CONSULTATION UNDER ARTICLE XII:4(b) WITH
INDIA

Basic Document prepared by the Secretariat

Part I. INTRODUCTION

This basic document is divided into four parts - the present introductory statement, a second part dealing with the system and methods of quantitative import restrictions, a third concerning the intensification of restrictions from 1 July 1957, and finally a section dealing with the effects on trade.

The second part of this document - "The System and Methods of the Restrictions" - describes in some detail the import regime which was in force up to 30 June 1957 and which was modified by the Import Trade Control Order (C.D. 264) of 29 June 1957. It will be evident that most of the procedures followed prior to 1 July 1957 are still applicable under the modified regime, and are not of historical interest only. This plan for the present report has been adopted in order to give as clear a picture as possible of the "pre-intensification" regime, and of the modifications introduced in July.

It is also hoped that a special annex, dealing with the import trade control and licensing policies for the period commencing 1 October 1957, will be circulated among contracting parties at a later date, and prior to the consultation with India, which is expected to take place about 24 October 1957.

Part II. SYSTEM AND METHODS OF THE RESTRICTIONS

In a series of very comprehensive and detailed publications the Indian Ministry of Commerce and Industry have given full explanations of the Government of India's import trade control policies and procedures over the past two to three years. Although these publications have been issued primarily for the guidance of those directly engaged in, or administratively concerned with, India's import trade, they are invaluable reference books for those who wish to obtain a full understanding of the methods and principles applied in India in regard to import control. The present basic document draws heavily on the contents of these publications; it is supplemented also by other information provided by the Indian authorities.

1 See especially:-
(a) Import Trade Control - Handbook of Rules and Procedure 1956 (C.D.221)
(b) Import Trade Control Policy - For the Licensing period Jan-June 1957 (C.D.253)
(c) Import Trade Control Order - Open General Licence No. XLIX and Import Trade Control Policy for the Quarter July-Sept. 1957 (C.D.264)
(Copies of the publications specified in the footnote above have been lodged with the Secretariat and are available there for examination by the contracting parties. Additional copies have been ordered from the Government of India, and it is hoped that one copy of each will be distributed among contracting parties before or during the consultations. It is regretted that it was not possible to obtain sufficient copies at an earlier date.)

MT/89/57
(a) Legal basis of the restrictions

The statutory authority on which current import controls are based is the Imports and Exports (Control) Act 1947. This Act was extended in 1950 by an amending Act until March 1955, and in that year was further extended to March 1960.

Import trade control in India, however, dates back to May 1940, when, because of war-time exigencies, it became necessary to take special measures to conserve India's foreign exchange resources and shipping space. These measures were introduced under the Defence of India Rules, and although in the early stages of import regulation only a few commodities were involved, with the increasing necessity to conserve the foreign exchange resources of the country, it became necessary to extend these measures to a wider field. With the cessation of hostilities, and the lapse of the Defence of India Rules in September 1946, import control was kept in force by an Emergency Provisions (Continuance) Ordinance, 1946, for one year, and was then replaced by the Imports and Exports (Control) Act 1947\(^1\) which, as stated above, was subsequently extended until March 1960.

Under this Act several auxiliary Notifications or Orders were made, and were subsequently incorporated in a consolidated Order - No. 17/55 dated 7 December 1955\(^2\).

By the Imports and Exports (Control) Act 1947 the Central Government is empowered to make provisions, by Order published in the Official Gazette, for prohibiting, restricting, or otherwise controlling in all cases, or in specified classes of cases, and subject to any exceptions made under the Order, (a) the import, export, carriage coastwise or shipment as ship stores of goods of any specified description, and (b) the bringing into any port or place in India of any goods of any specified description intended to be taken out of India without being removed from the ship or conveyance in which they are being carried. The Central Government is also empowered to levy a fee in respect of applications or of licences granted or renewed under any Order made in accordance with the provisions of the Act. Provision is made for the imposition of penalties for the contravention of Orders made under the Act (imprisonment up to one year and/or a fine - without prejudice to any confiscation or penalty to which the person concerned may be liable under the Sea Customs Act (1878)).

\(^1\) The full text of this Act is attached to this Document as Annex I.

\(^2\) The text of this Order is attached to this Document as Annex II.
Under the aforementioned Import Trade Control Order (No.17/55 of 7 December 1955), all articles specified in its Schedule I were prohibited, except when covered by a specific import licence, an Open General Licence, or by certain exceptions - such as the importation of goods by the Central Government for defence purposes, and for the Ministry of Works, Housing and Supply, orders placed through the Directorate-General Supply and Disposals, New Delhi, by the Central Government or by any State Government or any statutory corporation or public body, certain goods in transhipment or imported and bonded on arrival for re-export, certain personal effects and goods imported by and for the use of diplomatic personnel.

This Order also makes provision, inter alia, for the collection of licence fees, and specifies certain conditions concerning the issue, transfer, refusal, amendment, suspension and cancellation of licences. In particular, the licensing authority may issue a licence subject to one or more of the conditions that (i) the goods covered by the licence shall not be disposed of, except in a manner prescribed by the licensing authority, or otherwise dealt with without the written permission of the licensing authority, (ii) the goods covered by the licence shall on importation not be sold or distributed at a price exceeding that which may be specified in any directions attached to the licence (iii) the applicant for a licence shall execute a bond for complying with the terms subject to which a licence may be granted. Other conditions, not inconsistent with the Act or the Order, may also be imposed.

(b) Administrative basis of the restrictions

Administrative Authorities. Government policy concerning import Control is administered by the Minister for Commerce and Industry. Within his Department there is an Import and Export Trade Control Organization with a Headquarters Office at New Delhi. Apart from the Chief Controller of Imports and Exports, New Delhi, there are eight Regional licensing authorities functioning at the various ports with jurisdiction over certain States and/or Districts. These licensing authorities are located at Calcutta, Bombay, Rajkot, Madras, Cochin, Pandicherry, Visakhapatnam, and at New Delhi. The regional licensing office at New Delhi is responsible for what is known as the Central Licensing Area. For certain controlled items of iron and steel, the licensing authority is the Iron and Steel Controller, Calcutta; the importation of certain machine tools is licensed by the Development Officer (Tools), Development Wing, Ministry of Commerce and Industry, New Delhi.

1 This list is too long to be reproduced as an Annex to this document. It appears on pp. 75-118 of "Import Trade Control-Handbook of Rules and Procedure". The list is also given on pp. 31-297 of the Red Book for the period January-June 1957, with the licensing policy applicable to each item e.g. O.G.L., percentage of basic quota etc.
In 1950 the Import Trade Control Enquiry Committee had recommended a progressive decentralisation of licensing work from Headquarters to the ports. This process of decentralisation was implemented in several stages and at present the Headquarters office is responsible for licensing those items which must be dealt with at one place, e.g. capital goods, heavy electrical plant, requirements of the River Valley Projects, raw materials for scheduled and non-scheduled industries, supplies to be made against Government contracts, and special ad hoc cases.

The Headquarters office consists of a number of divisions - Licensing; Policy; Export; Appeals and Investigation; Administration; Co-ordination; Statistical; and an Organization and Methods Cell. Generally, each Division is in the charge of a Deputy Chief Controller. The Chief Controller of Imports and Exports, who is the head of the Import and Export Trade Control Organization and an ex-officio Joint Secretary of the Ministry of Commerce and Industry, is assisted at Headquarters by two Joint Chief Controllers - each in charge of a group of Divisions.

To enable the commercial community to be closely associated, in an advisory capacity, with the formulation of trade control policies, Import and Export Advisory Councils were set up in 1949. These Councils, which include both officials and non-officials, with the Minister of Commerce and Industry as Chairman, are reconstituted every two years. They meet twice a year, usually in May and November.

Provision is made, in the administrative procedures, for appeals by dissatisfied applicants for import licences. If an applicant is not satisfied with the reasons given for the rejection of his application he has the right of appeal. First appeals must be made to the Licensing Authority which rejected the application; second appeals may be made to the Chief Controller of Imports and Exports for consideration by the Appeals and Investigation Division of the Headquarters' office. Full consideration is given to points made by applicants and each appeal is examined with the greatest possible care to see if the application has not been wrongly rejected. There is also at Headquarters a separate section to deal with appeals against the decisions of the Chief Controller and other Licensing Authorities. Complaints against the Chief Controller are normally received through the Ministry of Commerce and Industry. After examination in the Complaints Section orders are received from the Ministry before replies are sent.

In order to keep a check on the progress of licensing work, weekly reports on the receipt and disposal of applications are received by the Chief Controller. The various Licensing Authorities also keep themselves informed on the rate of disposal of licences in their own offices, and steps are taken to remove any defects in the system or to assist particular sections during exceptionally busy periods. The Minister for Commerce and Industry is also kept informed about the disposal of the more important applications.
The Indian authorities have in their Annual Administration reports (1955 and 1956) called attention to the fact that where there is control, there will inevitably be attempts to get round it, with possible resultant malpractices and corruption. Such cases are dealt with either departmentally or handed over to the Enforcement Branch of the Special Police Establishment attached to the Trade Control Organization. Frauds and malpractices have been discovered and suitable punishments or penalties imposed. The Reports add that, with the extra vigilence now being exercised, with the stream-lining of licensing procedure, the issue of quota certificates on security forms, and the speeding up of licences issued, offences by traders and the staff of the Control Organization are definitely on the decrease.

