GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2450
ANSWERED ON:10.03.2000
GATT AGREEMENT
VIJAY KUMAR KHANDELWAL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the date on which India signed the GATT agreement of WTO and the reasons therefor;

(b) the number of consumer goods for which import duty had to be curtailed along with the extent of cut made in this regard under this agreement during each of the last three years and the total loss of revenue suffered by the country as a result thereof during the above period and its impact on the small scale industries as well as employment opportunities in the country;

(c) the number of foreign companies allowed to enter in the domestic market of the country so far under this agreement and the total amount in foreign currency taken away by these foreign companies out of the country as profit or in other forms;

(d) whether the Government propose to review the impact of this agreement;

(e) if so, by when; and

(f) if not, the reasons therefor ?

Answer

MINISTER FOR COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) India is an original signatory to the General Agreements on Tariffs and Trade (GATT), 1947. India also signed the Marrakesh Agreement Establishing the World Trade Organization (WTO) on 15th April, 1994 which was formally established on 1st January 1995. The GATT in its modified form known as GATT 1994 also became a part of the WTO Agreement.India has been a consistent supporter of the multilateral trading system. Further more, all such agreements are signed after taking into account the balance of concessions and advantages they have for us.

(b)Under Article II of GATT 1994 each WTO member country has bound its tariffs at different levels for different proportion of tariff lines. Each member country is obliged not to impose tariffs or other duties or charges which are in excess of these bindings set forth in its schedule. Prior to the Uruguay Round negotiations, India had bound some 6 per cent of its tariff lines.As a result of the Uruguay Round, India now has bound about 67 per cent of its tariff lines, with all agricultural lines bound and some 62 per cent of lines for imports of non-agricultural goods. Lines remaining unbound include those mainly of consumer products and some industrial items. For non-agricultural goods, India undertook, with a few exceptions, ceiling bindings of 40 per cent ad valorem on finished goods and 25 per cent on intermediate goods, machinery and equipment. In agriculture, where, except for a few products which were historically bound at low levels, India`s bound rates range from 100 to 300 per cent. For all agricultural items, the reduction to these bound rates is to be achieved by 1.3.2004, for textile items by 1.3.2005, and for all other products, the committed reduction is to be achieved by 1.3.2000. As far as the applied tariff rates are concerned, these are decided autonomously as a part of our overall economic policy and, therefore, any impact of the reduction of tariffs on consumer items has not been, by and large linked to the bound levels committed in the WTO.

(c) GATT 1947, as well its modified version of 1994, deal with issues relating to market access for goods and does not address the issue of entry of foreign companies in the domestic market.

(d) to(f) :The Government has, from time to time, been reviewing the impact of differentaspects of the Agreement with a view to devising suitable strategies for meeting our domestic needs.