



C-533-876

Administrative Review

POR: 01/01/2019 – 12/31/2019

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May 12, 2021

MEMORANDUM TO: Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance

FROM: Scot Fullerton
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the 2019
Administrative Review of the Countervailing Duty Order on Fine
Denier Polyester Staple Fiber from India

I. SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on fine denier polyester staple fiber (fine denier PSF) from India for the period of review (POR) January 1, 2019, through December 31, 2019. We preliminarily determine that Reliance Industries Limited (Reliance), the sole mandatory respondent in this administrative review, received countervailable subsidies during the POR.

II. BACKGROUND

On March 20, 2018, Commerce published in the *Federal Register* the *Order* on fine denier PSF from India.¹ On March 2, 2020, Commerce published a notice of opportunity to request an administrative review of the *Order*.² In response, on March 27, 2020, Reliance, a producer/exporter of fine denier PSF, requested a review with respect to itself.³ Additionally, on March 31, 2020, Auriga Polymers, Inc., DAK America LLC, and Nan Ya Plastics Corporation, America (the petitioners) requested a review of Reliance.⁴ On May 6, 2020, Commerce

¹ See *Fine Denier Polyester Staple Fiber from the People's Republic of China and India: Amended Final Affirmative Countervailing Duty Determination for the People's Republic of China and Countervailing Duty Orders for the People's Republic of China and India*, 83 FR 12149 (March 20, 2018) (*Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 85 FR 12267 (March 2, 2020).

³ See Reliance's Letter, "Fine Denier Polyester Staple Fiber from India – Reliance Industries Limited Request for Administrative Review," dated March 27, 2020.

⁴ See Petitioners' Letter, "Fine Denier Polyester Staple Fiber – Petitioners' Request for Administrative Review," dated March 31, 2020.



published a notice of initiation of this review.⁵ Subsequently, on July 24, 2020, the petitioners timely withdrew their request for a review.⁶ Reliance did not withdraw its request for a review.

We issued the initial questionnaire to the Government of India (GOI) on May 14, 2020.⁷ Reliance filed timely responses to the affiliated companies section of the initial questionnaire on June 8, 2020 and the remainder of section III of the initial questionnaire on July 9, 2020.⁸ The GOI filed a timely response to section II of the initial questionnaire on July 6, 2020.⁹ Between June 23, 2020 and March 11, 2021, Commerce issued supplemental questionnaires to Reliance and received timely responses.¹⁰ Additionally, Commerce issued a supplemental questionnaire to the GOI on October 14, 2020.¹¹ The GOI did not respond to Commerce's request for additional information.

⁵ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 85 FR 26931 (May 6, 2020) (*Initiation Notice*) at 26935.

⁶ See Petitioners' Letter, "Fine Denier Polyester Staple Fiber – Petitioners' Withdrawal of Request for 2019 Countervailing Duty Administrative Review," dated July 24, 2020.

⁷ See Commerce's Letter, "Countervailing Duty Questionnaire," dated May 14, 2020 (Initial Questionnaire).

⁸ See Reliance's Letters, "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Affiliated Company Response," dated June 8, 2020 (Reliance's Affiliations IQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Section III Response," dated July 9, 2020 (Reliance's IQR).

⁹ See GOI's Letter, "2019 Countervailing Duty Administrative Review of Fine Denier Polyester Staple Fiber from India: Response to Initial Questionnaire for the Government of India (GOI) issued on May 14, 2020," dated July 6, 2020 (GOI's IQR).

¹⁰ See Reliance's Letters, "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Supplemental Questionnaire Response," dated July 6, 2020 (Reliance's July 6, 2020 SQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Supplemental Questionnaire Response," dated August 17, 2020 (Reliance's August 17, 2020 SQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Response to Questions 6, 10-12, and 21 of the Department's Supplemental Questionnaire Response," dated August 21, 2020; "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Supplemental Questionnaire Response," dated November 9, 2020 (Reliance's November 9, 2020 SQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Response to Question 5 of the Department's Supplemental Questionnaire Response," dated November 12, 2020; "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Fourth Supplemental Questionnaire Response," dated January 25, 2021 (Reliance's January 25, 2021 SQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Fifth Supplemental Questionnaire Response," dated February 25, 2021 (Reliance's February 25, 2021 SQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India – Additional Information for Reliance Industries Limited's Fifth Supplemental Questionnaire Response," dated February 26, 2021; "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India – Exhibits for Reliance Industries Limited's Initial Questionnaire Response," dated March 4, 2021 (Reliance's March 4, 2021 IQR); "Administrative Review of the Countervailing Duty Order on Fine Denier Polyester Staple Fiber ("Fine Denier PSF") from India– Reliance Industries Limited's Sixth Supplemental Questionnaire Response," dated March 18, 2021.

¹¹ See Commerce's Letter, "Supplemental Questionnaire for the Government of India," dated October 14, 2020 (Supplemental Questionnaire).

On July 21, 2020, Commerce tolled all deadlines in administrative reviews by 60 days,¹² thereby extending the deadline for these preliminary results until February 1, 2021.¹³ On January 6, 2021, Commerce postponed the preliminary results of this review by 95 days until May 5, 2021, in accordance with section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Act).¹⁴ On May 3, 2021, Commerce postponed the preliminary results of this review by an additional seven days until May 12, 2021.¹⁵

On April 5, 2021, the petitioners submitted new factual information related to measuring the adequacy of remuneration of, and benefit from, the provision land for less than adequate remuneration (LTAR) from the State Government of Gujarat (SGOG).¹⁶

III. SCOPE OF THE *ORDER*

The merchandise covered by the *Order* is fine denier polyester staple fiber (fine denier PSF), not carded or combed, measuring less than 3.3 decitex (3 denier) in diameter. The scope covers all fine denier PSF, whether coated or uncoated. The following products are excluded from the scope:

- (1) PSF equal to or greater than 3.3 decitex (more than 3 denier, inclusive) currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 5503.20.0045 and 5503.20.0065.
- (2) Low-melt PSF defined as a bi-component polyester fiber having a polyester fiber component that melts at a lower temperature than the other polyester fiber component, which is currently classifiable under HTSUS subheading 5503.20.0015.

Fine denier PSF is classifiable under the HTSUS subheading 5503.20.0025. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the *Order* is dispositive.¹⁷

¹² See Memorandum, “Tolling of Deadlines for Antidumping and Countervailing Duty Administrative Reviews,” dated July 21, 2020.

¹³ The actual deadline for completing the preliminary results was January 30, 2021. Because January 30, 2021 is a Saturday, the deadline moved to the next business day, February 1, 2021. See *Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

¹⁴ See Memorandum, “Extension of Deadline for Preliminary Results,” dated January 6, 2021.

¹⁵ See Memorandum, “Second Extension of Deadline for Preliminary Results,” dated May 3, 2021.

¹⁶ See Petitioners’ Letter, “Fine Denier Polyester Staple Fiber from India – Petitioners’ Submission of Factual Information to Measure the Adequacy of Remuneration,” dated April 5, 2021 (Petitioners’ Land Benchmark).

¹⁷ See *Order*.

IV. USE OF FACTS OTHERWISE AVAILABLE AND APPLICATION OF ADVERSE INFERENCES

A. Legal Standard

Sections 776(a)(1) and (2) of the Act provide that Commerce shall, subject to section 782(d) of the Act, use the “facts otherwise available” in reaching the applicable determination if: (1) necessary information is not on the record; or (2) an interested party or any other person withholds information that has been requested; fails to provide information within the deadlines established, or in the form and manner requested by Commerce, subject to subsections (c)(1) and (e) of section 782 of the Act; significantly impedes a proceeding; or provides information that cannot be verified as provided by section 782(i) of the Act.

Where Commerce determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that Commerce will so inform the party submitting the response and will, to the extent practicable, provide that party with an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, Commerce may disregard all or part of the original and subsequent responses, as appropriate.

Section 776(b) of the Act further provides that Commerce may use an adverse inference in selecting from among the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, Commerce is not required to determine, or make any adjustments to, a countervailable subsidy rate based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.¹⁸ Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the investigation, a previous administrative review, or other information placed on the record.¹⁹ When selecting an adverse facts available (AFA) rate from among the possible sources of information, Commerce’s practice is to ensure that the rate is sufficiently adverse “as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide Commerce with complete and accurate information in a timely manner.”²⁰ Commerce’s practice also ensures “that the party does not obtain a more favorable result by failing than if it had cooperated fully.”²¹

Section 776(c)(1) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at

¹⁸ See section 776(b)(1)(B) of the Act.

¹⁹ See 19 CFR 351.308(c).