Classification of Importers: For the purposes of the administration of import controls and licensing procedures, importers are divided into the following four broad categories:

(i) Established Importers
(ii) Actual Users
(iii) New Comers, and
(iv) Others, who do not fall in any of the above categories.

(i) Established Importers are persons or firms who have been actually engaged in import trade of the articles comprised in any one serial number or sub-serial number, as the case may be, of Schedule 1 to the Imports Control Order 1955 (commonly known as the Import Trade Control or I.T.C. Schedule) during at least one financial year (1 April to 31 March) falling within the basic period as specified for the particular serial number or sub-serial number. The importers may choose the best year from the basic period for the purpose of obtaining quota certificates certifying the value of their best year's imports.

The basic period out of which the established importers can select the best year for the purpose of calculating the quota runs from 1 April 1945 to 31 March 1952, (in the case of certain products - caustic soda, soda ash and art silk yarn the period was curtailed up to 31 March 1951). The basic period has been extended to 1952-53, 1953-54, 1954-55 and 1955-56 in the case of a large number of other items.

Quota licences are given to established importers as a percentage of the total value of imports in any one financial year, out of the specified basic period, of the importer's choice as evidenced (a) by valid quota certificates issued on security forms (b) by registration numbers issued by the Joint Chief Controller of Imports, Calcutta, or the licensing authority concerned in connexion with the quota Registration Scheme.

Provision is made, in certain cases, for refixing quotas.
(ii) Actual Users have been defined as those who require raw materials or accessories for use in an industrial manufacturing process. The items licensable to Actual Users are published half-yearly in the policy statement concerning imports. Licences to Actual Users are granted on the basis of the requirements of the unit concerned. Raw material requirements are assessed on the basis of the level of production, past imports and stocks. Licences to actual users are issued subject to the condition that the goods will be utilised only for consumption as materials or accessories in the licence-holder's factory and that no portion thereof will be sold to, or permitted to be utilised by, any other party.

Actual Users applications are not entertained and are not to be made for raw materials etc., required for the manufacture of new items, unless a licence for such manufacture has been obtained, wherever necessary, under the Industries (Development and Regulation) Act 1951.

(iii) New Comers

The following categories of persons or firms are eligible to apply for licences as New Comers for items licensable to this class of importers (unless otherwise specified in the appropriate Appendix of the half-yearly publication on import trade control policy (the "Red Book")):

(a) Those who have been dealing in the internal trade of the item mentioned in column 2 of the policy Statement in Section II of the Red Book, for a minimum period of one year as specified in the relevant provisions of the Red Book, in question.

(b) Those who have been dealing in the internal trade of the allied item, wherever shown in the appropriate appendix of the Red Book in force, for a period of one year.

(c) Those who are able to prove imports in their name in any one financial year outside the basic period.

(d) Established importers dealing in the items licensable to New Comers, who do not wish to claim their quota licences.

(iv) Others

Those who do not fall into any one of the above categories of importers come within this residual group.

Public Notices and Information: Very full information on import control and procedures is provided in Public Notices, and in Statements of Policy from time to time so that traders and others concerned have a clear picture of import policy and a detailed description of procedures to be followed, and of goods affected. Mention should be made in this Section of the following publications:

(ii) Import Trade Control Policy - for the Licensing Period January - June 1957 - Ministry of Commerce and Consumer Industries. (This is a regular half-yearly publication.)


In addition to the above "basic" publications, various Public Notices are issued, as and when required, and published in the Official Gazette indicating licensing policy in regard to particular commodities, and the procedure to be followed in making applications.

A Weekly Bulletin of Import and Export Trade Control was introduced in July 1952. It contains particulars of import and export licences issued by the various Licensing Authorities. Public Notices on import and export trade control matters and copies of clarification circulars are also reproduced in the Bulletin which has proved of great value to the trading and business community.

(c) Methods used in restricting imports

To provide for a periodical and timely review of the licensing policy in relation to foreign exchange available for imports, it has been considered advisable to have a system of half-yearly reviews. Detailed statements of half-yearly import policy are made public before the commencement of the new half-yearly period.

Before the policy is announced, a detailed examination of each item is made in consultation with the various Ministries and technical advisers concerned. Suggestions made by the commercial and the industrial interests of the country are also taken into account. Meetings of the Import Advisory Council are also held about six weeks before each half-yearly announcement is made.

As mentioned in the introductory statement, the present section of this document deals with the system of import control in operation up to 30 June 1957. (The section following deals with the modifications introduced after that date.)

For the purposes of this analysis of methods of import control, the system may be conveniently described under the following headings:

(i) Currency Areas,¹

¹ See also Section (f) "Treatment of Imports from different Countries or Currency Areas".
(ii) Types of Import Licences

(a) General Licences
(b) Soft Currency Licences
(c) Specific Licences
(d) Open General Licences

(iii) Trade Agreements and Arrangements
(iv) Prohibition of Imports
(v) Export Promotion Scheme
(vi) Special Avocations Scheme
(vii) General: on licensing procedure

(i) Currency Areas

For licensing purposes the countries of the world are divided into two groups, viz.,

A. The Dollar Area, and
B. The Soft Currency Area (including countries in the Sterling Area).

The countries in each of these groups are given below:

A. Dollar Area

(i) The United States of America and any territory under the sovereignty of the United States.

(ii) Canada, (including Newfoundland).

(iii) Other American Account Countries, consisting of the Phillipine Islands, Bolivia, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Salvador, Venezuela and Liberia.

It should be noted that all soft currency licences issued to Established Importers for the period January-June 1957 were valid for imports from the dollar area to the extent of 50 per cent of their face value, unless a higher percentage for such utilisation was indicated in the remarks column of Section II of the Red Book. Licences with a face value of Rs. 5,000 or less were permitted to be utilised to the full extent for import from the dollar area.

B. Soft Currency Area

All other countries, except the Union of South Africa. (No licences are granted for imports from South Africa.)


(ii) Types of Import Licences

Import Licences are of the following types:

(a) General Licences, which are valid for imports from any country or countries included in the Dollar and/or Soft Currency Areas as defined above.

(b) Soft Currency Licences, which are valid for imports from any country or countries in the Soft Currency Area as defined above.

(c) Specific Licences, which are not generally issued except in special circumstances.

(d) Open General Licences.

The Open General Licence is a Notification of goods which may be imported freely from a specified currency area without the need to apply for an individual licence.

Certain essential articles were being allowed to be imported under Open General Licences. (This system was in force until 30 June 1957 when it was suspended.)

These Open General Licences were revised and published from time to time in the Official Gazette.

The Open General Licences which were current during the period January-June 1957, and valid for shipment up to certain specified dates were:

(i) O.G.L. No. XLIV - Valid up to 30 June 1957

(ii) O.G.L. No. XLIII - Valid up to 30 June 1957

(iii) O.G.L. No. XLVI - Valid up to 31 January 1957

(An Open General Licence No. IV which permits the imports of (a) bona fide samples supplied free-of-charge in one consignment up to a value of Rs. 250 (c.i.f.) and (b) of replacement consignments, was also in force.)

The O.G.L. No. XLIV permitted certain imports without individual licence from any country of the world (except goods imported from, or produced in, the Union of South Africa) provided such goods were shipped on through consignment to India on or before 30 June 1957.

The schedule of O.G.L. XLIV contains about sixty-eight I.T.C. Schedule Serial Numbers - and includes such goods as ferrous and non-ferrous metals and alloys, bearings, certain spare parts of engines, certain chemicals, drugs and medicines, standard technical and certain other books, special types of bricks.

_Impor Trade Control._
X-ray films, specified types of photographic apparatus, rock phosphate, certain optical and other instruments, specified articles of laboratory ware made of silica, and silicon.\(^1\)

The O.G.L. No. XLV permitted certain imports without individual licence from all countries except the Dollar Area and South Africa, provided such goods were shipped on through consignment to India on or before 30 June 1957.

The Schedule to this Open General Licence contains about fifty-five I.T.C. Schedule Serial Numbers, and includes, for example, such goods as refined ferro-manganese, tin block, scrap and wrought; certain iron or steel rods and wire; circular saws and types of tools; types of textile and other machinery and parts; fodder bran and pollards; wattle extract and bark; certain specified drugs and medicines; raw or salted hides and skins; raw flex and all other unmanufactured textile materials excluding jute; mercury; tannic acid; certain types of explosive; sulphate of potash; rubber contraceptives; raw wool (merino and cross-bred only); wool tops; shoddy wool and wool waste; protective equipment for factory workers; industrial diamond; certain resins; casein and petroleum coke.\(^2\)

The O.G.L. No. XLVI permitted the importation of certain goods without individual licence, from Pakistan, provided they were produced, processed, or manufactured in that country, and were shipped or despatched on through consignment to India on or before 31 January 1957. The goods in the Schedule to O.G.L. No. XLVI were: poultry; types of fish (salted - wet and dry, unsalted dry, and n.o.s.); certain milk and milk products, including butter, cream and ghee; some types of vegetables; eggs; certain crude and indigenous drugs and medicines; exposed cinematograph films; firewood and kapok.

