

SECTION A

General information

A1 Identity and contact details

1. Please complete the table below, ensuring that the point of contact given has the authority to provide this information:

Government dept./ body/ organisation:	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]
Name (point of contact):	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]
Position:	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]
Address:	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]
Telephone No:	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]
Email:	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]
Website:	[REDACTED-COMMERCIALY SENSITIVE INFORMATION]

A2 About the sector

1. Please provide a description of the sector producing the Goods Subject to Review/Like Goods and the relevant upstream industries, including the main inputs industries. Please detail any changes over the past 5 years such as entry to or exit from the sectors and mergers or acquisitions.

Response of GOI:

Goods subject i.e., steel bars and rods are long steel products obtained normally by hot rolling/forging of billets/blooms. They include Rounds, Flats (flat bars), Squares, Hexagons, Octagons etc. which find direct use in a wide variety of products in Engineering & Agricultural, House hold, Furniture sector etc. with/without further processing.

Steel is a deregulated sector, and the role of the Government is that of a facilitator. Mergers and acquisitions, and other commercial decisions are market driven which are taken by the steel companies based on techno-commercial considerations.

2. Please describe the main distribution channels in the Goods Subject to Review and/or Like Goods and the degree of any upstream or downstream vertical integration.

Response of GOI:

The Steel Industry was de-licensed and de-controlled in 1991 and 1992 respectively and the steel is deregulated sector, the distribution channels and the upstream and downstream vertical integration are decided by the manufacturing companies by their own commercial/business interests. Inputs on the same may be obtained from the relevant respondents and in case the TRA has a specific query the GOI shall cross verify the same.

3. Please describe any forms of government involvement with either domestic producers of Goods Subject to Review/Like Goods or upstream raw materials suppliers.

Response of GOI:

As stated above, Steel is a deregulated, liberalized economic sector, GOI's role is only as a facilitator which lays down the policy guidelines and establishes the institutional mechanism/structure for creating conducive environment for improving efficiency and performance of the steel sector. Hence, there is no government involvement with either domestic producers of Good subject to Review/Like Goods or upstream raw material suppliers.

4. Please specify any changes to laws or government regulations that have affected the sector for Goods Subject to Review/Like Goods since 1 April 2021.

Response of GOI:

As per the amendment to the First Schedule to the Customs tariff Act 1975 as effective from 22.05.2022 rates of import duty on some items have been reduced to 2.5%. Additionally, as per notification No.28/2022-Customs dated 21.05.2022 issued by Govt of India, Ministry of Finance, Department of revenue an export duty of 15% has been imposed on the products with HS Code No.7222 w.e.f. 22.05.2022.

5. Please describe the ownership structure of your domestic industry that produces the Goods Subject to Review/Like Goods. In your response, indicate what share of the industry is represented by state-invested enterprises (SIEs), state-owned enterprises (SOEs), foreign-invested enterprises (FIEs) and domestically-owned private enterprises.

Response of GOI:

Relevant functional body of GOI namely Ministry of Steel doesn't maintain any such data. Moreover, Steel is a completely deregulated sector in India.

6. Please complete Annex 1, A2 – Domestic manufacturers & traders listing all domestic manufacturers and traders of the Goods Subject to Review operating in the Period of Investigation. Where the government is represented in the company or is a shareholder in it, please:
- provide a description and diagram of the organisational structure covering all subsidiaries and associated companies; and
 - Attach copies of the last two annual reports.

Response of GOI:

Relevant functional body of GOI namely Steel is a completely deregulated sector. Company-wise Annual Reports are not maintained by Ministry of Steel.

7. Please complete Annex 1, A2 – Domestic upstream suppliers listing all domestic upstream suppliers of main upstream inputs related to the production of the Good Subject to Review in the Period of Investigation. Where the government is represented in the company or is a shareholder in it, please:
- provide a description and diagram of the organisational structure covering all subsidiaries and associated companies; and
 - Attach copies of the last two annual reports.

Response of GOI:

Steel is a deregulated, liberalized economic sector, GOI's role is only as a facilitator which lays down the policy guidelines and establishes the institutional mechanism/structure for creating conducive environment for improving efficiency and performance of the steel sector. Hence, there is no government involvement with either domestic producers of Good subject to Review/Like Goods or upstream raw material suppliers. Further, TRA is requested to obtain the information regarding Domestic upstream suppliers listing all domestic upstream suppliers of main upstream inputs related to the production of the Good Subject to Review from the mandatory respondents and if TRA has any query, GOI cross-verify the same.

8. Please use the table below to provide details of any industry associations that represent producers of the Goods Subject to Review/Like Goods (both national and regional).

Name of industry association	Level of representation (e.g. national)	Address	Website	Contact details (email/telephone no.)

Response of GOI:

There is no specific industry association for the Goods Subject to review. However, a non-exhaustive list of Steel Industry Associations that represent the Steel Sector in India is attached at **Annexure-I**.

SECTION B

Government involvement in the sector producing stainless steel bars and rods

B1 Roles and responsibilities of government

1. Involvement in policy, economic regulation and decision-making activities related to the production of Goods Subject to Review/Like Goods and main inputs.

Response of GOI:

The GOI has deregulated the steel sector and this sector was de-licensed and de-controlled in 1991 and 1992, respectively. Government of India, Ministry of Steel is not involved in any policy related to product of Goods subject to review. However, Ministry of Steel is only a facilitator of this industry, which lays down the policy guidelines and establishes the institutional mechanism/structure for creating conducive environment for improving efficiency and performance of the steel sector. In this role, the Government has released the National Steel Policy 2017 provided at **Annexure-II**. There is no specific policy for the product level.

2. Involvement in the manufacture, sale, purchase or acquisition of Goods Subject to Review/Like Goods and the main input used in their production.

Response of GOI:

Steel is a deregulated sector and the role of the Ministry is that of a facilitator. Hence there is no involvement of GOI in the manufacturing, sale, purchase or acquisition of Goods Subject to review/like Goods and the main input used in their production. The decisions regarding the increase of the installed capacity of steel and its utilization is taken by individual company (both private and public sector) based on techno-commercial considerations.

3. The general supervision of the sector for Goods Subject to Review/Like Goods, with reference to the management and administration of any SIEs or SOEs that operate within it.

Response of GOI:

Since the steel is deregulated sector, there is no supervision by the GOI in any sector of steel Industry or Goods subjected to review. However, as responded Q. No. 9 below, GOI ensure the quality of Steel and there are 145 Indian Standards for steel have been brought under quality control orders issued by the Government. This will help in keeping away the production of inferior quality of steel in the country.

4. Any requirements affecting market entry for production of Goods Subject to Review and the main input materials, including any environmental regulations affecting either sector.

Response of GOI:

There are no specific requirements affecting market entry of production of Goods Subject to Review and the main input material, including any environmental regulations affecting either sector. However, GOI has notified the general environment management in Iron and Steel sector the same are as follows:

Environment Management in Iron & Steel sector:

- Iron & steel industry in India are covered under the Environment Protection Act (EPA) as well as Environment Protection Rules & Regulations enacted & published by Ministry of Environment & Forest (MoEF&CC).
- At the beginning, the entrepreneurs are required to obtain **statutory clearances from the Union/State Governments required under the EPA for setting up of any new iron & steel plants or its substantial expansion.**
- Further, the steel companies are required to install specified pollution control equipment's/facilities and also operate well within the prescribed Standards/Norms in respect of air, water and noise pollutions as also solid waste generation & utilization. **These are monitored by Central/State Pollution Control Boards. The Indian Ministry of Steel helps & facilitates formulation/amendment of Norms and standards.**

5. The integration of producers of Goods Subject to Review/Like Goods and main input materials.

Response of GOI:

The steel is a deregulated sector, there is no role of GOI/Ministry of Steel in the integration of producers of Goods Subject to review and the main input materials. The steel manufacturing companies are taking their own decision based on the availability of input materials, domestic as well as international demand of the steel, domestic and international prices of input material and finished products. The Steel producers are free to source their inputs materials and they were free to source the input material domestically or import from any other country.

6. The provision of industrial policy and guidance related to the Goods Subject to Review and/or the main input material sectors.

Response of GOI:

There is no specific provisions of industrial policy and guidance related to Goods Subject to Review. A copy of the general policy for Steel Sector has been annexed in response to previous questions.

7. Any regulation of land-use affecting production of Goods Subject to Review and/or main upstream material input.

Response of GOI:

There is no specific regulation of Land-use affecting production of Goods Subject to Review. The general guidelines to establishing the Steel Plant and their environment management policy is already provided in response to question 1 above.

8. Any banking or financial regulations relating to production of Goods Subject to Review and/or main upstream material input.

Response of GOI:

It is to submit that there are no banking/ financial regulations which are specific to the goods under review. The banking sector in India is free to take their commercial decisions and there is no involvement of GOI in the decision making of any Public Sector banks as well as the Private Banks.

9. The inspection and investigation of facilities that produce Goods Subject to Review, e.g. health and safety compliance, environmental standards and quality assurance.

Response of GOI:

There is no specific policy for the health and safety compliance, environment standards and quality assurance for the subject goods. However, Ministry of Labour and Employment had declared the National Policy on Safety, Health and Environment at Workplace (NPSHEW) on 20th February, 2009. The purpose of this National Policy is to establish a preventive safety and health culture in the country through elimination of the incidents of work-related injuries, diseases, fatalities, disasters and to enhance the well-being of employees in all the sectors of economic activity in the country.

There are four main legislations that cover Occupational Safety & Working Conditions Management at workplace are:

- (i) **The Factories Act, 1948**, covering factories wherein the enforcement of safety at workplace is by the Chief Inspector of Factories in the respective states,
- (ii) **The Mines Act, 1952 and Mines Rules, 1955** for mining industry where the enforcement is by the Directorate General of Mines Safety (DGMS) under Ministry of Labour & Employment , Government of India,
- (iii) **The Dock Workers (Safety, Health and Welfare) Act, 1986** followed by notification of the Dock Workers (Safety, Health and Welfare) Regulations, 1990 dealing with the major ports of India and the enforcement is by the Directorate General of Factory Advice Service & Labour Institutes (DGFASLI), under Ministry of Labour & Employment , Government of India, and
- (iv) **The Building & Other Construction Workers (Regulations of Employment and Conditions of Service) Act, 1996** , covering construction workers at construction sites wherein the enforcement is by the Directorate General Labour Welfare in the central sphere and by the Labour Commissioners/Factory Inspectorates in the States/UTs.

Environmental Standards:

The details for the environmental standards are already provided with the Q. NO. 1, above.

Quality Assurance:

Following Testing methods can be used to check or ensure quality assurance:

Metallurgical Testing for Steel: Metallurgical testing in steel quality checklist is the process of testing the steel by subjecting the material to mechanical, thermal, or chemical actions in order to evaluate its properties. The goal of metallurgical testing is to gain knowledge about the steel's composition and structure to predict its behaviour under various conditions. A section of the sample is firstly polished and then examined and different characteristics are produced through mixing the steel with other substances and later analysed under a microscope.

Hardness Value Testing for Steel: Hardness tests are a common method used in steel quality control to evaluate the hardness of steel. The hardness value test helps to compare between the materials or treatments. These tests are usually performed by impressing a test specimen, which is resting on a rigid platform under a static load.

Test the Hardenability on Steel: The hardenability test determines the depth and distribution of hardness induced by quenching. A long sample of the steel is heated uniformly to the correct temperature before the sample is removed from the furnace and placed on a fixture where water contacts the bottom face of the sample. After 10 minutes, the sample is removed and the results should show a curve of hardness versus the distance from the quenched end.

Tension Test on Steel: Test for tension is a method used to measure the amount of tension, yield strength, and ductility in the steel. A tension test runs at a constant load and temperature. The strength of the material is tested to ensure its ability to withstand external forces without breaking. By pulling on something, you can quickly determine how the material will react to forces being applied in tension.

Wear Resistance Test on Steel: Wear resistance is a complex test and usually applied to specific equipment designed to simulate actual service conditions. Various types of environmental testing are carried out to witness how the material reacts to actual conditions.

Corrosion Test on Steel: Corrosion tests involve the destruction of a material by chemical, electrochemical or metallurgical interaction between the environment and material. Various types of environmental exposure tastings are done to simulate actual use conditions.

Source:(<https://steel.gov.in/sites/default/files/Framework%20Document%20for%20Safety%20Guidelines.pdf>)

10. The issuing of import licenses and certificates for raw materials used in the production of Goods Subject to Review.

Response of GOI:

The import licenses and certificates are required for the import of restricted items notified by the Directorate General of Foreign Trade and no items of steel is under this category. Hence, there is no requirement of import license for the raw materials of Good Subject to Review.

11. The implementation of export controls, including the issuing of export licensing relating to Goods Subject to Review/Like Goods and the main upstream material input.

Response of GOI:

The Indian Trade Clarification (ITC) which is based on the Harmonized System of Nomenclature (HSN) of coding, classifies goods in India for the purpose of import and export. The eight-digit code used by Indian customs is also based on ITC-HS. For the export of any goods classified as 'restricted goods' in this ITC-HS list, an Export License is required.

The Foreign Trade Policy (FTP) considers all goods as freely exportable except those that are restricted or prohibited. In the case of prohibited goods, an Export License is not given, while restricted goods can be exported by businesses granted an Export License.

Schedule II of the ITC-HS code provides the rules and regulations related to export policies. The 97 chapters of the Export Policy Schedule II of the ITC-HS code provide detailed guidelines related to the export of various products. The Directorate General of Foreign Trade (**DGFT**) is the governing body that brings about amendments to these guidelines.

While most products are not subject to an export duty, there are a few exceptions, such as coffee, tea, black pepper, sugar, iron ore and its concentrates, raw cotton, raw wool, specific jute items, and certain goods of iron or steel (tubes and pipes, bars and rods).

Role of Government Authorities in handling the controls:

Levy and collection of customs duties, Integrated Goods and Service Tax and surcharge is undertaken by the customs officers appointed under the provisions of the Customs Act 1962. Documentation requirements necessary for the import and export of goods are also regulated under the Customs Act 1962 and rules framed thereunder and are verified by the customs officers at the port of import or export.

