

WORLD TRADE ORGANIZATION

G/SCM/Q2/IND/20
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(11-4943)

**Committee on Subsidies
and Countervailing Measures**

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SUBSIDIES

Request from the UNITED STATES to INDIA Pursuant to Article 25.10 of the Agreement

The following communication, dated 6 October 2011, is being circulated at the request of the Delegation of the United States.

The United States notes that India recently submitted notifications under Article XVI:1 of the General Agreement on Tariffs and Trade 1994 (the GATT 1994) and Article 25.2 of the Agreement on Subsidies and Countervailing Measures (the Agreement) covering the period 2003 through 2009. Prior to these recent notifications, India had not submitted a subsidy notification since 2001. The United States also would note that these notifications only provided information on three export subsidy programs administered by the central government. At the time India submitted these notifications, the United States and several other Members expressed serious concerns about the timeliness and completeness of India's notification.

The United States has obtained information concerning numerous Indian central government and sub-central government measures, listed below, covering the period from 2004 to the present, that were not included in India's recent notifications. Many of the measures were identified in various countervailing duty investigations conducted by the United States and other Members. Other measures were taken from publicly available information on India's governmental policies to support certain industries and exporters in India. The United States considers that the listed measures should be subject to notification to the Committee on Subsidies and Countervailing Measures (the Committee) under Article XVI:1 of the GATT 1994 and Article 25.2 of the Agreement because they appear to provide specific subsidies within the meaning of Articles 1.1 and 2 of the Agreement. The United States requests that the listed subsidy measures be notified to the Committee in accordance with Article 25.10 of the Agreement on Subsidies and Countervailing Measures. Should a notification not be made promptly, the United States reserves its right to raise the alleged subsidies for discussion at the next regular meeting of the Committee.

Finally, the United States would note that to the extent export subsidies listed below benefit the textile and apparel sector in India, Article 27.5 of the Agreement requires such subsidies to be phased out given that the data indicate that products in the sector are export competitive.¹ The United States is not aware of any steps India has taken to do so.

¹ G/SCM/132/Add.1/Rev.1, 21 April 2010.

The United States will provide copies of the relevant measures to the Rules Division of the Secretariat and request that they be made available electronically upon request.²

LIST OF MEASURES

I. CENTRAL GOVERNMENT SUBSIDIES

1. *Export Oriented Unit*; adopted by the Ministry of Commerce & Industry, Chapter 6 of the Foreign Trade Policy (2009-2014) and Chapter 6 of the Handbook of Procedures.
2. *Export Promotion Capital Goods*; adopted by the Ministry of Commerce & Industry, Chapter 5 of the Foreign Trade Policy (2009-2014) and Chapter 5 of the Handbook of Procedures.
3. *Duty Entitlement Passbook*; adopted by the Ministry of Commerce & Industry, Chapter 4.3 of the Foreign Trade Policy (2009-2014) and Chapter 4.37 of the Handbook of Procedures.
4. *Duty Free Replenishment*; adopted by the Ministry of Commerce & Industry, Chapter 4.2 of the Foreign Trade Policy (2004-2009) and Chapter 4.31 of the Handbook of Procedures.
5. *Advance License/Advance Authorization*; adopted by the Ministry of Commerce & Industry, Chapter 4.1.3 of the Foreign Trade Policy (2009-2014) and Chapter 4 of the Handbook of Procedures.
6. *Post Shipment Export Financing*; adopted by the Reserve Bank of India, Master Circular on Export Credit in Foreign Currency.
7. *Pre-Shipment Export Financing*; adopted by the Reserve Bank of India, Master Circular on Export Credit in Foreign Currency.
8. *Market Development Assistance*; Market Development Assistance Scheme (Revised Guidelines w.e.f 1.4.2006); See http://www.fieo.org/view_section.php?lang=0&id=0,578,579.
9. *Steel Development Fund Loans*; adopted by Ministry of Steel, Annual Report (2010-2011); See [http://steel.nic.in/Annual%20Report%20\(201011\)/English/Annual%20Report%20\(2010-11\).pdf](http://steel.nic.in/Annual%20Report%20(201011)/English/Annual%20Report%20(2010-11).pdf).
10. *Duty-Free Import for Garment Exporters*; adopted by the Ministry of Commerce & Industry, Customs Notification No.89/2004-cus dated 10.09.2004, as referenced in the Council for Leather Exports, "Fiscal measures announced for leather sector 15 September 2004" No. 14/005/176 /2004, available at <http://www.leatherindia.org/oldsite/policy81.asp>.
11. *Electronic Hardware Technology Park*; adopted by the Ministry of Commerce & Industry, Chapter 6 of the Foreign Trade Policy (2009-2014) and Chapter 6 of the Handbook of Procedures.
12. *Shipbuilding Subsidy Scheme*; adopted by the Government of India, "Merchant Shipping Act, 1958," No.44 of 1958, available at <http://phovizagport.gov.in/doc%5Cshippingact.pdf>.