It follows from what has been stated in the preceding paragraphs that, apart from the goods specified in Open General Licences Nos. XLIV, XLV, and XLVI, and goods subject to the savings clauses\(^3\) of the Import Control Order 17/55, an individual licence was required for the importation of all other articles.

---

\(^1\) The complete list will be found on pages 399-404 of "Import Trade Control Policy for the licensing period January-June 1957".

\(^2\) The complete list will be found on pages 405-409 of "Import Trade Control Policy for the licensing period January-June 1957".

\(^3\) See Section (a) of this document.
(iii) Trade agreements and arrangements

India has concluded a number of trade agreements, some details of which are given in Section (f) of this document.

(iv) Prohibition of imports

No licences are issued for imports of any goods manufactured or processed in the Union of South Africa.

Otherwise, actual prohibitions of imports are those permitted under Article XX of the GATT.

(v) Export promotion scheme

Special import licences are granted, in certain circumstances, for raw materials, in order to replace the imported raw material content of exported products, or to provide an inducement for larger exports. The broad features of the scheme are as follows:

(a) Import licences for the raw materials are, in general, granted only after the export has taken place.

(b) The value for which an import licence is given is based on a prescribed percentage of the rupee equivalent of the foreign exchange received in payment of the f.o.b. value for the goods exported. This percentage varies from commodity to commodity.

(c) Import licences are normally issued for soft currency countries. Licences will also be granted for imports from the Dollar Area provided an undertaking is given by the exporter that the exports of the finished products will be to a Dollar Area country.

(d) Licences are normally valid for six months; but in special circumstances the period will be extended.

(e) Exports to Nepal, Tibet, Pakistan and Portuguese possessions in India will not be taken into account in determining the amount up to which import licences will be granted.

(f) The raw materials concerned are specified in the Red Book. There are thirty-seven items including, for example, raw manila hemp (fibre); raw sisal fibre; coal tar dyes; unmanufactured ivory; canes and rattans; alabaster; cultured pearls (unset); diamonds (uncut and unset); sequins and motifs; certain textile fabrics; mutton tallow; and precious stones (unset and uncut).
(vi) Special avocations scheme

A scheme has been formulated for the grant of special import licences to persons engaged in certain occupations to enable them to import their essential requirements directly from abroad. The scheme covers tailoring establishments, dispensing opticians and dentists, hair-cutting and hair dressing establishments, agarbatti manufacturers, retail chemists and sports goods manufacturers.

(vii) General: on licensing procedure

For licensing purposes all goods subject to import control are specially classified; applications are dealt with by the various Licensing Authorities according to this classification, so that the essentiality, or otherwise, of the goods concerned may be taken into account in considering applications. Some further details of the classification are given in Section (d) "Categories of Goods Affected".

Application fees

A scale of fees is applied to all applications for import licences, as follows:

Application fees

- Applications up to Rs. 10,000: Rs. 10
- Above Rs. 10,000 and up to Rs. 25,000: Rs. 25
- Above Rs. 25,000 and up to Rs. 50,000: Rs. 35
- Above Rs. 50,000 and up to Rs. 75,000: Rs. 50
- Above Rs. 75,000 and up to Rs. 100,000: Rs. 70
- Above Rs. 100,000 and up to Rs. 200,000: Rs. 100
- Above Rs. 200,000, Rs. 100 plus Rs. 15 for every Rs. 50,000 or part thereof in excess of Rs. 200,000 subject to a maximum of Rs. 250.

Certain applications are exempted from fees mainly those for goods of a value less than Rs. 250 for the personal use of the applicant, private and personal luggage, and imports by governments, local authorities and educational and charitable organizations.

Fees on Appeals

To discourage frivolous appeals a small levy of Rs. 5 is made on all appeals preferred to the Chief Controller, New Delhi, against the decisions of the licensing authorities. No fee is charged on first appeals, which are ordinarily made to the head of the licensing office in which the applications in question were originally dealt with.
Licensing periods

Prior to 1 July 1957 the calendar year was, for licensing purposes, divided into two half-yearly periods viz. January-June and July-December; the import policy was announced on the eve of each licensing period by means of Public Notices.

(As from 1 October 1957 the licensing periods will be altered to coincide with the financial year, the two licensing periods being 1 October - 31 March and 1 April - 30 September.)

Period of validity of licences

The period of validity of import licences varies according to the nature of the item. A licence may be valid for a period of six months, twelve months, or eighteen months, the exact period in the case of each item being specified in the appropriate section of the Policy Statement. In special circumstances, the period of validity may be extended, where for example, Actual Users' licences cover essential goods.

Capital goods and heavy electrical plant licences are issued with an initial validity of one year, and are extended for a further period of two years on production of evidence of a firm order having been placed with, and accepted by the foreign supplier.

As a short period of validity has sometimes caused hardship to the small importer, the period of validity of all licences valued up to Rs. 2,500 has been extended to twelve months. This facility is available in connexion with Established Importers' and New Comers' licences only.

Application for licences are dealt with as quickly as is administratively possible. The usual period between the receipt of an application and the despatch of the licensing authority's decision being in normal cases:

(i) for quota licences, between three and seven days

(ii) forActual User licences, about ten to fifteen days

(iii) for Capital Goods and Heavy Electrical Plant licences, about fifteen days after firm proposals regarding deferred payments have been submitted.1

(d) Categories of goods affected by the restrictions

Some reference has already been made to types of goods included, for example, in the Open General Licences (see Section (c)(ii)(d) of this document).

As stated previously, apart from the goods covered by the Open General Licences and by "savings" clauses in the basic Import Control Order (mainly Government imports), all imports were, up to 30 June 1957, subject to licensing requirements.

1 See page 23, sub-paragraph A.
Although all imports (except those on O.G.L. and Government purchase) are subject to control and licensing, the restrictions have a varying incidence according to the essentiality of the goods and other criteria.

Full details of licensing policy for the period January-June 1957 for individual items may be found in Section II of the publication "Import Trade Control Policy for the licensing period January-June 1957" (CD253).

Special licensing arrangements have been made for capital goods and heavy electrical plant, in order to provide full facilities for the import of equipment needed for the country's industrialisation programme. Since 1 January 1957, licences other than for replacement purposes or for items of relatively small value have been issued against deferred payment arrangements and against inflow of fresh foreign capital.


The incidence of the restrictions in force for the period January-June 1957 may be partly determined by an examination of column 4, section II of the Red Book for that period. That column shows, inter alia, the percentage of basic quotas for which licences would be granted to Established Importers, for each item - percentages ranging from nil to 100 per cent. The policy applicable to Actual Users is shown in column 5.

(e) Proportion of Imports covered by each method used

It is not possible to provide statistics giving a breakdown of imports according to methods used in their regulation.

The following figures, however, show the number and value of import licences issued to the various categories of importers during the periods January-June 1956 and July-December 1956.
### Table: Value in millions of Rs. and $ (Jan-Jun 1956 vs. Jul-Dec 1956)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Established Importers</td>
<td>84,653</td>
<td>1,079.2</td>
<td>91,427</td>
<td>1,101.6</td>
</tr>
<tr>
<td>2</td>
<td>Actual Users</td>
<td>18,114</td>
<td>1,329.5</td>
<td>19,491</td>
<td>820.0</td>
</tr>
<tr>
<td>3</td>
<td>New Comers</td>
<td>12,812</td>
<td>131.4</td>
<td>12,803</td>
<td>88.0</td>
</tr>
<tr>
<td>4</td>
<td>Ad Hoc</td>
<td>3,644</td>
<td>302.6</td>
<td>4,194</td>
<td>330.2</td>
</tr>
<tr>
<td>5</td>
<td>Others +</td>
<td>10,283</td>
<td>2,329.5</td>
<td>10,445</td>
<td>2,265.9</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td><strong>129,506</strong></td>
<td><strong>5,172.2</strong></td>
<td><strong>138,360</strong></td>
<td><strong>4,605.7</strong></td>
</tr>
</tbody>
</table>

(† "Others" cover licences for Capital Goods, Heavy Electrical Plant, Iron and Steel, Railway Contracts, supplies for the Directorate-General Supplies and Disposals and Machine Tools.)

Annex III also gives some very useful figures showing the value of licences issued for the import of various categories of goods during the years 1955 and 1956. Figures are not yet available for the period January-June 1957.

### (f) Treatment of imports from different countries or currency areas

In Section (c) of this document it has been explained that countries are divided for purposes of licensing, into two main groups:

A. The Dollar Area

B. The Soft Currency Area

As mentioned previously there was in force until 30 June 1957 an Open General Licence in regard to certain goods originating in all parts of the world, except the Union of South Africa; these goods could be imported freely without the need to obtain an individual licence. There was, similarly, another Open General Licence relating to certain goods originating in the Soft Currency Area only (excluding South Africa).