It should be noted that requirements pertaining to import licences, conditions on import or export, notification of restricted goods or prohibited goods for import and export etc. are all regulated by the DGFT under the provisions of the Foreign Trade (Development and Regulation) Act read together with the Foreign Trade Policy 2015-2020.

Thus, controls with respect to documentation pertaining to import or export are regulated by Customs, while controls in relation to licensing and corresponding related documents are regulated by the DGFT.

Penalties:

The possible penalties include seizure and confiscation of goods, penalties on the exporter, and suspension or cancellation of the export licence.

12. The imposition and supervision of taxation, including export taxes, export tax rebates and value added tax (including any rebates) in relation to Goods Subject to Review and main upstream material input.

Response of GOI:

Exports of goods including subject items will be treated as zero rated supplies. The exporter has the option either to export under bond/Letter of Undertaking without payment of tax and claim refund of ITC or pay IGST by utilizing ITC or in cash at the time of export and claim refund of IGST paid. However, the exporter has to pay export duty as applicable. B. IGST is leviable on imports in addition to other duties of customs. Full set-off will be available as ITC of the IGST paid on import on goods. However, the importer has paid import duty it will not be adjusted as ITC. There are 18% GST on subject items which is allowed to zero rated in the case of export.

The Custom Notification in regard to above amendment is provided at **Annexure-III**

B2 Laws and regulations

1. Please list and provide a copy of any laws, regulations, directives or guidelines specific to the regulation of the price of the Goods Subject to Review/Like Goods and the main input used to produce them. In your answer, please specify the relevant government authorities responsible for each law or regulation.

Response of GOI:

Ministry of Steel, Government of India does not regulate the steel prices in India. The Steel prices in India are determined by the interplay of market forces, conditions in the market, and international price trends among others.

Steel cost depends on various factors such as the cost of raw materials, shipping cost, market maturity, energy prices, demand and supply. Therefore, all the factors that affect the quality of steel also add to the pricing. The availability and price of the raw materials are one of the primary factors.

2. Please list and provide a copy of any laws, regulations, directives or guidelines specific to investment in projects related to the Goods Subject to Review/Like Goods and main input used in their production. In your answer, please specify the relevant government authorities responsible for each law or regulation.

Response of GOI:

Steel is a deregulated sector. Investment companies have to obtain statutory licenses like pollution apart from land, power etc. from designated authorities.

B3 Taxes and tariffs

1. Please provide a schedule for the last 5 calendar years showing the corporate tax rates applicable to producers of both the Goods Subject to Review/Like Goods and main inputs. Please explain any differences in taxation rates between and whether these differences are due to government policies.

Response of GOI:

Under the Income-Tax Act, 1961 (the Act) different tax rates are applicable to different person e.g. individuals, companies, firm, co-operative societies etc., however there is no discrimination in tax rates applicable to different goods and services.

Tax rates applicable to companies in India**Table 1****(i) Companies Opting Concessional Taxation Regimes**

S. no	Section	Applicable to	Effective from	Applicable tax rate	Surcharge	Cess
1.	115BAA	Domestic companies opting for concessional taxation under section 115BAA of the Income- tax Act which do not avail to any specified incentives or deductions	FY 2019-20	22%	10%	4%
2.	115BAB	New manufacturing companies set up on or after 1.10.2019 and which commence manufacturing or production by 31.03.2024 and do not avail any incentive or deductions	FY 2019-20	15%	10%	4%
3.	115BA	Manufacturing companies set up on or after 01.03.2016 that have not opted for section 115BAA or section 115BAB and do not avail any incentive or deductions.	FY 2016-17	25%	Applicable surcharge and cess as per table 3	

(ii) Companies not opting for concessional taxation regime in (i)**Table 2:**

FY	Turnover	Tax Rate
----	----------	----------

2014-15	0-5 crore	29%
	>5 crores	30%
2015-16	0-50 crore	25%
	>50 crore	30%
2016-17	0-250 crore	25%
	>250 crore	30%
2017-18	0-400 crore	25%
	>400 crores	30%
2018-19	0-400 crore	25%
	>400 crore	30%
2019-20	0-400 crore	25%
	>400 crore	30%
2020-21	0-400 crore	25%
	>400 crore	30%

(iii) A comparison of the surcharge rates applicable to domestic companies not opting for concessional taxation under section 115BAA or section 115BAB of the Act between FY 2014-15 and FY 2021-22 has been tabulated below

Table 3

Total Income	Surcharge			Cess		
	FY 2014-15	FY 2015-16	FY 2021-22	FY 2014-15	FY 2018-19	FY 2021-22
>Rs 1 crore but <= Rs 10 crore	5%	7%	7%	3%	4%	4%
>Rs 10 crore	10%	12%	12%	3%	4%	4%

2. In relation to the question above, please indicate and provide details of any industry-specific tax exemptions or tax rebates.

Response of GOI:

It may be noted that under the Income-tax Act, 1961 (the Act) certain provision provided tax incentives to certain businesses engaged in certain specific sectors or that were located in certain

geographical areas. Some of the provisions which extended such tax holiday have been summarized below:

- (i) Section 80-IA - Under section 80-IA of the Act 100per cent profit linked deduction was provided to an assessee engaged in the business of development, operation or maintenance of an infrastructure facility, generation, transmission or distribution of power, telecommunication services, industrial park or a special economic zone, reconstruction of a power unit subject to certain conditions for a period of ten consecutive assessment years subject to certain conditions;
- (ii) Section 80-IB – Under Section 80-IB of Act profit linked deduction as specified in the said section was provided to an assessee having profits and gains from certain industrial undertaking other than infrastructure development undertaking subject to certain conditions’
- (iii) Section 80-IAB – Under section 80-IAB of the Act 100 per cent profit linked deduction was provided to an assessee having profits and gains from an undertaking or enterprise engaged in development of special economic zones subject to certain conditions;

With regard to the above it may be noted that in line with the stated policy of the Government to phase out exemptions/ deductions along with the reduction in corporate tax rate, the Finance Act, 2016 rationalized the deduction / exemption under the Act by providing a sunset date for all the existing profit linked deductions allowed to certain industries or sectors under the various provisions of the Act. Accordingly, almost all of the sectors specific profit linked deductions, including the provisions mentioned above, have been grandfathered.

3. Please detail the tariff rates and/or quotas applying to imports and exports of the Goods Subject to Review and/or main inputs during the past 5 calendar years.

Response of GOI:

For tariff rates, please refer to response to Q-12 of Section B-2 above and there is no such restriction regarding quotas for goods subject to review.

4. Please provide a schedule for value added tax (VAT) or equivalent export rebates applicable to exports of the Goods Subject to Review/inputs and/or main inputs for the last 5 calendar years.

Response of GOI:

In general, India provides exemption to an exported product from indirect duties/taxes imposed on a like product when domestically consumed in India. Further, the remission of duties or taxes is not in excess of those which have accrued on the product. This practice is in accordance with

the provisions of Article XVI of GATT 1994 (Note to Article XVI) and the provisions of Annexes I through III of Agreement on Subsidies and Countervailing Measures (ASCM). Such exemption or remission of indirect duties/taxes cannot be considered as subsidy.

Further, India is not extending any 'end use tax exemptions' (related to Customs duty on import or GST on domestic supply) to inputs based on the condition that such inputs should be used in manufacturing only stainless-steel bars and rods. Therefore, in the instant case, India is not extending any specific tax exemption within the meaning of Article 2 of WTO Agreement on Subsidies and Countervailing Measures (ASCM).

In fact, with effect from 22.05.2022, India has imposed export duty of 15% on stainless-steel bars and rods (falling under CTH 7222) to increase their domestic availability. Also, after imposition of this export duty, Indian exporters are not eligible to take refund of indirect duties/taxes borne by the stainless-steel bars and rods that are exported.

A schedule of GST rates of goods subject to review and main inputs for the last 5 calendar years are attached. Inputs from CBDT with respect to corporate tax rates are also attached.

CTH	Description of Goods	GST Rates				
		2017-18	2018-19	2019-20	2020-21	2021-22
7222	Stainless Steel Bars and rods	18%	18%	18%	18%	18%
7204	Non-Alloy Steel Melting Scrap	18%	18%	18%	18%	18%
7202	Ferro Nickel	18%	18%	18%	18%	18%
7501	Nickel Oxide Sinter	18%	18%	18%	18%	18%
7502	Unwrought Nickel	18%	18%	18%	18%	18%
7202	Charge/High Carbon Ferro Chrome	18%	18%	18%	18%	18%
7202	Low Carbon (Carbon containing (0.1% maximum) Ferro Chrome	18%	18%	18%	18%	18%
2521	Low Silica Lime Stone	5%	5%	5%	5%	5%
7204	Stainless Steel Melting Scrap (Ni- 6% Minimum, Cr-16% Minimum)	18%	18%	18%	18%	18%

- If any export quotas have applied to the Goods Subject to Review/Like Goods and/or main inputs during the last 5 calendar years, please specify the relevant government authorities responsible for setting and monitoring the quotas.

Response of GOI:

There is no such restriction for goods subject to review.

B4 Financial assistance

1. Please provide details of any financial assistance provided, in the last 5 calendar years, by the government of India for production of the Goods Subject to Review/ Like Goods or main inputs.

Response of GOI:

No financial assistance has been provided by Ministry of Steel as indicated in the above question

2. Please provide details of any government involvement in the issuance of debt and/or equity instruments to any company involved in the production of the Goods Subject to Review/Like Goods and/or the main inputs industry in the last 5 calendar years. In each case, please provide:
 - name and address of each relevant company;
 - reasoning for the form of financial instrument(s) used;
 - the number and value of shares or bonds;
 - the period of investments; and
 - the rate of return(s) and/or expected yields.

Response of GOI:

Steel is a deregulated sector. Ministry of Steel has not been involved in any such exercise

3. If any of the instruments identified in the question above are listed in any securities exchange in India or abroad, please identify:
 - the name of the securities exchange; and
 - Any known trading restrictions by the company and/or the securities exchange.

Response of GOI:

Please refer to reply to question 2 above. However, the details of security exchanges and trading restrictions, TRA is requested to rely on the response submitted by the mandatory respondents and if, TRA has any query, GOI will cross-verify the same.

4. Please indicate and specify the value of any government-of-India guarantee(s) for any commercial loans provided to any companies involved in producing Goods Subject to Review/Like Goods or main inputs in the last 5 calendar years.

Response of GOI:

As per the Para vii and viii of Rule 277 of General Financial Rules 2017, Govt. of India cannot give the guarantee for any commercial loans provided to Private companies. Further the respondents under reviews are private entities, GOI cannot give the guarantee for their commercial loans or borrowings.

B5 Market access and government policy initiatives

1. Please provide details on whether any producers of the Goods Subject to Review/Like Goods or main inputs operating in your country have required any types of licenses for production, or government verification for entering the market in the last 5 calendar years? If so, please substantiate your answer with evidence.

Response of GOI:

There is no license/Govt. verification required for production of these particular items except permission from Pollution control Board. The New Industrial Policy has opened up the iron and steel sector for private investment by removing it from the list of industries reserved for the public sector. Furthermore, the policy exempts it from compulsory licensing, Imports of foreign technology, as well as foreign direct investments.

2. Please indicate and explain any restrictions (such as limits or quotas) placed on the production and/or export of the Goods Subject to Review/Like Goods in India during the last 5 calendar years. Please substantiate your answer with evidence.

Response of GOI:

The Steel Industry was de-licensed and de-controlled in 1991 and 1992, respectively and the industry is deregulated, there is no restriction (such as limits or quotas) placed on the production. The companies take their own decision on the production based on the demand (both domestic and international).

3. Please identify and provide details of any government policies and/or initiatives that directly or indirectly affect the Goods Subject to Review/Like Goods sector or the stainless-steel bar and rod industry.

Response of GOI:

The GOI has deregulated the steel sector and this sector was de-licensed and de-controlled in 1991 and 1992, respectively, Ministry of Steel is only a facilitator of this industry, which lays down the policy guidelines and establishes the institutional mechanism/structure for creating conducive environment for improving efficiency and performance of the steel sector. In this role, the Government has released the National Steel Policy 2017 attached as **Annexure-II**

4. Please identify and explain any government-of-India industrial strategies, in effect since 1 April 2021, that directly or indirectly affect producers of Goods Subject to Review/Like Goods or main inputs. Please substantiate your answer with evidence.

Response of GOI:

No such information lies with Ministry of Steel.

SECTION C

Subsidies

C1 Subsidy programmes

Table 1 – Subsidy programmes below lists the programmes that are being considered by this transition review. Please note that programme titles listed are to the best of the TRA’s knowledge and may differ from official programme titles used by the government of India.

Please provide the information requested for each of the programmes identified in the table below and for any additional programmes the government of India has identified. To be relevant to this review, programmes should have conferred a benefit for producers of the Goods Subject to Review/Like Goods during the POI.

Table 1 - Subsidy programmes

No.	Subsidy name
1	Advance Authorisation Scheme (AAS)
2	Duty Drawback Scheme (DDS)
3	Duty Entitlement Passbook Scheme (DEPBS)
4	Duty Free Import Authorisation (DFIA)
5	Exemption of Export Credit from Interest Taxes
6	Export Credit Scheme (ECS)
7	Export Promotion Capital Goods Scheme (EPCGS)
8	Loan Guarantees and direct transfers of funds from the Government of India
9	Merchandise Exports from India Scheme (MEIS)
10	Package Scheme of Incentives (PSI)
11	Regional Subsidies
12	Provision of chromium ore for less-than-adequate remuneration

+ Add additional rows as required

1. Please use the text box below to record any programmes in **Table 1 – Subsidy programmes** that government of India is unfamiliar with. If the government of India is aware of the programme that it seems to relate to, or one that is similar, please provide its official name and its subsidy type below. In addition, please include any such programmes in the table above and answer the questions that follow with reference to these programme(s).

Please answer here

Appendix reference:

2. Please indicate in the text box below if the government of India is aware of any other programmes that constitute a subsidy and are not addressed in Table 1 or in the question above. This includes any market development assistance programmes or domestic support programmes that are related to the production of Goods Subject to Review/Like Goods and conferred a benefit during 1 April 2021 to 31 March 2022.

Please add any such programmes to Table 1, clearly indicating the subsidy type and name of the programme.

