

Taneja, Nisha; Ray, Saon; Kaushal, Neetika; Chowdhury, Devjit Roy

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## Enhancing intra-SAARC trade: Pruning India's sensitive list under SAFTA

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**Working Paper 255**

**Enhancing Intra-SAARC Trade:  
Pruning India's Sensitive List  
under SAFTA**

**Nisha Taneja  
Saon Ray  
Neetika Kaushal  
Devjit Roy Chowdhury**

**April 2011**



**INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS**

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## **Abbreviations**

CBEC	-	Central Board of Excise and Customs
FTA	-	Free Trade Agreement
ISLFTA	-	India-Sri Lanka Free Trade Agreement
HS	-	Harmonised System
LDC	-	Least Developed Contracting State
NLDC	-	Non-Least Developed Contracting State
OSL	-	Operational Sensitive List
RCA	-	Revealed Comparative Advantage
SAARC	-	South Asian Association for Regional Cooperation
SAFTA	-	South Asia Free Trade Agreement
SAPTA	-	South Asian Preferential Trade Agreement
SMC	-	SAFTA Ministerial Council
TLP	-	Tariff Liberalisation Programme
UNCOMTRADE	-	United Nations Commodity Trade
WITS	-	World Integrated Trade Solution

## **Abstract**

The study suggests an approach to reduce India's sensitive list under SAFTA. The concept of Revealed Comparative Advantage has been used to pair the RCAs for products on India's sensitive list with the corresponding RCAs of the SAARC countries. Four categories of items are generated based on whether India or the SAARC country is competitive in each of the items. This process helps in identifying items in which India is competitive and those where the exporting SAARC country is not competitive. Such items are recommended for removal from India's sensitive list. Items that are vulnerable to competition include those items where the exporting country is competitive but India is not. Such items can remain on the sensitive list and can be removed gradually in a phased manner.

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***JEL Classification:*** F14, O25

***Keywords:*** Sensitive List, Regional Agreements, SAFTA

## 1. Introduction\*

The last two decades have witnessed a number of attempts by South Asian countries to promote intra-regional trade through several bilateral, regional and multilateral agreements. In 1995, the seven South Asian countries –Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka – initiated a multilateral framework for region-wide integration under the South Asian Preferential Trade Agreement (SAPTA).<sup>1</sup> Following SAPTA, the South Asian Free Trade Agreement (SAFTA) commenced in 2006, envisaging a duty free area by 2016 for all Member Countries. However, the success achieved under the treaty has been quite limited; intra-SAARC trade has continued to be around 4 percent of the total trade of the region. It has been argued that one of the reasons for SAFTA being ineffective is the large Sensitive (sometimes called negative) Lists maintained by Member Countries (Pitigala, 2005; Baysan et. al., 2006; Taneja and Sawhney, 2007). Such items are not offered concessional tariffs. Weerakoon (2010) and Weerakoon and Thennakoon (2006) point out that 53 percent of the total intra-regional import trade was excluded from the Tariff Liberalisation Programme (TLP) under SAFTA. India restricted up to 52 per cent of its total imports by value from SAFTA members under the sensitive list category. The rationale for any negative or sensitive list in a preferential or free trade agreement is to provide protection to sectors considered unfit for competition (infant industry argument, socio-economic arguments to protect small-scale producers, agricultural products for food security reasons). For Free Trade Agreements to be effective, negative lists may be maintained only for a specific period and eventually phased out so as to provide adjustment time to the domestic import-competing sector.

According to the tariff liberalisation programme under SAFTA, member countries are required to review the list for reduction every four years or earlier, as established by the SAFTA Ministerial Council (SMC) but there is no formal or binding commitment. Hence, the reduction of sensitive lists becomes a voluntary decision by each member country.

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<sup>1</sup> Afghanistan was added as a Member Country in SAARC in 2008.

Keeping in view that India is the largest economy amongst SAFTA member countries, it should on its part take asymmetric responsibility to liberalise imports by pruning its own sensitive list with respect to other South Asian countries.

***The objective of this study is to examine the commodities currently in the sensitive lists of India, and to offer an approach and economic rationale to policymakers for pruning the sensitive lists maintained by India for SAARC Countries.***

Member countries adopt a variety of criteria to prepare their sensitive lists. One such criterion is to provide protection to vulnerable sectors such as nascent industries (infant industry argument), small scale manufacturers (socio-economic arguments) and agricultural producer (food security concerns). However, it has been observed that often, during the process of stakeholder consultation, sectors with strong domestic lobbies seeking protection get included in the list. Sensitive lists, particularly in the case of India have come to be dominated largely by such sectors.

To prune the sensitive lists, several considerations have to be taken into account. Sensitive lists often include items that cannot be supplied by partner countries; their inclusion in the list is therefore meaningless. Such items should be removed. As part of India's ongoing reform process, most of the items reserved for exclusive production by small industries have been dereserved to enable firms to become more competitive. However, India's sensitive lists under SAFTA continue to have several of the items that were earlier reserved for the small-scale sector. There is no rationale for these items to remain on the sensitive list. There is a justification for including agricultural items with food security concerns and tobacco and alcohol for revenue purposes. Hence, these items should be retained in the list. However, the remaining products on the sensitive list need careful examination so that only those items vulnerable to competition remain on the sensitive list while the others are removed. The concept of revealed comparative advantage is used to identify items on the sensitive list where the exporting country is competitive in the international market but India is not. These items can remain on the sensitive list and can be phased out gradually.

India maintains two sensitive lists under SAFTA; one for non- LDCs, which is applicable to Pakistan and Sri Lanka and the other for LDCs, which is applicable to Bangladesh, Nepal,

Maldives, Afghanistan and Bhutan. In addition, India maintains sensitive lists under bilateral FTAs it has with Nepal, Bhutan and Sri Lanka. The *raison d'être* for a bilateral FTA is that it should be more liberal than a regional FTA. Hence sensitive lists under the bilateral agreements that India has with SAARC members should be smaller than those maintained under SAFTA. Negotiations related to sensitive lists would have to be carried out under the respective agreements. An important consideration in the bilateral sensitive list would be to remove those items that appear in the bilateral sensitive list but not in the regional one.

