

India's Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs)

One of the elements of the Hong-Kong Ministerial Declaration of December 2005 was to extend Duty Free Quota Free (DFQF) access to the exports of Least Developed Countries (LDCs).

DFTP scheme of 2008

India became the first developing country to extend this facility to Least Developed Countries (LDCs). India announced the Duty Free Tariff Preference (DFTP) Scheme for LDCs in the year 2008. The Scheme was announced to give support to the LDCs in their trade initiatives. Under the Scheme, by 2012, 85% of India's total tariff lines were made duty free, 9% tariff lines enjoying a Margin of Preference (MOP) ranging from 10% to 100% and only 6% of total tariff lines retained in the Exclusion List with no duty preferences, for the exports from LDCs.

Country Coverage

At present, 31 LDCs have become beneficiaries to the scheme. These countries include the following:

Sl. No.	Country name	Sl. No.	Country name	Sl. No.	Country name
1	Benin	11	Madagascar	21	Zambia
2	Burkina Faso	12	Malawi	22	Afghanistan
3	Burundi	13	Mali	23	Bangladesh
4	Comoros	14	Mozambique	24	Cambodia
5	Central African Republic	15	Rwanda	25	East Timor
6	Eritrea	16	Senegal	26	Lao PDR
7	Ethiopia	17	Somalia	27	Myanmar
8	Gambia	18	Sudan	28	Samoa*
9	Lesotho	19	Uganda	29	Haiti
10	Liberia	20	Tanzania	30	Yemen
				31	Mauritius*

*Have graduated out of UN list of LDCs

There are as many as 19 LDCs which are yet to become beneficiaries of the DFTP Scheme. These LDCs include:

Sl. No.	Country name	Sl. No.	Country name
1	Angola	11	Nepal
2	Bhutan	12	Niger
3	Chad	13	Sao Tome and Principe
4	D. R. Congo	14	Sierra Leone
5	Djibouti	15	Solomon Islands
6	Equatorial Guinea	16	South Sudan
7	Guinea	17	Togo
8	Guinea-Bissau	18	Tuvalu
9	Kiribati	19	Vanuatu
10	Mauritania		

To become a beneficiary under the DFTP Scheme, the prospective beneficiary country is required to provide a letter of intent as well as specimen seals and signatures of the officials authorised to issue the certificate of origin under the DFTP Scheme. The prescribed format of the letter of intent and specimen seals and signatures of the authorised officials, as required under the Scheme have been placed at Annex I and Annex II respectively.

Expansion and simplification of the scheme

To fully meet the obligations under the Hong Kong Ministerial Mandate of 2005, the DFTP Scheme has been expanded by the Department of Commerce. Effective from 1st April, 2014 (**vide Customs Notification No. 8/2014 dated 1st of April, 2014**), the DFTP scheme now provides duty free/preferential market access on about 98.2% of India's tariff lines (at HS 6 digit level of classification). Only 1.8% of the tariff lines have been retained in the Exclusion List, with no duty concessions. As per the notification, only 97 lines are under exclusion list and 114 lines are under MOP list. Rest of the lines are under duty free list.

Apart from the expansion in the product coverage of the Scheme, procedural matters related to the Rules of Origin provisions of the DFTP Scheme have also been simplified **vide notification no. 29/2015-Cus(NT), dated 10th March, 2015**. The following important changes have been made:

- (i) Change in the origin criteria to CTSH + 30% instead of the earlier criteria of CTH+30%;
- (ii) Allowing the option for calculation of value addition based on ex-works price of the goods also instead of FOB value only in the earlier Scheme;
- (iii) Allowing the CoO in A4 size paper of white colour in the prescribed format, instead of the earlier requirement of blue coloured CoO under DFTP scheme.

In short, the new expanded and simplified DFTP Scheme provides improved market access to the beneficiary countries as well as to the other eligible LDCs.

In case of any clarification/assistance w.r.t DFTP Scheme, following may be contacted:

The Director, Trade Policy Division (NAMA desk), Department of Commerce

Email: d5tpd-doc@nic.in

Web link w.r.t the product coverage of the DFTP Scheme: <http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2014/cs-tarr2014/cs08-2014>

Web link w.r.t Procedural Matters: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2015/cs-nt2015/csnt29-2015.pdf>

Letter of Intent
(Indicative Sample)

To

The Department of Commerce

Government of India

New Delhi.

This is with reference to India's Duty Free Tariff Preference (DFTP) Scheme for Least Developed Countries.

The Government of _____ (Name of the Beneficiary country) intends to avail the benefits under the DFTP Scheme and accordingly, submits this Letter of Intent for being covered under this Scheme.

The Government of _____ (name of the beneficiary country) also undertakes that it would comply with the provisions of the Duty Free Tariff Preference Scheme for Least Developed Countries.

(Seal of the Government of the beneficiary country)

Date:

Place:

Format for furnishing details of Agency/Officers authorised to issue Certificate of Origin
under India's DFTP Scheme

I. Name and address of the Agency/Authority:

II. Names and specimen signatures of officers:

	<u>Names and designation of officers</u>	<u>Specimen signatures</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

III. Impression of the Official Seal of the Agency/Authority