Please answer here

Appendix reference:

1. Advance Authorization Scheme (AAS):

1. Please use the text box below to record any programmes in Table 1 – Subsidy programmes that government of India is unfamiliar with. If the government of India is aware of the programme that it seems to relate to, or one that is similar, please provide its official name and its subsidy type below. In addition, please include any such programmes in the table above and answer the questions that follow with reference to these programme(s).

Response of GOI:

At the outset, the GOI submits that the AAS is not countervailable in terms of the WTO Agreement on Subsidies and Countervailing Measures “ASCM” (provided at **Annexure-IV**) for the reasons set out below:

(i) It is well established that duty exemption and remission schemes are not inconsistent with the ASCM. In this regard reference is drawn to paragraphs (h) and (i) of Annex I read with Annex II of the ASCM. Specifically, paragraph 1 of Section I under Annex II states that the following schemes can allow for exemption, remission, deferral or refund of indirect taxes or import charges levied on inputs that are consumed in the production of the exported product:

- (a) Indirect tax rebate schemes; and
- (b) Substitution drawback schemes.

(ii) Further, as per paragraph 2 of Section I under Annex II, both indirect tax rebate schemes and substitution drawback schemes can constitute an export subsidy only to the extent that they result in exemption, remission, deferral or refund of indirect taxes or import charges in excess of the amount of such taxes or charges actually levied on inputs that are consumed in the production of the exported product. However, normal allowance for waste must be made in findings regarding consumption of inputs in the production of the exported product.

AAS Program enables rebate/remission of duty excluding integrated tax leviable under sub-section (7) and compensation cess leviable under sub-section (9) respectively of section 3 of the Customs Tariff Act, 1975

(51 of 1975) chargeable on any imported materials or excisable materials used in the manufacture of goods for exports.

(iii) Furthermore, Annex II provides guidelines for determining whether inputs are consumed in the production of the exported product. Briefly put, it provides:

a. Investigating authorities would proceed on the following basis:

- I. The investigating authority would first determine whether the government of the exporting country has in place and applies a system or procedure to confirm which inputs are consumed in the production of the exported product and in what amounts.
- II. Where such system or procedure is determined to be applied, investigating authorities should then examine the system or procedure to see whether it is reasonable, effect for the purpose intended, and based on generally accepted commercial practices in the country of export.
- III. The investigating authorities may carry out certain practical tests in order to verify information or to satisfy themselves that the system or procedure is being effectively applied.

b. ...

c. ...

d. In determining the amount of a particular input that is consumed in the production of the exported product, a normal allowance for waste should be taken into account, and such waste should be treated as consumed in the production of the exported product.

e. The investigating authority's determination of whether the claimed allowance for waste is 'normal' should take into account the production process, the average experience of the industry in the country of export, and other technical factors, as appropriate.

IV. Therefore, it is clear that duty exemption and remission schemes are not countervailable as long as inputs that are consumed in the production of the exported product can be verified.

(v) It is stated that AAS Program enables of duty-free import of inputs used in production of the exported goods and excludes integrated tax leviable under sub-section (7) and compensation cess leviable under sub-section (9) respectively of section 3 of the Customs Tariff Act, 1975 (51 of 1975). AAS also considers actual wastage, which are reported in Appendix 4H and duly verified by the independent Chartered Accountant/Cost Accountant.

In order to monitor the consumption of input in the production of the exported product, paragraph 4.12 of the FTP 2015-20 (provided at Annexure IX) states that:

- (a) The name/description of the input used (or to be used) in the Authorisation must match exactly with the name/description endorsed in the shipping bill;
- (b) Proportion of these inputs actually used/consumed in production of export product shall be clearly indicated in shipping bills; and
- (c) At the time of discharge of export obligation (issue of EODC) or at the time of redemption, Regional Authority ("RA") shall allow only those inputs which have been specifically indicated in the shipping bill.

(vi) Moreover, Appendix 4H to the Handbook of Procedures 2015-2020 "HBP" (provided at Annexure XI CCI), which is an account of consumption and utilization of duty-free imported inputs against each authorisation, has to be filed with the RA. This Appendix 4H has to be duly verified and certified Chartered Accountants/Cost Accountants.

In light of the above, it is evident that the GOI has in place and applies a system to confirm which inputs are consumed in the production of the exported product and in what amounts. **Therefore, the AAS is not countervailable as per the ASCM.**

The above submission is also accepted by the Appellate body in European Union — Countervailing Measures on Certain Polyethylene Terephthalate from Pakistan (DS 486). The panel (as affirmed by the Appellate body) in this report stated that “the excess remission principle” provides the legal standard which determine whether the remissions of import duties obtained under the duty drawback scheme constitute a financial contribution in the form of government revenue foregone that is otherwise due within the meaning of Article 1.1 (a)(1)(ii) and footnote 1 of the SCM Agreement. The panel considered the “duties..... which have accrued” within the meaning of footnote 1 to be those import duties accrued on imported inputs consumed in the production of a subsequently exported product.

The panel also considered that a comparison under Article 1.1(a)(1)(ii) is required to be done between the remission of duties obtained by a company under the scheme, on the one hand, and the duties that accrued on imported production inputs used by that company to produce a subsequently exported product, on the other hand. The panel viewed that a subsidy in the form of government revenue foregone that is otherwise due, exist only to an extent the former exceeds the latter.

Further, without prejudice to the above, pursuant to the first paragraph of instructions pertaining to the program-specific questions, the GOI is providing information limited to the explanation of the program and a detailed description of the records kept on the program.

Response to General Questions

- **The policy objective and/or purpose of the programme:**

Response of GOI:

An Advance Authorisation is issued to allow duty free import of inputs, which are physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts which are consumed/ utilised to obtain export product, may also be allowed.

- **The nature or form of the subsidy:**

Response of GOI:

AAS is a quantity-based duty exemption scheme. It was introduced in the year 1976. AAS is governed by conditions / stipulations mentioned in chapter 4 of the FTP 2015-2020 provided at **Annexure-V**

The inputs allowed under the Authorisation are with reference to the quantity of exports and the corresponding SION. Whatever inputs are imported under Advance Authorisation, the same have to be used in manufacturing of the export product or replenishment of the inputs used in the product already exported. No duty-free input can be sold, transferred or disposed of even after the fulfilment of export obligation. However, the imported inputs have to be used by the exporter and the same is not allowed to be sold or transferred.

- **The nature of benefits or concessions granted;**

Response of GOI:

The exporter who gets Advance Authorisation license can be benefited effectively by non-payment of Basic Customs Duty, Education Cess, Anti-dumping Duty Countervailing Duty, Safeguard Duty.

- **When the programme was established:**

Response of GOI:

The Advance Licensing Scheme also known as 'Duty Entitlement Exemption Certificate (DEEC)' was introduced in the Foreign Trade Policy (FTP) in the year 1976.

- **The duration of the programme:**

Response of GOI:

The Advance Authorization Scheme is ongoing scheme since 1976 and several amendments made from time to time. The Advance Authorization issued by the DGFT, is valid for 12 months from the date of issuance. In the case of deemed exports, the Authorization is linked to the contracted duration of project execution or 12 months from the date of issue of such Authorization, whichever is more. However, the export obligation may be fulfilled within 18 months from the date of issue of Authorization or as notified by the DGFT.

- **The laws and regulations under which the subsidy is granted**

Response of GOI:

The Advance Authorization is granted under the Foreign Trade Policy 2015-20 as notified by the Government of India, in exercise of powers conferred under Section 5 of the Foreign Trade (Development and Regulation) Act, 1992, as amended.

- **How the programme operates:**

Response of GOI:

Application for grant of Advance Authorisation is filed online (digitally signed) by IEC holder to the concerned jurisdictional Regional Authority of DGFT as per Appendix 1A. Applicant could be either registered office or Head office or a branch office or a manufacturing unit of the IEC holder. Applicant shall upload documents as prescribed in ANF 4A, if any, at the time of online filing of application.

Once an advance authorization (AA) with a specific port of registration is issued, it is electronically transmitted to the Customs authority through Ice Gate. The AA holder get its authorisation registered with the customs authority at the port of registration and files Bill of Entry with details of the material to be cleared, the AA number, the applicable customs duty from which exemption is being sought. These import consignments are checked for the quantum under the AA by the Customs authority, as per the laid down norms.

Once the consignment is cleared and the Legal Bond or Bank Guarantee, as the case may be, has been executed by the AA holder before the customs authority for the duty component, the AA holder takes such material to the factory under Customs Bond. Once it enters the factory premises, it is entered in the register maintained for the purpose for verification by the Jurisdictional Central Excise Authority from time to time. The exporter maintains record of consumption of all such inputs, which is subject to verification by the Customs/Excise Authorities and is used by the Independent Chartered/Cost Accountant for filing returns in Appendix 4H of Hand Book of Procedure (2015-2020) (as stated above) at the time of request made to the Regional authority of DGFT for issuance of Export Obligation discharge certificate. Similarly the export consignment is sent to the port of export under Excise bond and the exports are made against the shipping bill filed along with the relevant documents once the consignment is checked and cleared by the customs authority as per the notified verification norms. The shipping bill carries the endorsement of the AA No. along with its issuance date/ File No. of the Regional Authority from where the AA was issued, to establish the correlation of the exports to that of specific authorisation issued.

Once the exporter submits the concerned documents namely the shipping bills, the Bank Realisation certificate, the Appendix 4H, the Regional authority issues the Export Obligation certificate after verifying all details. A copy of the certificate is also sent to the Customs Authority at the port of Registration.

Thereafter the Customs authority cross verifies the details as per laid down norms and redeems the Bond/Bank Guarantee. The entire process is documented and mostly e-enabled now.

So far as the verification of incorporation of inputs in the export product is concerned, the process itself (as stated below) ensures proper utilisation as per the intension of the scheme:

AAS scheme permits determination of “which inputs” are consumed in the production of the exported product and in “what amounts”. Technical committee consisting of the Inter departmental experts of the administrative ministries determine the inputs required and “what amount” of inputs are required in production of the product concerned. Moreover the Input-output norms are reviewed from time to time by the Technical Committee taking into account various factors including the change in efficiency with the change of technology, the industry average etc. Hence there is clearly a system or procedure in place to “confirm” “which inputs” and “in what amounts” inputs are required. The system or procedure is reasonable and effective for the purpose intended. As a matter of double check, an exporter is required to provide consumption details in respect of details of inputs imported, its quantity, name of the finished product produced, quantity of finished product, inputs actually consumed for the exported product, duly verified and certified by the Chartered Accountant in Appendix 4H of Hand Book of Procedure (2015-2020). In case of excess import to that of actual consumption, applicable customs duty is required to be paid along with interest at higher rate than the normal commercial interest rate. In addition, there is constant monitoring by the bodies like the Central Excise and the Directorate of Revenue Intelligence on the duty exempted materials. The customs authorities also keep complete record of the duty free imports made and exports effected by the exporter to ensure compliance with the scheme. Furthermore, for some items against Advance Authorisation the import and export are restricted/regulated through specified ports by the customs to monitor/exercise proper control.

- **Whether, and if so, how, eligible companies and payments are recorded; and**

Response of GOI:

As discussed in response to above questions, as such there is no payments instead there is exemption of duty on import of raw materials and details of such duties for eligible companies is recorded by the Regional Authorities of DGFT and the Custom Authorities. The records maintained by the department of GOI include:

- (i) An application in the form ANF 4A sample provided at **Annexure-VI**
- (ii) Copy of Shipping Bills containing details of the shipment effected;
- (iii) Electronic Bank realisation certificate evidencing realization of export proceeds;
- (iv) Master register indicating starting and closing dates of obligation period;

- (v) An application in the form ANF 4F (sample provided at **Annexure-VII**) for redemption or the export obligation discharge certificate of the authorization; and
 - (vi) An account of consumption and utilization of duty free imported or domestically procured inputs against each authorisation in the form Appendix 4H (sample provided at **Annexure-VIII**). This Appendix provides information on actual wastages duly verified by Chartered Accountant/Cost Accountant.
- **Which Indian government authority administers the programme and the types of records that they maintain for a programme (e.g. company-specific files, accounting records, programme databases, budget approvals, etc.)**

Response of GOI:

Advance Authorization Scheme AAS is provided by the Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India. DGFT also maintain the record of the AAS such as company specific information, its application form, details of the authorization issued to the companies etc.

2. Please provide details of future changes expected to the programmes listed in Table 1.

Response of GOI:

There is no such future changes expected to the programmes.

C3 Programme eligibility

1. For each programme, please explain the application process, including details of any application fees charged by the relevant government authority.

Response of GOI:

Documents for filing Advance Authorisation application includes the following:

- Digital Signature
- Copy of IEC.
- Application form ANF – 4A.
- Copy of SSI (Small Scale Industries)/MSME (Medium Scale Medium Enterprise)
- Copy of Export House Certificate (if applicable)
- Copy Valid RCMC (Registration-Cum-Membership Certificate)
- Copy of GST Certificate.

Please find below procedure for online application of Advance Licence:

1. Prepare documents as per the above-mentioned list of documents.
2. Visit the DGFT Official Website- www.dgft.gov.in.
3. Login with DSC & Select Services from Online Ecom Application.
4. Click on Advance Authorisation (DES).
5. Fill all the details and upload the necessary documents.
6. Kindly note that the following important points to be noted to make sure the documents are prepared error-free:
 1. IEC/RCMC should show the applicant as a manufacturer exporter.
 2. IEC/RCMC should have the address where the raw materials are proposed to be taken for processing.
 3. MSME/SSI/Manufacturing proof should have the export products listed in the Advance License.
7. After filling all the details, submit the application.
8. After a successful application, DGFT will issue the Advance License.

Application fee for Advance Authorisation:

Application fee for import License for restricted item / permission / certificate / Advance Authorization / DFIA / EPCG Authorization is 'INR 1000 or part thereof subject to a minimum of INR 500 and maximum of INR 1 lakh.

2. For each programme, please describe the decision-making process used by the relevant government authority to approve or reject an application. Please clearly indicate any differences in the process across different types of subsidies or programmes.

Response of GOI:

The applicant has to file an online application for the Advance Authorization before the concerned Regional Authorities of DGFT. If the application is complete and correct, the Regional Authorities of DGFT issue the advance authorization. There is no subjective interferences of DGFT.