Of the two NLDCs in SAARC, India has an FTA with Sri Lanka and hence the operational sensitive list for Sri Lanka is the bilateral sensitive list. Amongst the LDCs in SAARC, India has an FTA with Nepal and Bhutan with a very small negative list in the former<sup>2</sup> and none in the latter. Afghanistan and Maldives are very small economies and though the LDC list is applicable to them, they export only a few commodities. Hence the study focuses on Bangladesh among the LDCs. This study focuses on pruning the sensitive lists for Sri Lanka under the ISLFTA, and for Bangladesh and Pakistan under SAFTA.

The paper is organised in the following manner: Section 2 discusses the sensitive lists that are currently operational. These have been constructed as the notified sensitive lists do not exclude several items on which concessions have been granted – particularly in the form of tariff-rate quota. Section 3 discusses the methodology followed to eliminate items on the operational sensitive list and the limitations of the approach. Section 4 presents the results of the elimination exercise. Finally section 5 summarises the study.

## **2. Sensitive Lists under SAFTA and Bilaterals**

India has made a number of attempts to prune its sensitive lists over time but these changes do not get reflected in the notified sensitive lists either under the bilateral agreements or under SAFTA. The most important form of concession offered has been the grant of duty free access to readymade garments up-to a limit of 8 million pieces. Since this concession takes the form of a tariff rate quota it does not get included in the notified sensitive lists. Hence the operational sensitive lists are different from the notified sensitive lists and have to be reconstructed by excluding the items on which concessions have been granted.

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<sup>2</sup> Under the Indo-Nepal FTA signed in 1996, India has maintained a list comprising of only three items - alcoholic liquors, perfumes & cosmetics, and cigarettes & tobacco



In June 2006, when SAFTA was signed, India maintained a list of 743 items for LDCs and 868 items for NLDCs.<sup>3</sup> Over a span of four years India has repeatedly made attempts to reduce the items in the sensitive list as a part of the TLP. In October 2008, a further reduction was made for LDCs from 743 to 480 items.<sup>4</sup>

The sensitive list under ISLFTA, signed in 2000, consists of 431 items. In 2008, India allowed duty free import of 216<sup>5</sup> garment items up-to a limit of 3 million pieces in the bilateral sensitive list, thereby reducing the operational sensitive list to 215 items. This list includes 86 items that do not feature in the SAFTA list of 868 items applicable to LDCs. Since the bilateral agreement is the binding agreement and should be more liberal than the regional agreement, these items should be removed. This has been discussed later in the next section.

Even though India does not have a FTA with Bangladesh, it offered zero duty on 164 textile items up to a limit of 8 million pieces in April 2008<sup>6</sup>, ahead of the concessions that India offered to all LDCs in October 2008<sup>7</sup>. There is an overlap of 25 items in these two notifications. In addition two items have been repeated. Adjusting for concessions and discrepancies, the LDC list consists of 480 items at the HS 6-digit level while the operational sensitive list for Bangladesh consists of 331 items only.

Pakistan is the only country to whom the SAFTA NLDC sensitive list consisting of 868 items is applicable. Since the UNCOMTRADE database provides data at 6-digit HS 2002 classification, the list has been reconstructed to enable data analysis. Items at the 4-digit were expanded to the 6-digit level and at the 8-digit level were compressed to the 6-digit level. The modified list arrived at consists of 910 items.

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<sup>3</sup> CBEC Notification No. 67/2006 dated 30<sup>th</sup> June 2006.

<sup>4</sup> CBEC Notification No. 107/2008 dated 6<sup>th</sup> October 2008

<sup>5</sup> CBEC Notification No. 52/2008 dated 22<sup>nd</sup> April 2008 on sourcing of fabric from India up to a limit of 3 million pieces

<sup>6</sup> CBEC Notification No. 51/2008 dated 21<sup>st</sup> April 2008

<sup>7</sup> For details see Table 1 in Appendix

**Table 1: HS Classification Level of Items in the NLDC Sensitive List**

<b>HS Classification Level</b>	<b>No. of Items in Notified Sensitive List</b>	<b>% Share in Notified Sensitive List</b>
4 digit code	15	1.7
6 digit code	386	44.5
8 digit code	467	53.8
<b>Total</b>	<b>868</b>	<b>868</b>

*Source: Authors' Calculation*

A comparison of the original sensitive lists (applicable at the time SAFTA became operational) with the operational sensitive lists (that takes into account concessions offered by India) indicates sectors where reductions have taken place (Table 2). In 2006, the original sensitive list for Sri Lanka under the Indo-Sri Lanka FTA shows that 92 per cent of the items belonged to plastics and rubber and textile and related products. With concessions being granted to several products in the latter category, the former accounted for 47 per cent of the products in the operational sensitive list.

Unlike Sri Lanka, Bangladesh received concessions from India in almost all categories (under concessions offered to LDCs and under bilateral concessions). Sectors where substantial reductions were made included textile and textile products, rubber and plastic products, and machinery and electrical equipment. In the operational sensitive list, vegetable products had the largest number of items accounting for 46 per cent of the items on the sensitive list.

Since India did not offer any concessions to NLDCs, the sensitive list for Pakistan has remained the same. Textiles and related products, alone account for 37 per cent of this list - a category where India has offered concessions to Sri Lanka and Bangladesh.

Since India has offered maximum concessions in the textile and textile-related products to Sri Lanka and Bangladesh, the study examines the RCAs for these items to assess whether India has already offered concessions in items in which it is vulnerable. If India has offered concessions in vulnerable sectors, signalling its willingness to face competition in these sectors, it needs to eliminate items in which it is competitive on the sensitive list. Clearly, if India has offered concessions in such items, it should be prepared to face competition in other items as well. Textile and textile related products are of great importance to Bangladesh and Sri Lanka accounting for 81 per cent and 45 per cent of their exports in 2007

respectively. By offering these concessions India has taken a significant step to meet its asymmetric responsibility towards its trading partners in the South Asian region.

