SUBSIDIES

Notification Pursuant to Article XVI:1

India

The following new and full notification has been received from the Permanent Mission of India.

Recognizing that moderation in export subsidies is desirable, the Government of India does not maintain any export assistance programme which is inconsistent with the provisions of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the GATT. The Government of India would, however, like to notify some important export assistance programmes in operation in India as per details below:

(i) Under Section 80 HHC of the Income Tax Act, deduction is allowed in the computation of taxable profits of domestic companies and non-corporate tax payers resident in India of the whole of the income derived by the assessee from export of goods or merchandise.

(ii) A new scheme named Eximscrisp has been introduced with effect from 4 July 1991. Exporters, under the scheme, are granted Eximscrisps as a means of obtaining access in international markets for raw materials, components and spares. The basic rate at which Eximscrisps is issued against exports is 30 per cent of f.o.b. value. For certain value added agricultural products, electronics, bulk drugs and formulation, marine products and advanced engineering goods, the rate of Eximscrisps is 40 per cent. Eximscrisps issued to exporters are freely tradeable and can be used to import certain categories of goods.

2. It is not possible to make an assessment of the trade effects of the above export assistance programmes.

3. In view of its administrative complexity, the system of cash compensatory support to provide for reimbursement of unrebated taxes used in the production of exported goods and to neutralise other handicap has been abolished with effect from 3 July 1991.

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