

BUDGET SYNOPSIS

FROM: T.R.RUSTAGI, JOINT SECRETARY, TAX RESEARCH UNIT, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE.

TO: CHIEF COMMISSIONERS OF CUSTOMS AND CENTRAL EXCISE (ALL) /DIRECTOR GENERALS (ALL) /COMMISSIONERS OF CUSTOMS AND CENTRAL EXCISE (ALL)

F.NO.334/1/2001-TRU DATED 28TH FEBRUARY, 2001 (.) THE FOLLOWING IMPORTANT CHANGES ARE BEING MADE THROUGH FINANCE BILL 2001 AND NOTIFICATIONS ISSUED ON 1ST MARCH, 2001 (.) ALL CHANGES, UNLESS OTHERWISE STATED ARE EFFECTIVE FROM THE MIDNIGHT BETWEEN 28TH FEBRUARY, 2001 AND 1ST MARCH, 2001(.)

AMENDMENTS IN SECTION 3 OF THE CUSTOMS TARIFF ACT:

SECTION 3 OF THE CUSTOMS TARIFF ACT IS PROPOSED TO BE AMENDED VIDE CLAUSE 110 OF THE FINANCE BILL, 2001(.) A PROVISO IS BEING INCORPORATED IN THE SUB-SECTION (1) SO THAT IN THE CASE OF ALCOHOLIC LIQUOR FOR HUMAN CONSUMPTION, THE CENTRAL GOVERNMENT WOULD HAVE THE POWERS TO SPECIFY THE RATE OF ADDITIONAL DUTY ON THESE GOODS BY NOTIFICATION(.) THIS WOULD ENABLE THE CHARGING OF ADDITIONAL DUTY ON THESE GOODS AT A UNIFORM RATE EVEN THOUGH THE RATES OF STATE EXCISE MAY BE DIFFERENT(.)

ANOTHER IMPORTANT AMENDMENT MADE IN SECTION 3 RELATES TO THE VALUATION (FOR THE PURPOSES OF ADDITIONAL DUTY) OF PACKAGED COMMODITIES IMPORTED INTO INDIA(.) IN THE CASE OF SUCH GOODS THE VALUE WOULD BE COMPUTED ON THE BASIS OF THEIR MAXIMUM RETAIL PRICE IN INDIA(.) THE PROVISION IS APPLICABLE TO GOODS:

- (a) WHERE IT IS THE REQUIREMENT EITHER OF THE STANDARDS OF WEIGHTS AND MEASURES ACT OR ANY OTHER LAW TO DECLARE THE RETAIL SALE PRICE ON THE PACKAGE (BEFORE CLEARANCE FOR HOME CONSUMPTION); AND
- (b) LIKE GOODS MANUFACTURED IN INDIA ARE NOTIFIED UNDER SECTION 4A OF THE CENTRAL EXCISE ACT(.)

IN SUCH CASES, THE VALUE OF THE GOODS WOULD BE THE MAXIMUM RETAIL PRICE (DECLARED ON THE PACKAGE) MINUS THE ABATEMENT NOTIFIED FOR LIKE DOMESTIC GOODS UNDER SECTION 4A(.)

BOTH THESE PROVISIONS HAVE BEEN DECLARED UNDER THE PROVISIONAL COLLECTION OF TAXES ACT AND SHALL COME INTO FORCE ON THE 1ST OF MARCH, 2001(.)

AMENDMENTS IN SECTIONS 8B AND 9A OF THE CUSTOMS TARIFF ACT:

CLAUSE 112 OF THE FINANCE BILL, 2001 AMENDS SECTION 8B OF THE CUSTOMS TARIFF ACT(.) THE PROVISO TO BE ADDED TO SUB-SECTION (1) WOULD EMPOWER THE CENTRAL GOVERNMENT TO EXEMPT (EITHER PARTIALLY OR FULLY) SPECIFIED QUANTITY OF ANY GOODS IMPORTED FROM ANY COUNTRY OR TERRITORY FROM SAFEGUARD DUTY(.)

IT HAS ALSO BEEN PROPOSED TO AMEND THIS SECTION SO THAT ANY NOTIFICATION IMPOSING SAFEGUARD DUTY, WHETHER PROVISIONAL OR FINAL, WOULD NOT APPLY TO GOODS IMPORTED BY A 100% EXPORT-ORIENTED UNDERTAKING, A UNIT IN A FREE TRADE ZONE OR SPECIAL ECONOMIC ZONE, UNLESS IT SPECIFICALLY STATES SO (.) A SIMILAR AMENDMENT HAS BEEN MADE IN SECTION 9A WITH REGARD TO ANTI -DUMPING DUTY.

CUSTOMS DUTIES

SURCHARGE OF CUSTOMS ON IMPORTED GOODS LEVIED UNDER SECTION 90 OF THE FINANCE ACT, 2000 HAS BEEN ABOLISHED WITH EFFECT FROM 1ST MARCH, 2001 AND NOTIFICATION NO. 26/2001-CUSTOMS HAS BEEN ISSUED EXEMPTING ALL IMPORTED GOODS FROM THE LEVY OF SURCHARGE(.) CONSEQUENTLY, THERE WILL BE NO SURCHARGE OF CUSTOMS ON ANY IMPORTED GOODS WITH EFFECT FROM 1ST MARCH, 2001(.)

IMPORTANT CHANGES IN THE RATES OF DUTY ON DIFFERENT ITEMS ARE AS UNDER:

BASIC CUSTOMS DUTY ON PULSES HAS BEEN INCREASED TO 5%(.) HOWEVER, THE SAME IS EXEMPT FROM SAD (.)TARIFF RATE AND EFFECTIVE RATE ON COCONUTS FALLING UNDER SUB-HEADING NOS. 0801.11 AND 0801.19 INCREASED TO 70%(.) PREFERENTIAL RATE FOR EACH OF THE ABOVE SUB-HEADINGS INCREASED TO 60%(.) TARIFF RATE AND EFFECTIVE RATE ON COFFEE FALLING UNDER HEADING NO. 09.01 INCREASED TO 70%(.)THE PREFERENTIAL RATE SHALL BE 70% LESS 13 PAISE PER KG(.)TARIFF AND EFFECTIVE RATE ON TEA FALLING UNDER HEADING NO. 09.02 HAS BEEN INCREASED TO 70%(.) THE PREFERENTIAL RATE SHALL BE 70% LESS 26 PAISE PER KG(.)TARIFF RATE AND EFFECTIVE RATE ON COPRA FALLING UNDER HEADING NO. 12.03 INCREASED TO 70%(.) THE PREFERENTIAL RATE SHALL BE 60%(.) BASIC CUSTOMS DUTY ON EDIBLE GRADE CRUDE EDIBLE OILS (OTHER

THAN SOYABEAN OIL) IMPORTED FOR THE MANUFACTURE OF VANASPATI OR FOR REFINING INCREASED TO 75%(.). THESE OILS CONTINUE TO BE EXEMPT FROM SAD(.).BASIC CUSTOMS DUTY ON EDIBLE GRADE REFINED EDIBLE OILS (OTHER THAN SOYABEAN) INCREASED TO 85%(.). THESE OILS CONTINUE TO ATTRACT SAD OF 4%(.).

CRUDE PALM OIL & FRACTIONS THEREOF IMPORTED FOR THE MANUFACTURE OF VANASPATI SHALL BE LEVIED TO A CUSTOMS DUTY OF 55%(.). HOWEVER, THIS CONCESSION SHALL BE RESTRICTED ONLY TO SICK VANASPATI UNITS (.). IDENTIFICATION OF SICK UNITS FOR THE PURPOSE OF THE EXEMPTION TO BE BASED ON CERTIFICATION BY THE DEPARTMENT OF SUGAR AND EDIBLE OILS(.). THIS EXEMPTION CONTINUES TO BE SUBJECT TO END-USE CONDITION (.). CRUDE PALM OIL FOR OTHER THAN MANUFACTURE OF VANASPATI SHALL BE LEVIED A BASIC CUSTOMS DUTY OF 75%(.). HOWEVER, EXEMPTION FROM SAD IS BEING RETAINED (.).REFINED PALM OIL (INCLUDING RBD PALMOLEIN) WILL ATTRACT A BASIC CUSTOMS OF 85%(.). SAD WOULD BE LEVIED OVER AND ABOVE THIS DUTY.