**Table 2: Items on the Sensitive List Items**

Ch	Description	Sri Lanka		Bangladesh		Pakistan	
		<i>No. of Items in NSL</i>	<i>No. of Items in OSL</i>	<i>No. of Items in NSL</i>	<i>No. of Items in OSL</i>	<i>No. of Items in NSL</i>	<i>No. of Items in OSL</i>
1	Live Animals			18	11	22	22
2	Vegetable Products	2	2	162	153	161	161
3	Animal or Vegetable Fats And Oils			30	29	30	30
4	Prepared Foodstuffs	17	17	62	52	67	67
5	Mineral Products			8	8	16	16
6	Products of Chemical And Allied Industries			34	4	48	48
7	Plastics and Rubber	100	100	97	11	98	98
9	Wood and Articles Of Wood	5	5	5	6	5	5
10	Paper Products	12	12	13	3	15	15
11	Textiles and Textile Articles	295	79	197	8	325	325
12	Footwear, Headgear, etc.			17	1	17	17
13	Stone, Plaster, Cement, Asbestos, Mica, Ceramics and Glassware			5		10	10
15	Base Metals and Articles Of Base Metals			60	41	60	60
16	Machinery And Mechanical Appliances; Electrical Equipment			27		27	27
17	Transport Equipments			4	4	4	4
18	Optical, etc. Instruments and Apparatus			2		2	2
19	Arms and Ammunitions			0		1	1
20	Miscellaneous			2		2	2
	<b>Total Import of Sensitive Items</b>	<b>431</b>	<b>215</b>	<b>743</b>	<b>331</b>	<b>910*</b>	<b>910</b>

Source: Authors' Calculation

\*Notified Sensitive List (NSL) is the original list at the time of inception of SAFTA

Operational Sensitive List (OSL) is the list constructed after taking all CBEC Notifications into account.

### 3. Methodology

The objective of the pruning exercise is to provide greater market access to SAARC member countries.

The elimination exercise excludes food security and revenue items. Livelihood issues are important in the context of food security items and hence these items should be retained on the sensitive lists. Revenue items are also retained for fiscal considerations. Since the food security and revenue items are excluded from the pruning exercise, these items are first identified. The proposed Food Security Bill identifies wheat, rice and coarse cereals such as barley, rye, oat and maize as being the items that relate to food security (Appendix 2). At the 6 digit level there are eight items pertaining to food security (Appendix 3) and 25 items pertaining to alcohol (HS Chap 22) and tobacco (HS Chap 24) (Appendix 4).<sup>8</sup> Excluding these items, the sensitive list under consideration is reduced to 199 for Sri Lanka, 298 for Bangladesh, and 877 for Pakistan.

Next, the anomalies between bilateral and regional sensitive lists are identified so that the sensitive list under the bilateral FTA is smaller than that under SAFTA. There are also several items on the sensitive list that have not been exported by the exporting countries and can therefore be removed from the sensitive list.

Earlier, India used to maintain an exhaustive list of items reserved for exclusive manufacturing by the small-scale sector. Over the period and under the liberalisation regime, it has trimmed the list to include only 21 items (Appendix 5). However, India's sensitive lists continue to contain many of the items which were earlier reserved but have now been dereserved. These items are identified and removed from the sensitive lists. The remaining items are classified on the basis of RCA of the exporting country and India to arrive at the pruned sensitive list.

Since RCA is central to the pruning exercise it is important to explain why this index has been selected as an indicator of competitiveness. Kathuria (1997) points out that competitiveness can be measured by the extent of successful export performance. Export performance has been measured by export propensity, export market shares or price-based

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<sup>8</sup> The original and the operational sensitive lists for Sri Lanka do not contain any alcohol and related products.

measures like nominal protection coefficients, effective rates of protection and domestic resource costs. It is common in the literature to measure comparative advantage with the help of the Balassa index. According to Siggel (2007), Balassa's index measures competitiveness rather than comparative advantage, since cost measured in terms of market prices reflects competitive advantage rather than comparative advantage which requires equilibrium prices. Dornbusch et al. (1977) first pointed out the necessity of the use of equilibrium prices in the measurement of costs. The use of RCA hence captures competitiveness of a country's export products vis-à-vis each other in the international market. This is very much in line with the Ricardian concept of comparative advantage which proposes that by producing the good in which it is relatively efficient (relative not to the other country but relative to the other goods), and importing the other good, each country can gain. The concept of RCA can also be used by pairing the RCAs for products of an exporting country with the corresponding RCAs of another country. This provides an approach for classifying pairs of items for any two exporting countries on the basis of their competitiveness. This can also serve as a rationale for identifying items that are most vulnerable to competition.

In this study, the RCA for each item on India's sensitive list has been paired with the corresponding RCAs for these items in Bangladesh, Sri Lanka and Pakistan.<sup>9</sup> This procedure has been used to classify the pairs of items on the sensitive list on the basis of their competitiveness. Items in which India is not competitive but the paired South Asian country is are those where India is in a weak position. Such items, though inefficient, should remain on the sensitive list but should be liberalised in a phase manner.

The approach for pruning the sensitive list outlined above is conducted in several steps. These are given below.

**Step 1** involves identifying and eliminating those items in the ISLFTA sensitive list which do not appear in the SAFTA sensitive list. This would ensure that the bilateral sensitive list is smaller than the regional sensitive list. Since the sensitive list for Sri Lanka will be negotiated under the ISLFTA, it is important to identify these items.

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<sup>9</sup> Items with RCA equal to zero are eliminated for the exporting countries as such items have been removed on the ground that exports of such items are zero and are unlikely to be exported to India. Items where RCA is zero for India have been classified in the categories III and IV discussed below.

**Step 2** requires identification of those items on the sensitive list that have not been exported by the exporting country (Sri Lanka, Bangladesh and Pakistan) for three consecutive years (2005, 2006 and 2007). Items that have not been supplied by these countries to the rest of the world are unlikely to be exported in the near future and will not pose any threat to Indian industry. Such items are therefore eliminated from the sensitive lists. Trade data on items on the sensitive list (HS classification System) has been obtained from UN COMTRADE WITS data base.

**Step 3** involves identifying and eliminating those items that have been dereserved.<sup>10</sup> This list consisting of 1025 items is provided in the Abid Hussain Committee report (1997). On the basis of the HS codes provided in the report, the items are identified in the sensitive lists and eliminated.