It should also be again noted that all soft currency licences issued for the period January-June 1957 were valid for imports from the Dollar Area to the extent of 50 per cent of their face value, unless a higher percentage for such utilisation was indicated in the remarks column of Section II of the Red Book. Licences with a face value of Rs.5,000 or less were permitted to be utilised to the full extent for import from the Dollar Area.
Importers desiring to utilize a higher proportion of these licences for import from the Dollar Area were invited to apply to the licensing authorities concerned stating the grounds for their request and furnishing particulars of the comparative c.i.f. prices of the commodities from the two areas.

There was also, as previously explained, an Open General Licence covering a few items from Pakistan.

Apart from the above, all import controls are administered in a completely non-discriminatory manner, commercial considerations being the chief factor determining the origin of imports.

India has trade agreements with a number of countries. A summary of the Agreements in force or under negotiation on 27 August 1957, is given below:

(1) Afghanistan: Exchange of letters on 14 June 1957

Main provisions: Licences for imports into India of Afghan fresh/dry fruits and asafoetida will be issued up to an agreed ceiling.

A schedule of Indian commodities available for export to Afghanistan is attached to the Agreement.

Settlement of Commercial transactions through a rupee account maintained by the Afghan Bank in any commercial bank in India is also provided.

(2) Austria: Trade Agreement 9 December 1952; Validity - 30 June 1957 (further extension under consideration)

Main provisions: Schedules of products available for export from Austria and from India are attached to the Agreement.

The Agreement specifically states that the goods licensed by India will be valid for import from any soft currency country and not from Austria alone. The principal aims of the Agreement are to exchange information on availability of goods and to enable new business contacts between the two countries to be made.

(3) Burma: Trade Agreement 5 September 1956: Validity - up to 4 September 1957

Main provisions: Schedules of products available for export from India and from Burma are attached to the Agreement.

The objectives of the Agreement are to increase the volume of trade between the two countries to the maximum possible extent and to take steps to achieve, as far as possible, a balance in their trade.
(4) Bulgaria: Date of Agreement and entry into force 18 April 1956; 
Validity - 31 December 1959

Main provisions: Schedules of products available for export from Bulgaria and from India are attached to the Agreement.

(5) Chile: Trade Agreement 16 October 1956: Validity - 31 December 1959

Main provisions: The Agreement does not stipulate any quotas or ceilings. No special licensing procedure is involved under the Agreement. One of the letters exchanged at the time of concluding the Agreement, provides for import of 50,000 tons of Chilean nitrate over a period of three years.


Main provisions: All commercial and non-commercial transactions between the two countries may be effected in rupees for which special banking arrangements are indicated in the Agreement. The multilateral character of the transaction is preserved by the provision for conversion of these special accounts in local currencies into sterling. Lists of products available for export from the two countries are also attached to the Agreement but licensing of imports of the articles in question will be subject to the normal laws and regulations in force in the importing country. The Agreement provides for trade between India and the Tibet region of China being conducted on customary lines.

(7) Ceylon: 1 September 1953; Validity - 31 August 1957
(question of its extension is under consideration)

Main provisions: Ceylon has agreed (i) to facilitate the increasing use and import of Indian grown tobacco for cigarette and other manufactures; (ii) to maintain the import duty on bidis at the level existing on the date of the Agreement and also to allow imports under Open General Licence and (iii) to reduce the duty on hand-made towels and towelling to the lowest rate applicable to mill-made towels and towelling.

On her part India has agreed to apply concessional rates of duty in respect of 2,500 candies of Jaffana tobacco to be imported annually. Ceylon is the sole producer and exporter of this particular type of chewing tobacco.

Concessional duty treatment for the import of this tobacco has been in force in the southern most part of India for a long time and is covered by the exception in paragraph 2 of Article I of GATT.
(8) **Czechoslovakia**: 30 September 1957: Validity - Trade Agreement negotiations are in progress

Main provisions: Provides for trade and economic cooperation and for arrangements for settling commercial transactions in Indian rupees or pound sterling as may be mutually convenient. The procedure in question does not require any departure from normal licensing arrangement. Multilateral settlement of payments is maintained fully since either party is free to convert balances in the rupee special accounts into sterling.

(9) **Egypt**: Trade Agreement 8 July 1953: Validity - Indefinite period unless modified or terminated by either of the parties on three months' notice.

Main provisions: The Agreement provides for the granting of most-favoured-nation treatment by the two countries in respect of their mutual trade.

No stipulation regarding quotas or ceilings for importation of goods by India from Egypt is contained in the Agreement.

A procedure for settlement of commercial transactions has been provided in the Agreement. Out of the proceeds of purchases by India in Egypt 60 per cent will be paid in sterling and the remaining 40 per cent in rupees, which will be utilised by Egypt for financing purchases of goods from India. In addition, Egypt will keep a separate account of 10 per cent of export earnings paid for by India in sterling for financing purchases of goods from India. When the rupee account of Egypt reaches the ceiling of Rs. 100 million in any year, further credits accruing to Egypt during that year will be settled in sterling. Balances remaining in the rupee account of Egypt can, upon termination of the Agreement, be convertible into sterling.

(10) **Finland**: Exchange of letters 12 January 1951: Validity - 31 December 1957

Main provisions: Information regarding availability of products for export from Finland and from India has been exchanged. The licensing of imports of these products is subject to normal laws and regulations in force and so far as India is concerned, her policy of non-discrimination between territories in the same currency area has been specifically safeguarded.

(11) **Western Germany**: Trade Agreement 1 April 1955: Validity - Indefinite unless terminated by either party on three months' notice.

Main provisions: Deals mainly with economic collaboration between the two countries and does not stipulate quota or ceiling for import of any German products into India.

(13) Eastern Germany: Exchange of letters: Validity - 7 October 1959

Main provisions (12 and 13): Imports and exports of goods covered by the Agreement will be subject to laws and regulations in force in the two countries.

A procedure for payment in Indian rupee or pound sterling has been set out. The arrangement does not interfere with multilateral settlement in any way since it allows either party to convert balances outstanding in its favour into sterling.

(14) Iraq: Trade Agreement 6 May 1953: Validity - 31 December 1957

(15) Indonesia: Trade Agreement 30 January 1953: Validity - 31 December 1957

Main provisions (14 and 15): Provisions for facilitating trade and shipping of the two countries are contained in the Agreement. The imports and exports of goods will however be subject to normal laws and regulations in force in the two countries.

(16) Italy: Exchange of letters 29 July 1954: Validity - 31 December 1957


(18) Sweden: Trade Agreement

Main provisions (16 - 18): Provides for exchange of information regarding availability of products for export from the two countries. No stipulation concerning licensing of imports is contained in the Agreement.


Main provisions: Mainly relates to transit trade of Nepal through Indian territory.

(20) Pakistan: Trade Agreement 1 February 1957: Validity - 31 January 1960

Main provisions: In accordance with the provisions of paragraph 11 of GATT Article XXIV special arrangements for import/export and exchange of specified quantities of certain goods have been provided. Procedures for grant of favourable treatment to the trade between the border regions of the two countries are also contained in the Agreement.
(21) Poland: Trade Agreement 1 April 1956: Validity - 31 December 1959

(22) Rumania: 23 March 1954: Validity - 1 January 1956

(23) North Viet Nam: Exchange of letters 22 September 1956: Validity - 21 September 1959

(24) USSR: December 1953: Validity - December 1958

Main provisions (21 - 24): Provides for trade and economic cooperation and for settling commercial transactions through a rupee account. The procedure in question does not require any departure from normal licensing arrangements. Multilateral settlement of payments is not barred since either party is free to convert balances in the special accounts into sterling.

Russia: An understanding has been reached with the USSR for the supply of one million tons of steel to India during the period of three years beginning in 1956 - 300,000 tons in the first year and 350,000 tons in the two subsequent years.

Russia will also sell to India during the three years in question equipment for the production of oil mining and other machinery on terms and conditions to be negotiated. The proceeds of the sale of the goods will be utilised by Russia for purchasing increasing quantities of raw materials and manufactured goods of Indian origin.


Main provisions: Schedules of products available for export from India and from Yugoslavia are attached to the Agreement. Provision has also been included for settlement of transactions in rupees with option to convert outstanding balances into sterling.

(g) The Use of State Trading or Government Monopoly in imports and the restrictive operation of such regimes

State trading in India is confined solely to food grains which are imported by the Ministry of Food and Agriculture.

The purpose of this system is to ensure adequate supplies of food grains to build up internal stocks as required, and to regulate internal distribution, and prices, which are subsidized by the Government to the benefit of consumers.

In addition, the importation of certain essential commodities such as caustic soda, soda ash and cement has been "canalised" through a State Trading Corporation with a view to satisfying essential requirements and ensuring fair distribution at reasonable prices. The State Trading Corporation is a private limited trading body set up by the Government. The sources of supply are determined by normal commercial considerations, namely: price, time of delivery, and quality. No discrimination is practised as between different sources of supply.
(h) Measures taken in preceding years to relax restrictions

(1) During the January-June 1954 licensing period when India's foreign exchange position was easy a Liberal Licensing Scheme was introduced. Under this scheme a provision was made for the liberal licensing of a number of items especially those with a consumer appeal. This scheme was continued and enlarged during the succeeding licensing periods up to July-December 1956. During the July-December 1956 period as many as 101 items were on the Liberal Licensing list. The scheme was withdrawn from the January-June 1957 period. Among the goods covered by the Liberal Licensing Scheme were watches, photographic instruments, cotton textile fabrics, betel-nuts, farinaceous and patent foods.