BASIC CUSTOMS DUTY ON CLINKER AND CEMENT HAS BEEN REDUCED TO 25%(.). BASIC CUSTOMS DUTY ON DBM, FUSED MAGNESIA AND SEA WATER MAGNESIA , WHEN IMPORTED BY A MANUFACTURER OF REFRACTORY PRODUCTS REDUCED TO 15% (.). THE BASIC CUSTOMS DUTY ON SKO IMPORTED FOR THE PDS HAS BEEN INCREASED TO 5%(.). LNG EXEMPTED FROM CVD(.).BASIC CUSTOMS DUTY ON DI-SODIUM CARBONATE(SODA ASH) REDUCED FROM 35% TO 20%(.). BASIC CUSTOMS DUTY ON DMT,PTA,MEG AND CAPROLACTUM REDUCED FROM 25% TO 20%(.). FULL EXEMPTION FROM ALL DUTIES OF CUSTOMS ON ENOXAPARIN, (BOTH BULK DRUGS AND FORMULATION) WITHDRAWN AND CONCESSIONAL RATE OF 15% BCD + 16% CVD + 4% SAD IMPOSED(.). WATTLE EXTRACT IS EXEMPT FROM CVD(.).BASIC CUSTOMS DUTY ON POLYESTER CHIPS FOR MANUFACTURE OF YARNS OF POLYESTER AND PSF REDUCED FROM 35% TO 25% BUT SUBJECT TO END-USE CONDITION (.). BASIC CUSTOMS DUTY ON NYLON CHIPS FOR MANUFACTURE OF NYLON FILAMENT YARN REDUCED FROM 35% TO 25% BUTSUBJECT TO END-USE CONDITION(.).

EFFECTIVE BASIC CUSTOMS DUTY ON GRAPE GUARD PAPER USED FOR PACKING GRAPES INCREASED TO 5%(.). HOWEVER, THE ITEM IS EXEMPTED FROM SAD(.).BASIC CUSTOMS DUTY IN RESPECT OF PLANS, DRAWINGS AND OTHER GOODS OF SUB-HEADING NO. 4906.00 INCREASED TO 25 PER CENT(.). EFFECTIVE BASIC CUSTOMS DUTY HOWEVER CONTINUES AT NIL(.).

EFFECTIVE RATE OF BASIC CUSTOMS DUTY ON SILK WASTE REDUCED FROM 35% TO 15%.(.) EFFECTIVE RATE OF BASIC CUSTOMS DUTY ON COTTON WASTE (HEADING NO. 52.02) REDUCED FROM 25% TO 15% (.) EFFECTIVE RATE OF DUTY ON FLAX FIBRE (HEADING NO. 53.01) REDUCED FROM 25% TO 15% (.) TARIFF RATE IN RESPECT OF SEVERAL CATEGORIES OF WOVEN FABRICS OF CHAPTERS 51, 52, 54 AND 58, AND ARTICLES OF APPAREL AND CLOTHING ACCESSORIES OF CHAPTERS 61 AND 62, AND BLANKETS (OTHER THAN ELECTRIC BLANKETS) IS BEING CHANGED SO AS TO INCORPORATE THE EFFECTIVE RATES OF BASIC CUSTOMS DUTY AS NOTIFIED UNDER NOTIFICATION NO. 130/2000-CUSTOMS, DATED 16-10-2000(.) HOWEVER, THERE IS NO CHANGE IN THE EFFECTIVE RATES OF BASIC CUSTOMS DUTY IN RESPECT OF THE ABOVE GOODS.(.) UPHOLSTERY FABRICS AND FABRICS OTHER THAN UPHOLSTERY FABRICS CONTINUE TO ATTRACT DIFFERENT RATES OF BASIC CUSTOMS DUTY AS BEFORE (.) BASIC CUSTOMS DUTY ON RAW WOOL IMPORTED BY APEX/ STATE HANDLOOM COOPERATIVE SOCIETY, KVIC AND BY STATE KHADI AND VILLAGE INDUSTRIES BOARD INCREASED FROM NIL TO 5% (.)HOWEVER, THEY CONTINUE TO BE EXEMPTED FROM THE SPECIAL ADDITIONAL DUTY OF CUSTOMS (SAD). TARIFF AND EFFECTIVE RATE OF CUSTOMS DUTY IN RESPECT OF SLIVERS, YARNS ETC. OF GLASS FIBRES (SUB-HEADING NO. 7019.11) REDUCED FROM 35% TO 20% (.) TARIFF AND EFFECTIVE RATE OF CUSTOMS DUTY IN RESPECT OF WOVEN FABRICS OF GLASS NOT EXCEEDING 30 CM (SUB-HEADING NO. 7019.51) REDUCED FROM 35% TO 25%.(.)

EFFECTIVE BASIC CUSTOMS DUTY ON CAPELLARY TUBES AND RODS OF GLASS (SUB-HEADING NO. 70.02), FOR THE MANUFACTURE OF THERMOMETERS, REDUCED TO 25% SUBJECT TO END-USE CONDITION.(.) EFFECTIVE RATE OF DUTY FOR GOLD INCLUDING ORNAMENTS (BUT EXCLUDING ORNAMENTS STUDDED WITH STONES OR PEARLS) IMPORTED BY ELIGIBLE PASSENGERS REDUCED TO RS. 250/- PER TEN GRAMS (.) EFFECTIVE CUSTOMS DUTY ON GOLD IMPORTED UNDER SPECIAL IMPORT LICENCE BY MMTc, HHEC, STC ETC. REDUCED TO RS. 250/- PER TEN GRAMS.(.) BASIC CUSTOMS DUTY ON CUT AND POLISHED COLOURED GEMSTONES FALLING UNDER CHAPTER 71 REDUCED FROM 35% TO 15%.(.) BASIC CUSTOMS DUTY ON RAW PEARLS INCLUDING RAW CULTURED PEARLS; RUBIES, EMERALDS AND SAPPHIRES (UNSET AND UNCUT); ROUGH DIAMONDS AND ROUGH SEMI-PRECIOUS STONES INCREASED FROM NIL TO 5% (.) HOWEVER, THESE GOODS CONTINUE TO BE EXEMPTED FROM SAD (.)

CONCESSIONAL BASIC CUSTOMS DUTY OF 5% FOR MELTING SCRAP EXTENDED TO ALL UNITS IRRESPECTIVE OF THE TECHNOLOGY ADOPTED FOR MELTING.(.) CONCESSIONAL BASIC CUSTOMS DUTY OF 25% FOR HOT ROLLED COILS OF STAINLESS STEEL AND OF IRON AND NON-ALLOY STEEL RESTRICTED TO OTHER THAN SECONDS AND DEFECTIVES ONLY.(.) SECONDS

AND DEFECTIVES OF HR COILS TO ATTRACT BASIC CUSTOMS DUTY OF 35%(.). CONCESSIONAL RATE OF IMPORT DUTY IN RESPECT OF TOLL SMELTING OF COPPER REVERTS AND COPPER ANODE SLIME EXTENDED TO BASIC ,CVD AND SAD (.)

BASIC CUSTOMS DUTY ON GOODS OF CHAPTER 84 AND 85 (OTHER THAN ELECTRONICS / IT), IN GENERAL, RETAINED AT THE EXISTING LEVELS(.). 159 SPECIFIED TEXTILE MACHINERY AND PARTS THEREOF TO NOW ATTRACT BASIC CUSTOMS DUTY AT 5%(.). PARTS OF OUTBOARD MOTORS TO NOW ATTRACT BASIC CUSTOMS DUTY AT 5% (.). HOWEVER, THEY ARE NOW EXEMPTED FROM SPECIAL ADDITIONAL DUTY OF CUSTOMS (.). LPG CONVERSION KITS AND PARTS THEREOF TO ATTRACT BASIC CUSTOMS DUTY OF 5% (BASIC)+16% (CVD) AS APPLICABLE TO CNG OR PROPANE CONVERSION KITS(.). CONCESSIONAL RATE OF 5% BASIC CUSTOMS DUTY ALSO EXTENDED TO SPECIFIED PARTS OF WIND OPERATED ELECTRICITY GENERATORS FOR MAINTENANCE (.). 105 SPECIFIED MACHINERY AND TOOLS IMPORTED BY THREE SPECIFIED GEM AND JEWELLERY TRAINING INSTITUTES TO NOW ATTRACT A CONCESSIONAL RATE OF BASIC CUSTOMS DUTY OF 15%(.). CONCESSIONAL RATE OF 5% (BCD) + 16% (CVD) APPLICABLE TO SPECIFIED EQUIPMENT AND PARTS THEREOF FOR BASIC TELEPHONE, CELLULAR, RADIO PAGING, V-SAT, PMRTS AND INTERNET SERVICE TO CONTINUE FOR ONE MORE YEAR (.). CONCESSIONAL RATE OF DUTY IS NOW AVAILABLE FOR USE IN ALL BANDS(.).