²⁰ See, e.g., *Drill Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination*, 76 FR 1971 (January 11, 2011); see also *Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

²¹ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. I (1994) (SAA) at 870.

its disposal.²² Secondary information is “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”²³ It is Commerce’s practice to consider information to be corroborated if it has probative value.²⁴ In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and relevance of the information to be used.²⁵ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.²⁶ Further, Commerce is not required to corroborate any countervailing duty applied in a separate segment of the same proceeding.²⁷

Finally, under section 776(d) of the Act, when applying an adverse inference, Commerce may use a countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a countervailable subsidy rate for a subsidy program from a proceeding that the agency considers reasonable to use, including the highest of such rates.²⁸ Additionally, when using an adverse inference in selecting among the facts otherwise available, Commerce is not required, for purposes of section 776(c) of the Act, or any other purpose, to estimate what the countervailable subsidy rate would have been if the interested party had cooperated or to demonstrate that the countervailable subsidy rate reflects an “alleged commercial reality of the interested party.”²⁹

B. Application of AFA

For the reasons explained below, Commerce preliminarily determines that the application of facts otherwise available is warranted with respect to the GOI for findings of specificity and financial contribution regarding certain programs, because the GOI withheld information that was requested of it and significantly impeded the proceeding, within the meaning of section 776(a)(2)(A) and 776(a)(2)(C) of the Act. Further, we find that adverse inferences are warranted, pursuant to section 776(b) of the Act, because, by providing inaccurate and incomplete responses and by not responding to our requests for information, the GOI failed to cooperate to the best of its ability. For our benefit findings for these programs, after evaluation of the record, we will rely on information provided by Reliance for these preliminary results, as discussed below.

In the initial questionnaire, Commerce requested that the GOI coordinate with the respondent company to determine if Reliance was reporting its use of any subsidy programs.³⁰ With respect to Export Promotion of Capital Goods Scheme (EPCGS) and Duty Drawback (DDB) program, our initial questionnaire stated:

²² See 19 CFR 351.308(d).

²³ See SAA at 870.

²⁴ *Id.*

²⁵ *Id.* at 869.

²⁶ *Id.* at 869-870.

²⁷ See section 776(c)(2) of the Act.

²⁸ See sections 776(d)(1) and (2) of the Act.

²⁹ See section 776(d)(3) of the Act.

³⁰ See Initial Questionnaire at Section II.

Commerce found the following two listed programs to be countervailable in a prior segment of this proceeding. We do not intend to reevaluate the countervailability of the programs. However, if there were any changes to a program during the review period, or if the government replaced a program with a successor program, then please answer all questions in the *Standard Questions Appendix* (for each program separately). If there were no changes to a program during the POR, please so state; you do not need to provide a response to the *Standard Questions Appendix* if there were no changes to the program.³¹

The GOI's initial questionnaire responses for these two programs were deficient. On EPCGS, the GOI's responses contradicted each other. Part of the GOI's responses stated that there were no changes, while another part of the GOI's responses indicated that there have been changes in the EPCGS since it was last reviewed in the original investigation.³² On DDB, the GOI neither denied nor confirmed whether there have been changes to the program, as instructed by our initial questionnaire.³³ Instead, the GOI's initial questionnaire response provided information which made it unclear to Commerce as to whether there have been changes to the DDB program. The GOI also presented information and arguments that it has a system in place for the DDB program, which is contrary to Commerce's finding in a prior segment of this proceeding.³⁴

We issued a supplemental questionnaire to the GOI on October 14, 2020 to provide the GOI an opportunity to address these deficiencies as well as clarify its responses.³⁵ On the EPCGS, we asked the GOI to explain the discrepancies in its responses and provide a response to the Standard Questions Appendix for the EPCGS, because the GOI stated that there have been changes to the program.³⁶ On the DDB program, we reiterated the question from our initial questionnaire that if there were changes to the program, the GOI should provide answers to all the questions in the Standard Questions Appendix, or if there were no changes, to so state.³⁷ Further, because the GOI argued that there was a system in place for the DDB program, we sought information as to whether the GOI has a system in place to confirm imported inputs consumed in the production of exported products for which DDB was earned on Reliance's program use.³⁸ We also sought information to cross-verify Reliance's usage information for the POR.³⁹

The GOI did not provide a response to any part of Commerce's supplemental questionnaire. Therefore, Commerce preliminarily determines that the application of facts otherwise available is warranted with respect to the GOI for findings of specificity and financial contribution, because

³¹ *Id.* at II-2.

³² *See* GOI's IQR at 9.

³³ *Id.* at 26-27.

³⁴ *See Fine Denier Polyester Staple Fiber from India: Preliminary Affirmative Countervailing Duty Determination*, 82 FR 51387 (November 6, 2017) (*Fine Denier PSF from India Investigation Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM) at 19-20, unchanged in *Countervailing Duty Investigation of Fine Denier Polyester Staple Fiber from India: Final Affirmative Determination*, 83 FR 3122 (January 23, 2018) (*Fine Denier PSF from India Investigation Final Determination*).

³⁵ *See* Supplemental Questionnaire.

³⁶ *Id.* at 3.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

the GOI withheld information that was requested of it and significantly impeded the proceeding, within the meaning of section 776(a)(2)(A) and 776(a)(2)(C) of the Act. Further, we find that adverse inferences are warranted, pursuant to section 776(b) of the Act, because, by providing deficient responses to our initial questionnaire and by not responding to our request for information to clarify its initial questionnaire responses, the GOI failed to cooperate to the best of its ability. As AFA, we preliminarily find there are no changes to the EPCGS and DDB program, and that the programs confer a financial contribution within the meaning of section 771(5)(D)(ii) of the Act and are specific under section 771(5A)(B) of the Act.

With respect to the Advanced Authorization Program (AAP), Merchandise Export from India Scheme (MEIS), Technology Upgradation Fund Scheme (TUFS), SGOG Preferential Water Rates, SGOG Electricity Duty Exemption, SGOG Provision of Land for LTAR, and Special Economic Zone (SEZ) Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials programs, our initial questionnaire indicated that as these programs have not yet been found to be terminated or not countervailable, we are examining them in this review and questionnaire.⁴⁰ For each of the programs, we requested that the GOI respond to all questions in addition to the Standard Questions Appendix and any other applicable appendices.⁴¹ For each of the programs, the GOI's initial questionnaire responses were deficient. The GOI provided inaccurate information that the mandatory respondent did not use the programs contrary to the mandatory respondent's reporting that it had used the programs.⁴² The GOI also failed to report information related to key program procedures, official documents, and guidelines to determine the countervailability of those programs.⁴³

On October 14, 2020, Commerce issued a supplemental questionnaire to the GOI⁴⁴ in response to certain deficiencies that we identified in the GOI's initial questionnaire response submitted on July 6, 2020.⁴⁵ In this supplemental questionnaire, we requested information that we had previously requested and the GOI had failed to provide on the programs listed above, as well as additional information to clarify certain discrepancies between the GOI's and Reliance's initial questionnaire responses.⁴⁶ The GOI did not provide a response to any part of Commerce's supplemental questionnaire. Therefore, Commerce preliminarily determines that the application of facts otherwise available is warranted with respect to the GOI for findings of specificity and financial contribution, because the GOI withheld information that was requested of it and significantly impeded the proceeding, within the meaning of section 776(a)(2)(A) and 776(a)(2)(C) of the Act. Further, we find that adverse inferences are warranted, pursuant to section 776(b) of the Act, because, by providing inaccurate and deficient responses to our initial questionnaire and by not responding to our request for information seeking to remedy these deficiencies and to clarify information on these programs, the GOI failed to cooperate to the best of its ability.

⁴⁰ See Initial Questionnaire at II-5.

⁴¹ *Id.*

⁴² See GOI's IQR at 36, 56, 80, 103, 114, 126, and 137.

⁴³ *Id.*

⁴⁴ See Supplemental Questionnaire.

⁴⁵ See GOI's IQR.

⁴⁶ See Supplemental Questionnaire.

With respect to the AAP, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(B) of the Act. As AFA, we find there are no changes to the program from the prior segments.⁴⁷

With respect to the MEIS, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under sections 771(5A)(A) and (B) of the Act. As AFA, we find there are no changes to the program from the prior review.⁴⁸

With respect to the TUFS, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(i)⁴⁹ of the Act and is specific under section 771(5A)(D)(iii) of the Act. As AFA, we find there are no changes to the program from the prior segments.⁵⁰

With respect to the SGOG Preferential Water Rates program, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(D)(iv) of the Act. As AFA, we find there are no changes to the program from the prior review.⁵¹

With respect to the SGOG Provision of Land for LTAR program, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(iii) of the Act and is specific under section 771(5A)(D) of the Act. As AFA, we find there are no changes to the program from the prior review.⁵²

With respect to the SGOG Electricity Duty Exemption program, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(D) of the Act. As AFA, we find there are no changes with respect to the program from the prior review.⁵³

⁴⁷ See *Fine Denier PSF from India Investigation Preliminary Determination* PDM at 15-17, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

⁴⁸ See *Fine Denier Polyester Staple Fiber from the Republic of India: Preliminary Results of Countervailing Duty Administrative Review*, 85 FR 18916 (April 3, 2020) (*Fine Denier PSF from India Review Preliminary Results*), and accompanying PDM at 15, unchanged in *Fine Denier Polyester Staple Fiber from India: Final Results of Countervailing Duty Administrative Review; 2017–2018*, 85 FR 86537 (December 30, 2020) (*Fine Denier PSF from India Review Final Results*).