**Step 4** involves categorising the remaining items on the sensitive list on the basis of RCA of the exporting country and India. Items where India is competitive and where neither India nor the partner country is competitive are eliminated. The remaining items where India is not competitive in the international market but the partner country is are retained in the pruned sensitive list. The RCA index is a ratio of the share of a given product in a country's exports relative to the product's share in world exports (Balassa, 1965). RCA is computed using the following formula:

$$RCA_{ij} = (X_{ij} / X_I) / (X_{wj} / X_w)$$

where  $X_{ij}$  represents country  $i$ 's export of commodity  $j$ ,  $X_{wj}$  represents world exports of commodity  $j$ ,  $X_I$  represents the total exports of country  $I$ , and  $X_w$  represents total world exports. RCA index has been computed by averaging item-wise RCA for each of the years 2005, 2006, and 2007. An RCA index value of greater than unity implies that the country is competitive in exporting a product. This study computes the RCA for each commodity on India's sensitive list and pairs it with the RCA of the exporting country in the same item. Computing the RCA for a pair of countries, i.e. India with each of the exporting countries the following four categories is generated:

Category I:  $IRCA > 1$ ,  $ERCA < 1$

Category II:  $IRCA > 1$ ,  $ERCA > 1$

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<sup>10</sup> At present there are only 21 items in the reserved list.

Category III:  $IRCA < 1$ ,  $ERCA < 1$

Category IV:  $IRCA < 1$ ,  $ERCA > 1$

Here, IRCA denotes India's revealed comparative advantage and ERCA denotes exporting country's revealed comparative advantage. *Category I* comprises of items in which India is competitive but the exporting country is not. Such items should be removed from the sensitive list as the importing country is well-equipped to face competition in the international market and hence, can face competition in the domestic market too. *Category II* indicates a situation where both India and the exporting country are competitive. These items can also be removed from the sensitive list since India is already competing with the exporting country in the international market. *Category III* comprises of items where neither India nor the exporting country is competitive. *Category IV* comprises of items where the exporting country is competitive but India is not. Such items can be retained on the sensitive list and constitute part of the pruned sensitive list.

**Step 5** Food security and revenue items are then added to the pruned list to obtain the recommended sensitive list.

While the contribution of the study lies in the pairing of the RCAs between India and the exporting country to identify items where India is not competitive but the exporting country is competitive, the concept itself has certain limitations even though it has strong theoretical underpinnings. One problem is that the specification of the concept is usually in terms of *pre-trade* relative prices whereas the data used is generated by trade flows in post-trade equilibria (Volrath, 1991). While this problem cannot be overcome, the fact that there are gaps between the inferred and true comparative advantage needs to be kept in mind while drawing policy inferences. The other problem arises due to aggregation where the commodity becomes composite and describes an industry or a sector. The present study tries to address this problem to some extent by computing RCA at the six digit level for the study.

Another limitation of our study is that it relies only on RCAs to assess competitiveness. It does not take into account unit values of the exporting country in relation to other competitors.

## 4. Results

The approach laid out in the earlier section on pruning India's sensitive list is applied to India's sensitive list for Sri Lanka, Bangladesh and Pakistan. The elimination process for pruning India's sensitive list with Sri Lanka, Bangladesh and Pakistan is discussed below.

### 4.1 Sri Lanka

The operational sensitive list for Sri Lanka consists of 215 items. However, the elimination exercise is conducted on a list of 199 items, excluding food security and revenue (tobacco and alcohol) items. We have also examined whether duty free concessions granted to 216 items in the apparel sector were in items where India was vulnerable. India has always been concerned about protecting its readymade garment sector from competition from South Asian countries. Despite opposition from protectionist lobbies in India, duty free access has been granted to both Sri Lanka and Bangladesh. Paired RCAs for these items have been computed and classified into the four categories to assess the competitiveness of both countries in each of these products in the international market.

A step-wise elimination of items in the sensitive list under the ISLFTA is outlined below:

**Step 1:** Out of the list of 199 items under consideration for elimination, 38 are not on the SAFTA sensitive list.<sup>11</sup> These items should be eliminated from the bilateral sensitive list, as the bilateral agreement should be more liberal than the regional agreement. This leaves 161 (199-38) items for further pruning.

**Step 2:** Of the 161 items, 17 items were not exported at all by Sri Lanka in the three years 2005, 2006 and 2007. Since Sri Lanka does not have the capability to supply these, these items can be eliminated. With this, 144 (161-17) items remain.

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<sup>11</sup> As referred to earlier, 86 items in the ISLFTA were not included in the SAFTA sensitive list. Of these 86 items, 48 belonged to the textile sector. Subsequently, 46 out of 48 textile items were removed under a tariff quota in 2008 vide CBEC Notification No. 52/2008 leaving 40 items in the ISLFTA sensitive list. This list included 2 items which were not in the list of tariff rate quota items. Adjusting for these 2, there are 38 items which are in the ISLFTA but not in SAFTA.



**Step 3:** Of the 144 items, there are 65 items which were earlier reserved for exclusive manufacturing by the small-scale sector but have now been dereserved. After eliminating these, the number of items that remain on the sensitive list is 79 (144 - 65).

**Step 4:** For the 79 items on the sensitive list, RCAs are computed for India and Sri Lanka. Each such pair is classified into four categories based on whether the value of the RCA is greater than or less than unity. The number of items in Categories I, II and III are 26, 13 and 47 respectively. As discussed earlier, items in these three categories can be eliminated from the sensitive list, leaving only nine (79 -26 -13 - 31) items on the sensitive list which are classified in Category IV. A listing of these items is provided in Appendix 6.

**Box 1: Categorisation of Items Based on Paired RCAs for India and Sri Lanka**

<p><b>Category I</b> <i>India Competitive</i> IRCA &gt;1; SRCA &lt;1 26</p>	<p><b>Category II</b> <i>India and Sri Lanka Competitive</i> IRCA &gt;1; SRCA &gt;1 13</p>
<p><b>Category III</b> <i>Neither India nor Sri Lanka Competitive</i> IRCA &lt;1; SRCA &lt;1 31</p>	<p><b>Category IV</b> <i>Sri Lanka Competitive</i> IRCA &lt;1 ; ERCA &gt;1 9</p>

*Source: Authors' calculations*

For 216 apparel items, which were granted duty free access to India from Sri Lanka, the paired RCAs are computed and classified into the four categories. Out of 216 items, we note that a total of 60 tariff lines fall in Category IV.