(2) Under the Liberal Licensing Scheme licences were granted to all categories of applicants including Established Importers, Actual Users, New Comers and others. Actual Users were granted licences freely for industrial items under this scheme. The Established Importers, New Comers and others were also granted licences in relation to their capacity for handling business.

(3) The scope of licensing to New Comers was also expanded during the licensing period January-June 1954 to July-December 1956.

PART III, INTENSIFICATION OF IMPORT RESTRICTIONS FROM 1 JULY 1957

By Public Notices No. 41-I.T.C. (P.N.)/57 and No. 42-I.T.C. (P.N.)/57 respectively, both of 29 June 1957, the Government of India announced certain modifications in its import restrictions for the quarter 1 July - 30 September 1957; the main features of these changes were, briefly:

(i) Open General Licences Nos. XLIV and XLV,\(^1\) which lapsed on 30 June 1957, were not to be renewed, or replaced by other Open General Licences; consignments of goods covered by these expiring Open General Licences shipped on or before 30 June 1957 would be allowed clearance in the usual manner.

(ii) Open General Licence No. XLVI\(^2\), which applied to certain imports from Pakistan, was replaced by Open General Licence No. XLIX which reduced the items importable from Pakistan without individual licence to: poultry; fish, n.o.s; fish salted, wet; fresh vegetables, all sorts, n.o.s. (excluding potatoes and betel leaves but including onions, garlic and green ginger); and eggs, provided such goods were shipped or despatched to India on or before 30 September 1957. The effect of this Order was to remove from O.G.L. vis-à-vis Pakistan the following goods: fish, salted dry; fish unsalted dry; milk and milk products (excluding milk powdered, condensed or preserved) including butter, cream and ghee; crude and indigenous drugs and medicines including herbs, but excluding morabbas and gulkand; cinematograph films, exposed; fireworks and kapok.

---
\(^1\) Certain details of the Public Notices mentioned above were contained in Doc. L/648 of 24 July 1957.
\(^2\) See Section (c) of this document.
(iii) All imports (except those on O.G.L. to Pakistan) accordingly became subject to individual licensing requirements.

(iv) The previous policy of announcing the value (by way of a percentage of Established Importers' basic quotas) of licences which would be issued in regard to specified items was temporarily (for three months) suspended.

(v) In regard to certain items previously on O.G.L., importers were asked to establish their quotas by 31 July 1957, the basic period being any one financial year from 1952-53 to 1955-56.

(vi) To ensure supplies of raw materials for essential industries, applications for licences for the importation of specified goods to meet immediate requirements would be considered ad hoc.

(vii) In future, import control licensing policy and announcements of detail would be related to the financial year (not the calendar year), the two licensing periods to run from 1 October to 31 March and from 1 April to 30 September. The normal time schedule for the announcement of licensing policies was accordingly revised; and the detailed licensing policy for the period 1 October 1957 to 31 March 1958 would be announced towards the end of September 1957.

(viii) Certain facilities would be given to the holders of unutilised licences or partially-utilised licences:

(a) *Quota licences with a six-month validity period* (granted for the period January-June 1957) would be extended up to three months from the expiry date;

(b) licence holders would be able to apply to have the licence transferred for the import of other items in the I.T.C. Schedule (without alteration of quantity/value) and validation would be approved if the authorities considered the other items applied for to be more essential to the economy;

(c) licences for the import of machinery would be validated for the import of spare parts thereof without alteration in the value of the licence.

(ix) Certain provisions were made to ensure that industrial production would be maintained at as high a level as practicable:

(a) licences would be granted to Actual Users in certain scheduled industries for essential items up to reasonable values in respect of three months requirements;
(b) applications from other Actual Users would also be considered; imports of commodities locally available or of those required merely for embellishment would not be permitted, and Actual Users would be expected to make every effort to ensure maximum economy and to resort to maximum improvisation.

Licences would be granted only for essential items and for minimum requirements;

(c) applications would also be considered on an ad hoc basis by the Chief Controller of Imports, New Delhi, from:

(i) large scale Actual Users for the import of essential spares and replacements;

(ii) manufacturers' sole selling agents who were able to prove that they had larger orders on hand for spares for servicing machinery imported by or through them and who were not able to cope with these orders ex-stock or against licences in hand;

(d) certain provisions for licensing spare parts would continue to be operative;

(e) the policy and procedure for the granting of licences in respect of the following items would be, briefly:

A. Capital Goods and Heavy Electrical Plant

(a) Import licences for Capital Goods would as a rule be given only when suitable terms of deferred payment had been agreed to between the importer and the supplier, or when the value of the imported plant and equipment was covered by the inflow of fresh foreign capital.

(b) Import licences would be given only for projects which would save foreign exchange either by reducing imports or by increasing exports. The terms of deferred payment were to provide for the lowest possible payment, which was not to exceed in any case 20 per cent of the f.o.b. value of the equipment up to the stage when the project itself was expected to start saving or earning foreign exchange. Thereafter the payment of instalments were to be well within the net saving or earning of foreign exchange achieved from year to year.

(c) The Public Notice explains further that it was not the intention that all projects which secured deferred payments in accordance with the above formula would necessarily be accepted. With a view to minimising the expenditure of foreign exchange in the ensuing period it had been decided that preference would be given to continuing schemes, and new projects would be scrutinised very strictly. The licensing authorities could also prescribe minimum periods of deferred payments for different types of items.
(d) The terms indicated in paragraph (b) above would also cover such electrical generation, transmission and distribution items as were accepted by the Government as integral parts of an industrial project. When this was not the case a very strict test of essentiality would be applied.

(e) The granting of licences would be considered without stipulating deferred payments in the following cases:

(i) where in the opinion of the licensing authorities the value involved was small or negligible having regard to the total size of the project, the extent of indigenous machinery to be used and the quantities already covered by import licences; or

(ii) where the equipment was needed for replacement and maintenance purposes.

B. Machine Tools

These items, for purposes of licensing, were divided into two main categories -

(a) those falling within the definition of Capital Goods, and

(b) others.

(a) In the case of machine tools falling within the category of Capital Goods, rules, procedures and policy had already been set out in chapter III of the Handbook of Rules and Procedure, 1956, and would continue to apply.

(b) The import policy for machine tools not coming under the Capital Goods Scheme is set out on page 13, Appendix V of the Import Trade Control Public Notice No. 42-ITC (PN)/57 of 29 June 1957.

C. Export Promotion Scheme

Special provisions were made concerning applications for licences in regard to the importation of raw materials under the Export Promotion Scheme. Details are given on page 26 of Public Notice No. 45-ITC (PN)/57 of 29 June 1957.

A small foreign exchange ceiling was also established for Actual User requirements of small scale industries. Actual User applications from small-scale industries for the import of essential raw materials, machinery and components would be considered ad hoc.
PART IV. EFFECTS ON TRADE

The following statement has been supplied by the Government of India.

The system of quantitative restrictions on imports which has been in existence in India has the primary object of safeguarding India's balance of payments and of giving priority to the importation of those products which are most essential.

The import policy of India has to be viewed in the context of the following major factors:

(a) her plans for economic development;

(b) the shift in the pattern of requirements and priorities as a result of these developmental plans as well as purely seasonal factors such as monsoons which affect her requirements of imported foodgrains and ability to sustain exports of products like cotton, oilseeds and vegetable oils;

(c) changes in her external reserves.

With a view to increasing the income per person by about 3 per cent per annum over the period 1956-61, the Second Five Year Plan programmes for an investment over the five years of Rs. 62,000 million as against Rs. 31,000 million during the preceding five years, 1951-56. Substantial increases are planned in agricultural and industrial production as well as for investment in rail and road transport, port facilities, mining, etc. All these necessitate substantial import of capital goods and raw materials, and also generate an increased demand for consumer goods.

The following table sets out the import of different categories of goods into India during the last few years:

(Rupees Million)

<table>
<thead>
<tr>
<th></th>
<th>Capital Goods</th>
<th>Producer Goods</th>
<th>Consumer Goods other than foodgrains and sugar</th>
<th>Foodgrains and Sugar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952-53</td>
<td>1017</td>
<td>3125</td>
<td>1003</td>
<td>1556</td>
</tr>
<tr>
<td>1953-54</td>
<td>975</td>
<td>2971</td>
<td>1115</td>
<td>660</td>
</tr>
<tr>
<td>1954-55</td>
<td>1025</td>
<td>3356</td>
<td>1125</td>
<td>1058</td>
</tr>
<tr>
<td>1955-56</td>
<td>1500</td>
<td>3846</td>
<td>1228</td>
<td>216</td>
</tr>
<tr>
<td>April-Dec. 1956</td>
<td>1368</td>
<td>3746</td>
<td>993</td>
<td>539</td>
</tr>
</tbody>
</table>
The increase in the imports of steel alone between 1955-56 and 1956-57 amounted to Rs. 931 million. An unfavourable monsoon has necessitated large-scale imports of foodgrains. Imports of other consumer goods were nevertheless maintained and even increased in some categories to meet growing demands.