⁴⁹ We note that in the final results of the first review of this *Order*, we inadvertently stated that the TUFS provides a financial contribution as a direct transfer of funds, pursuant to section 771(5)(D)(ii). However, the TUFS provides a financial contribution under section 771(5)(D)(i).

⁵⁰ See *Fine Denier PSF from India Review Final Determination* IDM at 14; see also *Fine Denier PSF from India Review Preliminary Results* PDM at 21, unchanged in *Fine Denier PSF from India Review Final Results*. We note that in the final results of the first review of this *Order*, we inadvertently stated that the TUFS provides a financial contribution as a direct transfer of funds, pursuant to section 771(5)(D)(ii). However, the TUFS provides a financial contribution under section 771(5)(D)(i).

⁵¹ See *Fine Denier PSF from India Review Preliminary Results* PDM at 18, unchanged in *Fine Denier PSF from India Review Final Results*. Although we find that there are no changes to the program from the prior review, we note that this program is specific under subparagraph (iv) of section 771(5A)(D) of the Act.

⁵² See *Fine Denier PSF from India Review Preliminary Results* PDM at 17, unchanged in *Fine Denier PSF from India Review Final Results*.

⁵³ See *Fine Denier PSF from India Review Preliminary Results* PDM at 18, unchanged in *Fine Denier PSF from India Review Final Results*.

With respect to the SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials program, we preliminarily find, as AFA, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(D) of the Act. As AFA, we find there are no changes with respect to the program from the prior segments.⁵⁴

Regarding programs and other forms of assistance not previously examined in this proceeding, Commerce requested the GOI coordinate with the mandatory respondent company to determine if Reliance would be reporting usage of any other subsidy programs, or if the GOI had not provided any other benefits, to so state.⁵⁵ In response, the GOI stated that it “is not aware whether the mandatory respondent has avail to any other schemes of GOI and State Governments.”⁵⁶ However, Reliance reported its use of the following program, which was not examined in a prior segment of this proceeding: State Government of Maharashtra (SGOM) Electricity Concession for Textile Units.⁵⁷ Thus, the GOI failed to comply with Commerce’s initial questionnaire request to coordinate with the company respondent to determine Reliance’s usage of other such subsidy programs and failed to identify the SGOM Electricity Concession for Textile Units program in its initial questionnaire response.

As stated above, we issued a supplemental questionnaire to the GOI on October 14, 2020. The deadline for the GOI to respond to our supplemental questionnaire was by no later than October 26, 2020.⁵⁸ The GOI did not provide a response information to the supplemental questionnaire, which demonstrates that the GOI has stopped participating in this segment of the proceeding. Therefore, Commerce preliminarily determines that the application of facts otherwise available is warranted with respect to the GOI for findings of specificity and financial contribution, because the GOI withheld information that was requested of it and significantly impeded the proceeding, within the meaning of section 776(a)(2)(A) and 776(a)(2)(C) of the Act. Further, we find that adverse inferences are warranted, pursuant to section 776(b) of the Act, because, by not complying with our requests for information, and stopping its participation in the review, the GOI failed to cooperate to the best of its ability. As AFA, we preliminarily find that this program is a financial contribution within the meaning of section 771(5)(D)(ii) and it is specific under section 771(5A)(D) of the Act.⁵⁹

In conclusion, Commerce requested information for the above programs because the responses, including the relevant appendices, are necessary in determining whether a financial contribution exists and whether the alleged subsidy is specific within the meaning of sections 771(5)(D) and 771(5A) of the Act, respectively. The GOI’s initial program responses were deficient because the GOI withheld information that was requested of it for the above programs, such as full responses to appropriate appendices, information related to key program procedures, official documents, and guidelines to determine the countervailability of those programs, as well as

⁵⁴ See *Fine Denier PSF from India Review Preliminary Results* PDM at 15, unchanged in *Fine Denier PSF from India Review Final Results*.

⁵⁵ See Initial Questionnaire at II-11.

⁵⁶ See GOI’s IQR at 231-232.

⁵⁷ See Reliance’s IQR at 83.

⁵⁸ See Supplemental Questionnaire.

⁵⁹ We note that Reliance provided information on the record indicating this program is countervailable. For benefit, we are relying on the responses provided by Reliance.

information regarding Reliance's program use. We issued a supplemental questionnaire to the GOI to clarify the responses and remedy the deficiencies. The GOI failed to provide any response to our supplemental questionnaire. If the GOI was not able to submit the required information in the requested form and manner, it should have promptly notified Commerce, in accordance with section 782(c) of the Act. It did not do so, nor did it suggest any alternative form for submitting this information.⁶⁰ With the supplemental questionnaire, Commerce provided the GOI with another opportunity to respond fully to the requested information, but the GOI failed to do so. Given that such necessary information has been withheld by the GOI, Commerce's ability to investigate these programs, as well as request information for the SGOM Electricity Concession for Textile Units program, which was newly reported by Reliance during this proceeding, is significantly impeded.

Thus, we preliminarily find that the application of facts otherwise available is warranted with respect to the GOI for findings of specificity and financial contribution, because the GOI withheld information that was requested of it and significantly impeded the proceeding, within the meaning of section 776(a)(2)(A) and 776(a)(2)(C) of the Act. Further, we preliminarily determine that we find that adverse inferences are warranted, pursuant to section 776(b) of the Act, because, by providing deficient responses to the initial questionnaire, by not responding to the supplemental questionnaire, and by failing to further participate in this segment of the proceeding, the GOI failed to cooperate to the best of its ability.

C. Application of Facts Available

Commerce preliminarily determines that the application of facts available is warranted with respect to Reliance for its reporting of benefits received under the SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials program. As discussed in the "Analysis of Programs" section, Commerce considers programs related to the acquisition of capital goods to provide non-recurring subsidies. As such, we asked Reliance to provide data for the entirety of the ten-year average useful life (AUL) period.⁶¹ In its questionnaire responses, Reliance provided information relating to benefits received under the SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials program. However, Reliance failed to provide complete information relating to benefits for 2010.⁶² Specifically, Reliance explained that the duty values and rates for its program use in 2010 are not available in Reliance's accounting system, and that it reported incomplete details of its benefits for this period based on publicly available information.⁶³

⁶⁰ Section 782(c)(1) of the Act states that "{i}f an interested party, promptly after receiving a request from the administering authority or the Commission for information, notifies the administering authority or the Commission (as the case may be) that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information, the administering authority of the Commission (as the case may be) shall consider the ability of the interested party to submit the information in the requested form and manner and may modify such requirements to the extent necessary to avoid imposing an unreasonable burden on that party."

⁶¹ See Initial Questionnaire at Section III.

⁶² See Reliance's November 9, 2020 SQR at Exhibit CVD2-3SQR-16-SEZ-CG.

⁶³ See Reliance's August 17, 2020 SQR at 13; *see also* Reliance's November 9, 2020 SQR at 7.

Accordingly, we preliminarily determine that necessary information is not available on the record for us to calculate accurately Reliance's SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials program benefits received during the first year of the AUL period. Thus, we must rely on "facts available" in making our preliminary determination, in accordance with section 776(a)(1) of the Act. Because Reliance has provided information related to duties saved through the SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials program for the years 2011 through 2019, when applying facts available, we are using the average of the yearly reported amount of benefit Reliance received during the AUL period as a plug for 2010 to calculate the benefit.⁶⁴ Because we are not relying on secondary information as defined by sections 776(b)(2) and (c)(1) of the Act, the statute does not require further corroboration of this rate.

V. SUBSIDIES VALUATION INFORMATION

A. Allocation Period

Commerce normally allocates the benefits from non-recurring subsidies over the AUL of renewable physical assets used in the production of subject merchandise. Commerce finds the AUL in this proceeding to be ten years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System. Commerce notified the respondents of the ten-year AUL in the initial questionnaire and requested data accordingly. No party in this proceeding disputed this allocation period.

Furthermore, for non-recurring subsidies, we applied the "0.5 percent test," as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the year in which the assistance was approved. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than over the AUL.

B. Attribution of Subsidies

In accordance with 19 CFR 351.525(b)(6)(i), Commerce normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provides additional rules for the attribution of subsidies received by respondents with cross-owned affiliates. Subsidies to the following types of cross-owned affiliates are covered in these additional attribution rules: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the production of the downstream product; or (v) an affiliate producing non-subject merchandise that otherwise transfers a subsidy to a respondent.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other

⁶⁴ See Memorandum, "Preliminary Results Calculations for Reliance Industries Limited," dated concurrently with this memorandum (Preliminary Calculations Memorandum) at 5 and Attachment II.

corporation(s) in essentially the same ways it can use its own assets. This section of Commerce's regulations states that this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. The *CVD Preamble* to Commerce's regulations further clarifies the cross-ownership standard.⁶⁵ According to the *CVD Preamble*, relationships captured by the cross-ownership definition include those where:

{T}he interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits)... Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.⁶⁶

Thus, Commerce's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade (CIT) upheld Commerce's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.⁶⁷

Reliance responded to Commerce's initial questionnaire on behalf of itself, reporting that it did not have any affiliated companies involved or engaged in the sale, purchase, marketing, and production of subject merchandise.⁶⁸ Therefore, we will attribute subsidies received by Reliance in accordance with 19 CFR 351.525(b)(6)(i), using the sales data that Reliance reported.