**Box 2: Categorisation of Garment Items (Duty Free Access) Based on Paired RCAs for India and Sri Lanka**

<p><b>Category I</b> <i>India Competitive</i> IRCA &gt;1; SRCA &lt;1 22</p>	<p><b>Category II</b> <i>India and Sri Lanka Competitive</i> IRCA &gt;1; SRCA &gt;1 107</p>
<p><b>Category III</b> <i>Neither India nor Sri Lanka Competitive</i> IRCA &lt;1; SRCA &lt;1 27</p>	<p><b>Category IV</b> <i>Sri Lanka Competitive</i> IRCA &lt;1 ; ERCA &gt;1 60</p>

Interestingly, a higher number of items belong to Category IV where competition for India is more severe, than to Category III, where neither India nor Sri Lanka is competitive in the

international market. India, thus, has opened up its market to Sri Lanka even in the most critical category.

## 4.2 Bangladesh

The sensitive list under consideration for Bangladesh consists of 298 items (excluding 33 food security and revenue items). In addition 147 items in the apparel sector where India granted duty free access have also been classified on the basis of paired RCAs to identify items where India was most vulnerable.

The stepwise elimination of items in the operational sensitive list is outlined below:

**Step 1:** Out of 298 items in the sensitive list, 158 items were not exported by Bangladesh to the world in 2005, 2006 and 2007 and hence, these are eliminated. There are 140 (298 – 158) items remaining.

**Step 2:** Of the 140, items, there are 25 items in the sensitive list which belonged to the earlier small-scale reservation list. Eliminating these, we have 115 (140 -25) items remaining for further examination.

**Step 3:** Paired RCAs for 115 items are computed and the items are classified into the four categories. There are only eight items in Category IV. These are items in which India is not competitive in the international market but Bangladesh is. A list of these items is provided in Appendix 7.

### Box 3: Categorisation of Items Based on Paired RCAs for India and Bangladesh

<b>Category I</b> <i>India Competitive</i> IRCA >1; SRCA <1 27	<b>Category II</b> <i>India and Bangladesh Competitive</i> IRCA >1; SRCA >1 13
<b>Category III</b> <i>Neither India nor Bangladesh Competitive</i> IRCA <1; SRCA <1 67	<b>Category IV</b> <i>Bangladesh Competitive</i> IRCA <1; ERCA >1 8

Source: Authors' Calculations

Of the 147 apparel items for which India granted duty free access to Bangladesh, the paired RCAs are computed for 146 products (one item is not exported by Bangladesh) and classified into the four categories. We note that a total of 49 tariff lines fall in the Category IV. As in the Sri Lankan case, here too we find that there are a higher number of items belonging to Category IV than to Category III where neither India nor Bangladesh is competitive in the international market. This reflects India's commitment to non-reciprocity and asymmetric arrangement with its neighbouring countries. India has given concessions in items where Bangladesh is competitive in the international market and opened up these vital sectors to competition.

**Box 4: Categorisation of Garment Items (Duty Free Access) Based on Paired RCAs for India and Bangladesh**

<b>Category I</b> <i>India Competitive</i> IRCA >1; SRCA <1 8	<b>Category II</b> <i>India and Bangladesh Competitive</i> IRCA >1; SRCA >1 68
<b>Category III</b> <i>Neither India nor Bangladesh Competitive</i> IRCA <1; SRCA <1 21	<b>Category IV</b> <i>Bangladesh Competitive</i> IRCA <1 ; ERCA >1 49

*Source: Authors' Calculations*

### **4.3 Pakistan**

The sensitive list under consideration for Pakistan consists of 877 items (excluding food security and revenue items). As discussed above, India has not made any significant changes to the NLDC list after the inception of SAFTA.

The stepwise elimination approach is carried out on India's sensitive list for Pakistan:

**Step 1:** Of the 877 items, 125 were not exported at all by Pakistan in the three years between 2005 and 2007 and can therefore, be eliminated. Adjusting for these products, there are 752 (877-125) remaining items.

**Step 2:** Of the 752 items, there are 274 items reserved for the small-scale sector which have now been dereserved and hence, these items should also be removed. This leaves 478 (752-274) items on India's sensitive list for Pakistan.

**Step 3:** The 478 items are categorised on the basis of their RCAs into the four categories. The number of items in Categories I, II and III are 84, 109 and 218 respectively. The total number of items in Category 4 is 67 (Appendix 8). These comprise items where India is likely to face competition from Pakistan in the international market and are, therefore, a possible threat to India.

**Box 5: Categorisation of Items Based on Paired RCAs for India and Pakistan**

<b>Category I</b> <i>India Competitive</i> IRCA >1; PRCA <1 84	<b>Category II</b> <i>India and Pakistan Competitive</i> IRCA >1; PRCA >1 109
<b>Category III</b> <i>Neither India nor Pakistan Competitive</i> IRCA <1; PRCA <1 218	<b>Category IV</b> <i>Pakistan Competitive</i> IRCA <1 ; PRCA >1 67

Source: Authors' Calculations

**4.4 Summary of Elimination Process and India's Recommended Sensitive**

In this section, we present a summary of the elimination process (Table 3) and the sector-wise distribution of the pruned sensitive list (Table 4). As mentioned earlier in Section 3, food security items and items with revenue implications (tobacco and alcohol) can be added to the pruned sensitive list to obtain the recommended sensitive list.

**Table 3: Pruned Sensitive List: Elimination Summary**

	CATEGORY	Sri Lanka	Bangladesh	Pakistan
Step 1	Items in Bilateral Sensitive List but not in SAFTA Sensitive List	38	-	-
Step 2	Zero export items	17	158	125
Step 3	De-reserved items	65	25	274
Step 4	RCA Categories:			
	Category I: IRCA > 1; ERCA < 1	26	27	84
	Category II: IRCA > 1; ERCA > 1	13	13	109
	Category III: IRCA < 1; ERCA < 1	31	67	218
	Category IV: IRCA < 1; ERCA > 1	9	8	67
<b>Pruned Sensitive List (Category IV)</b>		<b>9</b>	<b>8</b>	<b>67</b>

Source: Authors' Calculations

\* Food security items and items with revenue considerations have been excluded here.

A comparison of the pruned sensitive list with the operational sensitive list shows that in the former there are no items belonging to seven product categories in the sensitive list. For Sri Lanka, seven out of nine items are rubber products while for Bangladesh, the eight items are distributed over five sectors. In the pruned sensitive list for Pakistan, 75 per cent of the items are vegetable and textile products (Table 4).