BASIC CUSTOMS DUTY ON WORD PROCESSING MACHINES (8469.11) AND ON PRINTED CIRCUIT ASSEMBLIES OF WORD PROCESSING MACHINES (8473.10) REDUCED FROM 20% TO 15%. (.). BASIC CUSTOMS DUTY ON CALCULATING AND OTHER MACHINES OF HEADING NO.84.70 AND THEIR PARTS (8473.21, 8473.29) REDUCED FROM 20% TO 15%. (.).BASIC CUSTOMS DUTY ON AUTOMATIC TELLER MACHINES (ATMS) (8472.90) REDUCED FROM 20% TO 15%(.). BASIC CUSTOMS DUTY ON PRINTED CIRCUIT ASSEMBLIES OF ATMS ALSO REDUCED FROM 20% TO 15%. (.).CONCESSIONAL RATE OF 15% AD VALOREM HAS ALSO BEEN EXTENDED TO CASH DISPENSING MECHANISM AND DEPOSIT MODULES FOR ATMS(8473.40)(.). THERE IS NO CHANGE IN THE DUTY RATES IN RESPECT OF AUTOMATIC DATA PROCESSING MACHINES (COMPUTERS) AND OTHER MACHINES FALLING UNDER HEADING NO.84.71(.). PARTS OF MACHINES OF HEADING NO. 84.71, (INCLUDING INK CARTRIDGES WITH PRINT HEAD ASSEMBLY AND SPRAY INK NOZZLE BUT EXCLUDING PPCBS) (8473.30) CONTINUE TO ATTRACT 5% BASIC CUSTOMS DUTY(.). HOWEVER, THE EXEMPTION IS NOT AVAILABLE IN THE CASE OF AN ASSEMBLY WHICH INCLUDES PPCBS, MOTHERBOARDS (WITH OR WITHOUT CPU) OR POWERSUPPLY UNIT(.).BASIC CUSTOMS DUTY ON STATIC CONVERTERS USED IN AUTOMATIC DATA PROCESSING MACHINES AND UNITS THEREOF, AND ALSO USED IN

TELECOMMUNICATION APPARATUS (8504.40), INDUCTORS FOR POWER SUPPLIES FOR AUTOMATIC DATA PROCESSING MACHINES (8504.50) AND THEIR SPECIFIED PARTS (8504.90) REDUCED FROM 20% TO 15%.(.)

BASIC CUSTOMS DUTY ON TELEPHONE SETS, CORDLESS PHONES, VIDEOPHONES, FAX MACHINES , TELEPRINTERS, TELEPHONIC OR TELEGRAPHIC SWITCHING APPARATUS, OTHER APPARATUS FOR CARRIER CURRENT LINE SYSTEMS OR FOR DIGITAL LINE SYSTEMS AND OTHER APPARATUS(8517.11,8517.19,8517.21,8517.22,8517.30,8517.50 AND 8517.80) REDUCED FROM 25% TO 15% (.) BASIC CUSTOMS DUTY ON SPECIFIED LOUDSPEAKERS FOR TELECOMMUNICATION USE (OTHER THAN CONE TYPE)(8518.29) REDUCED FROM 20% TO 15%. (.)BASIC CUSTOMS DUTY ON TELEPHONE ANSWERING MACHINES (8520.20) IS BEING REDUCED FROM 20% TO 15%. (.)

BASIC CUSTOMS DUTY ON SPECIFIED UNRECORDED MEDIA LIKE MAGNETIC TAPES OF SPECIFIC WIDTHS AND MAGNETIC DISCS (8523.11, 8523.12, 8523.13 AND 8523.20) AND OTHER UNRECORDED MEDIA FOR SOUND RECORDING OR SIMILAR RECORDING(8523.90) REDUCED FROM 20% TO 15%.(.)

BASIC CUSTOMS DUTY ON SPECIFIED DISCS FOR LASER READING SYSTEMS, FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE (8524.31), MAGNETIC TAPES (8524.40) AND OTHER RECORDED MEDIA (8524.91), FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE REDUCED FROM 25% TO 15% (.)

BASIC CUSTOMS DUTY ON TRANSMISSION APPARATUS (OTHER THAN APPARATUS FOR RADIO-BROADCASTING OR TELEVISION)(8525.10) AND TRANSMISSION APPARATUS INCORPORATING RECEPTION APPARATUS(8525.20) REDUCED FROM 25% TO 15%.(.) BASIC CUSTOMS DUTY ON DIGITAL STILL IMAGE VIDEO CAMERAS (8525.40) REDUCED FROM 20% TO 15%.(.)

BASIC CUSTOMS DUTY ON FLAT PANEL DISPLAYS OF A KIND USED IN AUTOMATIC DATA PROCESSING MACHINES AND TELECOMMUNICATION APPARATUS (8531.80) AND PARTS OF INDICATOR PANELS INCORPORATING LIQUID CRYSTAL DEVICES OR LIGHT EMITTING DIODES(8531.90) REDUCED FROM 20% TO 15% (.) BASIC CUSTOMS DUTY ON POWER CAPACITORS (8532.10) REDUCED FROM 35% TO 15% AND THE BASIC CUSTOMS DUTY ON ALUMINIUM ELECTROLYTIC FIXED CAPACITORS, (8532.22), CERAMIC DIELECTRIC, SINGLE LAYER FIXED CAPACITORS(8532.23), FIXED CAPACITORS CONTAINING A DIELECTRIC OF PAPER OR PLASTICS(8532.25), OTHER TYPES OF FIXED CAPACITORS(8532.29) AND VARIABLE OR ADJUSTABLE(PRE-SET) CAPACITORS(8532.30) REDUCED FROM 20% TO 15%. (.) BASIC CUSTOMS DUTY

ON SPECIFIED ELECTRONIC/ELECTROMECHANICAL SWITCHES (8536.50), PLUGS AND SOCKETS FOR CO-AXIAL CABLES AND PRINTED CIRCUITS (8536.69), CONNECTION AND CONTACT ELEMENTS FOR WIRES AND CABLES (8536.90), SPECIFIED PARTS OF GOODS OF HEADING 85.36(8538.90), PROXIMITY CARDS AND TAGS(8543.81), ELECTRICAL MACHINES WITH TRANSLATION OR DICTIONARY FUNCTIONS(8543.89), SPECIFIED PARTS OF GOODS OF HEADING NO.85.43 AND SPECIFIED ELECTRIC CONDUCTORS USED FOR TELECOMMUNICATION APPLICATIONS(8544.41 OR 8544.49 AND 8544.51) REDUCED FROM 20% TO 15% (.)

CONCESSIONAL RATES OF DUTY FOR SPECIFIED RAW MATERIALS FOR THE ELECTRONICS INDUSTRY IS BEING CONTINUED AND THERE IS NO CHANGE IN THE DUTY RATE STRUCTURE (.) HOWEVER, THERE ARE MINOR TECHNICAL CHANGES BY WAY OF AMENDMENTS IN SOME OF THE EXISTING ENTRIES IN LIST A OF NOTIFICATION NO.25/99-CUSTOMS (.)

BASIC CUSTOMS DUTY ON MOTOR CARS AND OTHER MOTOR VEHICLES; MOTOR CYCLES AND SIDE CARS, ETC. (HEADING NOS. 87.03 AND 87.11) RAISED FROM 35% TO 105% (.) HOWEVER, EFFECTIVE RATE ON SUCH MOTOR VEHICLES (INCLUDING THOSE PRESENTED UNASSEMBLED OR DIS-ASSEMBLED) PRESCRIBED AT 35% (.) IN OTHER WORDS, THE TARIFF RATE WILL APPLY IN RESPECT OF SECOND HAND (USED) VEHICLES (.) BASIC CUSTOMS DUTY EXEMPTION ON AEROPLANES, HELICOPTERS, SIMULATORS OF AEROPLANES AND GLIDERS (CHAPTER 88) WITHDRAWN AND 3% DUTY IMPOSED (.) SIMILARLY BASIC CUSTOMS DUTY EXEMPTION ON ALL GOODS FALLING UNDER HEADING NOS. 89.01, 89.02, 89.04, 8905.10 AND 8905.90 WITHDRAWN AND 5% DUTY IMPOSED (.) HOWEVER, THESE GOODS ARE EXEMPT FROM SPECIAL ADDITIONAL DUTY OF CUSTOMS (.) DIGITAL CAMERAS INCLUDED IN THE LIST OF EXEMPTED ITEMS FOR IMPORT BY ACCREDITED PRESS CAMERAMAN (.) PERIOD FOR AVAILING THE EXEMPTION AND FOR USE/ RETENTION OF SUCH GOODS BY AN ACCREDITED PRESS CAMERAMAN OR ACCREDITED JOURNALIST REDUCED FROM FIVE YEARS TO TWO YEARS (.) EFFECTIVE RATE OF BASIC CUSTOMS DUTY ON CINEMATOGRAPHIC CAMERAS AND PROJECTORS (HEADING 90.07), APPARATUS AND EQUIPMENT FOR PHOTOGRAPHIC (INCLUDING CINEMATOGRAPHIC) LABORATORIES AND NEGATOSCOPES AND THEIR PARTS AND ACCESSORIES (SUB-HEADING NOS. 9010.10, 9010.50 AND 9010.90) REDUCED FROM 25% TO 15% (.) EFFECTIVE RATE OF BASIC CUSTOMS DUTY ON LAMPS AND LIGHTING FITTINGS IMPORTED FOR USE IN SPORTS OR GAMES STADIA, BY SPECIFIED SPORTS AUTHORITIES RECOGNISED BY THE GOVERNMENT REDUCED TO 15% (.) EFFECTIVE RATE OF BASIC CUSTOMS DUTY ON PARTS OF PENS (SUB-HEADING NOS. 9608.60, 9608.91 AND 9608.99) HAVE BEEN REDUCED TO 15% (.) BAGGAGE HAS BEEN EXEMPTED FROM SAD (.) EFFECTIVE DUTY ON

