

second type of benefit conferred under this program involves the import duty reductions that producers/exporters received on the imports of capital equipment for which producers/exporters have not yet met their export requirements. For those capital equipment imports, producers/exporters have unpaid duties that will have to be paid to the GOI if the export requirements are not met. When a company has an outstanding liability and the repayment of that liability is contingent upon subsequent events, our practice is to treat any balance on that unpaid liability as an interest-free loan. See 19 CFR §351.505(d)(1). See *Hot-Rolled Steel From India*, 66 FR 49635, and *Pet Film From India*, 67 FR 34905, and *CTL Plate From India*, 64 FR 73137.

In *PET Film From India*, the Department determined that (1) the receipt of benefits under this program is contingent upon export performance in accordance with section 771(5A)(B) of the Act; (2) the GOI provided a financial contribution under section 771(5)(D)(ii) of the Act in the two ways described above; and (3) the program provides benefits under section 771(5)(E) of the Act. See the "Export Promotion of Capital Goods Scheme (EPCGS)" section of the *Pet Film From India Decision Memo*.

As adverse facts available for the EPCGS, we preliminary determine to use a rate of 16.63 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635.

#### 4. Loans From the Steel Development Fund (SDF)

Under the SDF program, companies that contributed to the fund are eligible to take out long-term loans at advantageous rates. In order to create the SDF, the GOI, acting through the Joint Planning Commission, mandated steel price increases which were earmarked for the SDF. In previous investigations, the Department determined that this program is countervailable. Under section 771(5)(B) of the Act, a subsidy can be found whenever the government makes a financial contribution, when it provides a payment to a funding mechanism to provide a financial contribution, or when it entrusts or directs a private entity to make a financial contribution. Therefore, in *Hot-Rolled Steel From India*, we found that SDF loans constituted a financial contribution and conferred a benefit within the meaning of section 771(5)(D)(i) and (E)(ii) of the Act, respectively. See "Comment 1: Steel Development Loans and Loan Forgiveness" of the *Hot-Rolled Steel*

*From India Decision Memo*. Because eligibility for loans from the SDF is limited to steel companies, we also determined that loans under this program are specific within the meaning of 771(5A)(D)(i) of the Act. See *Hot-Rolled Steel From India*, 66 FR 49635, and the "Comment 1: Steel Development Loans and Loan Forgiveness" section in the *Hot-Rolled Steel From India Decision Memo*.

As adverse facts available for the SDF Loan program, we preliminary determine to use a rate of 0.99 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635.

#### 5. Exemption of Export Credit From Interest Taxes

Under the Interest Tax Act of 1974, a tax is levied on the chargeable interest accruing to a credit institution in a given year. Under Section 28 of the Income Tax Act, the GOI may exempt any credit institution or class of credit institutions, or the interest on any category of loan or advances from the levy of the interest tax. Pursuant to this section of the Income Tax Act, the GOI has exempted working capital loans taken from banks for supporting exports from the interest tax. Loans obtained by producers/exporters of subject merchandise from banks under the pre- and post-shipment export financing program are covered by this exemption. All producers/exporters of subject merchandise are eligible to use this program.

In *Hot-Rolled Steel From India*, we determined that this program is contingent upon export performance and, therefore, is specific in accordance with section 771(5A)(B) of the Act. See "Comment 13: Exemption of Export Credit From Interest Tax" of *Hot-Rolled Steel From India Decision Memo*. We have also determined that the GOI provided a financial contribution under section 771(5)(D)(ii) of the Act and that the program provides a benefit under section 771(5)(E) of the Act. See *Hot-Rolled Steel From India*, 66 FR 49635.

As adverse facts available for the Exemption of Export Credit From Interest Taxes program, we preliminary determine to use a rate of 0.08 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635.

#### 6. Advance Licenses

Under India's Duty Exemption Scheme, exporters may also import inputs duty-free through the use of import licenses. Using advance licenses,

companies are able to import inputs "required for the manufacture of goods" without paying India's basic customs duty.

In *Hot-Rolled Steel From India*, the Department determined that the use of advance licenses was countervailable. See the "Advance Licenses" section of the *Hot-Rolled Steel From India Decision Memo*. The program is contingent upon export performance and, therefore, is specific in accordance with section 771(5A)(B) of the Act. Under the program, the GOI provides a financial contribution under section 771(5)(D)(ii) of the Act, and the program provides a benefit under section 771(5)(E) of the Act. See *Hot-Rolled Steel From India*, 66 FR 49635.

As adverse facts available for the Advance Licenses program, we preliminary determine to use a rate of 0.24 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635.

#### 7. Income Tax Exemption Scheme (Section 80 HHC)

In *Certain Iron-Metal Castings From India: Final Results of Countervailing Duty Administrative Review (Iron-Metal Castings from India)*, 65 FR 31515 (May 18, 2000), the Department determined that deductions of profit derived from exports under section 80HHC of India's Income Tax Act are countervailable. The program is contingent upon export performance and, therefore, is specific in accordance with section 771(5A)(B) of the Act. Under the program, the GOI provides a financial contribution under section 771(5)(D)(ii) of the Act, and the program provides a benefit under section 771(5)(E) of the Act.

Although in *Hot-Rolled Steel From India*, 66 FR 49635, and *PET Film From India*, 67 FR 34905, we determined that the producers and exporters of subject merchandise did not use this program, we initiated an investigation of this program because the Department has not made a determination that the program has been terminated.

As adverse facts available for this program, we preliminarily determine to use a rate of 2.00 *ad valorem*, which is the *de minimis* rate for developing countries.

#### 8. Loan Guarantees From the GOI

The GOI provides loan guarantees on a case-by-case basis. Loan guarantees are normally extended to "Public Sector Companies" in particular industrial sectors. In *Hot-Rolled Steel From India*, we determined, in accordance with section 771(5)(D)(i) of the Act, that GOI loan guarantees conferred