Currently AAS is governed by conditions / stipulations mentioned in chapter 4 of the FTP 2015-2020 which can be accessed at the link provided below. The Foreign Trade Policy is formulated in terms of Section 5 of Foreign Trade (Development & Regulation) Act, 1992 which can be accessed at link below.

<https://www.dgft.gov.in/CP/?opt=advnce-authorisation>

3. Please answer the following questions regarding eligibility for receiving benefits provided under each programme:
 - a. Please specify whether eligibility for the programme is at all conditional on a company's export performance. If so, please provide details of the criteria that apply.

Response of GOI:

No, the eligibility for the programme is not at all conditional on a company's past export performance. However, if AA holder imports raw materials under AAS, the AA holder needs to export the finished goods in which such imported raw material is used for production of such finished goods.

- b. Please specify whether eligibility for the programme is at all conditional on a company's use of domestic goods over imported goods, and if so please provide details.

Response of GOI:

Eligibility is not contingent on the use of domestic goods.

- c. Please specify whether eligibility for the programme is at all conditional upon, or limited to, the location of companies or industries within specific regions. If so, please specify the companies or industries and the designated regions.

Response of GOI:

The scheme is available to all sectors and all regions, without any discrimination. The scheme is applicable to a manufacturer exporter as well as the merchant exporter tied up with supporting manufacturer. Eligibility is not limited by sector or region, nor is eligibility confined to particular enterprises. All the applicants/firms that meet the eligibility criteria as described above are given authorisation and the authority does not exercise any discretion.

- d. Please specify whether eligibility for the programme is limited to any individual or groups of companies and/or industries. If so, please detail the relevant companies and/or industries and the laws that govern this criterion.

Response of GOI:

The scheme is available to all sectors and all regions, without any discrimination. The scheme is applicable to a manufacturer, exporter, as well as the merchant exporter tied up with supporting manufacturer. Eligibility is not limited by sector or region, nor is eligibility confined to particular enterprises. All the applicants/firms that meet the eligibility criteria as described above are given authorisation and the authority does not exercise any discretion.

GOI is providing is submitting **Annexure-IX** and **Annexure-X** for details of Advance Licenses pertaining to [REDACTED-COMMERCIALY SENSITIVE INFORMATION] respectively

2. Duty Drawback Scheme (DBK):

The GOI submits that schemes like Duty Drawback may fall within the scope of “government revenue foregone that is otherwise due” under Article 1.1(a)(1)(ii) of the SCM Agreement. However, these schemes will not be a subsidy if the amount of remission or rebate is not “in excess of those which have accrued” Footnote 1 of the Agreement confirms that the financial contribution in the form of the government revenue foregone, is limited to such excess amount of remission. Footnote 1 identifies two situations under which subsidies is deemed not to exist-

- (i) The exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption; and
- (ii) the remission of such duties or taxes in amounts not in excess of those which have accrued.

The above submission is also accepted by the Appellate body in European Union — Countervailing Measures on Certain Polyethylene Terephthalate from Pakistan (DS 486). The panel (as affirmed by the Appellate body) in this report stated that “the excess remission principle” provides the legal standard which determine whether the remissions of import duties obtained under the duty drawback scheme constitute a financial contribution in the form of government revenue foregone that is otherwise due within the meaning of Article 1.1 (a)(1)(ii) and footnote 1 of the SCM Agreement. The panel considered the “duties..... which have accrued” within the meaning of footnote 1 to be those import duties accrued on imported inputs consumed in the production of a subsequently exported product.

The panel also considered that a comparison under Article 1.1(a)(1)(ii) is required to be done between the remission of duties obtained by a company under the scheme, on the one hand, and the duties that accrued on imported production inputs used by that company to produce a subsequently exported product, on the other hand. The panel viewed that a subsidy in the form of government revenue foregone that is otherwise due, exist only to an extent the former exceeds the latter.

DDB program allows remission of duty/taxes paid on input material used in production of goods meant for exports. The input material used in production of exported goods may be imported materials or domestically procured materials. Accordingly, DDB Program enables rebate/remission of duty excluding integrated tax leviable under sub-section (7) and compensation cess leviable under sub-section (9) respectively of section 3 of the Customs Tariff Act, 1975 (51 of 1975) chargeable on any imported materials or excisable materials used in the manufacture of goods for exports. It is also submitted that the rebate / remission of duty / taxes on imported material as well as on domestically procured materials falls outside the

scope of countervailable subsidy and therefore, DDB program is not countervailable.

Therefore, it is clear that duty exemption and remission schemes are not countervailable as long as inputs that are consumed in the production of the exported product can be verified.

In line with the ASCM, the Customs, Central Excise Duties & Service Tax Drawback Rules, 1995 (“Drawback Rules”) as amended in 2006 provide for a verification procedure under DDB. In order to monitor the consumption of input in the production of the exported product, the Drawback Rules and the Customs Manual of 2015 contain the following provisions:

(a) Rule 3 of the Drawback Rules states that a drawback may be allowed on the export of goods at such amount, or at such rates, as may be determined by the Central Government. However, drawback is not allowed if the said goods are produced or manufactured, using imported materials or excisable materials or taxable services in respect of which duties or taxes have not been paid.

(b) As per Rule 9 of the Drawback Rules, the Customs Authority has the power to require submission of information and documents for the purpose of determining the class or description of materials or components or input services used in the production or manufacture of goods or for determining the amount of duty or tax paid on such materials or components or input services.

(c) Under the Customs Manual of 2015, Chapter 22 deals with duty drawback. Paragraph 7.5 of Chapter 22 states that by way of audit, the Commissioners are also to exercise special checks to ensure there is no misuse of the drawback facility.

(d) Also, as mentioned above, field formations are to monitor any mismatch of declaration made in the shipping bill (item details vis-à-vis drawback details). Such details are verified to avoid the excess payment of drawback.

In light of the above, it is evident that the GOI has in place and applies a system to confirm which inputs are consumed in the production of the exported product and in what amounts. Therefore, the DDB is not countervailable as per the ASCM unless it could be shown that in any particular case, drawback of indirect taxes or import charges in excess of the amount of such taxes or charges actually levied on inputs

that are consumed in the production of the exported product and even in such cases only the excess drawback can be countervailed.

Without prejudice, GOI is responding to questions of TRA with respect to Duty Drawback.

- **The policy objective and/or purpose of the programme:**

Response of GOI:

Duty Drawback Scheme aims to provide the refund/ recoupment of custom and excise duties paid on inputs or raw materials and service tax paid on the input services used in the manufacture of export goods.

The Duty Drawback Scheme allows exporters to get a refund on customs duty paid on imported goods, where those goods are: to be treated, processed, or incorporated in other goods for export, or are exported unused since importation.

- **The nature or form of the subsidy:**

Response of GOI:

Duty Drawback is not a subsidy, it is the remission/refund of the duty already paid on the exported goods.

- **The nature of benefits or concessions granted:**

Response of GOI:

The Duty Drawback Scheme is a programme to offset the duties/taxes accrued during the manufacturing and export process, particularly in supply or value chain. The scheme is refund of the Customs and Central Excise duties on the imported or excisable materials used in the manufacture of goods meant for export.

- **When the programme was established:**

Response of GOI:

In India duty drawback is governed by the Custom Act, 1962 and Customs, Central Excise Duties and Service Tax Drawback (Amendment) Rules, 2006.

- **The duration of the programme:**

Response of GOI:

The Duty Drawback Scheme is currently available.

- **The laws and regulations under which the subsidy is granted:**

Response of GOI:

Legal framework governing DDB scheme is contained in:

- (i) Chapter X of the Customs Act, 1962 (Section 74, 75 and 76);
- (ii) Customs, Central Excise Duties & Service Tax Drawback Rules, 1995 as amended in 2006;
and
- (iii) Chapter 22 of the Customs Manual 2018.

Extract of above laws are provided at **Annexure-XI, Annexure-XII and Annexure-XIII**

- **How the programme operates:**

Response of GOI:

The Duty Drawback on export goods is claimed at the time of export and with details filled in the required format in the DBK-Shipping Bill/Bill of Export under Drawback. In case of exports under electronic Shipping Bill, the Shipping Bill itself is treated as the claim for Drawback. In case of manual shipping bill, triplicate copy of the Shipping Bill is treated as the claim for Drawback. The claim is to be accompanied by specified documents as laid down in the Drawback Rules 1995. If the requisite documents are not furnished or there is any deficiency, the claim may be returned for furnishing requisite information/documents.

Once the Export General Manifest (EGM) has been filed by respective airlines / shipping lines and the export is confirmed, the Drawback claim is automatically processed through EDI system by the officers of Drawback Branch on first-come first-served basis. The status of the Shipping Bills and sanction of Drawback claim can be ascertained from the query counter set up at the Service Centre. If any query is raised or deficiency noticed, the exporters are required to reply to such queries through the Service Centre. All the claims sanctioned on a particular day are enumerated in a scroll and transferred to the Bank through the system. The bank credits the drawback amount in the respective accounts of the exporters.

In respect of EDI shipping bills, all record is available electronically in Central database. The manual record is kept at individual Customs location. Details of records kept by Companies may be obtained from them.

- **Whether, and if so, how, eligible companies and payments are recorded:**

Response of GOI:

As explained above payment to eligible applicants are made automatically and thus relevant department of GOI maintain the payments electronically.

- Which Indian government authority administers the programme and the types of records that they maintain for a programme (e.g. company-specific files, accounting records, programme databases, budget approvals, etc.)

Response of GOI:

Program is administered by Drawback Division, Department of Revenue, Central Board of Excise and Customs (“CBEC”), 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi- India 110001. All the records of eligible entities and payments are recorded electronically.

2. Please provide details of future changes expected to the programmes listed in Table 1.

Response of GOI:

There is no such future changes expected to the programmes. However, the DBK rates are amended from time to time.

C3 Programme eligibility

1. For each programme, please explain the application process, including details of any application fees charged by the relevant government authority.

Response of GOI:

The duty drawback on export goods is claimed at the time of export and with details filled in the required format in the DBK-Shipping Bill/Bill of Export under drawback. In case of exports under electronic Shipping Bill, the Shipping Bill itself is treated as the claim for drawback. In case of manual shipping bill, triplicate copy of the Shipping Bill is treated as the claim for drawback. The claim is to be accompanied by specified documents as laid down in the Drawback Rules. If the requisite documents are not furnished or there is any deficiency, the claim may be returned for furnishing requisite information/documents.

Once the EGM has been filed by respective airlines / shipping lines and the export is confirmed, the duty drawback claim is automatically processed through EDI system by the officers of Drawback Branch on

first-come first-served basis. The status of the Shipping Bills and sanction of drawback claim can be ascertained from the query counter set up at the Service Centre. If any query is raised or deficiency noticed, the exporters are required to reply to such queries through the Service Centre. All the claims sanctioned on a particular day are enumerated in a scroll and transferred to the bank through the system. The bank credits the drawback amount in the respective accounts of the exporters.

Procedure for Claiming Duty Drawback

The procedure for claiming duty drawback on export goods (whether AIR or Brand Rate) to be claimed at the time of export and requisite particulars filled in the prescribed format of Shipping Bill/Bill of Export under Drawback. If the processing of documents has been computerised, then the exporter is not required to file any separate application for claiming duty drawback. In the case of manual export, a separate application is to be submitted for claiming duty drawback. The claim is to be accompanied by certain documents as laid down in the Drawback Rules 1995. Triplicate copy of the shipping bill becomes the application only after the Export General Manifest is filed.

Application fees charged for a programme:

There is no fee for claiming the DBK. Only DBK shipping bill is required to claim DBK.

Copies of Statement for DBK are provided at **Annexure-XIV, Annexure-XV and Annexure-XVI**

2. For each programme, please describe the decision-making process used by the relevant government authority to approve or reject an application. Please clearly indicate any differences in the process across different types of subsidies or programmes.

Response of GOI:

In case of All India Rates, the Duty Drawback is issued automatically after issuance of EGM by the Shipping/Airline company.

3. Please answer the following questions regarding eligibility for receiving benefits provided under each programme:
 - a. Please specify whether eligibility for the programme is at all conditional on a company's export performance. If so, please provide details of the criteria that apply.

Response of GOI:

No, the eligibility for the programme is not all conditional on a Company's export performance.

- b. Please specify whether eligibility for the programme is at all conditional on a company's use of domestic goods over imported goods, and if so please provide details.

Response of GOI:

The eligibility to availing of DBK programme is not conditional on a company's use of domestic goods over imported goods. The DBK rates notified by the Department of Revenue is on All India Rates which is residual rates.

- c. Please specify whether eligibility for the programme is at all conditional upon, or limited to, the location of companies or industries within specific regions. If so, please specify the companies or industries and the designated regions.

Response of GOI:

It is not conditional upon or limited to location of companies or industries within specific regions.

- d. Please specify whether eligibility for the programme is limited to any individual or groups of companies and/or industries. If so, please detail the relevant companies and/or industries and the laws that govern this criterion.

Response of GOI:

It is not limited to any individual or groups of companies and/or industries.

C2 General Information on programmes

3. Duty Entitlement Passbook Scheme (DEPB):

Response of GOI:

DEPB scheme eliminated from 01.04.2000. **Since the said scheme is not in operation and thus GOI is not responding to other questions relating thereto.**

C2 General Information on programmes

4. Duty Free Import Authorisation (DFIA):

DFIA is also a duty reimbursement programme like Advance Authorization scheme or Duty Drawback. Under the DFIA, the applicant has to export first and then obtain the Authorization, which can be transferred

as the product is already exported and the obligation for duty free import is already adjusted/fulfilled. As the scheme is similar to Advance Authorization Scheme (AAS) and thus as explained in response to AAS, DFIA is also not a subsidy like AAS.

Without prejudice, GOI is responding to questions of TRA with respect to DFIA.

- **The policy objective and/or purpose of the programme:**

Response of GOI:

Duty Free Import Authorization (DFIA) is a scheme under which duty-free import of inputs, fuel, oil, energy sources, and catalyst which is required for the production of export goods is allowed. In the Foreign Trade Policy, Duty exemption schemes were introduced to enable the duty-free import of raw materials or inputs required for the manufacturing of export products.

These Authorisations shall be issued only for products for which Standard Input and Output Norms (SION) have been notified. A merchant exporter shall be required to mention only name(s) and address(s) of manufacturer(s) of the export product(s). Applicant is required to file application to concerned RA before effecting exports under DFIA.