**Table 4: Sector-wise Distribution of Items on Pruned Sensitive List**

<b>Ch.</b>	<b>Description</b>	<b>Sri Lanka</b>	<b>Bangladesh</b>	<b>Pakistan</b>
1	Live Animals		1	2
2	Vegetable Products	1	3	11
3	Animal/ Vegetable Fats And Oils		1	
4	Prepared Foodstuffs		2	1
5	Mineral Products			2
6	Chemical and Allied Industries			1
7	Plastics and Rubber	7		
9	Wood and Articles Of Wood;		1	
10	Paper Products	1		
11	Textiles and Textile Articles			47
12	Footwear, Headgear, Walking Sticks, etc.			1
13	Base Metals and Articles of Base Metals			2
	<b>Pruned Sensitive List items</b>	<b>9</b>	<b>8</b>	<b>67</b>

*Source: Authors' Calculations*

As we have seen in Table 2, there were originally 100 items of rubber and plastics in the original sensitive list. Through our elimination process we note that all plastic items and several rubber items do not pose any threat to India and therefore, can be eliminated. Natural rubber is the basic raw material for rubber goods. There are three items of natural rubber namely latex, smoked sheets and technically specified rubber. Of these three, the consumption of smoked sheets comprises nearly two-third of the total consumption. In this product, India has an RCA greater than unity and there is, therefore, no rationale for retaining it on the sensitive list unlike the other two categories where India is not competitive and has an RCA less than unity. Strong sectoral lobbies in India have been effective in retaining all three items on the sensitive list.

For Bangladesh, the items that remain are primarily in vegetable products namely natural honey, nuts, rye flour and processed food items that include items of maize and other cereals.

Interestingly, one item where Bangladesh is competitive (and India is not) is basketwork/wickerwork made from plaiting material. The items in Pakistan's recommended list include 70 per cent of textile items and 18 per cent of vegetable and processed food items. The remaining items include chemicals containing polychlorinated biphenyl, sterile surgical material, steel wire bars and lead waste and scrap.

**Table 5: Recommended Sensitive List**

S.No.		Sri Lanka	Bangladesh	Pakistan
1.	Pruned Sensitive List	9	8	67
2.	Food security items, tobacco and alcohol	16*	33	33
3.	<b><i>Recommended Sensitive List (1+2)</i></b>	<b>25</b>	<b>41</b>	<b>100</b>

*Source: Author's calculations.*

*Refer to Appendix 9 for Chapter wise distribution of the list.*

*Note: \* There are only alcohol and no tobacco and food security items in the operational Sensitive list under ISLFTA.*

The sector-wise distribution of the recommended sensitive list is given in Appendix 9.

It may be pointed out that since India has not offered any concessions to Pakistan, the sensitive list is the largest for Pakistan. India can give concessions to Pakistan in the textile and related products category that accounts for the bulk of the pruned sensitive list. These are items where India has given substantial concessions to Sri Lanka and Bangladesh. However, Pakistan has not given India Most Favoured Nation (MFN) status as it permits imports from India only in 1934 positive list products. India can offer to prune Pakistan's sensitive list provided Pakistan gives India MFN status.

## **5. Conclusion**

This paper uses pair-wise RCAs for India and each of the exporting countries in SAARC to identify items on India's sensitive list that are vulnerable to competition from imports from SAARC member countries. The analysis suggests that these items should be retained on India's sensitive list and removed gradually in a phased manner over a period of three to five years. This approach has implications for India's import policy vis-à-vis SAARC Members and could be used to liberalize India's imports in other bilateral FTAs.

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## Appendices

### Appendix 1: Operational Sensitive List for Bangladesh

Notification No.	No. of Items
67/2006 dated 30 <sup>th</sup> June 2006	743
51/2008 dated 21 <sup>st</sup> April 2008 (removal of tariff on 171 textile items)	572 (737-171)
107/2008 dated 6 <sup>th</sup> October 2008 (removal of tariff on 264 items at the HS 2002 level. Of these, 25 apparel items overlapped with the above notification)	333 (572-264+25)
Two codes (040900 and 040590) in the notified sensitive list are repeated.	331 (333-2)

### Appendix 2: Items of Food Security

ITEM	HS CODE (4-Digit)
Rice	1006
Wheat	1001
<i>Coarse Grains:</i>	
Rye	1002
Barley	1003
Oat	1004
Maize (Corn)	1005

### Appendix 3: Items of Food Security in Each of the Three Sensitive Lists

Sensitive List	No. of Items
ISLFTA	0
SAFTA LDC	8
SAFTA NLDC	8

### Appendix 4: Cigarette, Tobacco and Alcohol (Chap 22 & 24)

Sensitive List	No. of Items
ISLFTA	16
SAFTA LDC	25
SAFTA NLDC	25



**Appendix 5: List of 21 Items Reserved for Exclusive Manufacturing by the Small-Scale Sector**

<b>Product Code (NIC)</b>	<b>Product Code (HS-07)</b>	<b>Product Description</b>
<b>20-21</b>		<b>Food and Allied Industries</b>
202501	200190	Pickles & Chutneys
205101	190590	Bread
21100102	151491	Mustard Oil (except solvent extracted)
21100104	150810	Ground Nut Oil (except solvent extracted)
<b>27</b>		<b>Wood and Wood Products</b>
276001	940330, 940340, 940350, 940360	Wooden Furniture and Fixtures
<b>28</b>		<b>Paper Products</b>
285002	482020	Exercise Books and Registers
		Injection Moulding Thermo-Plastic Products
30391201	391723	PVC Pipes including conduits-Up to 110mm diameter
30393501	391740	Fittings for PVC pipes including conduits up to 110 mm diameter.
		Other Chemical and Chemical Products
305301	340600	Wax Candles
314201	340119	Laundry Soap
317001	360500	Safety Matches
318401	360410	Fire Works
319902	330741	Agarbattis
		Glass and Ceramics
321701	701810	Glass Bangles
<b>33-35</b>		<b>Mechanical Engineering Excluding Transport Equipment</b>
340101	940310, 940320	Steel Almirah
341004	761010	Rolling Shutters
34200602	940310, 940320	Steel Chairs – All types
34200702	940310, 940320	Steel Tables – All other types
342099	940310, 940320	Steel Furniture – All other types
343302	830110	Padlocks
345207	932393	Stainless Steel Utensils
345202	761519	Domestic Utensils - Aluminium

