

CUSTOMS

Note : (a) "Customs Duty" means the customs duty levied under the Customs Act, 1962.
(b) "CVD" means the Additional Duty of Customs levied under Section 3 of the Customs Tariff Act, 1975.

Changes come into effect immediately unless otherwise specified.

Major proposals about Customs Duties are the following :

A. EDUCATION CESS

An Education Cess has been levied on items imported into India. It is leviable @ 2% on the aggregate of duties of customs (except safeguard duty under section 8B and 8C, countervailing duty under section 9 and anti dumping duty under section 9A of the Customs Tariff Act) leviable on such goods. Items attracting customs duty at bound rates under International Commitments have been exempted from this cess. The cess attributable to the additional duty of customs leviable under section 3 of the Customs Tariff Act, paid on inputs and capital goods will be available as credit for payment of cess on the final products manufactured in India.

B. METALS:

(I) Customs duty has been reduced from 20% to 15% on the following metals:-

- (a) Ferro alloys
- (b) Stainless steel and other alloy steel, excluding seconds and defectives
- (c) Copper
- (d) Lead
- (e) Zinc
- (f) Tungsten
- (g) Magnesium
- (h) Cobalt
- (i) Cadmium
- (j) Titanium
- (k) Other base metals of chapter 81

(II) Customs duty has been reduced from 15% to 10% on all primary, semi-finished and finished forms of iron and steel like ingots and billets, sponge iron, hot rolled and cold rolled bars/rods/coils of non-alloy steel (other than seconds and defectives) of heading 7201 and 7203 to 7217.

C. MINERALS

Customs duty has been reduced from 20% to 15% on the following minerals:-

- (a) Graphite
- (b) Asbestos
- (c) Mica
- (d) Fluorspar and Felspar
- (e) Gypsum
- (f) Other minerals of Chapter 25 excluding a few items like marble, granite.

D. REFRACTORIES AND INPUTS FOR REFRACTORIES

Customs duty has been reduced from 20% to 15% on:

- (a) Refractories
- (b) Raw materials for refractories e.g. natural graphite powder, aluminous cement, calcined alumina, boron carbide, reactive alumina, silicon metal (99% purity), micro/fumed silica, brown fused alumina, fused zirconia, silicon carbide, sodium hexameta phosphate, phenolic resin, and fused silica.

E. ASHES AND RESIDUES

Customs duty has been reduced from 20% to 15% on the following:-

- (a) Zinc spelter/dross
- (b) Copper mill scale.

F. CATALYSTS

Customs duty has been reduced from 20% to 15% on catalysts of heading 3815.

G. WITHDRAWAL OF CVD EXEMPTION

CVD exemption on specified items has been withdrawn.

H. AGRICULTURE

- 1) Tariff rates of customs duty on starches (other than wheat and potato starch) of heading 1108, and all goods of heading 1903, have been increased from 30% to 50%. The effective rates remain unchanged.
- 2) Tariff rate of customs duty on modified starches of sub-heading 3505 10, has been increased from 30% to 50%. The effective rate remains unchanged.
- 3) Customs duty on palm oils (other than crude palm oil) has been increased from 70% to 75%.
- 4) Concessional rate of 5% customs duty + Nil CVD, presently available to specified plantation machinery has been extended to additional machinery items, namely, coffee packaging machine, coffee bagging machine, rotary shifter, lateral cyclon winnower and dividing bypass. CVD has now been exempted by way of excise duty exemption. These exemptions would be available upto 30.4.2005.

I. HEALTH

- 1) Rehabilitation aids such as talking books, talking calculators, talking thermometers, Braille writers, Braille computer terminals have been exempted from customs duty. CVD has been exempted by way of excise duty exemption.
- 2) Phonographs and cassette players for playing the talking books, magnetic tapes and cassettes for production of talking books, electronic reading machines, television enlargers and optical aids have been fully exempted from customs duty and CVD, if imported by an institution for the blind and deaf.
- 3) The conditions that the goods should have either been gifted or purchased out of donations, prescribed for availing import duty exemption on tangible appliances for blind, hearing aids etc. when imported by an institution for the blind and deaf have been omitted.
- 4) Customs duty has been exempted on instruments and implants for physically handicapped patients, joint replacement, spinal instruments and implants including bone cements, crutches, wheel chairs, walking frames, tricycles, Brailers, artificial limbs and parts thereof.

J. INFORMATION TECHNOLOGY:

- 1) Customs duty exemption to mobile switching centres presently available to cellular mobile telephone service providers has been extended to imports by universal access service providers.
- 2) Specified raw materials for manufacture of parts of cathode ray tubes and specified capital goods for manufacture of mobile telephone handsets, cathode ray tubes and parts thereof and plasma display panels have been exempted from customs duty.
- 3) Customs duty exemption presently available to specified goods for manufacture of telecom grade optical fibres and cables has been extended to some additional specified items.

K. EXPORT PROMOTION

- 1) Customs duty on platinum has been reduced from Rs. 550 per 10 gram to Rs. 200 per 10 gram.
- 2) All rough coloured gem stones (including rubies, emerald and sapphire) have been fully exempted from customs duty.
- 3) Concessional rate of customs duty of 5% presently available to specified items for use in leather industry has also been extended to such items designed for use in non-leather footwear industry. These items would be subjected to CVD.
- 4) Customs duty on roundabouts, swings, shooting galleries and other fairground amusements of heading 9508 has been reduced from 20% to 10%.
- 5) Customs duty has been exempted on patent leather.

L. TEXTILE MACHINERY

- 1) Customs duty on specified textile and garment making machinery has been reduced from 20% to 5%. These items would be subjected to CVD. Parts imported for manufacture of such machines would also attract 5% customs duty subject to end-use condition.
- 2) Customs duty on specified machinery for silk textile industry has been reduced from 10% to 5%. These items would be subjected to CVD.

M. MISCELLANEOUS:

- 1) Description of tariff item 2922 42 20 of the First Schedule to the Customs Tariff Act has been amended so as to delete the word 'aginamoto'. This change will come into effect on enactment of the Finance (No. 2) Bill, 2004.
- 2) Customs duty on imports of non-edible grade vegetable oils used for manufacture of industrial fatty acids and fatty alcohol has been reduced to 20%, on actual user basis.