

IMPORT LICENSING SYSTEM OF INDIA

Replies by INDIA to the questions from TURKEY

The following communication, dated 13 October 2011, is being circulated at the request of the delegation of India.

India thanks Turkey for the questions on its Import Licensing System dated 5 October 2011 and circulated in document **G/LIC/Q/IND/17**.

- (a) In its notification G/LIC/N/IND/12, India indicates that "[a]n import quota is being maintained on products covered under ITC (HS) Code Nos. 25151100, 25151210, 25151220 and 25151290 (marble and similar stones)". The Policy Circular 36/2009-2014 on the other hand covers only HS Code Nos. 25151100 and 25151210. Are there other Policy Circulars regulating import of products under other 2 HS Codes, or are the products under HS Codes 25151220 and 25151290 excluded from the import quota and licensing regime?

Reply: Products falling under HS Codes 25151220 and 25151290 are restricted for import and would be governed by the restricted import licensing stated in ITC(HS) classification book and paragraph 2.36 of the Handbook of Procedure, Volume 1. Both these documents are available at dgft.gov.in.

- (b) Could India explain how the restriction on imports of marble and similar stones will alleviate concerns regarding "safety, security or the environment"? In what sense are the import licensing regime and import quota necessary for reasons of "safety, security or the environment"? Could India provide Turkey with reliable scientific data that imports of marble do create risks for environment and/or threaten human, animal or plant life or health?

Reply: Marble mining in India is subject to licensing and production control due to above reasons. Accordingly, the restriction on imports has also been imposed as cutting and further processing of marble blocks will also have an equal impact on environment.

- (c) Why is the eligibility of the units that may make applications for import licenses restricted in the manner set out in Policy Circular 36/2009-2014? Is it not the case that setting an eligibility criterion of 5 years long operation unfair for new operators?

Reply: The eligibility criterion is governed by DGFT Notification No. 64 dated 4 August 2011 and Policy Circular No. 37 dated 8 August 2011. The criteria is intended to ensure adequate and sustainable manufacturing capacity.

- (d) Why does India impose a ceiling of 300.000 metric tons for the whole of the licensing year?

Reply: The ceiling for import is 500000 metric tons for the financial year 2011-2012, as per DGFT Notification No. 64 dated 4.8.2011. This notification is available at dgft.gov.in.

- (e) In its notification G/LIC/N/IND/12, India indicates there is no maximum limit to be allocated per applicant. However, in Policy Circular 36/2009-2014 it is stated that "eligible unit will be entitled for an import license on the basis of average indigenous sales turnover of processed marble slabs/tiles only, in the previous five financial years". Moreover, the quantity so calculated will be further subject to overall ceiling based on the number of marble gang saw machines the unit has. Could India explain this controversy?

Reply: Both, the criteria and the ceiling have been revised on the basis of consultations held with the domestic stakeholders.

- (f) In its notification G/LIC/N/IND/12, India indicates that the applications are examined as soon as they are received. We, thus, understand that the applications are examined on a first come first served basis. Could India confirm that import licenses are provided on a first come first served basis? Could India further explain whether the DGFT HQ is required to process applications for import licenses within a particular time period? If so, could India please explain where such time periods are published?

Reply: The procedure has now been revised. The applicants are required to apply by sending e-mails. The details regarding the application and processing is at Annexure -3 of the Notification No. 64 dated 4.8.2011.

- (g) Is the "floor price" a license fee? if so, how is the price determined?

Reply: The "floor price" is not a license fee. It is the minimum import price to ensure quality of goods under import.
