trade and which constitute its contributions to the Multilateral Trade Negotiations. These autonomous measures have been taken in the firm belief that they will receive due recognition at the time our requests are considered by the partners, and that in the interest of continuity of our own policies we shall be assisted in maintaining these liberalizations by quick and understanding responses from the partners.
2. In the field of tariffs the following important steps have been taken:
  - (1) In order to facilitate international trade the Government of India has switched over to the CCCN system of customs classification with effect from 2 August 1976. As a result of this changeover the customs duty on a number of items has come down as per details given at Annexure I.<sup>1/</sup>
  - (2) The preferences extended to the United Kingdom under the United Kingdom-India Trade Agreement 1939, have been withdrawn with effect from 1 July 1977. The total import trade of India of the items which were enjoying preferential tariff in the Agreement with the United Kingdom was of the order of Rs 2,000 million on the basis of 1975-76 statistics.
  - (3) The basic customs duty on a number of capital goods as enumerated at Annexure II has been reduced from 40 per cent or over, to 25 per cent with effect from 1 March 1978.
3. In the area of non-tariff measures, the Government of India has been progressively liberalizing its import licensing policy at the time of the annual reviews during the last three years according to the needs of its development plans and policies. A major review of the import régime has been carried out

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<sup>1/</sup> The Annexures are deposited with the secretariat where they can be consulted (Office No. 1021, telephone extension 2117).

before formulating the import licensing policy for the year beginning 3 April 1978, bearing in mind inter alia, the desirability for making such contributions to the Multilateral Trade Negotiations as a developing country like India could be expected to make. This review has resulted in far-reaching changes in our import policy in the direction of liberalization. The salient features of our new import policy are given below:

- (i) For industrial raw materials and components, all items not on the banned or restricted lists (Annexures III, IV), or on the list of items the import of which is allowed only through designated public sector agencies (Annexure V), are deemed to be on Open General Licence where no prior permission from the Government is necessary for actual users. Even in the case of restricted items (Annexure IV), the policy is quite liberal, as automatic licensing is done on the basis of past consumption (plus 10 per cent) by the actual user concerned. The policy in regard to items listed for import through public sector : agencies is also liberal as canalization has been done mainly with a view to effecting economical imports for industrial units and other users.
- (ii) For capital goods, the investors will be permitted to call global tenders in respect of fourteen categories of industries listed at Annexure VI. The selection of suppliers on the basis of such global tenders, foreign or Indian, will be subject to scrutiny by a Committee set up by the Government for the purpose.
- (iii) In addition, a number of capital goods as listed at Annexure VII have been placed on Open General Licence.
- (iv) For import of spare parts, all actual users will be permitted to import under the Open General Licence permissible spares, i.e., all those parts required as spares, other than the items appearing in the banned or restricted lists and which are required by them for maintenance of the capital goods including accessories, ancillary equipment, control and laboratory equipment and safety appliances, installed or used by them.
- (v) On consumer goods, several items including articles of mass consumption have been placed on the Open General Licence as listed at Annexure VIII.
- (vi) Certain categories of imports have been exempted from the import trade control restrictions. Out of these the following categories have substantial import trade significance:
  - (a) Any person can import items for his personal use up to a value of Rs 500 at a time. However, this facility does not extend to items listed for being imported only through designated public sector agencies as well as to vegetable seeds, bees, tea and pornographic material.

- (b) Any registered hospital or medical institution can import drugs and medicines for its use up to the value of Rs 25,000 at a time. For medical practitioners the value limit is Rs 5,000 and for other persons Rs 1,000.
  - (c) Registered hospitals or medical institutions can import medical including surgical, optical and dental instruments, apparatus and appliances as well as spares and accessories thereof and dental materials up to a value of Rs 100,000 in a financial year. The value limit fixed for individual medical practitioners for such imports is Rs 5,000.
  - (vii) Research and development laboratories, other scientific or research institutions, institutions of higher education, or hospitals recognized by the Central or a State Government, are eligible to import their requirements of technical and professional equipment, raw materials, components and spares on Open General Licence.
4. I should emphasize that these measures are the result of a maximum effort on the part of my Government to make contributions towards the achievement of the objectives of the Multilateral Trade Negotiations. Subject to periodic policy reviews consistent with our developmental, financial and trade needs, and in accordance with the obligations and rights under the GATT, we hope it will be possible for us to maintain the process of liberalization.
5. My Government considers that our main trading partners will derive considerable benefit from the liberalization measures enumerated above, several of which coincide with the specific requests received from them. My Government therefore hopes that these measures will enable them to respond positively to our requests. I should be grateful if this letter along with the enclosed lists are circulated to the partners in the negotiation.