- **The nature or form of the subsidy:**

Response of GOI:

DFIA is not a subsidy. The DFIA authorization holder obtained the DFIA on the duties/taxes already paid on the imported raw-material used in the exported goods.

- **The nature of benefits or concessions granted:**

Response of GOI:

- The license issued under the DFIA scheme allows duty-free import of – inputs or raw materials, oil, fuel, catalyst, energy resources, all required to obtain the export products.
- DFIA shall be issued only for the products for which standard Input and Output Norms (SION) have been notified; hence import entitlement must be limited to the quantity given in SION.
- DFIA License is transferable; license or inputs imported can be transferred or sold under DFIA Scheme.

- **when the programme was established:**

Response of GOI:

DFIA scheme was introduced on 1st May 2006 in place of the Duty-Free Replenishment (DFRC) scheme, and it is similar to the Advance Authorisation Scheme with certain differences.

- **The duration of the programme:**

Response of GOI:

Duty Free Import Authorization issued by the regional authority shall be valid for the period of 12 months from the date of issue.

- **The laws and regulations under which the subsidy is granted:**

Response of GOI:

The DFIA is granted under the Foreign Trade Policy 2015-20 as notified by the Government of India, in exercise of powers conferred under Section 5 of the Foreign Trade (Development and Regulation) Act, 1992, as amended.

- **How the programme operates:**

Response of GOI:

Below are the steps to be followed Under Duty-free import authorization scheme:

Step- 1: The applicant has to check exported item is applicable for DFIA in SION or not.

Step- 2: If the export item is eligible under SION norms, the applicant has to file an online application at the DGFT portal and get the File number.

Step- 3: Export should be done within 12 months from the date of issuing file no.

Step- 4: The applicant has to mention the generated file number on every export documents like shipping bill, Tax invoice, bill of export, etc.

Step- 5: After completion of export obligation, the applicant has to apply for a transferable DFIA license.

Step- 6: The applicant has to submit relevant documents like shipping bill, E-BRC, Tax invoice, etc. to concerned DGFT RA.

Step- 7: DGFT RA may check the submitted documents and if the documents are clear; the DGFT RA may issue the transferable DFIA license within 20-25 days.

Step- 8: Once the DFIA license is issued from DGFT RA, registration of the DFIA License should be done in customs for verification purposes.

Step- 9: Applicant can use the DFIA license for import or sell the license in the market.

Validity & Transferability of DFIA

- The Validity of transferable duty-free import authorization to import is 12 months from the date of the license issued by the DGFT RA. There would be no revalidation allowed by the DGFT RA.
- Separate DFIA Application will be issued for each Standard Input Output Norms (SION).
- For EDI & Non- EDI ports, a separate application has to be made to concern RA of DGFT under DFIA.

Criteria for Minimum Value Addition

The minimum value addition of 20% is mandatory to be required to be achieved. However, Appendix 4C of the Advance Authorization prescribes items which required higher value addition, for such listed items such higher value addition shall be applicable for Duty Free Import Authorization.

- Whether, and if so, how, eligible companies and payments are recorded:

Response of GOI:

As discussed in response to AAS, as such there is no payments instead there is exemption of duty on import of raw materials and details of such duties for eligible companies is recorded by the Regional Authorities of DGFT and the Custom Authorities.

- Which Indian government authority administers the programme and the types of records that they maintain for a programme (e.g. company-specific files, accounting records, programme databases, budget approvals, etc.)

Response of GOI:

DFIA is provided by the Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India. DGFT also maintain the record of the DFIA such as company specific information, its application form, details of the authorization issued to the companies etc.

2. Please provide details of future changes expected to the programmes listed in Table 1.

Response of GOI:

There is no such future changes expected to the programmes.

C3 Programme eligibility

1. For each programme, please explain the application process, including details of any application fees charged by the relevant government authority.

Response of GOI:

Eligibility Criteria for Duty Free Import Authorization

1. Duty Free Import Authorization shall be issued on post export basis only for those products for which Standard Input Output Norms (SION) has been fixed.
2. In case of merchant exporter, it is mandatory to mention the name and address of supporting manufacturer of the export goods on the export documents like ARE-1, ARE-3, Shipping Bill, Airway Bill, Bill of Export etc.
3. Application for Duty Free Import Authorization is to be filed with the concerned Regional Authority before effecting export of products.

Below are the steps to be followed Under Duty-free import authorization scheme:

- Step- 1: The applicant has to check exported item is applicable for DFIA in SION or not.
- Step- 2: If the export item is eligible under SION norms, the applicant has to file an online application at the DGFT portal and get the File number.
- Step- 3: Export should be done within 12 months from the date of issuing file no.
- Step- 4: The applicant has to mention the generated file number on every export documents like shipping bill, Tax invoice, bill of export, etc.
- Step- 5: After completion of export obligation, the applicant has to apply for a transferable DFIA license.
- Step- 6: The applicant has to submit relevant documents like shipping bill, E-BRC, Tax invoice, etc. to concerned DGFT RA.
- Step- 7: DGFT RA may check the submitted documents and if the documents are clear; the DGFT RA may issue the transferable DFIA license within 20-25 days.
- Step- 8: Once the DFIA license is issued from DGFT RA, registration of the DFIA License should be done in customs for verification purposes.
- Step- 9: Applicant can use the DFIA license for import or sell the license in the market.

Under DFIA scheme government fee is 0.1% of the Duty saved value with a minimum fee of Rs. 500/-

2. For each programme, please describe the decision-making process used by the relevant government authority to approve or reject an application. Please clearly indicate any differences in the process across different types of subsidies or programmes.

Response of GOI:

Every DFIA holder shall maintain a true and proper account of consumption and utilisation of duty free imported/ domestically procured goods against each authorisation as prescribed Appendix 4H/4I of Hand Book of Procedure (2015-2020), an actual consumption register in respect of consumption and utilisation of duty-free imported/ domestically procured goods shall be verified by an external practicing chartered accountant/cost and cost accountant who issues a certificate stating that the prescribed registers and relevant records have been examined and the information furnished under the said Appendix is true and correct in all respects.

Currently DFIA is governed by conditions / stipulations mentioned in chapter 4 of the FTP 2015-2020 which can be accessed at the link provided below.

Source: <https://www.dgft.gov.in/CP/?opt=adnavce-authorisation>

3. Please answer the following questions regarding eligibility for receiving benefits provided under each programme:
 - a. Please specify whether eligibility for the programme is at all conditional on a company's export performance. If so, please provide details of the criteria that apply.

Response of GOI:

The eligibility is contingent upon export obligation to be fulfilled as stated in the Policy, as the duty (Indirect taxes) free access to the inputs is for the purpose of manufacture of export product.

- b. Please specify whether eligibility for the programme is at all conditional on a company's use of domestic goods over imported goods, and if so please provide details.

Response of GOI:

The eligibility is contingent upon export obligation to be fulfilled as stated in the Policy, as the duty (Indirect taxes) free access to the inputs is for the purpose of manufacture of export product, which is otherwise permissible under ASCM. However, it is not contingent on the use of domestic goods.

- c. Please specify whether eligibility for the programme is at all conditional upon, or limited to, the location of companies or industries within specific regions. If so, please specify the companies or industries and the designated regions.

Response of GOI:

The scheme is available to all sectors and all regions, without any discrimination

- d. Please specify whether eligibility for the programme is limited to any individual or groups of companies and/or industries. If so, please detail the relevant companies and/or industries and the laws that govern this criterion.

Response of GOI:

The scheme is applicable to a manufacturer exporter as well as the merchant exporter tied up with supporting manufacturer. Eligibility is not limited by sector or region, nor is eligibility confined to particular enterprises. All the firms that meet the eligibility criteria as described above are given authorisation and the authority does not exercise any discretion.

GOI is providing **Annexure-XVII** and **Annexure- XVIII** for details of DFIA with respect to [REDACTED-COMMERCIALY SENSITIVE INFORMATION] respectively.

C2 General Information on programmes

6. Export Credit Scheme (ECS):

Reserve Bank of India (RBI) first introduced the Export Financing program in 1967. The program was intended to make short-term working capital finance available to exporters at internationally comparable interest rates. Export Credit is available in rupee as well as in foreign currency.

Rupee Export Credit

Under the earlier scheme in force up to June 30, 2010, RBI fixed only the ceiling rate of interest for export credit while banks were free to decide the rates of interest within the ceiling rates keeping in view the Benchmark Prime Lending Rate (BPLR) and spread guidelines and taking into account track record of the borrowers and the risk perception.

Further, in order to enhance transparency in banks' pricing of their loan products, banks were advised to fix their BPLR after taking into account (i) actual cost of funds, (ii) operating expenses and (iii) a minimum

margin to cover regulatory requirement of provisioning/capital charge and profit margin. However, the BPLR system, introduced in 2003, fell short of its original objective of bringing transparency to lending rates. This was mainly because under the BPLR system, banks could lend below BPLR. For the same reason, it was also difficult to assess the transmission of policy rates of the Reserve Bank to lending rates of banks.

Accordingly, Base Rate was introduced for enhancing transparency in lending rates of banks and enabling better assessment of transmission of monetary policy. Under the Base Rate System, applicable w.e.f. July 1, 2010, interest rates applicable for all tenors of rupee export credit advances are at or above Base Rate.

Banks grant export credit to eligible exporters as per their well-defined approved loan policy approved by their Board of Directors which should lay down exposure limits to individual/group borrowers, documentation standards, margin, security, sectoral exposure limits, delegation of powers, maturity and pricing policies, factors taken into consideration for deciding interest rates etc. Accordingly, during the period of review interest rates on export credit is fully deregulated and is determined by the banks as per their Board approved policy.

Export credit in rupees is available for a maximum period of 360 days.

Export credit in foreign currency

In respect of export credit in foreign currency, banks have been allowed to finance to exporters at internationally competitive rates under the programs of 'Pre-shipment Credit in Foreign Currency' (PCFC) and 'Rediscounting of Export Bills Abroad' (EBR). Upto May 4, 2012, banks were allowed to decide the interest rate on export credit within the ceiling rate, linked to LIBOR as prescribed by RBI. However, with effect from May 5, 2012 banks are free to determine the interest rates on export credit in foreign currency (copy enclosed). Accordingly, during the period of review is between January 2014 - December 2014, the interest rate are completely determined by banks themselves. Export credit in foreign currency is available for a maximum period of 360 days. The above process of grant of advances including export credit is under the overall regulation & supervision of RBI.

Since this scheme is not in operation and thus GOI is not responding to other questions relating thereto.

C2 General Information on programmes

6. Export Promotion Capital Goods Scheme (EPCG):

- **The policy objective and/or purpose of the programme:**

Response of GOI:

This is a Scheme that enables an importer (being an export-oriented business) to import capital goods at zero or reduced rates of customs duty. However, the scheme is subject to an export obligation with value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization.

Export Promotion Capital Goods are capital goods used in the production of goods that are exported to other countries. It includes machinery as well as spares. Hence, to qualify as Export Promotion Capital Goods, the commodity manufactured in India must be exported outside India.

- **The nature or form of the subsidy:**

Response of GOI:

Under this scheme of Foreign Trade Policy (FTP), importation of capital goods required for the manufacturing of export-oriented product specified in the Export Promotion Capital Goods Authorization is permitted at concessional/nil rate of duty. This scheme under Foreign Trade Policy allows technological up-gradation of the indigenous industry.

Export Promotion Capital Goods (EPCG) Authorizations are issued by licensing authority – Director General of Foreign Trade (DGFT) based on the certificate issued by an Independent chartered engineer. Form of subsidy under this scheme is license issued by DGFT which is used by entity to import the capital goods either at concessional or nil rate of duty.

- **The nature of benefits or concessions granted:**

Response of GOI:

EPCG is intended for promoting exports and the Indian Government with the help of this scheme offers incentives and financial support to the exporters in form of subsidy under this scheme is license issued by DGFT which is used by entity to import the capital goods either at concessional or nil rate of duty

Capital Goods that can be imported at 0% or concessional Customs Duty

Any machinery, plant, equipment or accessories required for manufacturing, production, or rendering services qualify as capital goods and includes the below:

- Computer Software Systems
- Spares, dies, moulds, fixtures, jigs, and tools and refractories for initial lining
- Catalysts for initial charge and an additional subsequent charge
- Capital goods as defined in the Foreign Trade Policy - Any plant, equipment or accessories, or machinery required to produce or manufacture (either directly or indirectly) goods or for rendering services. It includes refrigeration equipment, packaging machinery and equipment, machine tools, power generating sets, instruments and equipment for research and development, testing, quality and pollution control. Capital goods can be used in mining, manufacturing, animal husbandry, agriculture, aquaculture, floriculture, pisciculture, horticulture, sericulture, poultry, etc.

Capital goods that have been imported for projects as notified by the Central Board of Excise and Customs are also entitled to receive benefits under the EPCG scheme.

Following Capital Goods that are not permitted under EPCG scheme

Under the EPCG scheme, licence will not be issued for the import of the below-mentioned capital goods:

- Captive Plants
- Power Generation sets of any kind
- Supply of Electrical Energy (Power) under deemed exports
- Export of Electrical Energy (Power)
- Export/Supply of Electricity Transmission Service
- Use of Power (Energy) in their own unit
- **When the programme was established:**

Response of GOI:

EPCG Scheme was launched in the 1990s to facilitate import of capital goods with the aim to enhance the production quality of goods and services, thereby, increasing India's international manufacturing competitiveness. Presently the programme is a part of the FTP 2015-20.

- **The duration of the programme:**

Response of GOI:

The EPCG License authorisation shall be valid for a period of 18 months from the date of authorisation. Revalidation of the EPCG authorisation shall not be permitted.

- **The laws and regulations under which the subsidy is granted:**

Response of GOI:

Laws and regulations in relation to EPCG Scheme can be referred to FTP 2015-2020 which can be accessed at <https://www.dgft.gov.in/CP/?opt=epcg> and related Hand Book Procedure 2015-20 can be accessed at <https://www.dgft.gov.in/CP/?opt=epcg>. It is pertinent to note that the Policy has been extended till September 30, 2022.

- **How the programme operates:**

Response of GOI:

In order to obtain a License under the EPCG scheme, it is a primary requirement to file an application with the licensing authority of the Director General of Foreign Trade. The application shall be attached with the required documents along with the company and personal details.

