

Restrictions

India uses a variety of import restrictions to protect its domestic agricultural market, including:

Non-Tariff Barriers

Negative List/Prohibited Items

Items on this list are prohibited and include tallow, fat, and/or oils rendered, unrendered or otherwise, of any animal origin; animal rennet and unprocessed ivory.

Negative List/Restricted Items

Most of the items on this list are only permitted with a licence, which effectively serves as a ban on imports. Included on this list is the *consumer products* category, which effectively bans imports of most consumer products of agricultural or animal origin. Since consumer products are defined as "any consumption good which can directly satisfy human needs without further processing", fruit and vegetables are subject to similar licencing requirements and are effectively banned. Exceptions to the ban on consumer products include dried fruit, wheat gluten, raw cashew nuts, sugar, vegetable oils, coffee (decaffeinated or roasted in bulk), diabetic foods, butter oil and non-fat dry milk (NFDM). Bulk products (which are not monopolized by government agencies) could be imported for further packaging or processing, albeit at high duty rates.

Negative List/Canalized Items (State Trading)

Imports of bulk commodities such as food grains are canalized through the Food Corporation of India (FCI). Vegetable oils are canalized through the State Trading Corporation of India (STC) and the National Dairy Development Board (NDDB); all other edible oils are freely importable. Import of oilseeds is canalized through the STC and the Hindustan Vegetable Oil Corporation (HVOC). Imports of these items typically occur when the Government of India is concerned about domestic shortages or inflation, and are subject to cabinet decisions regarding timing and quantity.

Tariff Barriers

In keeping with the Government's ongoing reform efforts, maximum applied duty levels have been reduced from 110% in 1991 to 50% in 1995/96. Tariff reductions are expected to continue in coming years. Exceptions include duties on alcoholic products (290%, lower for wine). Many excise duties (which are equivalent to countervailing duties on imports) on agricultural products have been reduced or eliminated in an effort to lower barriers to domestic food processing development.

Customs and Inspection

The definition of a consumer product allows import officials to freely determine what is considered ready for direct human consumption and what is not, leading to an ambiguous and therefore inconsistent trade policy. In addition, customs officials are often unfamiliar with foreign products. Importers should contact customs officials for a pre-shipment ruling on their product which will determine the applicable duty and whether the product is considered a consumer item. Recently, an Indian company participating with a US company in a joint venture