

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	
	PULSES												
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	10%MoP	SEN	B 10	
713.31	Moong & Urad	Prohibited *		100	30		NT-1	0 duty	8% duty	10%MoP	SEN	B 10	
713.40	Lentils			100	30		NT-1	0 duty	8% duty	10%MoP	SEN	B 10	
713.50	Broad beans	Prohibited *		100	30		NT-1	0 duty	8% duty	10%MoP	SEN	B 10	

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

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	CEREALS											
10.01	Wheat and Meslin	Free	Import allowed through STE	100/80	100	25%	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

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	OIL SEEDS											
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	30	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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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	12.5	Spl Prod(SP)	0 duty	X	50% MoP	X	X
1511.90	Other (Palm Oil)	Prohibited		300	100	20	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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	SUGARS											
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
	COTTON											
5201.00	Cotton, not carded or combed	Free		100	10	0	NT-2	0 duty	X	50% MoP	X	A
5203.00	Cotton, carded or combed	Free		150	10	0	NT-2	0 duty	X	50% MoP	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 13th August 2009 and became operational from 1st 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 1st 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 7th August 2009 and came into force w.e.f 1st January, 2010
- f. India- Japan Comprehensive Economic Partnership Agreement CEPA was concluded during and become operational from 1st 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.

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

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 16th February, 2011 and come into force from 1st 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 7th August 2009 and came into force from 1st 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 1st 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.