Documents required for filing an application for an EPCG License

The issuing authority is the licensing authority – Director General of Foreign Trade (DGFT). ANF 5B is to be filled along with Self-certified copies of the followings:

- Import Export Code (IEC)
- Registration cum Membership Certificate (RCMC)
- Digital signature
- Registration certificate from Tourism Department
- Pan Card
- Excise Registration (if registered)
- GST Registration Certificate
- Performa Invoice

- Brochure
- Self-Certified Copy + Original of Certificate of Chartered Accountant
- Self-Certified Copy + Original of Certificate of Chartered Engineer

Export obligation under the EPCG scheme

The Importation of capital goods under the scheme of EPCG is subject to an export obligation which is equal to six times of duty saved, to be satisfied within 6 years from the date of issue of EPCG authorisation. If a holder of the EPCG authorisation is unable to meet the stipulated export obligation, the importer of the capital goods is required to pay customs duties along with interest on it as prescribed.

- **Whether, and if so, how, eligible companies and payments are recorded:**

Response of GOI:

Eligibility is mentioned above and no payments under this scheme are made instead license is issued under this scheme which is explained above. [REDACTED-COMMERCIALY SENSITIVE INFORMATION].

- **Which Indian government authority administers the programme and the types of records that they maintain for a programme (e.g. company-specific files, accounting records, programme databases, budget approvals, etc.)**

Response of GOI:

The program is administered by Directorate General of Foreign Trade (DGFT), Department of Commerce, Ministry of Commerce & Industry, Udyog Bhawan, H-wing, Gate No-02, Mauling Azad Road, New Delhi, India – 110011. Following are the records maintained under the program:

1. Application on the format of ANF 5A;
2. Certificate from a Chartered Engineer in the format given in Appendix 5A. In terms of Paragraph 5.03 of the HBP, the Chartered Engineers' Certificate is called the Nexus Certificate. Reasonable wastage, if any, anticipated at the time of installation of capital goods is also to be certified by the Chartered Engineer in the nexus certificate and the same would be mentioned in the condition sheet of the EPCG authorisation at the time of issue.
3. Certificate of a Chartered Accountant / Cost Accountant / Company Secretary in Appendix 5B.
4. Application for redemption in the Form ANF 5B;
5. Installation certificate from a chartered engineer as proof of installation of actual user condition.

6. Appendix 5C by an independent chartered accountant

2. Please provide details of future changes expected to the programmes listed in Table 1.

Response of GOI:

There is no such future changes expected to the programmes.

C3 Programme eligibility

1. For each programme, please explain the application process, including details of any application fees charged by the relevant government authority.

Response of GOI:

EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers. Name of supporting manufacturer(s) is endorsed on the EPCG authorisation before installation of the capital goods in the factory / premises of the supporting manufacturer(s). In case of any change in supporting manufacturer(s) the RA intimates such change to jurisdictional Central Excise Authority of existing as well as changed supporting manufacturer(s) and the Customs at port of registration of Authorisation.

Export Promotion Capital Goods (EPCG) Scheme also covers a service provider who is designated / certified as a Common Service Provider (CSP) by the DGFT, Department of Commerce or State Industrial Infrastructural Corporation in a Town of Export Excellence subject to provisions of Foreign Trade Policy/Handbook of Procedures with the following conditions:-

- (i) Export by users of the common service, is counted towards fulfilment of EO of the CSP and contains the EPCG authorisation details of the CSP in the respective Shipping bills. The concerned RA is informed about the details of the Users prior to such export.
- (ii) Such export will not count towards fulfilment of specific export obligations in respect of other EPCG authorisations (of the CSP/User); and
- (iii) Authorisation holder is required to submit Bank Guarantee (BG) which shall be equivalent to the duty saved. BG can be given by CSP or by any one of the users or a combination thereof, at the option of the CSP.

[Para 5.02 of the FTP 2015-20]

Application Fee

Rs.1000 or part thereof subject to a minimum Rs.500 and maximum of Rs.1 Lakh.

Source: <https://www.indiafilings.com/learn/revised-application-fee-for-iec-and-various-dgft-services/>

2. For each programme, please describe the decision-making process used by the relevant government authority to approve or reject an application. Please clearly indicate any differences in the process across different types of subsidies or programmes.

Response of GOI:

Application for EPCG license needs to be filed with requisite documents mentioned above and if there is deficiency in documents, DGFT rejects it.

3. Please answer the following questions regarding eligibility for receiving benefits provided under each programme:
 - a. Please specify whether eligibility for the programme is at all conditional on a company's export performance. If so, please provide details of the criteria that apply.

Response of GOI:

Primarily entity receiving the license needs to export to the tune of 6 times of duty saved and thus export is the basic criteria to apply for the license.

- b. Please specify whether eligibility for the programme is at all conditional on a company's use of domestic goods over imported goods, and if so please provide details.

Response of GOI:

Please refer to the reply above.

- c. Please specify whether eligibility for the programme is at all conditional upon, or limited to, the location of companies or industries within specific regions. If so, please specify the companies or industries and the designated regions.

Response of GOI:

The eligibility of the program is not limited to location or region wherein an entity is located instead scheme is available to all entity which meets the criteria listed of export.

- d. Please specify whether eligibility for the programme is limited to any individual or groups of companies and/or industries. If so, please detail the relevant companies and/or industries and the laws that govern this criterion.

Response of GOI:

Please refer to the reply above.

GOI is submitting details of EPCG with respect to [REDACTED-COMMERCIALLY SENSITIVE INFORMATION] at **Annexure –XIX**

C2 General Information on programmes

9. Merchandise Exports from India Scheme (MEIS):

The Merchandise Exports from India Scheme (MEIS) was introduced on April 1, 2015, and is designed to offset infrastructural inefficiencies and associated costs involved in the export of goods/products, which are produced/manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India's export competitiveness. Exports of notified goods shall be rewarded in Duty Credit Scrips calculated on the basis of the realized FOB value of exports in free foreign exchange, or on FOB value of exports as given in the Shipping Bills in free foreign exchange, whichever is less. The MEIS duty credit scrips and any goods imported or domestically procured utilizing the scrips can be freely transferrable or saleable.

Since this Scheme was applicable for exports made till December 31, 2020 and currently such scheme is not in operation. Thus, GOI is not responding other questions relating thereto.

Further, it may kindly be noted that the following 6 HS Codes, which are under investigation were not covered under MEIS, since the inception of the scheme:

- 72222021
- 72222029
- 72222031
- 72222039
- 72222081
- 72222089

C2 General Information on programmes

6. Package Scheme of Incentives (PSI):

It is stated that different state government within the territory of India announce a “package” of programs aimed to attract establishment of industries. Since TRA has not indicated the details of the concerned Indian state, GOI is providing the inputs on PSI provided by state government of Maharashtra. The State Govt. of Maharashtra has announced its industrial policy and the clubbed all the incentives, benefits available for the industries located in the State of Maharashtra and named as Package Scheme of Incentive of State Government of Maharashtra.

- **The policy objective and/or purpose of the programme:**

Response of GOI:

In order to encourage the dispersal of industries to lesser developed areas of the State, the Government has been giving package of incentives to New Industrial Units / Expansion / Diversification Units set up in the developing regions of the State since 1964 under a Scheme popularly known as the "Package Scheme of Incentives." **The Package Scheme of Incentives, introduced in 1964, has been amended from time to time. Presently the Package incentive scheme 2019 is operational.**

Department may see related document through the link below:

<https://maitri.mahaonline.gov.in/PDF/Package%20Scheme%20of%20Incentives%20-%202019.pdf>

- **The nature or form of the subsidy:**

Response of GOI:

All eligible new Micro, Small and Medium Manufacturing Enterprises will be eligible for interest subsidy in respect of interest actually paid to the Banks and Public Financial Institutions (excluding unsecured loans, private loans / borrowings, loans from NBFCs etc.) for claim period, on the amount of term loans taken for acquisition of new Fixed Assets required for the project accepted by the implementing agency. The amount of interest subsidy will be calculated @ effective rate of interest, after deducting the interest subsidy receivable from any agency of the State Government or under any Govt. of India Scheme and the penal / compound interest or 5 % per annum, whichever is less. The quantum of interest subsidy payable to the eligible unit every year will not exceed the bills paid for electricity consumed during the relevant year.

Various other form of subsidy during the period scheme started till end of scheme are Electricity Duty Exemption, Sales tax exemption which is subsumed in GST post introduction of GST in the year 2017 etc.,

- **The nature of benefits or concessions granted**

Response of GOI:

Benefits or concessions are in nature of either re-imburement of taxes or exemption of electricity

- **When the programme was established:**

Response of GOI:

The ongoing PSI 2019 is operational from 1st April 2019

- **The duration of the programme:**

Response of GOI:

PSI 2019 is operational for 5 years till 31st March 2024.

- **The laws and regulations under which the subsidy is granted:**

Response of GOI:

Scheme is not operated by GOI and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

- **How the programme operates:**

Response of GOI:

Scheme is not operated by GOI and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

- **Whether, and if so, how, eligible companies and payments are recorded:**

Response of GOI:

Scheme is not operated by GOI and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

- **Which Indian government authority administers the programme and the types of records that they maintain for a programme (e.g. company-specific files, accounting records, programme databases, budget approvals, etc.)**

Response of GOI:

Scheme is not operated by GOI and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

2. Please provide details of future changes expected to the programmes listed in Table 1.

Response of GOI:

Scheme is not operated by GOI and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

C3 Programme eligibility

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

1. For each programme, please explain the application process, including details of any application fees charged by the relevant government authority.

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

2. For each programme, please describe the decision-making process used by the relevant government authority to approve or reject an application. Please clearly indicate any differences in the process across different types of subsidies or programmes.

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

3. Please answer the following questions regarding eligibility for receiving benefits provided under each programme:

- a. Please specify whether eligibility for the programme is at all conditional on a company's export performance. If so, please provide details of the criteria that apply.

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

- b. Please specify whether eligibility for the programme is at all conditional on a company's use of domestic goods over imported goods, and if so please provide details.

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

- c. Please specify whether eligibility for the programme is at all conditional upon, or limited to, the location of companies or industries within specific regions. If so, please specify the companies or industries and the designated regions.

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it.

- d. Please specify whether eligibility for the programme is limited to any individual or groups of companies and/or industries. If so, please detail the relevant companies and/or industries and the laws that govern this criterion.

Response of GOI:

Scheme is not operated by GOI instead by State Government of Maharashtra and thus GOI requests to ask this question from respondents and if required GOI will cross verify it

General Information on programmes

12. Provision of Chromium Ore for Less Than Adequate Remuneration:

India does not have any scheme under the name of “Provision of Chromium ore for less than adequate remuneration” Since, TRA has requested to provide the details of the provision of Chromium Ore, Govt. of India is willing to provide the basic information on the production or Chromium Ore and its producers, pricings etc.

Response of GOI:

Chromite is the single commercially viable ore of chromium (Cr) which is chemically known as iron chromium oxide (Fe Cr₂O₄). The properties of chromium that make it most versatile and indispensable are its resistance to corrosion, oxidation, wear & galling and enhancement of hardenability. As per the ranking in 2019, India is the 3rd Largest Chromite producer in the world with the 10.18% share of world production. India is the self-sufficient in the chromium domestic demand/consumption. In 2019-20, India produced 3.90 million Tonnes of Chromite whereas the Domestic Consumption was only 2.72 million Tonnes. During the same period, India had exported 0.8 million tonnes of Chromite and imports 0.1 million Tonnes.

More than 96% resources of chromite are located in Odisha, mostly in Jaipur, Kendujhar and Dhenkanal districts. Minor deposits are scattered over Manipur, Nagaland, Karnataka, Jharkhand, Maharashtra, Tamil Nadu, Telangana and Andhra Pradesh. Grade wise, Charge chrome grade accounts for 31% resources followed by beneficial grade (25%), Ferrochrome grade (18%) and Refractory grade (14%). Low, Others, Unclassified and Not known grades together account for 12%.

Production and Stock of Chromium:

The number of reporting mines was 22 in 2019-20 as compared to 26 in the preceding year. The share of Public Sector in total production was 21% in 2019-20 as compared to 31% in the previous year. About 21% of the total production was reported from captive mines in the current year as compared to 20% in the previous year.

Involvement of Public Sector Undertaking in the production of Chromite:

There is only one State PSU i.e. 'Odisha Mineral Corporation' involved in production of Chromite and its production during 2020-21 was only 1.16 Million Tonne whereas the production by Private entities is 2.86 MT.

In view of the above, it is submitted that **there is no control of GOI in the production of Chromite in India. The response to the further questions is not being provided. However, if TRA has any specific query, GOI will provide the same.**

As mentioned above as such there is no scheme and thus GOI is not responding other questions in relation to this.

C2 General Information on programmes

13. RODTEP Scheme:

The Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP), has been operationalized for exports from 01.01.2021. The scheme creates a mechanism for reimbursement of taxes/ duties/ levies, which are not being refunded under any other mechanism, at the central, state and local level, but which are incurred in the process of manufacture and distribution of exported products, to the exporting industries in India. Exporters of eligible items under the Scheme are being issued e-scrips as refund.

RoDTEP scheme guidelines and rates have been notified vide DGFT Notification No. 19 dated 17.08.2021. The procedure and relevant implementation guidelines have been notified by CBIC, Ministry of Finance, the implementing agency, as in Notification no. 75 and 76 dated 23.09.2021. The ICEGATE online module has been operationalized and exporters are now able to get their e-scrips under the Scheme.

Under the Scheme, a refund in the form of a duty credit e-scrip is granted to exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product, wherever required, on export of items which are categorized under the notified 8-digit HS Code. However, for certain export items, a fixed quantum of rebate amount per unit may also be notified.

RoDTEP is a WTO compliant Scheme and follows the internationally accepted economic principle that the taxes/duties should not be exported; they should either be exempted or remitted to exporters.

- **The policy objective and/or purpose of the programme:**

Response of GOI:

The Objective of the RoDTEP Scheme is to refund:

- (a) Duties/taxes/levies, at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product and
- (b) Such indirect Duties/ taxes / levies in respect of distribution of exported product.
- (c) The rebate under the Scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.