**Appendix 6: India Not Competitive, Sri Lanka Competitive (9 products)**

<b>Product</b>	<b>Product Name</b>	<b>SRCA &gt;1</b>	<b>IRCA &lt; 1</b>	<b>Tariff</b>
080111	Coconuts, desiccated	379.70	0.12	70
400110	Natural rubber - centrifuged rubber	2.37	0.98	70
400122	Technically specified natural rubber, in primary forms or in plates, etc	2.69	0.15	20
400129	Other - Sole crepe rubber, pale crepe, brown crepe, scrap crepe	20.23	0.33	20
400599	Compounded rubber, unvulcanized, in primary forms	1.20	0.12	10
400819	Rods and profile shapes of cellular vulcanized rubber, n.e.s.*	15.86	0.34	10
401219	Retreaded pneumatic tyres of rubber (excl. of 4012.11-4012.13)	1.22	0.42	10
401699	Articles of vulcanised rubber other than hard rubber, n.e.s. in Ch.40	3.17	0.59	10
482110	Printed paper or paperboard labels of all kinds	3.24	0.29	10

\* n.e.s. – not elsewhere specified

**Appendix 7: India Not Competitive, Bangladesh Competitive (8 products)**

<b>Product</b>	<b>Product Name</b>	<b>BRCA &gt;1</b>	<b>IRCA &lt; 1</b>	<b>Tariff</b>
040900	Natural honey.	1.15	0.789	60
080290	Nuts, n.e.s., fresh/dried, whether or not shelled/peeled	33.71	0.350	30
110210	Rye flour	2.25	0.032	30
110520	Flakes, granules and pellets	7.796	0.146	30
151540	Tung oil and its fractions	3.94	0.00243	100
230210	Bran, sharps & other residues, whether or not in the form of pellets, derived from the sifting/milling/oth. working of maize	4.97	0.05561	30
230240	Bran, sharps & other residues, whether or not in the form of pellets derived from the sifting/milling/oth. working of cereals other than maize (corn)/rice/wheat	4.47	0.1346	30
460290	Basketwork, wickerwork & other arts, made directly to shape from plaiting	40.61	0.92074	10

**Appendix 8: India Not Competitive, Pakistan Competitive (67 products)**

<b>Product</b>	<b>Product Name</b>	<b>PRCA &gt; 1</b>	<b>IRCA &lt; 1</b>	<b>Tariff</b>
030269	Fish, n.e.s., fresh/chilled	2.837	0.482	30
040900	Natural honey.	2.531	0.789	60
070190	Potatoes other than seed potatoes, fresh/chilled	3.999	0.434	30
070890	Leguminous vegetables (excl. of 0708.10 & 0708.20), shelled/unshelled, fresh/chilled	3.098	0.011	30
080520	Mandarins (including tangerines and	8.006	0.001	30
081310	Apricots	1.303	0.049	30
081350	Mixtures of nuts or dried fruits of	7.000	0.116	30
100890	Other cereals	2.317	0.316	0
110100	Wheat or meslin flour.	27.483	0.326	0
110319	Groats/meal of cereals other than wheat & maize	5.915	0.428	30
110419	Rolled/flaked grains of cereals other than oats	1.210	0.227	30
110819	Starches (excl. of 1108.11-1108.14)	7.132	0.427	30
120890	Flours & meals of oil seeds/oleaginous fruits other than of mustard	41.883	0.578	30
230230	Bran, sharps & other residues, whether or not in the form of pellets, derived from the sifting/milling/oth. working of wheat	5.654	0.122	30
251511	Marble & travertine, crude/roughly trimmed	1.524	0.117	10
271091	Waste oils cont. polychlorinated biphenyls (PCBs)/polychlorinated terphenyls (PCTs)/polybrominated biphenyls (PBBs)	2.054	0.480	10
300610	Sterile surgical catgut, similar sterile suture mats. & sterile tissue adhesives for surgical wound closure; sterile laminaria & sterile laminaria tents	0.291	2.216	10
520291	Garnetted stock of cotton	32.946	0.086	15
520624	Cotton yarn, single (excl. sewing thread), of combed fibres, cont. <85% by wt. of cotton, meas. <192.31dtx but not <125dtx.	3.735	0.359	10
520645	Cotton yarn, mult./cab. (excl. sewing thread), of combed fibres, cont. <85% by wt. of cotton, meas. per single yarn <125dtx.	11.543	0.763	10
540771	Woven fabrics (excl. of 5407.10-5407.30), cont. 85%/more by wt. of	50.363	0.173	10per cent or Rs.10 per sq.

Product	Product Name	PRCA > 1	IRCA < 1	Tariff
	synthetic filaments, unbleached/bleached			mtr., whichever is higher
540773	Woven fabrics (excl. of 5407.10-5407.30), cont. 85%/more by wt. of synth. filaments, of yarns of diff. colours	41.248	0.284	10per cent or Rs.60 per sq. mtr., whichever is higher
551291	Woven fabrics of synthetic staple fibres (excl. of 5512.11-5512.29), cont. 85%/more by wt. of synthetic staple fibres, unbleached/bleached	1.702	0.152	10
551311	Woven fabrics of polyester staple fibres, cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. not >170g/m2, plain weave, unbleached/bleached	34.303	0.546	10
551312	Woven fabrics of polyester staple fibres, cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. not >170g/m2, 3-/4-thread twill, incl. cross twill, unbleached/bleached	57.592	0.074	10
551313	Woven fabrics of polyester staple fibres (excl. of 5513.11 & 5513.12), cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. not >170g/m2, unbleached/bleached	31.945	0.798	10
551319	Woven fabrics of synthetic staple fibres n.e.s. in 55.13, cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. not >170g/m2, unbleached/bleached	21.585	0.788	10
551341	Woven fabrics of polyester staple fibres, cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. not >170g/m2, plain weave, printed	96.080	0.059	10per cent or Rs.25 per sq meter whichever is higher
551412	Woven fabrics of polyester staple fibres, cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt.>170g/m2, 3-/4-thread twill, incl. cross twill, unbleached/bleached	20.162	0.005	10
551419	Woven fabrics of oth. synthetic staple fibres (excl. of 5514.11-5514.13), cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. >170g/m2, unbleached/bleached	6.511	0.865	10
551641	Woven fabrics of articles staple fibres cont. <85% by wt. of art. staple fibres, mixed mainly or solely with cotton,	2.950	0.507	10