C. Denominators

In accordance with 19 CFR 351.525(b)(1) – (5), when selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondents' receipt of benefits under each program at issue. For the DDB program, consistent with past segments of this proceeding, we used Reliance's total sales of U.S. exports of subject merchandise during the POR as the denominator for the benefit calculation of this program.⁶⁹ For the programs under which Reliance received benefits that were not tied to export performance, consistent with past segments of this proceeding, we used Reliance's total sales as the denominator for the benefit calculations for those programs.⁷⁰

⁶⁵ See *Countervailing Duties*, 63 FR 65348, 65401 (November 25, 1998) (*CVD Preamble*).

⁶⁶ See *CVD Preamble*, 63 FR at 65401.

⁶⁷ See *Fabrique de Fer de Charleroi S.A. v. United States*, 166 F. Supp. 2d 593, 603 (CIT 2001).

⁶⁸ See Reliance's Affiliations IQR at 6; see also Reliance's July 6, 2020 SQR at 4.

⁶⁹ See Preliminary Calculations Memorandum at 3 and Attachment II.

⁷⁰ *Id.* at 6-7 and Attachment II.

For the remaining programs tied to export performance, we preliminarily used export sales exclusive of deemed exports as the denominator for the calculations of those program benefits.⁷¹ As companies may fulfill their export obligations under certain export subsidy programs with deemed exports, *i.e.*, the good supplied does not physically leave the country,⁷² those deemed exports may be included in the denominator for those programs permitting deemed exports (*e.g.*, EPCGS) to fulfill a respondent's export obligations. Therefore, we preliminarily used export sales inclusive of deemed exports as the denominator for the benefit calculation for the EPCGS.⁷³

Further, Reliance stated that it provided its sales values based on free on board (FOB) terms and exclusive of recoverable taxes in its questionnaire responses, derived from its published audited quarterly financial reports.⁷⁴ However, in response to Commerce's requests to clarify certain information, Reliance additionally provided the export sales values contained in a certain general ledger account.⁷⁵ The information provided on the record of the instant proceeding for this general ledger account is consistent with Reliance's verified export sales values, as revised during the investigation to segregate out by-products, value-added tax (VAT), excise taxes, and traded goods.⁷⁶ We thus consider the sales values in that general ledger account to be the most accurate information on the record of this review to determine the AUL denominators for Reliance's export-contingent programs. Moreover, Reliance stated that it does not object that this general ledger account is an appropriate account from which to derive its AUL export sales values.⁷⁷ Accordingly, we deducted from Reliance's reported export sales values its reported ocean freight and insurance expenses incurred on those sales, and made adjustments for deemed exports where necessary, for each year of the AUL period, based on the sales information recorded in the relevant general ledger account.⁷⁸

D. Benchmarks and Interest Rates

Interest Rates

For programs requiring the application of a benchmark interest rate, 19 CFR 351.505(a)(1) states a preference for using an interest rate that the company would pay on a comparable commercial loan that the company could actually obtain on the market. Additionally, 19 CFR 351.505(a)(3)(i) states that when selecting a comparable commercial loan that the recipient "could actually obtain on the market," Commerce will normally rely on actual short-term and long-term loans obtained by the firm. However, when there are no comparable commercial loans, Commerce may use a national average interest rate, pursuant to 19 CFR 351.505(a)(3)(ii).

Pursuant to 19 CFR 351.505(a)(2)(iii), in selecting a comparable loan if a program under review

⁷¹ *Id.* at 4-5 and Attachment II.

⁷² *See* GOI's IQR at Exhibit 1.

⁷³ *See* Preliminary Calculations Memorandum at 4 and Attachment II.

⁷⁴ *See* Reliance's February 25, 2021 SQR at 3 and Exhibit CVD2-5SDR-2c-Sales.

⁷⁵ *Id.* at 3 and Exhibit CVD2-5SDR-2a.

⁷⁶ *See* Reliance's November 9, 2020 SQR at Exhibits CVD2-3SQ Original Inv Calc Memo and CVD2-3SQ Original Inv Calc Worksheets.

⁷⁷ *See* Reliance's January 25, 2021 SQR at 3.

⁷⁸ *See* Preliminary Calculations Memorandum at 2 and Attachment II.

is a government-provided, long-term loan program, the preference would be to use a loan for which the terms were established during, or immediately before, the year in which the terms of the government-provided loan were established. Pursuant to 19 CFR 351.505(a)(2)(ii), Commerce will not consider a loan provided by a government-owned special purpose bank to be a commercial loan for purposes of selecting a loan to compare with a government-provided loan. Commerce has previously determined that the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI), and the Export-Import Bank of India (EXIM) are government-owned special purpose banks.⁷⁹ As such, Commerce does not use loans from the IDBI, the IFCI, or the EXIM as a basis for a commercial loan benchmark.

Finally, 19 CFR 351.524(d)(3) directs Commerce regarding the selection of a discount rate or long-term lending rate for the purposes of allocating non-recurring benefits over time. The regulations provide several options in order of preference. The first among these is the cost of long-term fixed-rate loans of the firm in question, excluding any loans which have been determined to be countervailable, for each year in which non-recurring subsidies have been received. The second option directs us to use the average cost of long-term, fixed-rate loans in the country in question.

Reliance reported exemptions from import duties under the EPCGS and SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials program, and land purchases from the Gujarat Industrial Development Corporation (GIDC) under the SGOG Provision of Land for LTAR program, which we treat as non-recurring benefits and allocate over the AUL period. Pursuant to 19 CFR 351.524(d)(3), and consistent with past segments of this proceeding, we preliminarily determine that commercial loans reported by Reliance are not comparable Indian rupee-denominated fixed-rate loans for all required years and cannot be used as discount rates for purposes of allocating the non-recurring benefits provided under the EPCGS, SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials, and SGOG Provision of Land for LTAR programs. Therefore, to allocate the non-recurring benefits, we have preliminarily used national average interest rates, pursuant to 19 CFR 351.505(a)(3)(ii). Specifically, we used the yearly average long-term lending rates from International Financial Statistics (IFS), a publication of the International Monetary Fund (IMF).⁸⁰

Land Benchmark

Commerce identifies appropriate market-determined benchmarks for measuring the adequacy of remuneration for government-provided goods or services, in accordance with 19 CFR 351.511(a)(2). This section of Commerce's regulations specifies potential benchmarks in hierarchical order by preference: (1) market prices from actual transactions within the country under investigation (*e.g.*, actual sales, actual imports, or competitively run government auctions)

⁷⁹ See *Final Results of Countervailing Duty Administrative Review: Polyethylene Terephthalate Film, Sheet, and Strip from India*, 71 FR 7534 (February 13, 2006), and accompanying IDM at "Subsidies Valuation Information"; see also *Polyethylene Terephthalate Film, Sheet, and Strip from India: Final Results of Countervailing Duty Administrative Review*, 73 FR 7708 (February 11, 2008), and accompanying IDM at "Benchmark Interest Rates and Discount Rates."

⁸⁰ See Preliminary Calculations Memorandum at 2 and Attachment II.

(tier one); (2) world market prices that would be available to purchasers in the country under investigation (tier two); or (3) an assessment of whether the government price is consistent with market principles (tier three). As provided at 19 CFR 351.511(a)(2), the preferred benchmark in the hierarchy is an observed market price from actual transactions within the country under investigation. This is because such prices generally reflect most closely the prevailing market conditions of the purchaser under investigation. Based on this hierarchy, we must first determine whether there are market prices from actual sales transactions involving private Indian buyers and sellers that can be used to determine whether the government authority sold land to the respondent for LTAR.

Reliance submitted information about land transactions “within the state of Gujarat in the adjacent villages of Zakhari and Mithoi,” made in 2012.⁸¹ Further, Reliance stated that the transactions involved land that was “previously classified as irrigated agricultural land which has been converted to industrial land,” between several private sellers to a private company, Essar Oil Ltd.⁸² We examined the record information associated with these land transactions, which was not publicly obtained, and without information confirming Essar Oil Ltd. is a private company or whether the transactions are commercial sales between private parties, we do not consider the Zakhari and Mithoi purchases to be a suitable benchmark. Moreover, Commerce declined to use identical land benchmark price information in a past segment of this proceeding.⁸³ In this review, Reliance additionally provided land rates issued by the GIDC as benchmark price information.⁸⁴ Pursuant to 19 CFR 351.511(a)(2), we also do not consider this information to be a suitable benchmark because the land rates are not observed market prices from actual transactions between private parties.