The exports of India have not, however, increased significantly. While export promotion measures are being vigorously pursued, it will be unrealistic to expect that the rise in exports will provide any large additional resources in the immediate future.

The sterling balances, which constitute the country's foreign exchange reserves, have declined by Rs. 2314 million between 4 January 1957 and 16 August 1957. This rate of decline cannot obviously be permitted to continue for any length of time. The statutory minimum for foreign exchange holdings against the internal currency issue is at present Rs. 4000 million, with provision for temporary reductions to a minimum of Rs. 3000 million. In August 1957, the reserves went below Rs. 4000 million. The cut in imports announced in the July-September 1957 import policy were, therefore, fully justified in view of the serious decline in monetary reserves.

Alternative measures to restore equilibrium are also being actively pursued. The volume and range of taxation have been considerably increased. The fresh measures of taxation introduced by the Central Government since March 1956 are expected to yield a revenue of Rs. 1837 million per year which amounts to 43 per cent of the tax receipts in 1955-56. Credit policy has been made more restrictive. The expenditure of Government agencies is being very carefully scrutinised.

In the application of quantitative restrictions, the Government of India has reduced considerably the discrimination between the Dollar and Soft Currency Areas. For the January-June, 1957 period, the differentiation between the two areas in quota licensing to established importers was considerably reduced and in addition 50 per cent of the value of soft currency licences were permitted to be utilised for imports from the Dollar Area. In the licensing of raw materials and capital goods, import from the country chosen by the applicant is normally permitted.

Quantitative restrictions have been imposed by India solely on balance of payments considerations. Protection is only granted through tariffs after enquiry by a statutory Tariff Commission.

Over the last few years, the Government of India have experimented with policies and procedures designed to narrow down the scope of quantitative restrictions. Under the liberal licensing scheme introduced in January-June 1954, licences were issued freely for a large number of items without regard to the level of past imports. The scope of the scheme was progressively widened from period to period. It has, however, had to be abandoned as from the January-June 1957 period for balance of payments reasons.
Under the import control system of India, licences are valid for specific periods from the date of issue and goods are allowed to be imported, if shipped by these dates, even if the policy regarding issue of licences has changed meanwhile. Under this scheme, no hardship is caused as a result of goods en route, or for which firm orders have been placed, being shut out due to a change in the import policy.

Outstanding licences will ensure the import of all or most items for some time to come. Quote licences issued during the January-June 1957 period with six months' validity have been extended for a further three months. Provision has been made for conversion between items, in order to bring about the greatest possible flexibility.

The policy for the period July-September 1957 is transitional in character, and a full policy will be announced towards the end of September for the period October 1957-March 1958. A supplementary note on this policy will be circulated to contracting parties early in October.
LIST OF ANNEXES

I. Imports and Exports (Control) Act, 1947.

II. Import Trade Control Order No. 17/55, 7 December 1955.

III. Statement showing the value of licences issued for the import of various categories of goods during the years 1955 and 1956.

1 The annexes are circulated in the English language only.
ANNEX I

Imports and Exports (Control) Act, 1947

AN ACT TO CONTINUE FOR A LIMITED PERIOD POWERS TO PROHIBIT OR CONTROL IMPORTS AND EXPORTS

Whereas it is expedient to continue for a limited period, powers to prohibit, restrict or otherwise control imports and exports.

It is hereby enacted as follows:--

1. Short title, extent, commencement and duration -

(1) This Act may be called the Imports and Export (Control) Act, 1947.

(2) It extends to the whole of India.

(3) It shall come into force on the twenty-fifth day of March 1947, and shall remain in force until the thirty-first day of March 1960.

2. Interpretation - In this Act,

(a) "Customs collectors" means a Customs collector as defined in the Sea Customs Act, 1878 (VIII of 1878), or Collectors of Land Customs appointed under the Land Customs Act, 1924 (XIX of 1924);

(b) "Import" and "Export" means respectively bringing into, and taking out of India by sea, land or air;

(c) "Officer of Customs" means an officer of Customs appointed under the Sea Customs Act, 1878, or a Land Customs Officer appointed under the Land Customs Act, 1924.

3. Powers to prohibit or restrict imports and exports -

(1) The Central Government may, by order published in the Official Gazette, make provisions for prohibiting, restricting or otherwise controlling, in all cases or in specified classes of cases, and subject to such exceptions if any, as may be made by or under the order:--

(a) the import, export, carriage coastwise or shipment as ships' stores of goods of any specified description,

(b) the bringing into any port or place in India of goods of any specified description intended to be taken out of India without being removed from the ship or conveyance in which they are being carried,
impose conditions on the clearance, whether for home consumption or for shipment abroad of any goods or class of goods imported into Provinces of India.

4. Continuance of existing orders -

All orders made under rule 84 of the Defence of India Rules or that rule as continued in force by the Emergency Provisions (Continuance) Ordinance, 1946 (Continuance of existing orders, XX of 1946), and in force immediately before the commencement of this Act shall so far as they are not inconsistent with the provisions of this Act, continue in force and be deemed to have been made under this Act.

4-A. Fees for Applications for, and issue or renewal of, licences -

The Central Government may by order levy, subject to such exceptions, if any, in respect of any person or class of persons as may be specified in the order, any fee in respect of any application or in respect of any licence granted or renewed under any order made or deemed to have been made under this Act.

5. Penalty -

If any person contravenes, or attempts to contravene, or abets a contravention of, any order made or deemed to have been made under this Act, he shall, without prejudice to any confiscation or penalty to which he may be liable under the provisions of the Sea Customs Act, 1878 (VIII of 1878), as applied by sub-section (2) of section 3, be punishable with imprisonment for a term which may extend to one year, or with fine, or with both.

6. Cognizance of offences -

No Court shall take cognizance of any offence punishable under section 5 except upon complaint in writing made by a Customs Collector or by an officer of Customs authorised in writing in this behalf by a Customs Collector, and no Court inferior to that of a Presidency Magistrate or a Magistrate of the first Class shall try any such offence.

7. No order made or deemed to have been made under this Act shall be called in question in any Court, and no suit, prosecution or other legal proceeding shall lie against any person for anything in good faith done or intended to be done under this Act or any order made or deemed to have been made thereunder.
ORDER

Import Trade Control

New Delhi, 7 December 1955

No. 17/55. In exercise of the powers conferred by sections 3 and 4A of the Imports and Exports (Control) Act, 1947 (XVIII of 1947), the Central Government hereby makes the following Order, namely:

Order

1. Short title and commencement

(1) This Order may be called the Imports (Control) Order, 1955.

(2) It shall come into force at once.

2. Definition

In this Order, unless the context otherwise requires:

(a) "Chief Controller of Imports and Exports" includes a Joint Chief Controller of Imports and Exports and a Deputy Chief Controller of Imports and Exports;

(b) "licensee" means a person to whom a licence or a customs clearance permit is granted under this Order;

(c) "licensing authority" means an authority competent to grant a licence or customs clearance permit under this Order;

(d) "Schedule" means a Schedule to this Order;

(e) "the Act" means the Imports and Exports (Control) Act, 1947 (XVIII of 1947).

The schedules annexed to this Order are not reproduced.
3. Restriction on import of certain goods

Save as otherwise provided in this Order, no person shall import any goods of the description specified in Schedule I, except under, and in accordance with, a licence or a customs clearance permit granted by the Central Government or by any officer specified in Schedule II.

4. Fees on applications for licences

(1) Every application for a licence shall be made to the appropriate licensing authority.

(2) A fee as indicated in Schedule III shall be paid in respect of every application in the manner provided in the said Schedule:

Provided that no fee shall be payable in respect of any application when made by:

(a) a State Government or any department or office thereof;
(b) any local authority for the import of goods required for its own consumption;
(c) any educational, charitable or missionary institution for the import of goods required for its own consumption;
(d) any passenger or traveller for the import of his private and personal baggage, accompanied or unaccompanied, in respect of which no remittance of foreign exchange is required to be made;
(e) an applicant for review of an order (i.e. first appeal) made on an application for a licence to the licensing authority who originally dealt with the case.

*The fee once received will not be refunded under any circumstances, except:

(i) where the fee has been deposited in excess of the prescribed scale;
(ii) where the fee has been deposited, but no application has been made;
(iii) where the fee has been deposited and the application has been made, but the item to which the application relates is placed on an Open General Licence on or after the date of application;
(iv) where the fee has been deposited in error, but the applicant is exempt from payment of licence fee;
(v) where the fee has been deposited and the application made, but the policy governing the issue of import licences has been changed subsequent to the date of application, thereby rendering the application ineligible for the grant of licence.

*Note: Fees paid in respect of Appeals made to the Chief Controller of Imports and Exports shall not be refunded under any circumstances.
5. **Conditions of licence**

(1) The licensing authority issuing a licence under this Order may issue the same subject to one or more of the conditions stated below:

(i) that the goods covered by the licence shall not be disposed of, except in the manner prescribed by the licensing authority, or otherwise dealt with without the written permission of the licensing authority or any person duly authorized by it;

(ii) that the goods covered by the licence on importation shall not be sold or distributed at a price exceeding that which may be specified in any directions attached to the licence;

(iii) that the applicant for a licence shall execute a bond for complying with the terms subject to which a licence may be granted.