² Note from the Secretariat: Interested delegations are requested to contact Hilary Budd (hilary.budd@wto.org) or Judith McGrath (judith.mcgrath@wto.org).

13. *Software Technology Parks of India (STPI)*; adopted by the Ministry of Commerce & Industry, Chapter 6 of the Foreign Trade Policy (2009-2014) and Chapter 6 of the Handbook of Procedures.
14. *Focus Market Scheme (FMS)*; adopted by the Ministry of Commerce & Industry, Chapter 3.14 of the Foreign Trade Policy (2009-2014) and Chapter 3.8 of Handbook of Procedures.
15. *Focus Product Scheme (FPS)*; adopted by the Ministry of Commerce & Industry, Chapter 3.15 of the Foreign Trade Policy (2009-2014) and Chapter 3.9 of Handbook of Procedures.
16. *Market Linked Focus Product Scheme (MLFPS)*; adopted by the Ministry of Commerce & Industry, Chapter 3.15.3 of the Foreign Trade Policy (2009-2014) and Chapter 3.9.2 of Handbook of Procedures.
17. *Jawaharlal Nehru National Solar Mission (JNNSM)*; adopted by the Government of India, "Jawaharlal Nehru National Solar Mission (JNNSM) Guidelines for Selection of New Grid Connected Solar Projects under Phase 1 of JNNSM" available at http://nvvvn.co.in/Final_Draft_guidelines_for_NVVN.pdf; See also "Jawaharlal Nehru National Solar Mission-Towards Building Solar India" available at <http://pib.nic.in/archieve/others/2009/Nov/mission-JNNSM.pdf>.
18. *Technology Mission on Cotton (TMC)*, adopted by the Ministry of Textiles; "Technology Mission on Cotton," April, 2008; available at http://www.texmin.nic.in/policy/policy_scheme.htm#scheme; See also Ministry of Textiles "Compendium of Schemes".
19. *Integrated Development of Leather Sector Scheme*; adopted by the Council for Leather Exports, Sponsored by the Ministry of Commerce & Industry, "INDIAN LEATHER DEVELOPMENT PROGRAMME (ILDPA), Outlay approved by the DIPP for Leather Sector under the Indian Leather Development Programme (ILDPA) for implementation during 11th Five Year Plan 2007-2012" available at <http://www.leatherindia.org/ILDPA50109.asp>; See also "Integrated Development of Leather Sector" available at <http://www.leatherindia.org/IDLSGuidelinesXIPlan.pdf>.
20. *Industrial Infrastructure Upgradation Scheme*; adopted by the Ministry of Commerce & Industry, "Guidelines on Industrial Infrastructure Upgradation Scheme" available at <http://dipp.nic.in/iius/guidelines.pdf>.
21. *Technology Upgradation Fund Scheme (TUFS)*; adopted by the Ministry of Textiles, Resolution No.28/1/99 CTI, New Delhi, 31 March 1999; See also "Compendium of Schemes".
22. *The Scheme for Integrated Textile Parks (SITP)*; adopted by the Ministry of Textiles, "Guidelines of the Scheme for Integrated Textile Parks during the 11th Five Year Plan" available at http://texmin.nic.in/policy/guidelines_SITP.pdf; See also "Compendium of Schemes".
23. *North East Industrial and Investment Promotion Policy (NEIIP)*; adopted by the Ministry of Commerce and Industry, File No.10 (3)/2007-DBA-II/NER "North East Industrial and Investment Promotion Policy (NEIIP)," 2007 Industrial Policy and Promotion, New Delhi 1 April 2007; available at http://dipp.gov.in/incentive/NEIIP_2007.pdf.