As benchmark data, the petitioners submitted information pertaining to a 2014 private land transaction in Mumbai that occurred between Tata Steel and Oberoi Realty, both of which are private companies.⁸⁵ According to the public article submitted by the petitioners, Oberoi Realty purchased the 25 acre parcel of land from Tata Steel after several rounds of bidding for 1,155 Indian rupees crore.⁸⁶

For the preliminary results, we consider the land transaction in Mumbai to be the most suitable benchmark price on the record, notwithstanding the location of the parcel outside of the state of Gujarat, because the sale of this land parcel was an actual private transaction in the country of investigation. Therefore, we used the average Indian rupee-per-square meter price paid for this land parcel and adjusted it for inflation or deflation, as applicable, using India’s Consumer Price Index, as published by the IMF.⁸⁷

⁸¹ See Reliance’s IQR at 39-40; see also Reliance’s August 17, 2020 SQR at Exhibits 22-e, 22-1a, and 22-1b.

⁸² See Reliance’s IQR at 39-40; see also Reliance’s August 17, 2020 SQR at 9.

⁸³ See *Fine Denier PSF from India Review Final Results* IDM at Comment 6.

⁸⁴ See Reliance’s November 9, 2020 SQR at Exhibit CVD2-3SQR-17.

⁸⁵ See Petitioners’ Land Benchmark.

⁸⁶ *Id.* at Exhibit 1A.

⁸⁷ See Preliminary Calculations Memorandum at 6 and Attachment II.

VI. ANALYSIS OF PROGRAMS

Based upon our analysis of the record and the responses to our questionnaires, we preliminarily determine the following:

A. Programs Preliminarily Determined to Be Countervailable

1. DDB

Commerce determined in the investigation that this program is countervailable.⁸⁸ Specifically, we found that the DDB program provides a financial contribution pursuant to section 771(5)(D)(ii) of the Act in the form of revenue forgone by the GOI for rebated duties and tax, which are generally fixed as a percentage of the FOB price of the exported product. Commerce further determined that the program was only available to exporters, and therefore is specific under sections 771(5A)(A) and (B) of the Act. We also found that the GOI had not supported its claim that the DDB system is reasonable and effective in confirming which inputs, and in what amounts, are consumed in the production of the exported products. Therefore, we found that the entire amount of import duty rebate earned during the POI constituted a benefit.

As described in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to our supplemental questionnaire, as AFA, we preliminarily find there are no changes with respect to the program. Thus, the program confers a financial contribution under section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(A) and (B) of the Act.

Reliance reported its duty rebates under this program on a transaction-specific basis.⁸⁹ Under 19 CFR 351.519(a)(4), the entire amount of import duty rebate earned during the POR constitutes a benefit. Our findings are consistent with our prior determinations.⁹⁰

To calculate the subsidy rate, we used the value of all the DDB program duty rebates that Reliance received on U.S. sales of subject merchandise during the POR. In accordance with 19 CFR 351.525(b)(4) and (5), when a subsidy is tied to a certain product or market, we will attribute that subsidy to only that product or market. Therefore, consistent with past segments of this proceeding, we divided the total amount of the benefit by Reliance’s total sales of U.S. exports of subject merchandise during the POR. On this basis, we preliminarily determine a countervailable subsidy rate of 1.86 percent *ad valorem*.⁹¹

⁸⁸ *Fine Denier PSF from India Investigation Preliminary Determination* PDM at 18-20, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

⁸⁹ See Reliance’s IQR at 18; *see also* Reliance’s January 25, 2021 SQR at Exhibit CVD2-4SDR-4-DDB-ALL.

⁹⁰ *See, e.g., Countervailing Duty Investigation of Glycine from India: Affirmative Final Determination*, 84 FR 18482 (May 1, 2019), and accompanying IDM at Comment 4; *Fine Denier PSF from India Investigation Preliminary Determination* PDM at 19, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

⁹¹ *See* Preliminary Calculations Memorandum at 3 and Attachment II.

2. EPCGS

Commerce determined in the investigation that this program is countervailable.⁹² Specifically, we found that the EPCGS provides a financial contribution pursuant to section 771(5)(D)(ii) of the Act in the form of revenue forgone by the GOI for not collecting import duties. We further determined that the program was only available to exporters, and therefore it is specific under sections 771(5A)(A) and (B) of the Act because it is contingent upon export performance.

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, as AFA, we preliminarily find there are no changes with respect to the program. Thus, the program confers a financial contribution under section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(B) of the Act.

Reliance reported that it imported capital goods with waived import duty rates under this program during the AUL period and POR.⁹³ Consistent with our prior determinations, we are attributing the EPCGS benefits received to Reliance’s relevant total exports, pursuant to 19 CFR 351.525(b)(5).⁹⁴

Under the EPCGS, the exempted import duties would have to be paid to the GOI if the accompanying export obligations are not met. It is Commerce’s practice to treat any balance on an unpaid liability that may be waived in the future as a contingent-liability interest-free loan, pursuant to 19 CFR 351.505(d)(1). Because the unpaid duties constitute a liability contingent on subsequent events, we treat the amount of unpaid duty liabilities as an interest-free contingent liability loan. We find that the amount a respondent would have paid during the POR had it borrowed the full amount of the duty reduction or exemption at the time of importation to constitute the first benefit under the EPCGS. The second benefit arises based on the amount of duty finally waived by the GOI on imports of capital goods covered by those EPCGS licenses for which the export requirement has been met. With regard to licenses for which the GOI has acknowledged that the company has completed its export obligation, pursuant to 19 CFR 351.505(d)(2), we treat the import duty savings as grants received in the year in which the GOI waived the contingent liability on the import duty exemption. Further, in accordance with 19 CFR 351.524(c)(2)(iii) and past practice, we treat import duty exemptions on capital equipment as non-recurring benefits.

To calculate the benefit received from the final waiver of import duties on capital equipment imports where Reliance’s export obligations were met prior to the end of the POR, we considered the total amount of duties waived, *i.e.*, the calculated duties payable less the duties actually paid in the year, net of required application fees, in accordance with section 771(6) of the Act, to be the benefit, and we treated these amounts as grants pursuant to 19 CFR 351.504.

⁹² See *Fine Denier PSF from India Review Preliminary Determination* PDM at 20-22, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

⁹³ See Reliance’s IQR at 17; *see also* Reliance’s November 9, 2020 SQR at Exhibit CVD2-3SQR-11-EPCG-All-Corrected-AUL.

⁹⁴ See, *e.g.*, *Fine Denier PSF from India Review Preliminary Determination* PDM at 21, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

Further, consistent with the approach followed in previous investigations, we preliminarily determine the year of receipt of the benefit to be the year in which the GOI finally waived the outstanding import duties.⁹⁵ Next, we performed the “0.5 percent test,” as prescribed under 19 CFR 351.524(b)(2), for the total value of duties waived, for each year in which the GOI granted Reliance an import duty waiver. For each year of the AUL period, the values of Reliance’s waived import duties expensed to the years of receipt.

Additionally, import duty reductions that Reliance received on the imports of capital equipment for which it had not yet met export obligations may have to be repaid to the GOI if the obligations under the licenses are not met. Consistent with our practice and prior determinations, we are preliminarily treating the unpaid import duty liability as an interest-free loan.⁹⁶ The amount of the unpaid duty liabilities to be treated as an interest-free loan is the amount of the import duty reduction or exemption for which the respondent applied, but that had not been officially waived by the GOI, as of the end of the POR. Accordingly, we preliminarily find the benefit to be the interest that the respondent would have paid during the POR had it borrowed the full amount of the duty reduction or exemption at the time of importation.

The time period for fulfilling the export requirement expires a certain number of years after importation of the capital good. As such, pursuant to 19 CFR 351.505(d)(1), the benchmark for measuring the benefit is a long-term interest rate because the event upon which repayment of the duties depends (*i.e.*, the date of expiration of the time period to fulfill the export commitment), occurs at a point in time that is more than one year after the date of importation of the capital goods. As the benchmark interest rate, we used the long-term interest rates as discussed in the “Benchmarks and Interest Rates” section. We then multiplied the total amount of unpaid duties under each license by the long-term benchmark interest rate for the year in which the capital good was imported, and we summed the resulting amounts to determine the total benefit in the POR.⁹⁷ For EPCGS licenses with duty-free imports made during the POR, we calculated the benefit based on the appropriate long-term interest rate and the number of days the loan was outstanding during the POR, to arrive at the contingent liability benefit for those imports.⁹⁸

The benefit received under the EPCGS is the sum of: (1) the benefit attributable to the POR from the finally-waived duties for imports of capital equipment for which the respondent met export requirements by the end of the POR; and (2) the interest that would have been due had the respondent borrowed the full amount of the duty reduction or exemption at the time of importation for imports of capital equipment that have unmet export obligations during the POR. Specifically, consistent with our prior determinations, we excluded all “cenvatable” duties (*i.e.*, duties which are refundable under one of India’s VAT systems), from the calculation of the

⁹⁵ See, e.g., *Notice of Final Affirmative Countervailing Duty Determination: Polyethylene Terephthalate Film, Sheet, and Strip (PET Film) from India*, 67 FR 34905 (May 16, 2002), and accompanying IDM at Comment 5.