(2) A licence granted under this Order may contain such other conditions, not inconsistent with the Act or this Order, as the licensing authority may deem fit.

(3) It shall be deemed to be a condition of every such licence, that:

(i) no person shall transfer and no person shall acquire by transfer any licence issued by the licensing authority except under and in accordance with the written permission of the authority which granted the licence or of any other person empowered in this behalf by such authority;

(ii) that the goods for the import of which a licence is granted shall be the property of the licensee at the time of clearance through Customs, unless the said licence is covered by a letter of authority issued by the licensing authority.

(4) The licensee shall comply with all conditions imposed or deemed to be imposed under this clause.

6. **Refusal of licence**

The Central Government or the Chief Controller of Imports and Exports may refuse to grant a licence or direct any other licensing authority not to grant a licence:

(a) if the application for the licence does not conform to any provision of this Order;

(b) if such application contains any false, or fraudulent or misleading statement;

(c) if the applicant uses in support of the application any document which is false or fabricated or which has been tampered with;
(d) if the applicant on any occasion has tampered with an import licence or has imported goods without a licence or has been a party to any corrupt or fraudulent practice in his commercial dealings;

(e) if the application for an import licence is defective and does not conform to the prescribed rules;

(f) if the applicant commits a breach of the Import Trade Control Regulations;

(g) if the applicant is not eligible for a licence in accordance with the Import Trade Control Regulations;

(h) if the licensing authority decides to canalize imports and the distribution thereof through special or specialized agencies or channels.

7. Amendment of licence

The licensing authority may, of its own motion or on application by the licensee, amend any licence granted under this Order in such manner as may be necessary to make such licence conform to the provisions of the Act or this Order or any other law for the time being in force or to rectify any errors or omissions in the licence:

Provided that the licensing authority may, on request by the licensee, amend the licence in any manner consonant with the Import Trade Control Regulations.

8. Power to suspend issue of licences or to debar a licensee from receiving licences

The Central Government or the Chief Controller of Imports and Exports may suspend the issue of licences to a licensee/importer or direct, without prejudice to any other action which may be taken in this behalf, that no licence shall be granted to him for a specified period under this Order to such a licensee:

(a) if the application for such licence is at any time found to be not in conformity with any provision of this Order;

(b) if such application is found to contain any false, fraudulent or misleading statement;

(c) if the licensee/importer is found to have used in support of the application any document which is false or fabricated or which has been tampered with;

(d) if the licensee/importer has on any occasion tampered with an import licence or has imported goods without a licence or has been a party to any corrupt or fraudulent practice in his commercial dealings;
(e) if the licensee/importer fails to comply with or contravenes any conditions embodied in, or accompanying, a licence or an application for a licence;

(f) if the licensing authority proposes to take action against the licensee for a breach of any of the conditions of the licence or of any law, rules or regulations relating to customs or the import and export of goods or of any law relating to the regulation of foreign exchange.

9. Cancellation of licences

The Central Government or any other officer authorized in this behalf may cancel any licence granted under this Order or otherwise render it ineffective:

(a) if the licence has been granted through inadvertence or mistake or has been obtained by fraud or misrepresentation;

(b) if the licence has been granted contrary to rules or the provisions of this Order;

(c) if the licensee has committed a breach of any of the conditions of a licence;

(d) if the licensee has committed a breach of any law relating to customs or the rules and regulations relating to the import or export of goods or of any law relating to the regulations of foreign exchange.

10. Applicant or licensee to be heard

No action shall be taken under clauses 7, 8 or 9, unless the licensee/importer has been given a reasonable opportunity of being heard.

11. Savings

Nothing in this Order shall apply to the import of any goods:

(a) by the Central Government for Defence purposes;

(b) by the Central Government through the agency of the Purchase organizations of the Ministry of Works, Housing and Supply, i.e. India Stores Department, London, and India Supply Mission, Washington;

(c) by the Central Government, any State Government or any statutory corporation or public body, orders in respect of which are placed through the Directorate General, Supply and Disposals, New Delhi;

(d) by transhipment to, or imported and bonded on arrival for re-export as ship stores or otherwise to any country outside India, except Nepal, Tibet, Bhutan and Portuguese possessions in India;
(e) which are in transit through India by post, or are redirected by post to a destination outside India, except Nepal, Tibet, Bhutan and Portuguese possessions in India, provided that such goods while in India are always in the custody of the postal authorities;

(f) for transmission across India by air to Afghanistan or by land, to any other country outside India, except Nepal, Tibet and Bhutan under claim for exemption from duty or for refund of duty either in whole or in part, provided that such goods are imported by or on behalf of the government of a country bordering on India or that the importer undertakes to produce within a specified period evidence that such goods have crossed the borders of India or in default to pay a penalty equal to the value (c.i.f.) of such goods and provided further that nothing herein contained entitles any goods to exemption from the Export Trade Control Regulations;

(g) by the person, either as passenger's baggage or through the post, for his private and personal use, except post parcels of vegetable seeds falling under Serial No. 36 of Part IV of Schedule I, exceeding three pounds in weight and quinine falling under Serial No. 114 of Part IV of Schedule I exceeding 500 tablets or 1 lb. powder or 100 ampoules when imported as passenger's baggage;

(h) covered by an Open General Licence issued by the Central Government;

(i) covered by an executive instruction issued by the Chief Controller of Imports and Exports to the Customs authorities;

(j) by or on behalf of Diplomatic personnel, Consular Officers in India and Officers of the United Nations Organizations who are exempt from payment of Customs duty, under item Nos. 46-50 of Notification No. 33-Cus., dated 22 June 1935, of the Government of India in the late Finance Department (Rev. Division);

(k) from any country except Portuguese possessions in India, which are exempt from Customs duty on reimportation under Section 25 of the Sea Customs Act 1878 (VIII of 1878) or under item Nos. 53-65 of Notification No. 33-Cus., dated 22 June 1935, of the Government of India in the late Department of Finance (Central Revenues) as subsequently amended;

Provided that nothing in these exceptions shall prejudice the application to any goods of any other prohibition or regulation affecting the import of goods that may be in force at the time such goods are imported.

12. Repeals

The Orders contained in the notifications specified in Schedule IV are hereby repealed:

Provided that anything done or any action taken, including any appointment made or licence issued under any of the aforesaid Orders, shall be deemed to have been done or taken under the corresponding provision of this Order.
### ANNEX III

Statement showing the value of licences issued for the import of various categories of goods during the years 1955 and 1956

<table>
<thead>
<tr>
<th>Serial No. of the I.T.C. Schedule (1)</th>
<th>Description of goods</th>
<th>1955</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>17/I</td>
<td>Iron and Steel Pipes, Tubes and Fittings thereof, etc.</td>
<td>50</td>
<td>42</td>
</tr>
<tr>
<td>22/I</td>
<td>Iron and Steel bolts, nuts, sets, screws, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36/I</td>
<td>Iron and Steel wire chain link fencing, wire staples, etc.</td>
<td>35</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>5,41</td>
<td>5,11</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL OF PART I</strong></td>
<td>6,71</td>
<td>6,45</td>
</tr>
<tr>
<td>19/II</td>
<td>Ball bearings and Rollers</td>
<td>84</td>
<td>1,32</td>
</tr>
<tr>
<td>29/II</td>
<td>Power Driven Road Rollers and Tractors and component parts thereof</td>
<td>1,13</td>
<td>1,13</td>
</tr>
<tr>
<td>30/II</td>
<td>Diesel Engines and component parts thereof</td>
<td>10,34</td>
<td>6,92</td>
</tr>
<tr>
<td>32/II</td>
<td>Motors and Generators and Component parts thereof</td>
<td>2,01</td>
<td>5,44</td>
</tr>
<tr>
<td>33-A/II</td>
<td>Industrial Exhaust Fans and Blowers</td>
<td>48</td>
<td>1,24</td>
</tr>
<tr>
<td>36/II</td>
<td>Machinery required for Jute, Hemp, Tea, Iron, Steel and Electric Industries, Mines and Quarries etc.</td>
<td>5,10</td>
<td>3,12</td>
</tr>
<tr>
<td>37/II</td>
<td>Textile Machinery required for Jute and Hemp industries</td>
<td>1,15</td>
<td>57</td>
</tr>
<tr>
<td>38-A/II</td>
<td>Electric lighting bulbs, excluding electric bulbs for torches</td>
<td>1,05</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>26,46</td>
<td>29,05</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL OF PART II</strong></td>
<td>48,56</td>
<td>49,67</td>
</tr>
</tbody>
</table>

(value in Lakhs of Rs.)

