

GENERALISED SYSTEM OF PREFERENCES (GSP)

Introduction

1 The Generalised System of Preferences (GSP) is a non-contractual instrument by which industrially developed countries extend tariff concession to goods originating in developing countries.

2 The declared objectives are to assist developing countries:

- a). In increasing their export earnings:
- b). In promoting their industrialization: and
- c). In accelerating their rates of economic growth.

3 The principles underlying GSP were formally accepted in March 1968 during the 2nd UNCTAD Conference held at New Delhi.

What is GSP

Traditionally, the GSP has been an autonomous commercial policy instrument, directed towards development. It has been based on the most classical commercial policy instrument of all: the tariff. The objective has been to offer the developing countries a more preferential tariff compared to that given to developed countries in order to enable a more favorable access to the developed market for their exports.

For a layman GSP is a preferential tariff system extended by developed countries (preferences giving countries) to developing countries (preference receiving countries).

It involves reduced MFN tariff or duty free treatment of eligible products exported by developing countries like India, to the markets of developed countries, like Member States of European Union. The preferences offered are, however, unilateral and non – discriminatory.

Benefits of GSP

Indian exporters benefit indirectly – through the benefits that accrues to the importer by way of reduced tariff or duty free entry of eligible Indian products.

Reduction or removal of import duty on an Indian product makes it more competitive in the developed foreign markets.

Generalised Schemes of Preferences

The generalized schemes of preferences were first put into operation in the year 1971, with the application of the basic principles defined in the generalized system of preferences elaborated within the UNCTAD.

While European Economic Community (now the European Union) was first to grant tariff preferences under GSP, Turkey is the latest entrant to have introduced tariff preferences for goods originating in developing countries w.e.f 1st January 2002. Now, 36 developed countries are offering preferential tariff treatment to the eligible Indian goods through 12 schemes. Each scheme prescribes its own rules and regulations for determining eligibility of a product to preferential tariff treatment. Certificate of origin form A, duly filled in by the exporter and certified by an authorised Governmental Agency is accepted by all countries as evidence of origin for according tariff concessions. Ministry of Commerce and Industry is the administrative Ministry for such authorization.

Countries that extend Preferential Tariff Treatment under GSP

Australia	*EU	Czech Republic
Japan	Belgium	Estonia
New Zealand	Denmark	Cyprus
Norway	Finland	Latvia
Switzerland	France	Lithuania
United States of America	Germany	Hungary
Republic of Belarus	Greece	Malta
Republic of Bulgaria	Ireland	Poland
Russian Federation	Italy	Slovenia
Turkey	Luxembourg	Slovakia
European Union (EU*)	Netherlands	Spain
	Portugal	Sweden
	United Kingdom	

Fee Structure

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