⁹⁶ See *Finished Carbon Steel Flanges from India: Preliminary Affirmative Countervailing Duty Determination*, 81 FR 85928 (November 29, 2016), and accompanying PDM at 15, unchanged in *Finished Carbon Steel Flanges from India: Final Affirmative Countervailing Duty Determination*, 82 FR 29479 (June 29, 2017).

⁹⁷ See Preliminary Calculations Memorandum at 4 and Attachment II.

⁹⁸ *Id.*

program benefit.⁹⁹ Further, as explained in the Preliminary Calculations Memorandum, because Reliance substantiated its claim that beginning in 2018, the social welfare surcharge (SWS) due on imports is calculated as ten percent of the aggregate of duties, taxes, and cess levied by the GOI, we adjusted the SWS duty rate Reliance reported it should have paid on its licenses for imports made during 2018 and 2019.¹⁰⁰ In accordance with 19 CFR 351.525(b)(6)(ii), we divided the total benefits received by Reliance under the EPCGS by its total export sales inclusive of deemed exports during the POR, as described above. On this basis, we preliminarily determine a countervailable subsidy rate of 0.07 percent *ad valorem*.¹⁰¹

3. MEIS

Commerce determined in the investigation that this program is countervailable on the basis of AFA.¹⁰² Additionally, Commerce determined that this program is countervailable in the previous administrative review.¹⁰³ Specifically, we found that the scrips provided through the MEIS constitute a financial contribution, as defined under section 771(5)(D)(ii) of the Act, in the form of revenue forgone by the GOI, because the scrips provide exemptions for paying duties associated with the imported goods. We further determined that this program is specific under sections 771(5A)(A) and (B) of the Act, because the eligibility to receive scrips is contingent upon export performance.

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, we have based our preliminary findings of specificity and financial contribution for this program on facts otherwise available, as AFA, we preliminarily determine that there are no changes to the program. Thus, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and it is specific under sections 771(5A)(A) and (B) of the Act.

Reliance reported that it used this program during the POR.¹⁰⁴ Consistent with our prior determinations, because the MEIS benefit (*i.e.*, the scrip amount) is not automatic and is not known to the exporter until well after the exports are made, the MEIS licenses, which contain the date of validity and the duty exemption amount as issued by the GOI, are the best method to determine the time at which the benefit was received and the amount of benefit received.¹⁰⁵

We calculated the benefit to be the total value of scrips granted during the POR, and subtracted from this amount the application fees paid by Reliance. Next, we divided the total amount of the

⁹⁹ See Reliance’s November 9, 2020 SQR at 3; see also *Fine Denier PSF from India Review Final Results* IDM at Comment 4.

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² See *Fine Denier PSF from India Investigation Final Determination* IDM at 13.

¹⁰³ See *Fine Denier PSF from India Review Preliminary Results* PDM at 15, unchanged in *Fine Denier PSF from India Review Final Determination*.

¹⁰⁴ See Reliance’s IQR at 27; see also Reliance’s January 25, 2021 SQR at Exhibit CVD2-4SDR-6-MEIS.

¹⁰⁵ See, e.g., *Steel Threaded Rod from India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances*, 79 FR 40712 (July 14, 2014), and accompanying IDM at 18.

benefit received by Reliance by the total export sales. On this basis, we preliminarily determine a countervailable subsidy rate of 0.17 percent *ad valorem*.¹⁰⁶

4. SEZ Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Materials

Commerce determined that this program is countervailable in the investigation on the basis of AFA.¹⁰⁷ Additionally, Commerce determined that this program is countervailable in the previous administrative review on the basis of AFA.¹⁰⁸ Specifically, we found that this program constitutes a financial contribution and is specific, within the meaning of sections 771(5)(D)(ii) and 771(5A)(D) of the Act, respectively.

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, as AFA, we find this program constitutes a financial contribution and is specific, within the meaning of sections 771(5)(D)(ii) and 771(5A)(D) of the Act, respectively.

Reliance reported it received benefits under this program during the POR and AUL period.¹⁰⁹ Because the GOI did not claim or provide information demonstrating that it has in place and applies a system that is reasonable and effective to confirm which inputs, and in what amounts, are consumed in the production of the exported products under this program,¹¹⁰ consistent with our prior determinations, we find that the entire amount of the import duty exemption constitutes a benefit.¹¹¹ Pursuant to 19 CFR 351.510, and consistent with our prior determinations, we preliminarily determine that the time of receipt of this benefit is the time that Reliance otherwise would be required to pay the indirect tax or import charge.¹¹²

Because a portion of the benefit of this program relates to the purchase of capital goods, pursuant to 19 CFR 351.524(c)(2)(iii), we are treating uncollected taxes due on purchases of capital goods as non-recurring benefits. As stated in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, because Reliance failed to report benefits for the first year of the AUL period, we used, as facts available, the average benefit amount received on Reliance’s imports of capital goods during the AUL period for that year. We performed the “0.5 percent test,” as prescribed under 19 CFR 351.524(b)(2), on Reliance’s uncollected import duties that related to its purchases of capital goods during the AUL period. For certain years, we found that

¹⁰⁶ See Preliminary Calculations Memorandum at 4 and Attachment II.

¹⁰⁷ See *Fine Denier PSF from India Investigation Preliminary Determination* PDM at 10-11, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

¹⁰⁸ See *Fine Denier PSF from India Review Preliminary Results* PDM at 15, unchanged in *Fine Denier PSF from India Review Final Results*.

¹⁰⁹ See Reliance’s IQR at 59 and Exhibit III-D-SEZ-4; see also Reliance’s November 9, 2020 SQR at Exhibit CVD2-3SQR-16-SEZ-CG.

¹¹⁰ See GOI’s IQR at 136-140.

¹¹¹ See *Fine Denier PSF from India Review Final Results* IDM at Comment 4.

¹¹² See *Fine Denier PSF from India Review Preliminary Results* PDM at 15, unchanged in *Fine Denier PSF from India Review Final Results*.

the benefits were greater than 0.5 percent of the relevant sales; therefore, we allocated these benefits over the AUL period to determine the amount attributable to the POR.

To calculate the benefit, we summed the total value of uncollected import duties described above that are attributable to the POR. Because Reliance substantiated its claim regarding the duty calculation for the SWS, we adjusted the SWS duty rate Reliance reported it should have paid on imports made during 2018 and 2019 under this program.¹¹³ We then divided the total benefit amount by the value of Reliance’s total export sales during the POR, and calculated the countervailable subsidy provided to Reliance under the program to be 2.18 percent *ad valorem*.¹¹⁴

5. SGOG Subsidy Programs

a. SGOG Preferential Water Rates

Commerce determined that this program is countervailable in the previous administrative review.¹¹⁵ Specifically, we found that the water purchases under the program provide a financial contribution pursuant to section 771(5)(D)(ii) of the Act in the form of revenue forgone by the GIDC. We further determined that as the GIDC charges companies located outside industrial estates double the rate for water that it charges to companies located inside such estates, the program is specific under section 771(5A)(D) of the Act.¹¹⁶

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, as AFA, we preliminarily determine there is no change for this program. Thus, the program provides a financial contribution pursuant to section 771(5)(D)(ii) of the Act and is specific under section 771(5A)(D)(iv) of the Act.

Reliance reported that it procured water for its Dahej plant from a state agency, the GIDC, under this program during the POR.¹¹⁷ To calculate the benefit, consistent with our prior determinations, we compared the actual amount Reliance paid for water during the POR at its Dahej plant, which is located in a GIDC industrial estate, to the amount it would have paid were it not located within the estate.¹¹⁸ We then divided that benefit amount by Reliance’s total sales during the POR and calculated a countervailable subsidy rate of 0.01 percent *ad valorem*.¹¹⁹

¹¹³ See Preliminary Calculations Memorandum at 5 and Attachment II.

¹¹⁴ *Id.*

¹¹⁵ See *Fine Denier PSF from India Review Preliminary Results* PDM at 17, unchanged in *Fine Denier PSF from India Review Final Results*.

¹¹⁶ See section 771(5A)(D)(iv) of the Act (providing that a subsidy is specific “{w}here a subsidy is limited to an enterprise or industry located within a designated geographical region within the jurisdiction of the authority providing the subsidy.”).

¹¹⁷ See Reliance’s IQR at 43; see also Reliance’s August 17, 2020 SQR at Exhibit 24-SGOG-Water-DMD-2019.

¹¹⁸ See *Fine Denier PSF from India Review Preliminary Results* PDM at 17-18, unchanged in *Fine Denier PSF from India Review Final Results*.

