

### India's Agriculture Trade Policy and status under Trade Agreements

HS No.	Item	Trade Policy		Bound Rate *	Statutory Duty **	Currently Applied rate***	Status in other Foreign Trade Agreements (FTAs)					
		Export	Import				ASEAN	SAFTA LDC	SAFTA Non-LDC	UTP	Korea	Japan
713.10	Peas	Prohibited *	Free	50	50	0	X	0 duty	8% duty	10%MoP	SEN	X
713.20	Chickpeas	Allowed		100	30		NT-1	0 duty	8% duty	0 duty	SEN	B 10
713.31	Moong & Urad	Prohibited *		100	30		NT-1	0 duty	8% duty	0 duty	SEN	B 10
713.40	Lentils			100	30		NT-1	0 duty	8% duty	0 duty	SEN	B 10
713.50	Broad beans			Prohibited *	100		30	NT-1	0 duty	8% duty	0 duty	SEN
713.60	Pigeon pea	Prohibited*		100	30		10	NT-1	0 duty	0 duty	0 duty	EXC

\* Import for value addition and subsequent export under Advance Authorisation Scheme allowed since 14.11.2013.

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		Export	Import				ASEAN	SAFTA LDC	SAFTA Non-LDC	UTP	Korea	Japan
10.01	Wheat and Meslin	Free	Import allowed through STE	100/80	100	10%	X	0 duty	X	X	X	X
1006.10	Rice in the husk	Free		80	80	80	X	0 duty	X	X	X	X
1006.20	Brown rice	Free		80	80	80	X	0 duty	X	X	X	X

1006.30	Semi-milled or wholly milled rice,	Free		70	80	70	X	0 duty	X	X	X	X
1006.40	Broken rice	Free		80	80	80	X	0 duty	X	X	X	X
HS No.	Item	Trade Policy		Bound Rate *	Statutory Duty **	Currently Applied rate***	Status in other Foreign Trade Agreements (FTAs)					
	<b>OIL SEEDS</b>	Export	Import				ASEAN	SAFTA LDC	SAFTA Non-LDC	UTP	Korea	Japan
12.01	Soya beans	Free	Free	100	30	30	X	0 duty	X	X	X	B 10
12.02	Ground-nuts shelled	Free	Free	100	30	30	X	0 duty	8% duty	X	SEN	B 10
12.03	Copra	Free	Import allowed through STE	100	70	70	X	0 duty	X	X	X	X
12.05	Rape/Mustard seeds	Free	Free	100	30	30	X	0 duty	X	X	SEN	B 10
12.06	Sunflower seeds,	Free		100	30	10	X	0 duty	X	X	SEN	B 10
1207.10	Palm nuts and kernels	Free		100	30	30	X	0 duty	5% duty	X	X	B 10
1207.20	Cotton seeds	Free		100	30	30	X	0 duty	8% duty	X	SEN	B 10
1207.40	Sesamum seeds	Free		100	30	30	X	0 duty	X	X	SEN	B 10
1207.50	Mustard seeds	Free		100	30	30	X	0 duty	X	X	SEN	B 10
1207.60	Safflower seeds	Free		100	30	30	X	0 duty	5%	X	X	B 10
1207.99	Other (Niger Seeds)	Free		100	30	30	X	0 duty	X	X	SEN	B 10

