TABLE 34

Product	Type of Restriction	Estimated Impact on U.S. Trade	Trade Agreement Status	
Capital goods, heavy electrical plant, and machine tools valued at $100,000 or more 1/	Special licensing terms	Significant, but group too broad to permit trade summary	Legal under GATT Article XVIII and affects bound items	Imports are permitted if: covered by long-term (10 year) foreign loans or investments, private or governmental; financed by the National Small Industries Corp. of India, a government institution; imports against earmarked exports; imports against medium-term credits related to export promotion; imports for maintenance and replacement and purposes requiring small cash payments; or provided under a bilateral trade payments agreement.
Valuation and Taxes				
Imports in general	Tax liability because of business connection	Not significant	Legal and affects bound items	Where title of goods passes outside India and payment is made outside India, no business connection exists, and no income tax will arise. Where such sales are made through agents, branch offices, Indian distributors, or subsidiaries, a portion of the profits from sales would therefore be taxable. A proposed U.S.-India treaty would amend this clause.

1/ Many of these items are imported under tied procurement aid agreements with the U.S. and other foriegn countries. Considerable amounts of U.S. exports of these items are supplied under AID loans.