¹¹⁹ See Preliminary Calculations Memorandum at 6 and Attachment II.

b. SGOG Electricity Duty Exemption

Commerce determined that this program is countervailable in the previous administrative review.¹²⁰ Specifically, we found that the electricity supply purchases under the program provide a financial contribution as revenue forgone under section 771(5)(D)(ii) of the Act. We further determined that the program is specific under section 771(5A)(D) of the Act on the basis of AFA.

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, as AFA, we preliminarily find there are no changes for the program. Thus, the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under 771(5A)(D) of the Act.

Reliance reported that it received electricity duty exemptions within its Dahej, Hazira, and Jamnagar plants under this program during the POR.¹²¹ To calculate the benefit, we first calculated the uncollected electricity duties and cess by multiplying the total amount of captively-generated and purchased electricity by the tax rates provided. We then divided this amount by Reliance’s total sales during the POR to calculate a countervailable subsidy rate of 0.06 percent *ad valorem*.¹²²

c. SGOG Provision of Land for LTAR

Commerce determined that this program is countervailable in the previous administrative review.¹²³ Specifically, we found that the land purchases under the program confer a financial contribution as a provision of a good under section 771(5)(D)(iii) of the Act. We further determined that the program is specific under section 771(5A)(D) of the Act on the basis of AFA.

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, we preliminarily find there are no changes for the program. Thus, the program provides a financial contribution under section 771(5)(D)(iii) of the Act and is specific under section 771(5A)(D) of the Act.

Reliance reported that it purchased land in Gujarat through the GIDC during the AUL period.¹²⁴ Specifically, Reliance acquired parcels of land for its Dahej, Hazira, and Vadodara plants

¹²⁰ See *Fine Denier PSF from India Review Preliminary Results* PDM at 18, unchanged in *Fine Denier PSF from India Review Final Results*.

¹²¹ See Reliance’s IQR at 47 and Exhibits III-B-SGOG-GEDES-2-DMD, III-B-SGOG-GEDES-2-HMD, and III-B-SGOG-GEDES-2-JMD.

¹²² See Preliminary Calculations Memorandum at 6 and Attachment II.

¹²³ *Fine Denier PSF from India Review Preliminary Results* PDM at 18, unchanged in *Fine Denier PSF from India Review Final Results*.

¹²⁴ See Reliance’s IQR at 38; see also Reliance’s August 17, 2020 SQR at Exhibit 2-SGoG-Land; Reliance’s February 25, 2021 SQR at 6 and Exhibit CVD2-5SDR-5-land.

through a 99-year leasehold from the GIDC, and converted parcels of land for its Naroda plant into a freehold property on GIDC land.¹²⁵

The adequacy of remuneration for government-provided goods or services is determined pursuant to 19 CFR 351.511(a)(2). Under 19 CFR 351.511(a)(2), Commerce measures the remuneration received by a government for goods or services against comparable benchmark prices to determine whether the government provided goods or services for LTAR. As noted in the “Benchmarks and Interest Rates” section, we relied on actual transaction prices paid by private entities in India as benchmark price information, consistent with the past review of this proceeding.

To calculate the benefit, we compared the private land transaction benchmark with the prices at which Reliance leased or purchased land from the GIDC. We conducted the “0.5 percent test,” as instructed by 19 CFR 351.524(b)(2), for the years of the relevant GIDC leases and purchases by dividing the total unallocated benefit for the tract of land for the corresponding years by the appropriate sales denominator. For certain years, we found that the benefits were greater than 0.5 percent of the relevant sales; therefore, we allocated these benefits over the AUL period to determine the amount attributable to the POR. On this basis, we preliminarily determine the countervailable subsidy rate provided to Reliance under this program to be 0.54 percent *ad valorem*.¹²⁶

B. Programs Preliminarily Determined to Not Confer a Measurable Benefit During the POR

We preliminarily determine that Reliance did not use or receive measurable benefits during the POR under the programs listed below:

1. AAP

Commerce determined in the investigation that this program is countervailable on the basis of AFA.¹²⁷ Specifically, we found the AAP provides a financial contribution under section 771(5)(D)(ii) of the Act because (1) the GOI exempts companies from payment of import duties that would otherwise be due, and (2) the GOI does not have in place, and does not apply, a system that is reasonable and effective for the purposes intended in accordance with 19 CFR 351.519(a)(4), to confirm which inputs, and in what amounts, are consumed in the production of the exported product, making normal allowance for waste; thus the entire amount of the import duty deferral or exemption provided to the respondents constitutes a benefit under section 771(5)(E) of the Act. Furthermore, we found the program is specific under section 771(5A)(B) of the Act because it is contingent upon exportation. In the previous administrative review,

¹²⁵ *Id.* at 38-39.

¹²⁶ See Preliminary Calculations Memorandum at 6 and Attachment II.

¹²⁷ See *Fine Denier PSF from India Investigation Preliminary Determination* PDM at 15-18; see also *Fine Denier PSF from India Investigation Final Determination* IDM at 10.

Commerce determined that Reliance did not receive countervailable benefits under the program during the applicable POR.¹²⁸

In this review, as noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the supplemental questionnaire, we have based our preliminary findings of specificity and financial contribution for this program on AFA. As AFA, we preliminarily find that there are no changes for the program and the program provides a financial contribution under section 771(5)(D)(ii) of the Act and is specific under 771(5A)(B).

Reliance reported that it did not use the AAP for subject merchandise, but did use the program for non-subject merchandise.¹²⁹ Reliance further explained that exporters in India are entitled to use either the AAP or the DDB program for a particular import for production of an exported product; thus, these programs are mutually exclusive.¹³⁰ In accordance with 19 CFR 351.525(b)(4) and (5), when a subsidy is tied to a certain product or market, we will attribute that subsidy to only that product or market. Reliance’s benefits earned under this program, reported on a transaction-specific basis, show that the company only used this program for export of non-subject merchandise.¹³¹ Therefore, consistent with our prior determinations, we preliminarily determine that exports of subject merchandise did not benefit under this program during the POR.¹³²

2. TUFS

Commerce determined in the investigation that this program is countervailable on the basis of AFA.¹³³ In the previous administrative review, Commerce determined that the TUFS (1) provides a financial contribution through a direct transfer of funds, pursuant to section 771(5)(D)(i)¹³⁴ of the Act, and (2) is specific pursuant to section 771(5A)(D)(iii) of the Act because certain GOI resolutions expressly limit access to the subsidy to the textile industry.¹³⁵ However, we determined that Reliance did not receive countervailable benefits under the program attributable to the applicable POR.¹³⁶

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI’s deficient initial questionnaire response and failure to respond to the

¹²⁸ See *Fine Denier PSF from India Review Preliminary Results* PDM at 22, unchanged in *Fine Denier PSF from India Review Final Results*.

¹²⁹ See Reliance’s IQR at 21-22; see also Reliance’s August 17, 2020 SQR at 5.

¹³⁰ See Reliance’s IQR at 22.

¹³¹ See Reliance’s August 17, 2020 SQR at Exhibit 8-AAP.

¹³² See *Certain Oil Country Tubular Goods from India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances*, 79 FR 41967 (July 18, 2014), and accompanying IDM at “Advance License Program/Advance Authorization Program.”

¹³³ See *Fine Denier PSF from India Investigation Final Determination* IDM at 14.

¹³⁴ We note that in the final results of the first review of this *Order*, we inadvertently stated that the TUFS provides a financial contribution as a direct transfer of funds, pursuant to section 771(5)(D)(ii). However, the TUFS provides a financial contribution under section 771(5)(D)(i).

¹³⁵ See *Fine Denier PSF from India Review Preliminary Results* PDM at 21, unchanged in *Fine Denier PSF from India Review Final Results*.

¹³⁶ *Id.*

supplemental questionnaire, we have based our preliminary findings of specificity and financial contribution for this program on AFA, pursuant to sections 771(5)(D)(i) and 771(5A)(D)(iii) of the Act.

Reliance reported that it received benefits under the TUFS during the AUL period.¹³⁷ Benefits under this program are tied to the purchase of capital equipment and consist of direct transfers of funds.¹³⁸ Therefore, consistent with the past review of this proceeding, we preliminarily determine that these benefits are non-recurring, pursuant to 19 CFR 351.524(c).¹³⁹

To calculate Reliance's program benefit, we divided the amount of reimbursements that Reliance received in each year of the AUL period by the total sales values in each year in which Reliance received these reimbursements.¹⁴⁰ For each year of the AUL period, the values of Reliance's reimbursements were less than 0.5 percent of Reliance's respective total sales and, therefore, were expensed to the years of receipt. On this basis, we preliminarily determine that Reliance did not receive any benefits from this program attributable to the POR.