BAGGAGE HAS BEEN FIXED AT 60% ADV. AND IN THE CASE OF SPECIFIED ARTICLES UNDER TRANSFER OF RESIDENCE RULES, THE SAME HAS BEEN KEPT AT 35%(.)

MISCELLANEOUS:-

COURIER IMPORTS AND EXPORTS (CLEARANCE) REGULATIONS, 1998 HAS BEEN AMENDED SO AS TO ENHANCE THE VALUE LIMIT FOR COMMERCIAL SAMPLES FOR EXPORT FROM RS. 10000/- TO RS. 50000/- (.). RATE OF INTEREST ON WAREHOUSED GOODS UNDER SECTION 61 (2) OF THE CUSTOMS ACT, 1962 HAS BEEN PRESCRIBED AT A FLAT RATE OF 24% PER ANNUM(.). THIS IS EFFECTIVE FROM 16.3.2001 AND THE GRADED RATE OF INTEREST STANDS ABOLISHED FROM 16.3.2001 (.).

CENTRAL EXCISE

GENERAL:

NEW CENTRAL EXCISE RULES HAVE BEEN NOTIFIED(.). THESE RULES SHALL COME INTO FORCE ON THE 1ST DAY OF JULY, 2001(.).

CENVAT RULES

STORAGE TANKS INCLUDED IN THE DEFINITION OF CAPITAL GOODS (.). CREDIT OF SPECIAL EXCISE DUTY IS ALLOWED ON ALL INPUTS WITH EFFECT FROM 1ST MARCH, 2001 (.). CREDIT OF NATIONAL CALAMITY CONTINGENT DUTY (NCD) ALLOWED TO BE USED FOR PAYMENT OF NATIONAL CALAMITY CONTINGENT DUTY ON THE FINAL PRODUCTS (.). SCOPE OF RATE OF DUTY AND VALUE OF INPUTS AND CAPITAL GOODS REMOVED AS SUCH, CLARIFIED (.). FACILITY AVAILABLE TO MOULDS AND DIES IN RULE 57AC(5)(B) EXTENDED TO JIGS AND FIXTURES (.). PERMISSION OF COMMISSIONER FOR CLEARANCE FROM THE JOB-WORKERS PREMISES IN EACH INDIVIDUAL CASE IS RELAXED TO GENERAL PERMISSION VALID IN RESPECT OF CLEARANCES IN A FINANCIAL YEAR SUBJECT TO SAFEGUARDS AND CONDITIONS THAT THE COMMISSIONER MAY PRESCRIBE(.). CREDIT OF DIFFERENTIAL EXCISE DUTY PAID SUBSEQUENT TO CLEARANCE OF GOODS ALLOWED UNDER CENVAT RULES (.).

IMPOSITION OF EXCISE DUTY ON SPECIFIED GOODS:

EXCISE DUTY HAS BEEN IMPOSED ON A FEW SPECIFIED GOODS AT THE CONCESSIONAL RATE OF 4% AD VALOREM(.) THESE GOODS WERE HITHERTO EXEMPT FROM EXCISE DUTY(.)

THESE ARE:

- (1) CANDLES (3406.10)
- (2) FOOTWEAR HAVING RETAIL PRICE UPTO RS.125 PER PAIR (6401.12)
- (3) TABLEWARE AND KITCHENWARE OF GLASS (70.15)
- (4) IMITATION JEWELLERY (7101.50)
- (5) VACUUM AND GAS FILLED BULBS OF RETAIL PRICE NOT EXCEEDING RS. 20 PER BULB
- (6) BLACK AND WHITE TELEVISION SETS
- (7) SUNGLASSES FOR CORRECTING VISION (9004.90)
- (8) WATCHES AND CLOCKS OF RETAIL PRICE NOT EXCEEDING RS. 500 PER PIECE (91)
- (9) RUBBERISED COIR MATTRESSES (94.04)
- (10) TOOTHBRUSHES (96.03)

THIS CONCESSION WOULD BE AVAILABLE ONLY IF NO MODVAT CREDIT OF INPUTS OR CAPITAL GOODS (.) IF CAPITAL GOODS ARE COMMON FOR THESE GOODS AND OTHER DUTIABLE GOODS, THEN CAPITAL GOODS CREDIT SHALL NOT BE DENIED(.) BARRING WATCHES HAVING A RETAIL SALE PRICE LESS THAN RS 500 PER PIECE, ALL OTHER COMMODITIES ARE ELIGIBLE FOR THE SSI CONCESSION(.) HOWEVER IN THE FINANCIAL YEAR 2000-2001 I.E. IN MARCH, 2001, THEY CAN AVAIL OF FULL EXEMPTION UPTO AN AGGREGATE VALUE OF CLEARANCES OF RS 10 LAKHS ONLY(.) AFTER AVAILING OF FULL EXEMPTION, MANUFACTURERS OF SPECIFIED GOODS CAN OPT TO PAY 4% DUTY (WITHOUT CENVAT)(.) EVEN IN THE NEXT FINANCIAL YEAR, MANUFACTURERS OF THESE COMMODITIES (BARRING WATCHES HAVING A RETAIL SALE PRICE LESS THAN RS 500 PER PIECE), ARE ELIGIBLE FOR SSI EXEMPTION UNDER NOTIFICATION 8/2001-CE AND 9/2001-CE. AFTER AVAILING OF FULL EXEMPTION UNDER NOTIFICATION NO.8/2001, A MANUFACTURER MAY OPT TO PAY DUTY @4%, IF HE SO DESIRES(.)

IN RESPECTS OF THESE GOODS, THE LEVY WILL APPLY ON PRE-BUDGET STOCK ALSO AND THEREFORE, NECESSARY ACTION MAY BE TAKEN FOR VERIFICATION OF PRE-BUDGET STOCK , WHEREVER REQUIRED(.)

IMPORTANT CHANGES IN CENTRAL EXCISE DUTY ON DIFFERENT ITEMS ARE AS UNDER:

MAIZE STARCH HAS BEEN FULLY EXEMPTED FROM THE LEVY OF EXCISE DUTY (.) CONCESSIONAL RATE OF CENVAT DUTY AVAILABLE TO BISCUITS PUT UP IN RETAIL PACKS OF 100GMS WITH PRICE BELOW RS 5/- HAS BEEN WITHDRAWN AND CONSEQUENTLY THEY WILL BE CHARGED TO A CENVAT OF 16% (.) JAMS, JELLIES, MARMALADES, FRUIT PUREES, FRUIT JUICES, VEGETABLE JUICES ETC. ALL FALLING UNDER SUB-HEADING NO. 2001.10, HAVE BEEN EXEMPTED FROM LEVY OF CENVAT RATE OF 16% (.) NON-ALCOHOLIC BEVERAGES OF THIS CHAPTER DISPENSED THROUGH VENDING MACHINES HAVE BEEN EXEMPTED FROM CENVAT (.) NOTE 3 TO CHAPTER 21 HAS BEEN AMENDED SO AS TO REDEFINE THE TERM 'PAN MASALA' (.) AS A RESULT OF THIS AMENDMENT, PAN MASALA CONTAINING TOBACCO IS NO LONGER CLASSIFIABLE UNDER HEADING NO. 21.06 (.) THIS HEADING WILL, THUS COVER ONLY 'PAN MASALA' NOT CONTAINING TOBACCO (.) THE TOTAL DUTY ON GOODS FALLING UNDER HEADING NO. 21.06 I.E. PAN MASALA NOT CONTAINING TOBACCO HAS BEEN FIXED AT 55% (.) IT SHALL COMPRISE 16% CENVAT PLUS 16% SPECIAL EXCISE DUTY PLUS 23% NATIONAL CALAMITY CONTINGENT DUTY (.) HOWEVER, PAN MASALA CLEARED BY UNITS OPERATING UNDER EITHER NOTIFICATION NO. 32/99-CE OR NO. 33/99-CE BOTH DATED 8TH JULY, 1999 HAS BEEN EXEMPT FROM THE LEVY OF NATIONAL CALAMITY CONTINGENT DUTY (.) MOREOVER, GOODS FALLING UNDER HEADING NO. 21.06 AND CONTAINING NOT MORE THAN 10% BETEL NUT BY WEIGHT AND NOT CONTAINING TOBACCO IN ANY PROPORTION HAVE BEEN EXEMPT FROM THE LEVY OF NATIONAL CALAMITY CUSTOMS DUTY (.)

