

- (v) A bank draft/cheque covering STC's service charges in foreign exchange payable in New Delhi. (No service charges are levied if the STC itself is the exporter.)

#### **MMTC's Procedure**

- (a) The foreign supplier/nominee can either perform the countertrade obligation himself or nominate a limited number of organizations to fulfill the obligations on his behalf.
- (b) The foreign suppliers/nominees conduct detailed discussions with exporters from India and make arrangements for purchase of goods from India.
- (c) As soon as Indian export deal has been finalized, full details are to be lodged with MMTC giving name of the Indian exporter, quantity, price, shipment schedule, etc.
- (d) MMTC then signs a tripartite contract with seller of Indian products and overseas importer of Indian products.
- (e) In case L/Cs are required to be opened for exports of Indian goods the same has to be routed through MMTC.
- (f) For CAD shipments, all original shipping documents such as Invoices, Bill of Lading etc. have to be countersigned by MMTC prior to shipment. Alternatively, seller has to get a certificate from the bank that all original shipping documents are drawn on account of MMTC.
- (g) Upon completion of shipment, seller submits a non-negotiable copy of invoice, a Bill of Lading, a copy of bank certificate and MMTC's service charges by bank draft for accreditation to be set against countertrade obligation.

Annexures IV and V respectively, provide the standard tripartite contract and documentation procedure as prescribed for the purpose.

## **4. COUNTERTRADE RESTRICTIONS**

Having realized the lack of additionality of exports generated through countertrade (as explained in para 1.3), the Ministry of Commerce in consultation with STC, MMTC and others concerned decided upon a list of ongoing exports as falling outside the scope of countertrade. The items of goods currently disallowed under countertrade are listed in Annexure VI.

### **4.1 Modifications to Lists**

The lists of disallowed items are modified from time to time according to the needs of the circumstances. For example, in early 1988 STC banned export of Soyabean meal and Basmati rice while in 1989 meat and meat products were disallowed. Similarly exports from Free Trade Zone (FTZ), Export Processing Zone (EPZ) and 100% Export Oriented Units (EOU) were also covered by the disallowed lists. While for a limited period, countertrade exports from these areas were allowed on the rationale that these units were not working to full capacity, the Government has now banned such exports completely because they were already getting several other concessions and incentives. This ban came as a severe disappointment to several units set up in the export processing zones as they were originally conceived against countertrade.

### **4.2 Items Allowed Under Countertrade**

In January 1990 the Government substantially modified the above lists and prescribed a tentative "Positive List" of items which alone qualified for countertrade obligations against Government purchases. The current list is given in Annexure VII.