24. *Target Plus Scheme*; adopted by the Ministry of Commerce & Industry, Chapter 3.7.1 of the Foreign Trade Policy (2004-2009).
25. *Duty Free Import Authorization ("DFIA")*; adopted by the Ministry of Commerce & Industry, Chapter 4.2 of the Foreign Trade Policy (2009-2014) and Chapter 4.31 of Handbook of Procedures.
26. *Market Access Initiative ("MAI")*; adopted by the Ministry of Commerce & Industry, Chapter 3.2 of the Foreign Trade Policy 2009-2014; See also No.11/11/2006-E&MDA Ministry of Commerce & Industry, E&MDA Section New Delhi, 4 January 2007.
27. *Wagon Investment Scheme*; adopted by Ministry of Railways, (Railway Board), Freight Marketing Circular No. 40 of 2005; See also Freight Marketing Circular No. 01 of 2006, available at http://www.indianrailways.gov.in/uploads/directorate/traffic_comm/freight-marketing-2k6/fm-01.pdf.

II. STATE LEVEL SUBSIDIES

1. *State Sales Tax Incentive*; adopted by the Government of Gujarat, Industries & Mines Department, Resolution No. INC/1095/2000(1)/1, 11 September 1995, "New Incentive Policy-Capital Investment Incentive Scheme 1995-2000"; See also the Government of Maharashtra, Industries, Energy and Labour Department, Resolution No. IDL 7079/(2043)/IND-8, 5 January 1980.
2. *State of Maharashtra Capital Incentives*; adopted by the Government of Maharashtra, Industries, Energy and Labour Department, Resolution No. IDL 7079/(2043)/IND-8, 5 January 1980; See also "Maharashtra Industrial Policy (MIP of 2001-2007);" available at <http://globalmaharashtra.org/Downloads/incentive%20schemes.pdf>.
3. *State of Maharashtra Electricity Duty Exemption*; adopted by the Bombay Act No. XL of 1958, "The Bombay Electricity Duty Act of 1958" available at http://bombayhighcourt.nic.in/libweb/acts/1958_40.pdf; See also "Package Scheme of Incentives for Industries in Maharashtra" available at <http://globalmaharashtra.org/Downloads/incentive%20schemes.pdf>.
4. *State Government of Gujarat for Operations of Captive Port Facilities*; adopted by the Gujarat Maritime Board, Notification No. GMB/T/12(25)/37-38/2003/1 (9 July 2003)
5. *State of Maharashtra Octroi Refund*; "Package Scheme of Incentives of 1983;" See also "Maharashtra Industrial Policy (MIP of 2001-2007);" available at <http://globalmaharashtra.org/Downloads/incentive%20schemes.pdf>.
6. *Pioneer Scheme and Prestigious Scheme*; "1995 Industrial Policy of Gujarat and an Incentive Policy of 1995-2000 (1995 IP)" available at [http://ic.gujarat.gov.in/industrial-policy/policy-archive-1995\(4\).htm](http://ic.gujarat.gov.in/industrial-policy/policy-archive-1995(4).htm); See also Resolution No. IDL 7079/(2043)/IND-8, adopted by Government of Maharashtra, Industries, Energy and Labour Department, 5 January 1980.
7. *Bombay Relief Undertaking Act*; adopted by the Government of Gujarat, "The Bombay Relief Undertakings (Special Provisions) Act, 1958, 2 December 1958; See also adopted by the Government of Maharashtra, "The Bombay Relief Undertakings (Special Provisions) Act, 1958," 2 December 1958.