SAUCES, KETCHUPS AND LIKE PREPARATIONS FALLING UNDER SUB-HEADING NO. 2103.10 HAVE BEEN EXEMPTED FROM THE LEVY OF CENVAT RATE OF 16% (.) SOUPS AND BROTHS AND LIKE PREPARATIONS FALLING UNDER SUB-HEADING NO. 2104.10 HAVE BEEN EXEMPTED FROM THE LEVY OF CENVAT RATE OF 16% (.) ICE-CREAMS AND NON-ALCOHOLIC BEVERAGES OF THIS CHAPTER, DISPENSED THROUGH VENDING MACHINES HAVE BEEN EXEMPTED FROM CENVAT (.) FRUIT PULP OR FRUIT JUICE BASED DRINKS FALLING UNDER HEADING NO. 2202.40 HAVE BEEN EXEMPTED FROM THE LEVY OF CENVAT RATE OF 16% (.) NON-ALCOHOLIC BEVERAGES OF THIS CHAPTER DISPENSED THROUGH VENDING MACHINES HAVE BEEN EXEMPTED FROM CENVAT (.) CLAUSE 129 OF THE FINANCE BILL, 2001 IMPOSES BY SURCHARGE A DUTY OF EXCISE TO BE CALLED THE NATIONAL CALAMITY CONTINGENT DUTY (NCD) ON PAN MASALA, PAN MASALA CONTAINING TOBACCO, BIRIS, CIGARETTES AND OTHER TOBACCO PRODUCTS. THIS DUTY IS APPLICABLE TO GOODS SPECIFIED IN THE SEVENTH SCHEDULE TO THE FINANCE BILL. WHILE THE RATES OF NCD

ARE SPECIFIC FOR BIRIS & CIGARETTES, THEY ARE AD-VALOREM IN THE CASE OF OTHER PRODUCTS(.) THE PROVISIONS OF THE CENTRAL EXCISE ACT WILL APPLY TO THE LEVY AND COLLECTION OF THIS DUTY(.)

NOTE 6 HAS BEEN INSERTED IN CHAPTER 24 SO AS TO INCLUDE 'PAN MASALA CONTAINING TOBACCO' WITHIN THE SCOPE OF THE SAID CHAPTER(.) FOR THIS PURPOSE, SUB-HEADING NOS. 2404.40 HAS BEEN REPLACED BY SUB-HEADING NOS. 2404.41 AND 2404.49(.) THE LATTER COVERS 'PAN MASALA CONTAINING TOBACCO'(.) CORRESPONDING ENTRIES HAVE BEEN CREATED IN THE SECOND SCHEDULE OF THE CENTRAL EXCISE TARIFF (FOR THE PURPOSE OF SED) AS WELL AS THE FIRST SCHEDULE TO THE ADDITIONAL DUTIES OF EXCISE (GOODS OF SPECIAL IMPORTANCE) ACT [FOR THE PURPOSE OF AED (ST)] [REFER RELEVANT BILL ENTRIES](.) PAN MASALA CONTAINING TOBACCO HAS BEEN CLASSIFIED UNDER SUB-HEADING NO. 2404.49 AND SHALL ATTRACT A TOTAL EXCISE DUTY OF 60%(.) THIS SHALL INCLUDE A BED OF 16% PLUS A SED OF 16% PLUS A FRESHLY IMPOSED AED OF 18% AND A NATIONAL CALAMITY CONTINGENT DUTY(NCD) OF 10%(.) SINCE NCD HAS BEEN LEVIED UNDER THE PROVISIONS OF PROVISIONAL COLLECTION OF TAXES ACT, 1931 THE DUTY ON PAN MASALA CONTAINING TOBACCO SHALL COME INTO FORCE IMMEDIATELY(.)

THERE IS NO CHANGE IN BED AS WELL AS AED LEVIABLE ON CIGARETTES AND BIRIS(.)

CIGARETTES SHALL BE LEVIED TO A NCD AS HEREUNDER:

- (a) NON FILTER CIGARETTES NOT EXCEEDING 60 MM. IN LENGTH SHALL BE LEVIED A NCD OF RS. 20/- PER THOUSAND;
- (b) NON FILTER CIGARETTES EXCEEDING 60 MM. BUT NOT EXCEEDING 70 MM. IN LENGTH SHALL BE LEVIED A NCD OF RS. 60/- PER THOUSAND;
- (c) FILTER CIGARETTES NOT EXCEEDING 70 MM. IN LENGTH SHALL BE LEVIED A NCD OF RS. 90/- PER THOUSAND;
- (d) FILTER CIGARETTES EXCEEDING 70 MM. BUT NOT EXCEEDING 75 MM. SHALL BE LEVIED A NCD OF RS. 145/- PER THOUSAND;
- (e) FILTER CIGARETTES EXCEEDING 75 MM. BUT NOT EXCEEDING 85 MM. SHALL BE LEVIED A NCD OF RS. 190/- PER THOUSAND;
- (f) OTHER CIGARETTES SHALL BE LEVIED A NCD OF RS. 235/- PER THOUSAND;
- (g) CIGARETTES OF TOBACCO SUBSTITUTES SHALL BE LEVIED A NCD OF RS. 150/- PER THOUSAND (.)

BIRIS SHALL BE LEVIED TO A NCD AS HEREUNDER:

- (a) BIRIS FALLING UNDER SUB-HEADING NO. 2404.31 SHALL BE LEVIED A NCD OF RE. 1.00/- PER THOUSAND;
- (b) BIRIS FALLING UNDER SUB-HEADING NO. 2404.39 SHALL BE LEVIED A NCD OF RS. 2.00/- PER THOUSAND (.)

CHEWING TOBACCO AND PREPARATIONS CONTAINING CHEWING TOBACCO SHALL BE CLASSIFIED UNDER SUB-HEADING NO. 2404.41 AND SHALL ATTRACT A TOTAL EXCISE DUTY OF 60%(.) THIS SHALL INCLUDE A BED OF 16% PLUS A SED OF 16% PLUS A REVISED AED OF 18% AND A NATIONAL CALAMITY CONTINGENT DUTY OF 10% (.) SNUFF OF TOBACCO AND SUCH OTHER PREPARATIONS OF TOBACCO FALLING UNDER SUB-HEADINGS 2404.50 AND 2404.99 SHALL ATTRACT A TOTAL EXCISE DUTY OF 60% (.) THIS SHALL INCLUDE A BED OF 16% PLUS A SED OF 16% PLUS A REVISED AED OF 18% AND A NATIONAL CALAMITY CONTINGENT DUTY OF 10% (.)HOOKAH TOBACCO ALREADY AVAILS EXEMPTION FROM THE LEVY OF EXCISE DUTY(.) IN ADDITION, HOOKAH TOBACCO HAS ALSO BEEN EXEMPT FROM THE LEVY OF NCD (.)

EXCISE DUTY ON WHITE CEMENT INCREASED FROM 24% TO 32%(.)

DUTY ON HSD INCREASED FROM 12% TO 16% AND THAT ON MOTOR SPIRIT FROM 16% TO 32%(.)CNG WILL NOW BE CHARGED TO DUTY AT THE RATE OF 50% OF CENVAT(I.E 8%)(.) CONCOMITANTLY CHAPTER NOTE 10 HAS ALSO BEEN INSERTED SO AS TO STIPULATE THAT THE PROCESS OF COMPRESSION OF NATURAL GAS (EVEN IF IT DOES NOT INVOLVE LIQUEFACTION) AMOUNTS TO MANUFACTURE(.)

DESCRIPTION OF INTRAVENOUS FLUIDS (IV FLUIDS) HAS BEEN CHANGED TO INTRAVENOUS FLUIDS, FOR SUGAR, ELECTROLYTE OR FLUID REPLENISHMENT(.) THIS CHANGE IS CLARIFICATORY IN NATURE(.)REFERENCE TO BRAND NAME, E MAL, IN THE EXEMPTION RELATING TO ARTEETHER HAS BEEN DELETED(.) THE DESCRIPTION NOW READS AS " ARTEETHER OR FORMULATIONS OF ARTEMISININ"(.)