(1 Lakh = 100,000)
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/III</td>
<td>Cotton Raw</td>
<td>68.82</td>
<td>74.25</td>
</tr>
<tr>
<td>4 and 5/III</td>
<td>Machinery required for Textile Industry</td>
<td>4.73</td>
<td>5.46</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>16.53</td>
<td>17.08</td>
</tr>
<tr>
<td></td>
<td>TOTAL OF PART III</td>
<td>90.08</td>
<td>96.79</td>
</tr>
<tr>
<td>27/IV</td>
<td>Cloves all sorts whether ground or unground</td>
<td>1.96</td>
<td>2.27</td>
</tr>
<tr>
<td>30/IV</td>
<td>Betel nuts</td>
<td>7.15</td>
<td>6.16</td>
</tr>
<tr>
<td>82-84/IV</td>
<td>Ale, Beer, Porter, Cider and other fermented liquors</td>
<td>1.20</td>
<td>1.19</td>
</tr>
<tr>
<td>87 and 109/IV</td>
<td>Drugs and Medicines</td>
<td>16.36</td>
<td>17.19</td>
</tr>
<tr>
<td>117/IV</td>
<td>Cinematograph films, exposed</td>
<td>42</td>
<td>1.28</td>
</tr>
<tr>
<td>124/IV</td>
<td>Lead Pencils</td>
<td>48</td>
<td>47</td>
</tr>
<tr>
<td>156/IV</td>
<td>Writing paper, other than writing pads and envelopes</td>
<td>1.34</td>
<td>1.57</td>
</tr>
<tr>
<td>157 and 158/IV</td>
<td>Printing paper all sort n.o.s.</td>
<td>1.50</td>
<td>1.64</td>
</tr>
<tr>
<td>159/IV</td>
<td>Paper other sorts</td>
<td>94</td>
<td>93</td>
</tr>
<tr>
<td>160/IV</td>
<td>Packing and wrapping paper</td>
<td>2.49</td>
<td>2.85</td>
</tr>
<tr>
<td>167/IV</td>
<td>Fountain pens and parts thereof</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>168/IV</td>
<td>Stationery, etc., as specified in the I.T.C. Schedule</td>
<td>1.01</td>
<td>1.11</td>
</tr>
<tr>
<td>177/IV</td>
<td>Artificial Silk yarn and thread</td>
<td>15.52</td>
<td>17.90</td>
</tr>
<tr>
<td>178/IV</td>
<td>Hand knitting wool</td>
<td>44</td>
<td>50</td>
</tr>
<tr>
<td>180/IV</td>
<td>Cotton Twist and Yarn</td>
<td>2.93</td>
<td>3.74</td>
</tr>
<tr>
<td>186, 187, 191 and 192/IV</td>
<td>Woolen Fabrics as specified in the I.T.C. Schedule containing less or more than 90% of wool</td>
<td>1.66</td>
<td>1.34</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>188/IV</td>
<td>Cotton fabrics containing more than 90% Cotton</td>
<td>4,84</td>
<td>3,51</td>
</tr>
<tr>
<td>195/IV</td>
<td>Sateen including Italian Sateen weave, etc.</td>
<td>2,59</td>
<td>1,66</td>
</tr>
<tr>
<td>244/IV</td>
<td>Sheet and Plate glass</td>
<td>1,16</td>
<td>1,02</td>
</tr>
<tr>
<td>275/IV</td>
<td>Hardware, ironmongery and tools all sorts excluding machine tools and agricultural implements</td>
<td>3,18</td>
<td>3,07</td>
</tr>
<tr>
<td>277/IV</td>
<td>Safety Razor Blades</td>
<td>65</td>
<td>66</td>
</tr>
<tr>
<td>284/IV</td>
<td>Domestic Refrigerators</td>
<td>63</td>
<td>58</td>
</tr>
<tr>
<td>286/IV</td>
<td>Typewriters and parts thereof</td>
<td>1,46</td>
<td>1,11</td>
</tr>
<tr>
<td>287 and 288/IV</td>
<td>Domestic Sewing machines and part thereof</td>
<td>97</td>
<td>82</td>
</tr>
<tr>
<td>289 and 290/IV</td>
<td>Wireless instruments and apparatus and parts thereof</td>
<td>83</td>
<td>93</td>
</tr>
<tr>
<td>291, 292 and 296/IV</td>
<td>Motor cars and motor lorries complete</td>
<td>29,07</td>
<td>27,73</td>
</tr>
<tr>
<td>293, 295, 297/IV</td>
<td>Motor car accessories, other than rubber tyres, tubes and iron and steel bolts and nuts for cars</td>
<td>17,22</td>
<td>20,64</td>
</tr>
<tr>
<td>300/IV</td>
<td>Cycles imported entire or in sections</td>
<td>1,49</td>
<td>1,96</td>
</tr>
<tr>
<td>301/IV</td>
<td>Cycle parts</td>
<td>98</td>
<td>1,05</td>
</tr>
<tr>
<td>303/IV</td>
<td>Photographic negatives and printing paper.</td>
<td>1,47</td>
<td>1,41</td>
</tr>
<tr>
<td>305/IV</td>
<td>Photographic instruments other than cinema all sorts</td>
<td>1,54</td>
<td>1,25</td>
</tr>
<tr>
<td>308/IV</td>
<td>Clocks and Watches and parts thereof</td>
<td>13,72</td>
<td>4,77</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>83,26</td>
<td>67,92</td>
</tr>
<tr>
<td>TOTAL OF PART IV</td>
<td></td>
<td>2,20,75</td>
<td>2,00,57</td>
</tr>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>----------</td>
<td>------------------------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>8, 17,</td>
<td>Lubricating and mineral oil and greases all sorts</td>
<td>16,75</td>
<td>17,77</td>
</tr>
<tr>
<td>20/V</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22-31/V</td>
<td>Chemicals as specified in the I.T.C. Schedule</td>
<td>6,24</td>
<td>10,35</td>
</tr>
<tr>
<td>26/V</td>
<td>Soda Ash</td>
<td>1,30</td>
<td>2,42</td>
</tr>
<tr>
<td>34-37/V</td>
<td>Paints, colours and painters materials all sorts</td>
<td>1,27</td>
<td>1,73</td>
</tr>
<tr>
<td>40/V</td>
<td>Manures all sorts</td>
<td>71</td>
<td>65</td>
</tr>
<tr>
<td>41/V</td>
<td>Rubber Tyres and Tubes etc.</td>
<td>51</td>
<td>3,08</td>
</tr>
<tr>
<td>44/V</td>
<td>Newsprint other than coloured</td>
<td>7,33</td>
<td>6,35</td>
</tr>
<tr>
<td>48/V</td>
<td>Woollen yarn N.O.S.</td>
<td>57</td>
<td>89</td>
</tr>
<tr>
<td>65/V</td>
<td>Machinery as specified in the I.T.C. Schedule</td>
<td>15,94</td>
<td>18,41</td>
</tr>
<tr>
<td>67/V</td>
<td>Printing and lithographic material</td>
<td>34</td>
<td>1,02</td>
</tr>
<tr>
<td>70/V</td>
<td>Lifts all types and component parts thereof</td>
<td>33</td>
<td>22</td>
</tr>
<tr>
<td>74/V</td>
<td>Agricultural implements</td>
<td>12,72</td>
<td>7,95</td>
</tr>
<tr>
<td>78/V</td>
<td>Electric instruments etc.</td>
<td>1,49</td>
<td>2,11</td>
</tr>
<tr>
<td>82/V</td>
<td>Instruments</td>
<td>1,80</td>
<td>1,97</td>
</tr>
<tr>
<td>93-94/V</td>
<td>Optical, Scientific, Philosophical and Surgical instruments etc.</td>
<td>2,22</td>
<td>2,54</td>
</tr>
<tr>
<td>101-D/V.</td>
<td>Cellulose nitrate sheets, rods and tubes</td>
<td>45</td>
<td>52</td>
</tr>
<tr>
<td>113-A/V.</td>
<td>Polyvinyl chloride plastic sheets (unsupported)</td>
<td>39</td>
<td>31</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>35,10</td>
<td>42,69</td>
</tr>
</tbody>
</table>

**TOTAL OF PART V**

| 1,05,56 | 1,21,08 |

**TOTAL OF PART I to V**

<p>| 4,71,66 | 4,74,56 |</p>
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Goods</td>
<td>88,57</td>
<td>3,27,27</td>
<td></td>
</tr>
<tr>
<td>Heavy Electrical Plant</td>
<td>16,88</td>
<td>35,75</td>
<td></td>
</tr>
<tr>
<td>Railway Contracts</td>
<td>12,18</td>
<td>21,96</td>
<td></td>
</tr>
<tr>
<td>Directorate General Supply</td>
<td>9,95</td>
<td>12,16</td>
<td></td>
</tr>
<tr>
<td>and Disposals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Materials for assisted</td>
<td>49,13</td>
<td>62,59</td>
<td></td>
</tr>
<tr>
<td>industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**TOTAL OF CAPITAL GOODS?</td>
<td>1,76,11</td>
<td>4,59,73</td>
<td></td>
</tr>
<tr>
<td>HEAVY ELECTRICAL PLANT, ETC.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**GRAND TOTAL (INCLUDING</td>
<td>6,47,77</td>
<td>9,34,29</td>
<td></td>
</tr>
<tr>
<td>CAPITAL GOODS, HEAVY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ELECTRICAL PLANT, ETC.)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>