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		Export	Import				ASEAN	SAFTA LDC	SAFTA Non-LDC	UTP	Korea	Japan
15.07	Soyabean oil	Prohibited	Free	45	45	12.5- 20	X	0 duty	X	50% MoP	X	X
15.08	Groundnut oil	Prohibited		300	100	12.5- 20	X	0 duty	X	50% MoP	X	X
1511.10	Crude oil (Palm Oil)	Prohibited		300	100	7.5	Spl Prod(SP)	0 duty	X	50% MoP	X	X
1511.90	Other (Palm Oil)	Prohibited		300	100	15	Spl Prod(SP)	0 duty	X	50% MoP	X	X
1512.00	Sunflower seed, safflower or cotton seed oil	Prohibited		300	100	12.5- 20	X	0 duty	X	50% MoP	X	X
1513.11	Crude oil (Coconut Oil)	Free	Import allowed through STE	300	100	12.5	X	0 duty	X	50% MoP	X	X
1513.19	Other (Coconut Oil)	Free		300	100	20	X	0 duty	X	50% MoP	X	X
1513.21	Crude oil (Palm kernel or Babassu Oil)	Prohibited	Free	300	100	12.5	X	0 duty	X	50% MoP	X	X
1513.29	(Palm kernel or Babassu Oil)	Prohibited		300	100	20	X	0 duty	X	50% MoP	X	X
1514.11	Crude oil (Rapeseed/Mustard Oil)	Prohibited		75	75	12.5	X	0 duty	X	50% MoP	X	X

1514.19	Rapeseed/Mustard Oil Refined	Prohibited		75	75	20	X	0 duty	X	50% MoP	X	B 10
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*# Export of edible oil is permitted in branded consumer packs of up to 5 Kgs, subject to MEP US\$1400 per metric ton allowed.*

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		Export	Import				ASEAN	SAFTA LDC	SAFTA Non-LDC	UTP	Korea	Japan
1701.11	Cane sugar	Free	Free	150	100	40	X	0 duty	X	50% MoP	X	X
1701.12	Beet sugar	Free		150	100	40	X	0 duty	8% duty	50% MoP	X	X
1701.91	Sugar refined containing added flavouring or colouring matter	Free		150	100	40	X	0 duty	X	50% MoP	X	X
1701.99	Sugar refined not containing added flavouring or colouring matter	Free		150	100	40	X	0 duty	X	50% MoP	X	X
	<b>COTTON</b>											
5201.00	Cotton, not carded or combed	Free		100	10	0	NT-2	0 duty	X	50% MoP	X	A
5202.00	Cotton waste	Free		100	15	0	NT-2	0 duty	X	0 duty	x	A
5203.00	Cotton, carded or combed	Free		150	10	0	NT-2	0 duty	X	0 duty	X	A

**Source:**

- i. Director General of Foreign Trade- for trade policy,
- ii. Deptt of Commerce- status on FTAs and tariff commitments

- iii. Deptt of Revenue- Statutory duty and current applied rate
- iv. WTO- Bound rates

### **Abbreviation with explanation**

\* **Bound Rate**- It is the highest level of duty notified in WTO that the country can impose

\*\* **Statutory Duty**- Duty notified by Department of Revenue, as approved by the Parliament

\*\*\* **Current Applied Rates**- Duties applicable as on date

- a. ASEAN - (Association of Southeast Asian Nations) - Brunei, Cambodia (Cambodia), Indonesia, Lao (PDR), Malaysia, Myanmar, Philippines, Singapore , Thailand and Vietnam. India – ASEAN Comprehensive Economic Cooperation Agreement was signed on 13<sup>th</sup> August 2009 and became operational from 1<sup>st</sup> January 2010.
- b. SAFTA (Agreement on South Asian Free Trade Area) **LDC**- Afghanistan, Bangladesh, Bhutan, Maldives and Nepal. SAFTA was signed on 6 Jan, 2004 and came into operation from 1<sup>st</sup> January, 2006.
- c. SAFTA (Agreement on South Asian Free Trade Area) **Non LDC**- India, Pakistan and Sri Lanka
- d. **UTP**- Unilateral Tariff Preference Scheme for LDC. This scheme came into operation from August, 2008.
- e. India -South Korea Comprehensive Economic Partnership Agreement (CEPA) was concluded on 7<sup>th</sup> August 2009 and came into force w.e.f 1<sup>st</sup> January, 2010
- f. India- Japan Comprehensive Economic Partnership Agreement CEPA was concluded during and become operational from 1<sup>st</sup> August 2011.