BASIC EXCISE DUTY ON LAUNDRY SOAP INCREASED FROM 8% TO 16%(.)

BASIC EXCISE DUTY ON MATCHES INCREASED AS DETAILED IN NOTIFICATION NO.3/2001-CENTRAL EXCISE(.) THE RATES ARE NOW PRESCRIBED FOR BOX SIZES CONTAINING 50 MATCHES ONLY (.)

IT HAS ALSO BEEN PROVIDED THAT THE CONCESSIONAL RATES OF DUTY FOR DIFFERENT BOX SIZES MANUFACTURED BY DIFFERENT SECTORS SHALL BE WORKED OUT ON PRO-RATA BASIS. E.G. THE RATES OF DUTY ON BOXES CONTAINING 100 MATCHES SHALL BE TWICE THE RATE PRESCRIBED FOR 50 MATCHES, APPLICABLE TO THE SECTOR(.) SIMILARLY, THE RATE OF DUTY FOR BOXES CONTAINING 25 MATCHES SHALL BE HALF OF THE RATE PRESCRIBED FOR 50 MATCHES (.)

EXEMPTION TO CUT TYRES AND TUBES IS WITHDRAWN(.)

BASIC CENTRAL EXCISE DUTY ON CORRUGATED BOXES ETC OF SUB-HEADING NO. 4819.12 INCREASED TO 16%(.) EXEMPTION ON CORRUGATED PAPER OR PAPERBOARD OR CONVERTED TYPES OF PAPER OR PAPERBOARD INTENDED FOR THE MANUFACTURE OF CORRUGATED BOXES ETC IS WITHDRAWN(.)

CAPACITY BASED COMPOUNDED LEVY ON INDEPENDENT TEXTILE PROCESSORS MANUFACTURING PROCESSED TEXTILE FABRICS UNDER SECTION 3A OF THE CENTRAL EXCISE ACT IS BEING WITHDRAWN WITH IMMEDIATE EFFECT, I.E., FROM 1-3-2001 (.) WITH EFFECT FROM 1-3-2001, PROCESSED TEXTILE FABRICS, WHETHER MANUFACTURED BY COMPOSITE MILLS OR BY AN INDEPENDENT PROCESSOR WOULD ATTRACT COMPOSITE/ AGGREGATE DUTY [CENVAT + AED (ST)] OF 16% AD VALOREM(.) THE DUTY WILL BE APPORTIONED EQUALLY BETWEEN CENVAT AND AED (ST) (.)

IN RESPECT OF FABRICS WOVEN AND PROCESSED WITHIN THE FACTORY, THE COMPOSITE MILLS WILL BE ELIGIBLE FOR CENVAT CREDIT ON ACTUALS BASIS UNDER RULE 57AB(.) IN RESPECT OF FABRICS PROCESSED FROM UNPROCESSED FABRICS NOT WOVEN IN THE SAME COMPOSITE MILL, THEY WOULD BE ELIGIBLE TO TAKE DEEMED CREDIT @ 20% OF THE AGGREGATE DUTY (16%) OF CENVAT AND AED (ST) IN RESPECT OF 100% COTTON FABRICS AND @ 40% OF 16% IN RESPECT OF OTHER PROCESSED FABRICS(I.E. BLENDED FABRICS AND FABRICS OF MAN-MADE FILAMENT OR FIBRES)(.) DEEMED CREDIT IS IN LIEU OF DUTY PAID ON FIBRES AND YARNS AND SHALL BE UTILIZED TOWARDS PAYMENT OF CENVAT OR AED (ST)(.) CENVAT CREDIT OF DUTY PAID ON DYES, CHEMICALS, CONSUMABLES, PACKAGING MATERIALS AND CAPITAL GOODS WILL BE AVAILABLE TO COMPOSITE MILLS ON ACTUAL BASIS UNDER RULE 57AB OF THE CENTRAL EXCISE RULES, 1944 SUBJECT TO THE PROVISIONS OF RULE 57AC IN THE CASE OF CAPITAL GOODS(.) IT HAS BEEN FURTHER PROVIDED THAT A COMPOSITE MILL WOULD AVAIL OF DEEMED CREDIT ONLY IN RESPECT OF UNPROCESSED FABRICS NOT WOVEN IN THE SAME COMPOSITE MILL AND NO

CENVAT CREDIT HAS BEEN TAKEN BY THE SAID COMPOSITE MILL IN RESPECT OF THE INPUTS CONTAINED IN THE UNPROCESSED FABRICS UNDER ANY OTHER RULE OR NOTIFICATION.(.) COMPOSITE MILL HAS BEEN DEFINED TO INCLUDE A MULTI -LOCATIONAL COMPOSITE MILL ALSO (.)

MANUFACTURERS OTHER THAN COMPOSITE MILLS, THAT IS, INDEPENDENT PROCESSORS ,WOULD BE ELIGIBLE TO AVAIL DEEMED CREDIT IN RESPECT OF 100% COTTON FABRICS @ 25% OF THE AGGREGATE OF CENVAT AND AED (ST) (I.E. 25% OF 16%)(.) IN RESPECT OF OTHER FABRICS, THE RATE OF DEEMED CREDIT IS 45% OF THE AGGREGATE OF CENVAT AND AED (ST)(.)THE DEEMED CREDIT FOR INDEPENDENT PROCESSORS IS IN LIEU OF DUTY PAID ON FIBRES, YARNS, DYES, CHEMICALS, CONSUMABLES AND PACKAGING MATERIALS AND THE SAME SHALL BE UTILIZED TOWARDS PAYMENT OF CENVAT OR AED (ST)(.) CENVAT CREDIT OF DUTY PAID ON CAPITAL GOODS WILL BE AVAILABLE TO INDEPENDENT PROCESSORS ON ACTUAL BASIS UNDER RULE 57AB OF THE CENTRAL EXCISE RULES, 1944 SUBJECT TO THE PROVISIONS OF RULE 57AC (.)

IT MAY ALSO BE NOTED THAT THE DEEMED CREDIT CAN BE TAKEN BY A COMPOSITE MILL OR INDEPENDENT PROCESSOR ONLY AT THE TIME OF CLEARANCE OF PROCESSED FABRICS(.) IF PROCESSED FABRICS ARE EXPORTED UNDER BOND , THEN THE DEEMED CREDIT IN RESPECT OF SUCH FABRICS CAN BE UTILIZED FOR PAYMENT OF DUTY ON OTHER PROCESSED FABRICS CLEARED FOR HOME CONSUMPTION(.)

EFFECTIVE RATE OF BASIC EXCISE DUTY ON CARDED WOOL, OTHER THAN 'LEFA' (SUB-HEADING NO. 5105.10), WOOL TOPS AND OTHER COMBED WOOL (SUB-HEADING NOS. 5105.21 AND 5105.29), YARN OF CARDED WOOL (SUB-HEADING NOS. 5106.11, 5106.12 AND 5106.13) AND YARN OF COMBED WOOL (SUB-HEADING NOS. 5107.11 AND 5107.12) RAISED FROM 8% TO 16% (.)

TARIFF RATE OF AED (ST) IN RESPECT OF WOVEN FABRICS OF CARDED OR COMBED WOOL OR FINE ANIMAL HAIR (SUB-HEADING NOS. 5110.10, 5110.21, 5110.22, 5110.23, 5110.29, 5111.10, 5111.21, 5111.22, 5111.23 AND 5111.29) IS RAISED FROM 5% TO 8% (.) HOWEVER, THE EFFECTIVE RATE OF AED (ST) IN RESPECT OF THE AFORESAID WOVEN FABRICS, NOT SUBJECTED TO ANY PROCESS (SUB-HEADING NOS. 5110.10 AND 5111.10) CONTINUES TO BE NIL. FURTHER, PROCESSED FABRICS OF CARDED/ COMBED WOOL AND CARDED/ COMBED FINE ANIMAL HAIR WILL ATTRACT A COMPOSITE RATE [CENVAT + AED (ST)] OF ONLY 16% ADV WITH THE DUTY BEING APPORTIONED EQUALLY BETWEEN CENVAT AND AED (ST) (.)

