

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

### Introduction:

The Decision to provide Duty Free Quota Free (DFQF) access for LDCs was an outcome of the WTO Hong Kong Ministerial Meeting, held in December 2005. This decision as given in Annex F of the Hong Kong Ministerial Declaration inter alia requires all developed-country Members, and developing-country Members declaring themselves in a position to do so, to:

Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability;

Members facing difficulties should provide market access for at least 97 per cent of products originating from LDCs defined at the tariff line level, by 2008 or no later than the start of the implementation period. In addition, these Members shall take steps to progressively achieve compliance with the obligations set out above, taking into account the impact on other developing countries at similar levels of development, and, as appropriate, by incrementally building on the initial list of covered products;

Developing-country Members are permitted to phase in their commitments and shall enjoy appropriate flexibility in coverage;

Preferential rules of origin applicable to imports from LDCs are required to be transparent and simple, and contribute to facilitating market access.

### Duty Free Tariff Preference (DFTP) scheme of 2008

Under this WTO Decision, 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. The market access under the 2008 scheme covered 92.5% lines where LDCs globally exported.

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 DFTP scheme in 2014

Based on deliberations with beneficiary countries and taking into account the inputs from domestic stakeholders, the DFTP Scheme was expanded by the Department of Commerce in 2014 both in terms of coverage and facilitation of trade. Based on the amendments carried out through **Customs tariff Notification No. 8/2014 dated 1<sup>st</sup> 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 (Margin of Preference) list. On all other lines, zero duty access has been provided for exports from beneficiary LDCs.

Secondly, with a view to facilitate trade, certain procedural modifications to the Rules of Origin of the DFTP Scheme were made **vide customs non-tariff notification 29/2015- Cus(NT), dated 10<sup>th</sup> March, 2015**. The key changes in the notification were as under:

Rules of origin criteria changed to CTSH + 30% (instead of the earlier criteria of CTH+30%);

Allowing the option for calculation of value addition based on either ex-works price of the goods or FOB value only (the 2008 scheme had only the option of FOB value)

Certificate of origin shall be in ISO standard plain A4 size paper in the prescribed format, (instead of blue coloured A4 size paper).

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. The new scheme provides market access on 95.5% of the lines on which LDCs have made to exports to India over the last two financial years (i.e. 2015-16 and 2016-17)

### **Country Coverage**

As of October, 2017; 34 LDCs have been notified as beneficiaries to the scheme\*. These countries include the following:

S. No	Country Name	S. No	Country Name	S. No	Country Name
1	Benin	13	Liberia	25	Togo
2	Burkina Faso	14	Madagascar	26	Zambia
3	Burundi	15	Malawi	27	Afghanistan
4	Chad	16	Mali	28	Bangladesh
5	Comoros	17	Mozambique	29	Cambodia
6	Central African Republic	18	Niger	30	Timor Leste
7	Eritrea	19	Rwanda	31	Lao PDR
8	Ethiopia	20	Senegal	32	Myanmar
9	Gambia	21	Somalia	33	Haiti
10	Guinea	22	Sudan	34	Yemen
11	Guinea Bissau	23	Uganda		
12	Lesotho	24	Tanzania		

\*Those LDCs which have graduated out of UN list of LDCs have been deleted from this list

### **Implementing Notification of the DFTP Scheme**

The relevant Indian customs notifications pertaining to the DFTP Scheme are:

**i. Customs tariff notification 8/2014 dated 1 April, 2014**

<https://www.cbic.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2014/cs-tarr2014/cs08-2014>

**ii. Customs non-tariff notification 29/2015 dated 10 March, 2015**

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2015/cs-nt2015/csnt29-2015.pdf>

**Customs tariff notification 67/2016 dated 31 December, 2016 (S. No 6 of this notification)**

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs67-2016.pdf>

**Customs tariff notification 2/2017 dated 27 January, 2017**

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs02-2017.pdf>

**Customs tariff notification 68/2017 dated 27 July, 2017**

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs68e-2017.pdf>

**6. Contact points**

For any information or queries related to the DFTP Scheme, a mail may kindly be sent at the following IDs:

[d5tpd-doc@nic.in](mailto:d5tpd-doc@nic.in)

[ad2tpd-doc@nic.in](mailto:ad2tpd-doc@nic.in)

**Download: [Letter of Intent \(Indicative Sample\) & Format for furnishing details of Agency/Officers authorised to issue Certificate of Origin under India's DFTP Scheme](#)**