3. Status Holder Incentive Scheme (SHIS)

Commerce determined in the investigation that this program is countervailable because it (1) provides a financial contribution in the form of revenue forgone under section 771(5)(D)(ii) of the Act because duty free import of goods represents revenue forgone by the GOI, and (2) is specific under sections 771(5A)(A) and (B) of the Act because it is limited to exporters.¹⁴¹ However, we determined that Reliance did not receive any benefits from this program because, for each year of the AUL period, the values of Reliance's SHIS licenses were less than 0.5 percent of the respective total export sales and, therefore, expensed to the years of receipt.¹⁴² In the previous administrative review, Commerce determined that Reliance did not receive countervailable benefits under the program during the applicable POR.¹⁴³

In this review, Reliance reported that it received benefits under this program during the AUL period.¹⁴⁴ We performed the "0.5 percent test," as prescribed under 19 CFR 351.524(b)(2), for the total value of the exempted duties for each year in which Reliance received such SHIS licenses.¹⁴⁵ However, Reliance's licenses had values of less than 0.5 percent of the total export sales values and were therefore expensed in the years of receipt.¹⁴⁶ On this basis, we preliminarily determine that this program does not confer a measurable benefit.

¹³⁷ See Reliance's IQR at 31; see also Reliance's August 17, 2020 SQR at Exhibit 15-Tufs-benefits.

¹³⁸ See Reliance's IQR at 31 and Exhibit III-A-TUFS-1.

¹³⁹ See *Fine Denier PSF from India Review Preliminary Results* PDM at 21, unchanged in *Fine Denier PSF from India Review Final Results*.

¹⁴⁰ See Preliminary Calculations Memorandum at 7 and Attachment II.

¹⁴¹ See *Fine Denier PSF from India Investigation Preliminary Determination* PDM at 23, unchanged in *Fine Denier PSF from India Investigation Final Determination*.

¹⁴² *Id.*

¹⁴³ See *Fine Denier PSF from India Review Preliminary Results* PDM at 22, unchanged in *Fine Denier PSF from India Review Final Results*.

¹⁴⁴ See Reliance's IQR at Exhibit IV-13-SHIS-4-benefits.

¹⁴⁵ See Preliminary Calculations Memorandum at 7 and Attachment II.

¹⁴⁶ *Id.*; see also Reliance's IQR at Exhibit IV-13-SHIS-4-benefits.

4. SGOM Electricity Concession for Textile Units

Reliance reported that it procured electricity for its Patalganga plant from a state utility supplier, the Maharashtra State Electricity Distribution Co. Ltd., and received an electricity concession under the Government of Maharashtra State Textile Policy 2018-2023 during the POR.¹⁴⁷ Specifically, Reliance reported that it received an electricity concession under this scheme because the GOI resolution for the State Textile Policy 2018-2023 states: “A subsidy of {Indian rupees} 2 per unit will be given to spinning mills (except co-operative spinning mills), processing units and all other textile units which are using more than 107 HP power.”¹⁴⁸

As noted in the “Use of Facts Otherwise Available and Application of Adverse Inferences” section, due to the GOI failure to participate in this proceeding, we have based our preliminary findings of specificity and financial contribution for this program on AFA, pursuant to sections 771(5)(D)(ii) and 771(5A)(D) of the Act.

To calculate the benefit for this program, we divided the amount of Reliance’s electricity concession received during the POR by the total sales value.¹⁴⁹ On this basis, we preliminarily determine that this program does not confer a measurable benefit.

C. Programs Preliminarily Determined to Not Be Used During the POR

We preliminarily determine that Reliance did not use the programs listed below during the POR:

1. Income Tax Programs

- a. Income Tax Exemption Scheme (80-IA)
- b. Sections 35(1)(i), 35(1)(ii), 35(1)(iv) of the Income Tax Act of 1961
- c. Section 35(2AB) of the Income Tax Act of 1961 conferring Income Tax Reductions for R&D Expenses

Commerce determined in the investigation that Reliance did not receive a benefit under the Sections 35(1)(i), 35(1)(ii), 35(1)(iv) of the Income Tax Act of 1961 and Section 35(2AB) of the Income Tax Act of 1961 programs, because Reliance did not claim any Section 35 income tax deductions during the period of investigation.¹⁵⁰ In the previous administrative review, we found that Reliance did not use any of the above-listed income tax programs during the applicable POR, because Reliance instead utilized its profit under the Minimum Alternative Tax (MAT) provision to derive its taxable income.¹⁵¹

¹⁴⁷ See Reliance’s IQR at 83 and Exhibits V-PMD-ED-2 and V-PMD-ED-3; *see also* Reliance’s August 17, 2020 SQR at 16 and Exhibit 39-b.

¹⁴⁸ See Reliance’s IQR at Exhibit V-PMD-ED-3.

¹⁴⁹ See Preliminary Calculations Memorandum at 7 and Attachment II.

¹⁵⁰ See *Fine Denier PSF from India Investigation Final Determination* IDM at Comment 12.

¹⁵¹ See *Fine Denier PSF from India Review Preliminary Results* PDM at 19-20, unchanged in *Fine Denier PSF from India Review Final Results*.

In this review, Reliance reported that it is eligible for but did not receive benefits under the Section 35 Income Tax programs.¹⁵² Further, Reliance reported that it did not claim an income tax deduction under Section 80-IA.¹⁵³ Reliance notes that its income tax return shows that its taxable income is derived from the greater of the (1) “income tax computed as per the normal provisions of the Income Tax Act” or (2) “income tax computed as per the MAT provision, Section 115JB of the Income Tax Act.”¹⁵⁴

Based on our review of the income tax return, it appears that Reliance has utilized profit under the MAT provision to derive taxable income during the POR.¹⁵⁵ Pursuant to Indian tax laws, a company cannot receive benefits from any tax deductions or exemptions if it realizes a profit under the MAT provision.¹⁵⁶ Thus, Reliance does not appear to have received the above-listed tax deductions during the POR, as its income tax return shows it reported a profit under the MAT provision.¹⁵⁷ On this basis, and consistent with past segments of this proceeding, we preliminarily determine that Reliance has not received benefits under these income tax programs, within the meaning of section 771(5)(E) of the Act and 19 CFR 351.509.

2. Market-Linked Focus Product Scheme (MLFPS)
3. SEZ Programs
 - a. Exemption from Payment of Central Sales Tax on Purchases of Capital Goods and Raw Materials, Components, Consumables, intermediates, Spare Parts, and Packing Materials
 - b. Exemption of Stamp Duty of All Transactions and Transfers of Immovable Property within the SEZ
 - c. Exemption from Electricity Duty and Cess on the Sale or Supply of Electricity to the SEZ Unit
 - d. Discounted Land Fees in an SEZ
 - e. SEZ Income Tax Exemption (10A)
 - f. SEZ Income Tax Exemption for Companies Located in an SEZ
4. Renewable Energy Certificates
5. Duty Free Import Authorization Scheme (DFIA)
6. Focus Product Scheme (FPS)
7. Incremental Exports Incentive Scheme (IEIS)
8. Reimbursement of Central Sales Tax Paid on Goods Manufactured in India and Procured through a Domestic Tariff Area
9. Duty Drawback on Furnace Oil Procured from Domestic Companies
10. Market Access Initiative
11. Market Development Program
12. GOI Loan Guarantees
13. State and Union Territory Sales Tax Incentive
14. Interest Subsidy

¹⁵² See Reliance’s IQR at 69 and 72.

¹⁵³ *Id.* at 34.

¹⁵⁴ *Id.* at 10.

¹⁵⁵ *Id.* at Exhibit II-B-6-ITR-RIL at 104.

¹⁵⁶ *Id.* at 10; see also Reliance’s March 4, 2021 IQR at Exhibit R&D.

¹⁵⁷ See Reliance’s IQR at Exhibit II-B-6-ITR-RIL at 104.

15. Incentives to Strengthening Micro-, Small-, and Medium-Sized & Large Scale Industries
16. SGOM Subsidy Programs
 - a. SGOM Investment Promotion Scheme (IPS)
 - b. SGOM Stamp Duty Exemption
 - c. SGOM Electricity Duty Exemption
17. SGOG Subsidy Programs
 - a. SGOG Plastics Industry Scheme: Interest Subsidy
 - b. SGOG Plastics Industry Scheme: VAT Incentive
 - c. SGOG Industry Policy 2009: Financial Benefits for Mega Projects
 - d. SGOG Industry Policy 2009: Promotion for Textiles and Apparel
 - e. SGOG Industry Policy 2009: Promotion of Non-Conventional Energy
 - f. SGOG Industry Policy 2009: Reimbursement of Stamp Duty
18. State Government of Uttar Pradesh (SGUP) Subsidy Programs
 - a. SGUP Stamp Duty Exemption
 - b. SGUP VAT Exemption
 - c. SGUP Electricity Duty Exemption
 - d. SGUP IPS
 - e. SGUP Special Assistance for Mega Projects

VII. RECOMMENDATION

Based on our analysis, we recommend applying the methodology described above for these preliminary results. If this recommendation is accepted, we will publish the preliminary results of this review in the *Federal Register*.




Agree



Disagree

5/12/2021

X



Signed by: CHRISTIAN MARSH

Christian Marsh
Acting Assistant Secretary
for Enforcement and Compliance