- **The nature or form of the subsidy:**

Response of GOI:

Under the Scheme, a rebate would be granted to exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product, wherever required, on export of items which are categorized under the notified 8-digit HS Code. However, for certain export items, a fixed quantum of rebate amount per unit may also be notified. Rates of rebate / value cap per unit under RoDTEP is notified in Appendix 4R on an annual basis.

RoDTEP is a WTO compliant Scheme and follows the global principle that the taxes/duties should not be exported; they should either be exempted or remitted to exporters. RoDTEP is not countervailable as the amount of remission or rebate is “not in excess of those which have accrued”. Footnote 1 of the WTO Agreement on Subsidies and Countervailing Measures (ASCM) confirms that the financial contribution in the form of the government revenue foregone, is limited to such excess amount of remission. Footnote 1 identifies two situations under which subsidies is deemed not to exist- (i) The exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption; and (ii) the remission of such duties or taxes in amounts not in excess of those which have accrued.

It is well established that remission programs are not inconsistent with the ASCM. In this regard reference is drawn to paragraphs (g) and (h) of Annex I read with Annex II of the ASCM.

“(g) The exemption or remission, in respect of the production and distribution of exported products, of indirect taxes in excess of those levied in respect of the production and distribution of like products when sold for domestic consumption.

(h) The exemption, remission or deferral of prior-stage cumulative indirect taxes on goods or services used in the production of exported products in excess of the exemption, remission or deferral of like prior-stage cumulative indirect taxes on goods or services used in the production of like products when sold for domestic consumption; provided, however, that prior-stage cumulative indirect taxes may be exempted, remitted or deferred on exported products even when not exempted, remitted or deferred on like products when sold for domestic consumption, if the prior-stage cumulative indirect taxes are levied on inputs that are consumed in the production of the exported product (making normal allowance for waste). This item shall be interpreted in accordance with the guidelines on consumption of inputs in the production process contained in Annex II.”

Further, as per paragraph 2 of Section I under Annex II, indirect tax rebate schemes can constitute an export subsidy only to the extent that they result in exemption, remission, deferral or refund of indirect taxes in excess of the amount of such taxes or charges actually levied on inputs that are consumed in the production of the exported product. However, normal allowance for waste must be made in findings regarding consumption of inputs in the production of the exported product.

Furthermore, Section II of Annex III provides guidelines for determining whether inputs are consumed in the production of the exported product. Briefly put, it provides:

- (i) The investigating authority would first determine whether the government of the exporting country has in place and applies a system or procedure to confirm which inputs are consumed in the production of the exported product and in what amounts.
- (ii) Where such system or procedure is determined to be applied, investigating authorities should then examine the system or procedure to see whether it is reasonable, effective for the purpose intended, and based on generally accepted commercial practices in the country of export.

- (iii) The investigating authorities may carry out certain practical tests in order to verify information or to satisfy themselves that the system or procedure is being effectively applied.

Therefore, it is clear that remission schemes are not countervailable as long as inputs that are consumed in the production of the exported product can be verified.

In line with the ASCM, Para 4.57 of the Foreign Trade Policy, 2015-2020 (as notified through Notification No. 19 2015-2020 dated August 17, 2021 attached here as **Annexure-XX**) provides for a monitoring and audit mechanism to be put in place by Central Board of Indirect Taxes and Customs. It is also provided that the Department of Revenue would physically verify the records of the exporters on sample basis.

In light of the above, it is evident that the GOI has in place and applies a system to confirm which inputs are consumed in the production of the exported product and in what amounts. Therefore, RoDTEP is not countervail able as per the ASCM unless it could be shown that in any particular case, remission of indirect taxes is in excess of the amount of such taxes or charges actually levied on inputs that are consumed in the production of the exported product and even in such cases only the excess drawback can be countervailed.

- **The nature of benefits or concessions granted:**

Response of GOI:

The RoDTEP Scheme aims to refund all those hidden taxes and levies, For example:

1. Central & state taxes on the fuel (Petrol, Diesel, CNG, PNG, and Coal Cess, etc.) used for transportation of export products.
2. The duty levied by the state on electricity used for manufacturing.
3. Mandi tax levied by APMCs.
4. Toll tax & stamp duty on the import-export documentation. Etc.

The Scheme will ensure that the Exporter only exports goods and services, not any kind of taxes, and the RoDTEP Scheme would cover all indirect Central & State taxes that are not reimbursed in any existing scheme.

It is a WTO compliant Scheme and follows the global principle that the taxes/duties should not be exported; they should be either exempted or remitted to exporters, to make the goods competitive in the global market.

When the programme was established:

Response of GOI:

This scheme has been introduced by the Government of India by making amendments in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021.

RoDTEP has been made effective for exports from 1st January 2021 in respect of those exports where intention to claim the benefit has been manifested on the shipping bills.

- **The duration of the programme:**

Response of GOI:

RoDTEP Scheme in effect from 1st January 2021 and is currently in place.

- **The laws and regulations under which the subsidy is granted:**

Response of GOI:

The Scheme guidelines for RoDTEP were incorporated into the Foreign Trade Policy, 2015-2020 vide Notification No. 19/2015-2020 dated August 17, 2021.

Further Department of Revenue notified the manner in which duty credit is issued for goods exported under the Scheme vide Notification No. 76/2021-Customs (N.T.) dated September 23, 2021, attached here as **Annexure-XXI**.

- **How the programme operates:**

Response of GOI:

The scheme is implemented through end to end digitization of issuance of rebate amount in the form of a transferable duty credit/electronic scrip (e-scrip), which is maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC).

The procedure for availing assistance under the scheme is as follows:

- Exporter has to make a claim for RoDTEP in the shipping bill by making a declaration.
- Based on the declarations in the Shipping Bill, the system calculates the RoDTEP entitlement based on FOB value, RoDTEP rate and cap, if any.
- Post filling of Gateway EGM (Export general Manifest, the RoDTEP Scrolls with all individual Shipping Bills for admissible amount are generated and made available in the

exporters' account at Indian Customs and Central Excise Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway (ICEGATE).

- The IEC holder who has registered on ICEGATE with the help of Digital Signature Certificate can create a RoDTEP credit ledger account under the Credit Ledger tab.
- Exporter can log into his account and generate Scrip after selecting the relevant shipping bills.

The whole process is online and end to end IT enabled.

- **Whether, and if so, how, eligible companies and payments are recorded:**

Response of GOI:

The Shipping Bills with RoDTEP claim will be routed for officer intervention based on Risk based targeting by RMS. All the Shipping Bills will be sent to RMS after the EGM is filed. Based on the input by RMS, Shipping Bills will either come to officer for processing of RoDTEP benefits or will directly be facilitated to the scroll queue without any officer intervention. Once the Shipping Bill is processed for RoDTEP either by the officer or as per facilitation by RMS, it will move to the respective scroll queues. Options have been made available in System for officers to generate RoDTEP scrolls. Once the RoDTEP scroll is generated, the credits allowed will be available within their ICEGATE login of the exporter to claim and convert into a credit scrip.

- **Which Indian government authority administers the programme and the types of records that they maintain for a programme (e.g. company-specific files, accounting records, programme databases, budget approvals, etc.)**

Response of GOI:

The program is administered by the Central government. The name and address of the government agency administering the program is as follows:

- Notifying Authority: Directorate General of Foreign Trade, Ministry of Commerce, Udyog Bhawan, H-Wing, Gate No.2, Maulana Azad Rd, New Delhi, Delhi 110001
- Implementing Agency: Department of Revenue, Central Board of Indirect Taxes and Customs (CBIC), 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi- India 110001

Central Board of Indirect Taxes and Customs maintains an electronic ledger of transferable duty credit/ electronic scrips issued.

Further, as mandated in Para 4.54 (v) of the FTP, the Scheme operates in a budgetary framework for each financial year. Projected remissions for each financial year are to be managed within the approved Budget of the scheme which is finalized by the Ministry of Finance in consultation with the Department of Commerce.

2. Please provide details of future changes expected to the programmes listed in Table 1.

Response of GOI:

No changes are anticipated in the program as of now.

C3 Programme eligibility

4. For each programme, please explain the application process, including details of any application fees charged by the relevant government authority.

Response of GOI:

Exporter need to following to avail the benefits under RoDTEP Scheme as follows –

Declaration in the Shipping Bills –

It is mandatory for the exporters to indicate in their Shipping Bill whether or not they intend to claim RoDTEP on the export items from 01/01/2021. Unlike Drawback, there will be no need to declare any separate code or schedule serial number for RoDTEP.

The exporter will have to make declaration in shipping bill for each item

RoDTEP Declaration has to be mentioned in shipping bills. Additionally, for every item where RoDTEP is claimed in INFO CODE, a declaration has to be submitted in the Statement Table of the Shipping Bill as below.

ICE Gate registration:

The exporter has to register on ICE Gate to get the login Id and Password with the help of an Email id, Mobile number, and with an Import-Export Code.

The exporter has to register on ICE Gate to get the login Id and Password with the help of an Email id, Mobile number, and with an Import-Export Code.

Creation of the RoDTEP Credit Ledger:

To avail of the benefits under RoDTEP exporter has to create first the RoDTEP credit ledger account by logging onto the ICE Gate portal. There would be the following information would be available in the ledger account -

- Scroll Details
- Scrip Details
- Transaction Details
- Transfer Scrips
- Approved Scrips Transfer

Application procedure:

- An application shall be filed online using Digital signature Certificate on ICE Gate Website (<https://www.icegate.gov.in/>).
- The refund under RoDTEP Scheme would be in the form of duty credit which will be transferable, or it may be in the form of electronic scrip which will be maintained in the electronic ledger.

No Government fees will be charged for the application.

Rate of Rebate under RoDTEP Scheme:

- As per the Notification No. 19/2015-2020, Dated 17th August 2021 the Government has announced the benefit rates for 8555 export products.

- All the eligible products with the benefit rates given under Appendix 4R notified on 17/08/2021 under notification number 19/2015-2020.
- Exporters will be given tax refunds in the range of 0.5 - 4.3 percent.
- As per the secretary, three sectors - steel, chemicals and pharmaceuticals would not get the benefit of RoDTEP as they have “done well without” incentives.

3. Please answer the following questions regarding eligibility for receiving benefits provided under each programme:

- a) Please specify whether eligibility for the programme is at all conditional on a company’s export performance. If so, please provide details of the criteria that apply.

Response of GOI:

The fact of export and the fact of timely realization of exports proceeds is relevant.

The benefit under the Scheme is available to all exporters irrespective of the goods manufactured in India. Further, there is no turnover limit criterion for claiming the benefit under the Scheme. At present, around 8731 tariff lines are covered under RoDTEP scheme with different rates of rebate / value cap per unit and are notified in Appendix 4R. The Scheme guidelines for RoDTEP were incorporated into the Foreign Trade Policy, 2015-2020 vide Notification No. 19/2015-2020 dated August 17, 2021. Further Department of Revenue notified the manner in which duty credit is issued for goods exported under the Scheme vide Notification No. 76/2021-Customs (N.T.) dated September 23, 2021.

- b) Please specify whether eligibility for the programme is at all conditional on a company’s use of domestic goods over imported goods, and if so please provide details.

Response of GOI:

No, the use of domestic goods or the creation of domestic value addition is not a determining criterion for the eligibility of the program.

- c) Please specify whether eligibility for the programme is at all conditional upon, or limited to, the location of companies or industries within specific regions. If so, please specify the companies or industries and the designated regions.

Response of GOI:

No, the eligibility of the program is not limited enterprises or industries located within designated regions. RoDTEP is a tax/duty rebate and not a subsidy.

- d) Please specify whether eligibility for the programme is limited to any individual or groups of companies and/or industries. If so, please detail the relevant companies and/or industries and the laws that govern this criterion.

Response of GOI:

All exporters of goods are eligible to take benefit under this scheme. Such exporter may either be the merchant or manufacturer exporter. However, such goods should have been directly exported by such person.

C4 Payments made under the programmes

1. Please complete Annex C4 – Programme beneficiaries identifying all companies that accrued or received a subsidy (or subsidies) under the programmes during 1 April 2021 to 31 March 2022. This may include benefits from programmes that were in place well before the POI. Please add additional rows as required.

Please ensure the columns under ‘Programme information’ are populated using the exact information in Table 1, ensuring any programme(s) detailed in Section C1 are included.

Response of GOI:

GOI is providing the said Annex C4 for the entities under reviews. Further, since only two schemes namely [REDACTED-COMMERCIALY SENSITIVE INFORMATION] availed either by [REDACTED-COMMERCIALY SENSITIVE INFORMATION], thus respective scheme wise information is provided in relation to these schemes for these three entities.

2. Please identify and provide copies of any contractual agreements between the government of India and any companies that receive benefits under the programme (e.g. loan contracts, grant contracts, etc.).

Response of GOI:

As such there is no contractual agreement between GOI and any of three entities as to receive benefits under schemes [REDACTED-COMMERCIALY SENSITIVE INFORMATION], applicant entity has to make application and on scrutiny of documents submitted by applicant entity concerned department (as mentioned under respective schemes) of GOI issues license.

3. For each programme beneficiary listed in Annex C4 – Programme beneficiaries, please answer the following questions:
 - a. Please explain the subsidy (or subsidies) provided to the beneficiary. Include an explanation of whether the subsidy was one-off or recurring, including the years it recurred and whether the subsidy varied between years. Please also explain how the amount stated in Annex C4 has been estimated, including the methodology and assumptions used (if relevant).

Response of GOI:

For explanation of subsidies namely [REDACTED-COMMERCIALY SENSITIVE INFORMATION] availed by three entities, please refer to response in relation to respective schemes outlined above. Further, AAS is in nature of recurring benefits and EPCG is in nature of non-recurring benefits. Actual details of such benefits are provided at **Annexure XVII, Annexure XVIII and Annexure XIX.**

- b. Please indicate what functions the company performs and specify whether the nature of any such functions could be recognised as being equivalent to those of a Foreign Authority.

Response of GOI:

Please refer to the response to respective schemes above for the function(s) need to be performed by an entity to receive benefits. GOI is not exactly aware regarding nature of any such functions could be recognised as being equivalent to those of a Foreign Authority

- c. Please state whether any of the company's functions are undertaken on behalf of government of India and specify whether the company is required to support government of India policies.