<b>Product</b>	<b>Product Name</b>	<b>PRCA &gt; 1</b>	<b>IRCA &lt; 1</b>	<b>Tariff</b>
	unbleached/bleached			
580631	Narrow woven fabrics (excl. of 5806.10 & 5806.20), other than gds. of 58.07, of cotton	5.269	0.557	10
580790	Labels, badges & similar articles. of textile mats., in the piece, in strips/cut to shape/size, not embroidered	3.332	0.518	10
600330	Knitted/crocheted fabrics of a width not >30cm (excl. of 60.01/60.02), of synthetic fibres	1.298	0.024	10
600524	Warp knit fabrics. incl. those made on galloon knitting machines (excl. of 60.01-60.04), of cotton, printed	14.159	0.510	10
600532	Warp knit fabrics. including those made on galloon knitting machines (excl. of 60.01-60.04), of synthetic fibres, dyed	1.049	0.012	10
600590	Warp knit fabrics. incl. those made on galloon knitting machines	2.127	0.737	10
600622	Knitted/crocheted fabrics, n.e.s. in Ch.60, of cotton, dyed	2.965	0.250	10
600624	Knitted/crocheted fabrics, n.e.s. in Ch.60, of cotton, printed	6.356	0.025	10
600641	Knitted/crocheted fabrics, n.e.s. in Ch.60, of art. fibres, unbleached/bleached	4.322	0.000	10
600690	Knitted/crocheted fabrics, n.e.s. in Ch.60	30.703	0.897	10
610290	Women's/girls' overcoats, car-coats, capes, cloaks, anoraks (incl. ski-jackets), wind-cheaters of other textile materials	6.327	0.881	10
610322	Men's/boys' ensembles, knitted or crocheted, of cotton	4.459	0.690	10
610339	Men's/boys' jackets & blazers, knitted or crocheted, of other textile materials	93.728	0.440	10
610341	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted or crocheted, of wool/fine animal hair	2.468	0.103	10
610343	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted or crocheted, of synthetic fibres	2.507	0.292	10
610349	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted or crocheted, of other textile materials.	22.805	0.650	10
610429	Women's/girls' ensembles, knitted or crocheted, of textile materials other than	2.122	0.404	10

Product	Product Name	PRCA > 1	IRCA < 1	Tariff
	wool/fine animal hair/cotton			
610433	Women's/girls' jackets & blazers, knitted or crocheted, of synthetic fibres	1.159	0.212	10
610439	Women's/girls' jackets & blazers, knitted or crocheted, of textile materials other than wool/fine animal hair/cotton/synthetic fibres	11.959	0.793	10
610469	Women's/girls' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted or crocheted, of textile materials other than wool/fine animal hair/cotton/synthetic fibres	5.857	0.347	10
610799	Men's/boys' bathrobes, dressing gowns & similar articles, knitted or crocheted, of other textile materials	8.492	0.420	10
610829	Women's/girls' briefs & panties, knitted or crocheted, of textile mats. other than cotton/man-made fibres	1.754	0.522	10
610891	Women's/girls' nightgowns, bathrobes, dressing gowns & similar articles, knitted or crocheted of cotton	2.924	0.710	10.0 per cent or Rs.65 per piece, whichever is higher
610899	Women's/girls' nightgowns, bathrobes, dressing gowns & similar articles, knitted or crocheted, of textile mats. other than cotton/man-made fibres	7.411	0.070	10
611090	Jerseys, pullovers, cardigans, waist-coats & similar articles, knitted or crocheted, of textile materials other than wool/Kashmir/oth. fine animal hair/cotton/man-made fibres	3.133	0.294	10.0 per cent or Rs. 105 per piece, whichever is higher
611300	Garments made up of knitted or crocheted fabrics of 59.03/59.06/59.07	4.387	0.158	10
611490	Garments, n.e.s., knitted or crocheted, of textile mats. other than wool/fine animal hair/cotton/man-made fibres	18.534	0.629	10
611591	Hosiery, of wool or fine animal hair, knit	1.136	0.150	10
611610	Gloves, mittens & mitts, knitted or crocheted, impregnated/coated/covered with plastics/rubber	6.175	0.098	10
611692	Gloves, mittens & mitts, knitted or crocheted, other than those impregnated/coated/covered with plastics/rubber, of cotton	67.532	0.589	10
611699	Gloves, mittens & mitts, knitted or crocheted, other than those	21.111	0.286	10

Product	Product Name	PRCA > 1	IRCA < 1	Tariff
	impregnated/coated/covered with plastics/rubber, of other textile materials			
631010	Used/new rags, scrap twine, cordage, rope & cables & worn out arts. of twine/cordage/rope/cables, of textile mats., sorted	19.063	0.337	5
631090	Used/new rags, scrap twine, cordage, rope & cables & worn out arts. of twine/cordage/rope/cables, of textile materials (excl. sorted)	27.734	0.523	5
640590	Footwear other than with uppers of leather/composition leather/textile mats, n.e.s.	4.881	0.061	10
740312	Wire-bars of ref. copper, unwrought	1.129	0.642	5
780200	Lead waste and scrap.	1.036	0.022	5

#### Appendix 9: Recommended Sensitive List Sector-Wise Coverage\*

Ch.	Description	Sri Lanka	Bangladesh	Pakistan
1	Live Animals		1	2
2	Vegetable Products	1	11	19
3	Animal Or Vegetable Fats And Oils		1	
4	Prepared Foodstuffs	16	27	26
5	Mineral Products			2
6	Products of Chemical And Allied Industries			1
7	Plastics and Rubber	7		
9	Wood and Articles Of Wood;		1	
10	Paper Products	1		
11	Textiles and Textile Articles			47
12	Footwear, Headgear, Sun Umbrellas, Walking Sticks, Whips, Riding Crops			1
13	Stone, Plaster, Cement, Asbestos, Mica, Ceramics and Glassware			
15	Base Metals And Articles Of Base Metals			2
16	Machinery And Mechanical Appliances			
17	Transport Equipment			
19	Arms and Ammunitions			
	<b>Total Recommended Sensitive List items</b>	<b>25</b>	<b>41</b>	<b>100</b>

\* Includes food security items and items based on revenue considerations.

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