

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:440

ANSWERED ON:26.04.2010

DUTY FREE ACCESS TO LDCs IN INDIAN MARKETS

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

- (a) whether India has proposed to provide duty free access to products from Least Developed Countries (LDCs) into Indian market;
- (b) if so, the details thereof and the reasons therefor;
- (c) the reaction/concerns, if any, received from the World Trade Organisation (WTO) in this regard; and
- (d) the likely impact of this decision on domestic Indian market?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

a) to d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 440 FOR ANSWER ON 26TH APRIL 2010 REGARDING "DUTY FREE ACCESS TO LDCs IN INDIAN MARKETS"

a), b) & c) India has announced the Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs) on 8th April, 2008. The Scheme grants duty free and preferential access on 94% of India's total tariff lines. Of these lines, the LDCs will get duty free access on 85% of total tariff lines and preferential duty access on other 9% through 5 equal tariff reductions of 20% each on the current Applied Rates over a period of 5 years. The remaining 6% of tariff lines have been kept out of the DFTP Scheme as Exclusion List, these being sensitive to India's domestic market. To avail the benefits, the LDCs have to adhere to the Rules of Origin criteria based on twin principles of change in tariff heading and value addition of 30%. The Scheme is open to all the 49 least developed countries (List is provided at Annexure-1). Till Now the countries who have applied to avail benefits of the scheme is at Annexure-2.

We are implementing the DFTP scheme as per the decision of WTO Ministerial Hong Kong Declaration of December, 2005 which inter alia required all developed country Members, and developing country Members declaring themselves in a position to do so, to provide duty free and quota free market access on a lasting basis for all products originating from all LDCs.

d) The scheme, while designed to increase India's bilateral trade; economic and investment cooperation with the LDCs and to reiterate India's consistent efforts to support LDCs for their economic growth through India's aid for trade, technical cooperation and trade financing supports, excludes all those items which have domestic sensitivities for India from the coverage of the DFTP List.

As regards impact on domestic Indian market, the following figures indicate the state of imports and its growth in years 2007-08 and 2008-09. The total imports from all LDCs in India in the year 2007-08 was Rs. 27,607.05 crore and the same for the year 2008-09 was Rs. 28,754.19 crore. This shows a growth rate from all LDC imports into India at 4.15%. At the same time, the figures of overall imports from all countries for years 2007-08 and 2008-09 were Rs. 10,12,311.70 crores and Rs. 13,74,435.55 crore respectively showing a growth rate of 35.77%. Thus growth rate of imports into India from all LDCs was only 4.15% compared to overall imports growth rate of 35.77%. The imports from LDCs as percentage of total imports into India was 2.73% in 2007-08 and 2.09% in 2008-09. This shows that the total import percentage from all LDCs has fallen in year 2008-09 compared to 2007-08.