### **Tariff commitments**

- i) **NT –1 (Normal Track-1)** - Under NT-1, duty will be reduced to 0 (zero) by December 2013.
- ii) **NT-2 (Normal Track-2)** – Under NT-2, duty will be reduced to 0 (zero) by December 2016. For the current year w.e.f. 1.1.2014 , duty is 11% of the prevailing applied rate under NT-2

- ii) **X (Negative List)**- Excluded from duty concession under Trade Agreement
- iii) **MoP (Margin of Preference)**- The reduction of the rate of duty on a product, provided for in a schedule to the Trade Agreement.
- iv) **SENSITIVE** - Duties on originating goods under the category SENSITIVE shall be reduced by fifty percent of the base rate in ten equal annual stages beginning on the date the Agreement enters into force, and such goods shall remain at fifty percent of the base rate, effective January 1 of year nine
- v) **B10**- Duties under this category shall be eliminated in 11 annual installments from the date of coming into force the Agreement
- vi) **A**- Duties shall be eliminated from the date of entry into force of the Agreement.
- vii) **SP-Special Products** - Under the ASEAN-India FTA, India offer for Crude Palm oil (CPO) and Refined Palm Oil (RPO) are under Special Products category. The duty will be reduced to 37.5% on CPO and 45% on RPO of the prevailing applied rate by 31.12.2019. For current year w.e.f. 1.1.2014 , duty on CPO and RPO is 60% and 70% respectively of the prevailing applied rate.

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## List of Free Trade Agreements (FTAs)/Comprehensive Economic Partnership Agreements (CEPA)

Trade Agreements concluded	Trade Agreements currently under Negotiations
<ul style="list-style-type: none"> <li>i. India-Korea CEPA</li> <li>ii. India- ASEAN CECA</li> <li>iii. India-SAFTA</li> <li>iv. India- Sri Lanka</li> <li>v. India- Japan CEPA</li> <li>vi. India- Malaysia CEPA</li> <li>vii. India- Singapore CECA</li> </ul>	<ul style="list-style-type: none"> <li>i. India-Thailand FTA</li> <li>ii. India- Australia FTA</li> <li>iii. India- New Zealand FTA</li> <li>iv. India- EU BTIA (Broad Based Trade and Investment Agreement negotiations)</li> <li>v. India -European Free Trade Association (EFTA)</li> <li>vi. India-Chile PTA (Preferential Trade Agreement) (expansion )</li> <li>vii. India- MERCOSUR PTA (expansion)</li> <li>viii. India- Israel PTA</li> <li>ix. India- Canada CECA</li> <li>x. India- SACU PTA</li> <li>xi. Regional Comprehensive Partnership Agreement (RECP)</li> </ul>

**1) India- ASEAN CECA**- This Agreement was concluded for Trade in Goods in August 2009 and became operational from January 1, 2010.

Commitments under Tariff elimination schedule are as under:

- Normal Track-1 : Tariff reduced to 0% by December 2013
- Normal Track-2 : Tariff reduced to 0% by December 2016
- Sensitive Track : Tariff reduced to 5% by December 2016
- Highly Sensitive Track: Tariff on CPO reduced to 37.5%, Refined Palm oil to 45%, Coffee and Pepper to 50% by December, 2019

**360 agriculture lines are excluded** from any duty reduction by India

### **Impact of India- ASEAN CECA**

#### **Malaysia**

##### **a) Export performance in which India has got duty reduction from ASEAN**

- i. Main items shown growth in exports**

onions dried (1371%), turmeric powder (1330%), wheat & meslin flour (1156%), maize corn (170%), maize corn starch (1909%), cane sugar (16898%), raisins (180%), cashew kernel (233%), coriander (81%), grapes (181%), cotton staple length 28.5 MM to 34.5 MM (222%)

**ii. Main items shown decline in exports**

chilly (-12%), maize seeds (-99%), other fixed veg edible oils (-99%), soyabean oil meal (-58%)

**b) Main items shown growth despite being in exclusion list**

Rice Basmati (9714%), rice parboiled (335%)

**Main items where import growth recorded after CEPA**

- Pepper (184%), crude palm oil (529%)

**Indonesia**

**a) Export performance in which India has got duty reduction from ASEAN**

**i. Main items shown growth in exports**

groundnut (119%), sesamum seeds (68%), soyabean oil meal (106%), rape/ colza oil meal (482%), tea (492%), chilly (37%), wheat

**ii. Main items shown decline in exports**

soyabean meals & flour (-89%), other residue from soyabean extraction (-69%), cotton staple length 24.5MM to 28 MM (-85%), cotton staple length of 34.5 MM and above (-88%)

**b) Main items shown growth despite being in exclusion list**

Onion (403%), garlic (12744%), maize corn (2158%), wheat & meslin flour, rice.