SSI EXEMPTION IN RESPECT OF COTTON YARN, NOT CONTAINING SYNTHETIC STAPLE FIBRES (HEADING NO. 52.05 OR 52.06) IS BEING WITHDRAWN, W.E.F. 1-3-2001 (.) HOWEVER, THEY WILL CONTINUE TO ATTRACT THE EFFECTIVE BASIC EXCISE DUTY OF 8% ADV. AND AED (T & TA) @ 15% OF BASIC EXCISE DUTY(.) HOWEVER, COTTON SEWING THREAD, NOT CONTAINING ANY SYNTHETIC STAPLE FIBRE (HEADING NO. 52.04) WILL CONTINUE TO BE UNDER THE SSI SCHEME(.) THE EFFECTIVE BASIC EXCISE DUTY ON SUCH SEWING THREAD CONTINUES AT 8% ADV. WITH AED (T & TA) @15% OF BASIC EXCISE DUTY (.)

SEPARATE SUB-HEADING NOS., 5207.10 AND 5208.10, HAVE BEEN CREATED FOR DENIM FABRICS IN BOTH THE FIRST SCHEDULE TO THE CENTRAL EXCISE TARIFF ACT AND THE SCHEDULE TO THE AED(ST) ACT(.) A NEW CHAPTER NOTE 4 HAS BEEN INCORPORATED IN CHAPTER 52 DEFINING DENIM FABRICS (.) TARIFF RATE OF BASIC EXCISE DUTY AND AED (ST) IN RESPECT OF DENIM FABRIC WOULD BE 16% ADV. AND 8% ADV. RESPECTIVELY(.) HOWEVER, DENIM FABRICS (WHETHER OR NOT PROCESSED) WOULD CONTINUE TO ATTRACT A COMPOSITE RATE[CENVAT + AED (ST)] OF ONLY 16% ADV.(.)

EFFECTIVE RATE OF BASIC EXCISE DUTY IN RESPECT OF FLAX YARN, CONTAINING 85% OR MORE BY WEIGHT OF FLAX AND RAMIE YARN, CONTAINING 85% OR MORE BY WEIGHT OF RAMIE RAISED FROM 8% ADV. TO 16% ADV.(.)

THE CONCESSIONAL RATE OF EXCISE DUTY ON VISCOSE FILAMENT YARN (HEADING NO. 54.03) PURCHASED BY REGISTERED CO-OPERATIVE SOCIETY/ CORPORATION (APEX/ NATIONAL/ STATE) HAS BEEN WITHDRAWN(.) THESE GOODS WILL NOW ATTRACT A CENVAT DUTY OF 16% ADV.(.) AIR-MINGLED YARNS OF THIS CHAPTER MANUFACTURED FROM DUTY PAID YARNS BY AN INDEPENDENT YARN PROCESSOR HAVE BEEN EXEMPTED FROM DUTY AS IN THE CASE OF MULTIPLE (FOLDED)/CABLED YARNS (.)

EFFECTIVE RATE OF EXCISE DUTY IN RESPECT OF YARN OF SHODDY UPTO 10 COUNTS, IF MADE OUT OF USED OR NEW RAGS, FALLING UNDER HEADING NOS. 55.09 OR 55.10, RAISED FROM 8% ADV. TO 16% ADV.(.) AIR-MINGLED YARNS OF THIS CHAPTER MANUFACTURED FROM DUTY PAID YARNS BY AN INDEPENDENT YARN PROCESSOR HAVE BEEN EXEMPTED FROM DUTY AS IN THE CASE OF MULTIPLE (FOLDED)/CABLED YARNS.(.)

SSI EXEMPTION IS BEING EXTENDED IN RESPECT OF CHENILLE YARN, FALLING UNDER SUB-HEADING NO. 5606.00, W.E.F 1-3-2001 (.)SPECIAL EXCISE DUTY OF 8% ON CARPETS AND OTHER TEXTILE FLOOR COVERINGS (SUB-HEADING NOS. 5702.19 AND 5703.90) HAS BEEN ABOLISHED(.) SSI EXEMPTION IS BEING EXTENDED TO UNPROCESSED WOVEN PILE FABRICS OF COTTON (5801.21) AND MAN-MADE FIBRES (5801.31), W.E.F. 1-3-2001 (.)

LINOLEUM AND OTHER FLOOR COVERINGS (SUB-HEADING NOS. 5904.10, 5904.91 AND 5904.92), TEXTILE WALL COVERINGS (SUB-HEADING NO. 5905.00) AND PAINTED CANVAS, STUDIO BACK-CLOTHS OR THE LIKE (FALLING UNDER SUB-HEADING NO. 5907.90), WHICH HITHERTO ATTRACTED SPECIAL EXCISE DUTY (SED) OF 8% ADV. ARE NO LONGER CHARGEABLE TO SED (.)

THE TARIFF RATE IN RESPECT OF GOODS FALLING UNDER SUB-HEADING NOS. 6201.00 AND 6202.00 RAISED TO 16% AD VALOREM W.E.F. 1-3-2001 (.) ALL GOODS FALLING IN THIS CHAPTER, OTHER THAN THOSE BEARING A REGISTERED BRAND NAME OR SOLD UNDER A REGISTERED BRAND NAME, ARE BEING EXEMPTED FROM EXCISE DUTY VIDE AN EXEMPTION NOTIFICATION (.) IN OTHER WORDS, GOODS FALLING UNDER SUB-HEADING NOS. 6201.00 AND 6202.00 AND BEARING A REGISTERED BRAND NAME OR SOLD UNDER A REGISTERED BRAND NAME, WILL ATTRACT EFFECTIVE EXCISE DUTY OF 16% ADV. W.E.F. 1-3-2001(.) NEW CHAPTER NOTES 3 AND 4 HAVE BEEN INSERTED IN CHAPTER 62 SO AS TO DEFINE BRAND NAME AND ALSO TO SPECIFY THAT CERTAIN PROCESSES, LIKE AFFIXING A BRAND NAME, LABELING, RE-LABELLING OR REPACKING IN RELATION TO GOODS OF THIS CHAPTER, SHALL AMOUNT TO MANUFACTURE (.) FURTHER, TARIFF VALUE, @ 60% OF THE RETAIL SALE PRICE, IS BEING FIXED IN RESPECT OF THESE GOODS (.)

SUITABLE PROVISIONS HAVE BEEN MADE IN THE CENVAT RULES TO ENABLE THE MANUFACTURER OF THE AFORESAID FINISHED GOODS TO AVAIL CENVAT CREDIT OF DUTY PAID IN RESPECT OF INPUTS LYING IN STOCK OR IN PROCESS OR INPUTS CONTAINED IN THE FINISHED GOODS LYING IN STOCK ON THE 1ST DAY OF MARCH, 2001 (.)GOODS FALLING UNDER CHAPTER 62 HAVE BEEN EXCLUDED FROM SSI EXEMPTION W.E.F. 1-3-2001 (.)

TARIFF RATE IN RESPECT OF FOOTWEAR OF RETAIL SALE PRICE NOT EXCEEDING RS. 125/- PER PAIR (SUB-HEADING NO. 6401.12) IS BEING RAISED TO 16% ADV (.) HOWEVER, THESE GOODS WOULD ATTRACT AN EFFECTIVE EXCISE DUTY OF 4% ADV, IF NO CENVAT CREDIT OF THE DUTY PAID ON INPUTS OR CAPITAL GOOD IS TAKEN (.)

SPECIAL EXCISE DUTY (SED) OF 8% ADV. ON AND VITRIFIED TILE AND GLAZED TILES, (SUB-HEADING NOS. 6905.10 AND 6906.10) HAS BEEN ABOLISHED (.) CONSEQUENTLY, THESE GOODS WOULD NOW ATTRACT EFFECTIVE CENVAT DUTY OF 16% ADV (.)

EXEMPTION HITHERTO AVAILABLE IN RESPECT OF TABLE AND KITCHENWARE OF GLASS (SUB-HEADING NO. 7015.00) IS WITHDRAWN(.) HOWEVER, THESE GOODS WOULD ATTRACT EFFECTIVE EXCISE DUTY OF 4% ADV. SUBJECT TO THE CONDITION THAT THE MANUFACTURER OF THESE GOODS WOULD NOT BE ELIGIBLE TO TAKE CENVAT CREDIT OF DUTY PAID ON INPUTS OR CAPITAL GOODS (.)

PLAIN GOLD JEWELLERY MANUFACTURED IN A 100% EOU OR A UNIT IN AN EXPORT PROCESSING ZONE (EPZ) AND CLEARED TO THE DOMESTIC TARIFF AREA (DTA) WILL NOW ATTRACT EFFECTIVE EXCISE DUTY OF RS. 250 PER 10 GRAMS (.) TARIFF RATE IN RESPECT OF IMITATION JEWELLERY, FALLING UNDER SUB-HEADING NO. 7101.50, RAISED TO 16% ADV(.) HOWEVER, THESE GOODS WOULD ATTRACT EFFECTIVE EXCISE DUTY OF 4% ADV. SUBJECT TO THE CONDITION THAT THE MANUFACTURER OF THESE GOODS WOULD NOT BE ELIGIBLE TO TAKE CENVAT CREDIT OF DUTY PAID ON INPUTS OR CAPITAL GOODS (.)