Response of GOI:

Company's functions are not undertaken by GOI. While framing a policy, GOI invites opinion of industry but all the decisions regarding finalization of a policy is undertaken by GOI independently.

- d. If the company has been trusted, vested or tasked with any responsibility normally associated with a Foreign Authority please specify the nature and function of this responsibility and provide copies of the relevant legal instruments or regulations.

Response of GOI:

GOI requests to collect the said information from respective respondents and if required GOI will cross verify the same.

- e. Please indicate whether the company has the authority to entrust or direct a private body to undertake responsibilities or functions on behalf of the Foreign Authority.

Response of GOI:

GOI requests to collect the said information from respective respondents and if required GOI will cross verify the same.

- 4. For each SIE and SOE identified in Annex C4, if any, please answer the following questions:

Response of GOI:

Since either of the entities [REDACTED-COMMERCIALY SENSITIVE INFORMATION] is not SIE or SOE and thus GOI is not responding the following questions.

- a. Please indicate any payments and/or injections of funds provided by the government of India to the SIE/SOE (e.g., grants, awards, purchase of shares, injection of capital funds, etc.). Please detail the date, amount and the reason(s) for the provision.

- b. Please identify and provide details on whether the SIE/SOE has any financial liabilities with any financial institutions in which the government of India holds an interest.
- c. Please detail how each SIE/SOE funds its operations.
- d. Please explain how and to whom the SIE/SOE distributes its profits.
- e. Please explain how the performance of the SIE/SOE is measured, specifying which authority in government of India inspects or reviews its performance (e.g. output and quality performance, employee performance, financial performance etc.) Include an explanation of what action, if any, is taken by such authorities if its performance targets are not met.
- f. Please provide details of any official government of India reporting methods and/or procedures that the SIE/SOE must comply with.

C5 Programme-specific questions

1. Please provide an explanation of “Standard Input Output Norms” (SIONs). Specifically, please detail:
 - How the system operates;
 - How the SIONs are established;
 - How SIONs are reviewed, both frequency and method of review;
 - What payments are made to companies based on SIONs (including which of the schemes listed in table 1 involve SIONs), and
 - Any additional information relevant to the use of SIONs.

Response of GOI:

- **How the system operates:**

Response of GOI:

Norms Committee is responsible for formulating SIONs. Members of the Norms Committee (NC) include officials from various Departments Ministries of the Govt. of India, the concerned export promotional council (who are technically competent/qualified) to decide the requirement of inputs in the production of export product. After satisfying itself on the basis of application received, requirement of inputs in the production of the export product and any other relevant information as well as onsite visit, NC recommends it to the DGFT, which are thereafter notified. SIONs are fixed considering technical considerations and manufacturing process for the product involved. GOI attempts to follow a methodology independent of producer, its actual production/consumption. Actual production and consumption of inputs by the applicant is only one of the inputs to the NC. NC is guided by technical considerations and manufacturing process normally employed by the product. SION so fixed works as a “standard” and is not the “actual” consumption of the inputs. If a company actually consumes inputs more than provided under SION, the company is not permitted to import additional inputs. However, if a company consumes less inputs than provided under the SION, the company is required to either pay customs duty on

the excess inputs imported or undertake additional exports. In any case, no company can import and retain higher quantum of inputs than is actually consumed by the company in production of the exported product.

- **How the SIONs are established:**

Response of GOI:

Norms Committee is responsible for formulating SIONs and notified by DGFT. On the recommendations of Norms Committee, DGFT fixes SION by issuing a Public Notice and published in Gazette of India and uploaded on DGFT website.

- **How SIONs are reviewed, both frequency and method of review**

Response of GOI:

As discussed above, Norms Committee meets periodically to examine such cases thereby recommends SION. After satisfying itself on the basis of application received, requirement of inputs in the production of the export product and any other relevant information as well as onsite visit, NC recommends it to the DGFT, which are thereafter notified.

SIONs are fixed considering technical considerations and manufacturing process for the product involved. GOI attempts to follow a methodology independent of producer, its actual production/consumption. Actual production and consumption of inputs by the applicant is only one of the inputs to the NC. NC is guided by technical considerations and manufacturing process normally employed by the product. SION so fixed works as a “standard” and is not the “actual” consumption of the inputs. However, if a company consumes less inputs than provided under the SION, the company is required to either pay customs duty on the excess inputs imported or undertake additional exports. In any case, no company can import and retain higher quantum of inputs than is actually consumed by the company in production of the exported product.

☞ On the recommendations of Norms Committee, DGFT fixes SION by issuing a Public Notice and published in Gazette of India and uploaded on DGFT website.

☞ Formulation of SION could be based on information submitted by the industry, Norms Committee’ technical experts’ own understanding and technical literatures. As per paragraph 4.04 to 4.07 of Handbook of Procedure 2015-2020, attached here as **Annexure-XXII**, the Applicant is required to file an application for fixation of SION Norms in form ANF 4B. A Copy of ANF 4B is already enclosed as **Annexure-XXIII**

☞ Para 4.06 of Handbook of Procedure provides procedure for fixation of norms: -

(i) In case where norms have not been notified or where applicant wants to get the ad-hoc norms fixed before making an application for Advance Authorisation, application in ANF 4B, along with prescribed documents, shall be uploaded online to concerned Norms Committee (NC) in DGFT headquarters for fixation of SION/Adhoc norm. Details of Norms Committees along with products groups dealt by each Norms.

☞ Norms Committees (NC) in DGFT headquarters for fixation / revision / amendment of norms of Export Products under following ITC HS Chapters Email addresses for communication with respective Norms Committee:

Norms Committee in DGFT	For Fixation/ revision/amendments of norms of export products under following ITC HS Chapters	Email addresses for communication with respective Norms Committee
NC-1	81 to 84, 86 to 93	nc1.dgft@nic.in
NC-2	72 to 76, 78 to 80, 85	Nc2.dgft@nic.in
NC-3	29, 30	Nc3.dgft@nic.in
NC-4	27, 28, 31 to 38, 44 to 49, 68 to 71	Nc4.dgft@nic.in
NC-5	41 to 43, 50 to 67	Nc5.dgft@nic.in
NC-6	1 to 26, 94 to 98	Nc6.dgft@nic.in
NC-7	39, 40	Nc7.dgft@nic.in

(ii) An applicant shall indicate a valid email address for communication purpose and to ensure that this email address is active.

(iii) The decisions of Norms Committees shall be available on the website of DGFT (<http://dgft.gov.in>) periodically and the applicants shall update themselves the status of norms fixation in respect of Authorisation obtained by them.

- (iv) Exporters / EPC shall provide data to the Norms Committee concerned for the fixation of SION/Adhoc Norms for an export product. Norms Committee shall endeavour to fix SION or Adhoc norms on receipt of complete data. Any Adhoc norm fixed under this para, on the basis of an application made by an exporter shall be valid for one authorisation for which such application is made and no repeat authorisations shall be issued. However, Norms Committee can specify extended validity period, not more than two years from the date of fixation of such Adhoc norms, for grant of further authorisations under such norm.

 - (v) Norms Committees shall also function as recommendatory authority for notification of SION and DGFT may notify such norms from time to time.

 - (vi) It is mandatory for industry / manufacturers/ EPCs to provide production and consumption data etc. for the past three years, as may be required by DGFT for fixation of SION. Otherwise, applicants shall not be allowed to take benefit of Advance Authorisation scheme for taking repeat Advance Authorisations on self-declared basis. Norms Committee may also seek data from DoR (CBEC).

 - (vii) Experts may be invited from Scientific and Technological institutions as members of Norms Committee for fixation of Norms.
- ☞ A copy of ANF 4B is attached as Exhibit-. Application for Fixation/modification/revision of SION is furnished in ANF 4 B to the DGFT. As per the guidelines given in ANF 4 B, Production, and consumption data of the manufacturer /supporting manufacturer of preceding 3 financial years duly certified by Chartered accountant/Cost accountant/ Jurisdictional excise authorities is required to be submitted along with technical details as Appendix 4 E and Chartered Engineer Certificate certifying the import requirements of raw materials as per appendix 4 K of the HBP.
- ☞ Copies of Appendix 4 E enclosed as **Annexure-XXIV** and Appendix 4 K enclosed as **Annexure-XXV**

☞ As per para 4.16 of Foreign Trade policy FTP 2015-2020 Actual User Condition for Advance Authorisation

- (i) Advance Authorisation and / or material imported under Advance Authorisation shall be subject to Actual User“ condition. The same shall not be transferable even after completion of export obligation. However, Authorisation holder will have option to dispose of product manufactured out of duty-free input once export obligation is completed.
- (ii) In case where CENVAT/input tax credit facility on input has been availed for the exported goods, even after completion of export obligation, the goods imported against such Advance Authorisation shall be utilized only in the manufacture of dutiable goods whether within the same factory or outside (by a supporting manufacturer). For this, the Authorisation holder shall produce a certificate from Chartered Accountant, at the time of filing application for Export Obligation Discharge Certificate to Regional Authority concerned.

Waste / Scrap arising out of manufacturing process, as allowed, can be disposed of on payment of applicable duty even before fulfilment of export obligation.

- **What payments are made to companies based on SIONs (including which of the schemes listed in table 1 involve SIONs), and**

Response of GOI:

If a company actually consumes inputs more than provided under SION, the company is not permitted to import additional inputs. However, if a company consumes less inputs than provided under the SION, the company is required to either pay customs duty on the excess inputs imported or undertake additional exports. In any case, no company can import and retain higher quantum of inputs than is actually consumed by the company in production of the exported product. And thus, as such there is no payment by GOI to companies based on SIONs

As per para 4.16 of Foreign Trade policy FTP 2015-2020 Actual User Condition for Advance Authorisation

- (iii) Advance Authorisation and / or material imported under Advance Authorisation shall be subject to Actual User“ condition. The same shall not be transferable even after completion of export obligation. However, Authorisation holder will have option to dispose of product manufactured out of duty-free input once export obligation is completed.

(iv) In case where CENVAT/input tax credit facility on input has been availed for the exported goods, even after completion of export obligation, the goods imported against such Advance Authorisation shall be utilized only in the manufacture of dutiable goods whether within the same factory or outside (by a supporting manufacturer). For this, the Authorisation holder shall produce a certificate from Chartered Accountant, at the time of filing application for Export Obligation Discharge Certificate to Regional Authority concerned.

(v) Waste / Scrap arising out of manufacturing process, as allowed, can be disposed of on payment of applicable duty even before fulfilment of export obligation.

- **Any additional information relevant to the use of SIONs.**

Response of GOI:

Formulation of SION could be based on information submitted by the industry, Norms Committee' technical experts' own understanding and technical literatures. As per paragraph 4.04 to 4.07 of Handbook of Procedure 2015-2020, the Applicant is required to file an application for fixation of SION Norms in form ANF 4B.

Para 4.06 of Handbook of Procedure provides procedure for fixation of norms:

- i. In case where norms have not been notified or where applicant wants to get the ad-hoc norms fixed before making an application for Advance Authorisation, application in ANF 4B, along with prescribed documents, shall be uploaded online to concerned Norms Committee (NC) in DGFT headquarters for fixation of SION/Adhoc norm. Details of Norms Committees along with products groups dealt by each Norms.
- ii. An applicant shall indicate a valid email address for communication purpose and to ensure that this email address is active.
- iii. The decisions of Norms Committees shall be available on the website of DGFT (<http://dgft.gov.in>) periodically and the applicants shall update themselves the status of norms fixation in respect of Authorisation obtained by them.
- iv. Exporters / EPC shall provide data to the Norms Committee concerned for the fixation of SION/Adhoc Norms for an export product. Norms Committee shall endeavour to fix SION or Adhoc norms on receipt of complete data. Any Adhoc norm fixed under this para, on the basis of an application made by an exporter shall be valid for one authorisation for which such application is made and no repeat authorisations shall be issued. However, Norms Committee can specify

extended validity period, not more than two years from the date of fixation of such Adhoc norms, for grant of further authorisations under such norm.

- v. Norms Committees shall also function as recommendatory authority for notification of SION and DGFT may notify such norms from time to time.
- vi. It is mandatory for industry / manufacturers/ EPCs to provide production and consumption data etc. for the past three years, as may be required by DGFT for fixation of SION. Otherwise, applicants shall not be allowed to take benefit of Advance Authorisation scheme for taking repeat Advance Authorisations on self-declared basis. Norms Committee may also seek data from DoR (CBEC).
- vii. Experts may be invited from Scientific and Technological institutions as members of Norms Committee for fixation of Norms.

A copy of ANF 4B is attached as **Annexure-XXIII** Application for Fixation/modification/revision of SION is furnished in ANF 4 B to the DGFT. As per the guidelines given in ANF 4 B, Production, and consumption data of the manufacturer /supporting manufacturer of preceding 3 financial years duly certified by Chartered accountant/Cost accountant/ Jurisdictional excise authorities is required to be submitted along with technical details as Appendix 4 E and Chartered Engineer Certificate certifying the import requirements of raw materials as per appendix 4 K of the HBP.

Copies of Appendix 4 E enclosed as **Annexure-XXIV** and Appendix 4 K enclosed as **Annexure-XXV**

Following Documentation must be produced when the GOI formulates a SION:

☞ Kindly refer to Annexure-ANF 4B attached as **Annexure-XXIII**. For fixation/modification of SION norm following documents are necessary.

- 1) Technical Details of the export product as per the details given in Appendix 33 enclosed as **Annexure-XXVI**.
- 2) Chartered Engineer certificate certifying the import requirements of raw materials in the format given in Appendix 32B enclosed as **Annexure-XXVII**
- 3) Production and Consumption data of the manufacturer/supporting manufacturer of the preceding three licensing years as given in serial no 3 of sub section XII, duly certified by the Chartered accountant/ Cost & Works Accountant/ Jurisdictional Excise Authority.

2. Please attach up to date SIONs for the Goods Subject to Review and Like Goods.

Response of GOI:

SION were mainly fixed long back and thereafter little work has been done in the amendment of SION. Latest amendment is provided at **Annexure-XXVIII**.

Source:

<https://content.dgft.gov.in/Website/dgftprod/44870cd1-b092-4cf2-a1d95b14c1155bbf/PN%2019%20dated%2027%2007%202022%20Eng.pdf>