**Main items where import growth recorded after CEPA**

- Crude palm oil (82%), Refined palm oil (137%)

**Vietnam**

**a) Export performance in which India has got duty reduction from ASEAN**

**i. Main items shown growth in exports**

Onions (395%), cashew nuts (1081%), chilly (1023%), turmeric (3213%), groundnuts (17620%), flour/ meal (soyabean) (1026%), soyabean oilcake deflated (3846%), rape/ colza oil meal (1449%), animal feed (3256%), wheat, millets (sorghum, bajra etc), garlic

**ii. Main items shown decline in exports**



Maize seed (-92%), oil meal groundnut (-100%), cotton (-100%), other soyabeans (-81%)

**b) Main items shown growth despite being in exclusion list (EL)**

Cane sugar

**Main items where import growth recorded after CEPA**

- Pepper (432%), cashew kernel broken( 340%)

**Thailand**

**a) Export performance in which India has got duty reduction from ASEAN**

**i. Main items shown growth in exports**

wheat & meslin flour (7941%), rape/colza oil meal (8516%), cotton waste (600%) , Wheat (high growth)

**ii. Main items shown decline in exports**

Other maize corn (-89%), cotton (-48%)

**b) Main items shown growth despite being in exclusion list (EL)**

garlic (736%), other pepper (3290 %) , groundnut (364%), cane sugar , soyabean oil meal

**Main items where import growth recorded after CEPA**

- Tamarind (214%)

**Philippines**

**a) Export performance in which India has got duty reduction from ASEAN**

**i. Main items shown growth in exports**

Onion ( 43%) , raisins ( 226%), sesame seeds ( 50%), Soyabean Oil meal (158%),

**ii. Main items shown decline in exports**

Maize seeds (-75%), meal of soyabean (-63%)

**b) Main items shown growth despite being in exclusion list (EL)**

Sorghum grain (161%), groundnuts (66%), chilly powder (174%), maize corn ( 29275%) , rice

**Main items where import growth recorded after CEPA**

- Vegetable seeds (409%)

**Myanmar**

**a) Export performance in which India has got duty reduction from ASEAN**

**i. Main items shown growth in exports**

Cumin (2303%), soyabean oil meal (1970%), wheat, wheat & mesline flour , soyabean flour/meals

**ii. Main items shown decline in exports**

Meal of soyabean solvent extracted (deflated) (-54%)

**b) Main items shown growth despite being in exclusion list (EL)**

Cotton

**Main items where import growth recorded after CEPA**

- Chickpeas (261%) , kidney bean ( 89%)

**Singapore**

**a) Export performance in which India has got duty reduction from ASEAN**

**i. Main items shown growth in exports**

Onions (350%), cashew kernel ( 226) chilly (602%), shelled groundnuts kernel (1125%), cane sugar (55117%), wheat & meslin (333%), cotton

**ii. Main items shown decline in exports**

niger seeds (-100%) , soyabean oil meal (-68%), groundnut oil meal (-100%), other residue of rape/ colza seed (-78%)

**b) Main items shown growth despite being in exclusion list (EL)**

-Nil-

**Main items where import growth recorded after CEPA**

- Refined palm oil

**2) India-Japan CEPA**- A Comprehensive Economic Partnership Agreement (CEPA) between India and Japan was signed on 16<sup>th</sup> February, 2011 and come into force from 1<sup>st</sup> August, 2011. Commitments under Tariff elimination schedule are as under:

- I. Category “A” - Tariff eliminated from the date of entry the Agreement into force
- II. Category “B 5”- Tariff reduced to 0% by March 2017
- III. Category “B 7” – Tariff reduced to 0% by March 2019

- IV. Category “ B 10” - Tariff reduced to 0% by March 2022
  - V. Category B 15” – Tariff reduced to 0% by March 2027
- 256 agriculture lines are excluded** from any duty reduction by India

### **Impact of India- Japan CEPA**

#### **a)Export performance in which India has got duty reduction from Japan**

- i. Main items where export growth recorded after CEPA**

Roses (84%), cashew kernel ( 77% ), black pepper (269%), cardamom (59%) , castor oil ( 115%), black pepper ( 269%), groundnut(244%) , flours of soyabean (2750%), cotton staple length 34.5MM & above(711%)

- ii. Main items where decline in export recorded after CEPA**

Fresh & cut flower, mango pulp (-13%), soyabean (-99%), cotton staple length between 28.5 MM- 34.5 MM (-25%)

#### **b) Main items shown growth despite being in exclusion list**

Castor oil & its fraction ( non edible grade) (55%)

#### **c) Main items where import growth recorded after CEPA**

- Flower seeds (150%), fish feed (138%)

**3) India-Korea CEPA**- A Comprehensive Economic Partnership Agreement (CEPA) between India and Republic of Korea was signed on 7<sup>th</sup> August 2009 and came into force from 1<sup>st</sup> January, 2010. Commitments under Tariff elimination schedule are as under:

- I. Category- E-0: Tariff eliminated from the date of Agreement into force
- II. Category - E-5: Tariff reduced to 0% by December 2014
- III. Category-E-8: Tariff reduced to 0% by December 2017
- IV. Category- RED: Tariff reduced to one to five percent from the base rate by December 2017.
- V. Category- SEN: Tariff reduced to 50% by December 2017 ( by Korea ) and by December 2019 ( by India).

**379 agriculture lines are excluded** from any duty reduction by India

## **Impact of India- Korea CEPA**

### **a) Export performance in which India has got duty reduction from Korea**

#### **i. Main items where export growth recorded after CEPA**

Cucumber & gherkins(33%), cashew kernel ( 135% ), mango pulp ( 435%), pepper (1655%) , turmeric ( 144%), maize corn (4577%), soyabean oil meal, rape/ colza oil meal.

#### **ii. Main items where decline in export recorded after CEPA**

Sorghum (-50%), groundnut (-100%), cotton (-32%),

### **b) Main items shown growth despite being in exclusion list**

wheat, barley and rice

### **c) Main items where import growth recorded after CEPA**

Cabbage seeds ( 65%), radish seeds (242%), tomato seeds ( 2849%).

**4) South Asian Free Trade Agreement (SAFTA)-** SAFTA was signed on 6 Jan, 2004 and came into operation from 1<sup>st</sup> January, 2006. India allowed duty free access i.e, 0% duty, for LDCs of SAARC (except alcohol and tobacco items) with effect from 09.11.2011. For Non-LDCs, India reduced its sensitive list from 878 to 614 tariff lines w.e.f. 05.09.2012 with peak tariff rates thereof to reduce to 5% within 3 years.

**5) Duty Free Tariff Preference (DFTP) Scheme for LDCs-** India's DFTP Scheme for LDCs came into effect in August, 2008. On about 85% of India's total tariff lines, applied customs duty has been reduced to zero (0%). In addition to the 85% duty free tariff lines, preferential market access with Margin of Preference (MOP), ranging from 10% to 100% on different items, is available on about 9% tariff lines (458 items). On 326 tariff lines, no tariff preference is available and the imports are allowed at MFN rates.

**6) India- Malaysia CEPA-** India-Malaysia CEPTA came into force from 01.07.2011. Both sides agreed to extend more liberal concessions than that in India-ASEAN FTA. India agreed to reduce timeline from 2019 to 2018 for reduction of tariff on palm oil. **Pineapples, water melons, papayas, cocoa paste** removed from India's Exclusion list. Malaysia removed **banana, guava, mangoes and rice** from their Exclusion list.