TRACK GOODS MANUFACTURED FROM DUTY PAID RAILS, ON JOB-WORK BASIS, TO ATTRACT EXCISE DUTY ONLY ON THE VALUE ADDITION BY THE JOB-WORKER AND NOT ON THE FULL VALUE OF THE TRACK MATERIALS (.)

BASIC EXCISE DUTY ON VACUUM AND GAS FILLED BULBS OF RETAIL PRICE NOT EXCEEDING RS. 20 PER BULB, FALLING UNDER SUB-HEADING NO. 8539.10, INCREASED TO 16% AD VALOREM (.)HOWEVER, THESE GOODS WOULD ATTRACT EFFECTIVE EXCISE DUTY OF 4% ADV. SUBJECT TO THE CONDITION THAT THE MANUFACTURER OF THESE GOODS WOULD NOT BE ELIGIBLE TO TAKE CENVAT CREDIT OF DUTY PAID ON INPUTS OR CAPITAL GOODS (.) EXCISE DUTY EXEMPTION ON BLACK & WHITE TV RECEIVER SETS (HEADING NO.85.28) HAS BEEN WITHDRAWN (.) HOWEVER, THE EFFECTIVE RATE OF BASIC EXCISE DUTY (BED) FOR THE SAME WILL BE 4% AD VALOREM IF NO CENVAT CREDIT OF THE DUTY PAID ON INPUTS AND CAPITAL GOODS IS TAKEN (.)

CHAPTER NOTE 3 IN CHAPTER 87 HAS BEEN AMENDED TO SPECIFY THAT THE ACTIVITY OF BODY BUILDING ON CHASSIS FALLING UNDER HEADING 87.06 WILL AMOUNT TO MANUFACTURE OF A MOTOR VEHICLE (.) DESCRIPTION OF SUB-HEADING 8707.00 HAS BEEN AMENDED TO SPECIFY THAT THIS SUB-HEADING COVER THE BODIES OF MOTOR VEHICLE OF HEADING NOS. 87.01 TO 87.05 ONLY AND NOT CHASSIS OF HEADING 87.06(.)

SPECIAL EXCISE DUTY ON MOTOR CARS AND OTHER MOTOR VEHICLES FALLING UNDER SUB-HEADING NOS. 8703.90 AND 8704.90 AND THEIR RESPECTIVE CHASSIS (SUB-HEADING NOS. 8706.39 AND 8706.49) REDUCED FROM 24% TO 16%(.). CONSEQUENTLY, THE TOTAL TARIFF RATE OF DUTY APPLICABLE ON SUCH VEHICLES WILL NOW BE 16% BED + 16% SED, WHICH IS ALSO THE EFFECTIVE RATE (.).SPECIAL EXCISE DUTY ON TWO WHEELED MOTOR VEHICLES AND OTHER MOTOR VEHICLES (SUB-HEADING NOS. 8711.20 AND 8711.90) IS ABOLISHED(.). THESE GOODS WILL NOW ATTRACT ONLY CENVAT DUTY OF 16% ADV(.).

CONCESSIONAL RATE OF DUTY ON VEHICLES OF SUB-HEADING NO.8703.90, REGISTERED FOR USE SOLELY AS TAXI REDUCED FROM 16% BED +8% SED TO 16% BED(.). CONCESSIONAL RATE OF DUTY AT 16% ON VEHICLES OF SUB-HEADING NOS. 8702.10 OR 8703.90, REGISTERED FOR USE AS AMBULANCE IS BEING CONTINUED(.).

SPECIAL EXCISE DUTY UNDER THE SECOND SCHEDULE FOR ALL GOODS FALLING UNDER SUB-HEADING NOS. 8903.00 AND 8907.00 RAISED FROM 8% TO 16%. (.). CONSEQUENTLY, THEY WILL NOW ATTRACT A TOTAL DUTY OF 32% ADV. (16% CENVAT+16%SED)(.).

TARIFF RATE OF BASIC EXCISE DUTY ON ALL GOODS OF SUB-HEADING NO.9004.90 IS BEING RAISED TO 16%(.). HOWEVER, THE EFFECTIVE RATE OF DUTY ON THE GOODS OF SUB-HEADING NO.9004.90, OTHER THAN SUNGLASSES FOR CORRECTIVE VISION, CONTINUES AT NIL RATE (.). ON SUNGLASSES FOR CORRECTING VISION (9004.90), THE EFFECTIVE DUTY HAS BEEN PRESCRIBED AT 4% ADV PROVIDED NO CENVAT CREDIT OF THE DUTY PAID ON INPUTS OR CAPITAL GOODS IS TAKEN(.).

EXCISE DUTY EXEMPTION ON WATCHES AND CLOCKS OF RETAIL SALE PRICE NOT EXCEEDING RS. 500 PER PIECE HAS BEEN WITHDRAWN(.). HOWEVER, AN EFFECTIVE BASIC EXCISE DUTY OF 4% ADV. HAS BEEN PRESCRIBED FOR THESE GOODS IF NO CENVAT CREDIT OF DUTY PAID ON INPUTS OR CAPITAL GOODS IS TAKEN(.).

IN RESPECT OF ARMS AND AMMUNITIONS AND PARTS THEREOF, FALLING UNDER SUB-HEADING NOS. 9302.00, 9303.00, 9304.00,9305.00 9306.00 AND 9307.00, SPECIAL EXCISE DUTY HAS BEEN RAISED FROM 8% TO 16% IN THE SECOND SCHEDULE (.). CONSEQUENTLY THESE GOODS WILL NOW ATTRACT A TOTAL DUTY OF 32% ADV. (16% CENVAT + 16% SED)(.). THE GOODS FALLING UNDER THIS CHAPTER HAVE BEEN EXCLUDED FROM THE LIST OF SPECIFIED GOODS ELIGIBLE FOR SSI EXEMPTION(.).

MATTRESS SUPPORTS, ARTICLES OF BEDDING AND SIMILAR FURNISHING ETC., FALLING UNDER SUB-HEADING 9404.00 HAVE BEEN OMITTED FROM SECOND SCHEDULE(.) THEREFORE NO SPECIAL DUTY OF EXCISE IS CHARGEABLE ON THESE GOODS (.) EXEMPTION FROM BASIC EXCISE DUTY ON RUBBERISED COIR MATTRESSES HAS BEEN WITHDRAWN AND THEY ARE NOW CHARGED TO A CONCESSIONAL EXCISE DUTY OF 4% SUBJECT TO THE CONDITION THAT NO CENVAT CREDIT OF DUTY PAID ON INPUTS OR CAPITAL GOODS IS TAKEN(.)

TARIFF RATE OF BASIC EXCISE DUTY ON ALL GOODS OF SUB-HEADING NO.9603.00 RAISED TO 16%(.) HOWEVER, THE EFFECTIVE RATE OF DUTY ON THE GOODS OF SUB-HEADING NO.9603.00, OTHER THAN TOOTHBRUSHES, IS BEING CONTINUED AT NIL RATE. ON TOOTHBRUSHES (9603.00), AN EFFECTIVE DUTY OF 4% ADV. HAS BEEN PRESCRIBED PROVIDED NO CENVAT CREDIT OF THE DUTY PAID ON INPUTS OR CAPITAL GOODS IS TAKEN(.)

THREE MORE COMMODITIES NAMELY STAINERS (2502.90), FILLERS AND PUTTIES (3214.00) AND THINNERS (3814.00) HAVE BEEN BROUGHT UNDER MRP BASED EXCISE LEVY UNDER SECTION 4A WITH EFFECT FROM 1-3-2001(.) AN ABATEMENT OF 40% OF MRP HAS BEEN PRESCRIBED ON THESE ITEMS(.)

IN RESPECT OF FIVE COMMODITIES WHICH ARE PRESENTLY COVERED UNDER THE MRP SCHEME, THE RATES OF ABATEMENT ARE BEING MODIFIED AS FOLLOWS: (I) ON AERATED WATER FROM 55% TO 50%; (II) GLAZED TILES FROM 50% TO 45% (III) VITRIFIED TILES FROM 50% TO 45% (IV) ELECTRIC FANS FROM 35% TO 40% AND (V) COLOUR TVS FROM 30% TO 35%(.) IN THE CASE OF 'ROOM AIR CONDITIONER', THE DESCRIPTION HAS BEEN CHANGED TO 'WINDOW ROOM AIR-CONDITIONERS AND SPLIT AIR-CONDITIONERS OF CAPACITY UP TO 3 TONNES'(.)