8. *State of Jharkhand Captive Electricity Tax Exemptions*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
9. *State of Jharkhand Interest Subsidy*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
10. *State of Jharkhand Mega Units*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
11. *State of Jharkhand Pollution Control Equipment Subsidy*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
12. *State of Jharkhand Stamp Duty and Registration*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
13. *State of Jharkhand Captive Electricity Generative Plant Subsidy*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
14. *State of Bihar Sales Tax Incentives*, adopted by Government of Bihar, "Industrial Incentive Policy 2006" available at <http://industries.bih.nic.in/Archive/IndPolicy2006en.pdf>.
15. *New Industrial Policy and Package of Incentives and Concessions (2001 KIP)*; adopted by the Government of Karnataka, "1996-2001 New Industrial Policy and Package of Incentives" available at http://karnatakaindustry.gov.in/documents/Industrial_Policy1996-2001.pdf.
16. *New Industrial Policy and Package of Incentives and Concessions (2006 KIP)*; adopted by the Government of Karnataka, "New Industrial Policy and Package of Incentives and Concessions (2006-2011 KIP)" available at <http://www.karnatakaindustry.gov.in/documents/Industrial%20Policy%202006-11.pdf>.
17. *Infrastructure Subsidies to the Mega Projects*; adopted by the Government of Maharashtra Industries, Energy and Labour Department, "Package Scheme of Incentives," No. PSI -1707/ (CR- 50)/IND-8 Mantralaya, Mumbai - 400 032, 2007, Resolution, 30 March 2007
18. *Exemption from Taxes and Fees Under the Gujarat Special Economic Zone Act*; adopted by the Government of Gujarat, "Gujarat Special Economic Zone Act (30 March 2004)" available at http://ic.gujarat.gov.in/pdf/SEZ_act2004.pdf.
19. *Grants and Tax Exemptions Under Jharkhand State Industrial Policy of 2001*; adopted by the Government of Jharkhand, Department of Industries "Industrial Policy of Jharkhand 2001;" available at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan015038.pdf>.
20. *Benefits Under the Industrial Investment Promotion Policy 2004-2009 (Chhattisgarh Industrial Policy)*; adopted by Government of Chhattisgarh, Commerce and Industries Department, "Chhattisgarh's Industrial Policy (2004-2009)".

21. *Grants, Tax Programs and other Subsidies Under the Industrial Investment Promotion Policy 2005-2010 (Andhra Pradesh Industrial Policy)*; adopted by the Government of Andhra Pradesh, Industries & Commerce Department, "Incentives for setting up of New Industrial Enterprises in Andhra Pradesh- Industrial Investment Promotion Policy (IIPP) 2010-2015- Orders Issued;" available at <http://sisihyd.gov.in/Documents/Left%20Panel/2.MSME%20Policy/State%20Industrial%20Policy/New%20Industrial%20Policy%20of%20AP%202010-15.pdf>.
 22. *West Bengal Incentive Scheme 2004 and 2008*; adopted by the Government of West Bengal, "West Bengal Incentive Scheme 2004;" available at http://www.wbidc.com/about_wb/incentive.htm.
 23. *Textile Policy 2006*, adopted by the Government of Punjab, Department of Industries & Commerce, No. 5/58/2002/51B/1263, 11 July 2006; available at <http://www.pbindustries.gov.in/downloads/NotificationTextilePolicy2006.pdf>; See also Procedures for Availing Concessions by Mega Projects.
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