

## IV. Empirical Findings

As the study was conducted during 1998-99, the empirical findings are based on the information then available. Accordingly these relate to the rate structure prevalent in the year 1998-99. Presentation of empirical findings is preceded by a brief discussion of the data utilised in the study. The limitations of the study, owing to the data set utilised, are indicated in the relevant sections in this chapter.

### The data

Effective rates of BCD, SD, UED, ST and OCT were compiled for different commodities at the 6-digit harmonised system of commodities, for the year 1998-99. This took into account general exemptions and other concessions allowed under different taxes. Effective rates of CD and UED were compiled for more than 3000 commodities from *Customs Tariff with Manual* (1998-99), and *Central Excise Tariff with Manual* (1998-99), published by Business Database Publishing Company. ST rates for the same set of commodities for Maharashtra have been compiled from *Bombay Sales Tax Act, 1959: As amended upto May 1, 1998*, edited by M.L. Anand and published by MTJ Publications. OCT rates varied across the 22 municipalities/corporations in Maharashtra that levy OCT, but the OCT rates were compiled only for four Municipal Corporations, namely, Greater Mumbai Corporation, Kolhapur Corporation, Malegaon Municipality, and Mira Bhayandar Municipality.

The calculation of ERP was possible only at an aggregated level of 60 broad commodity groups. The latest year for which matrices of input-output coefficients were available, was 1989-90. These matrices were obtained from the Planning Commission. These were based on 60 broad groups of commodities/industries. The commodity x commodity matrix (A) of input-output coefficients was not readily available. The available matrices were the basic matrices relating to the commodity flows. These were 'absorption' (B) and 'make' (D) matrices of dimensions commodity x industry and industry x commodity, respectively. Corresponding to a matrix of commodity flows, the matrix of input-output coefficients was obtained by dividing the elements in the jth column of a flow matrix, i.e., inputs used for production of jth commodity, by the value of gross output of the jth commodity. The commodity x commodity matrix of input-output

coefficients was obtained by multiplying the absorption matrix of input-output coefficients by the make matrix of input-output coefficients as follows:

$$A = B.D \quad (4.1)$$

The coefficients  $a_{ij}'$  were given at producer prices and were inclusive of customs duties. These were adjusted to obtain the required coefficients  $a_{ij}$  at world prices (c.i.f. prices) by the following formula:

$$a_{ij} = a_{ij}' \frac{(1 + t_j)}{(1 + t_i)} \quad (4.2)$$

For using (4.2), the required rates of customs duties for the year 1989-90 were taken from Aggarwal (1998b). The ERP for the year 1998-99 were obtained by using these input-output coefficients at world prices along with effective rates of duties/taxes for the year 1998-99.

In order to match the six-digit level commodities with the 60 broad groups for which input-output matrices are available, we obtained information on the composition of each broad group, from the *Input-Output Transactions Table 1983-84*; a publication of the Central Statistical Organisation (CSO). There was some variation in the commodity classification utilised for customs and excise tariffs. Therefore, customs and excise commodity codes were separately matched with the 60 commodity groups.

Calculation of the customs and excise duty rates for a broad group required data on value of imports and production on each of the items in the group. The value of imports and some proxy for output were used as weights to construct the weighted average customs and excise duty rates for the group. Import values were taken from foreign trade statistics for 1996-97, the latest available. Value of Clearances (VoC) was taken as a proxy for output, and the latest data on VoC relating to 1994-95 were obtained from the Directorate of Statistics and Intelligence, Central Excise and Customs, Government of India. The commodity classification followed international convention of "Harmonised Commodity

Description” and “Coding System” (HSN) with certain contractions and modifications at the six-digit level of disaggregation.

### **Effective Rate of Protection (ERP)**

The effective rates of different duties/taxes for the sixty groups of commodities were obtained in two steps. First, duty rates were identified for each of the commodities at six-digit level classification (more than 3000 commodities), as each of the sixty broad groups of commodities comprised many of the six-digit level commodities. Second, duty rate for a broad group of commodities was obtained by taking a weighted<sup>21</sup> average of the rates applicable to the commodities within the group. For customs duties (comprising BCD and SD), CVD and SAD, weighted average rates were obtained by using import values for the year 1996-97 as weights. For UED, weighted average rates were obtained by using VoCs as weights. For this purpose, the VoCs of the goods cleared for purposes other than for export, for the year 1994-95, was utilised.<sup>22</sup>

The duty rates used in the exercise take into account general exemptions and duty reductions effected through notifications. However, it had not been feasible to take the end-use exemptions or concessions into account. Thus, the estimated ERPs based on these rates may provide to some extent, over- or under-estimates of the tax advantage or disadvantage suffered by domestic producers.

The input-output coefficients utilised in the computation of ERP relate to the year 1989-90, implying that these computations are based on the prices and technology built into these coefficients. This fails to take into account subsequent changes, if any, in technology and relative prices.

---

<sup>21</sup> Wherever weights were not available, a simple average of the rates was taken. This was done particularly due to absence of weights for some of the six-digit level commodities.

<sup>22</sup> It is important to note that the rates of customs duties for a broad group of commodities were obtained by using shares of imports of different commodities within the group. With imports varying inversely with duty rates, higher rates of CD get assigned lower weights, and *vice-versa*. Calculation of weighted UED and other domestic tax rates would have suffered from similar limitations. However, the weighted average with all its limitations, is preferred to the simple average that altogether ignores composition of commodities within a group.

Unfortunately, it is not feasible to infer the impact of these changes on the ERP. This study needs to be repeated as and when input-output matrices for a later date become available.

The effective rates of duties and ERP for sixty groups of commodities, with different tax regimes, are given in Table IV.1 (columns 3 to 15). For ease of exposition, in the discussion below, the sixty broad groups have been classified under three categories: (i) 14 unmanufactured products; (ii) 39 manufactured products; and (iii) 7 (generally non-tradable) services. For some manufactured products, value of inputs exceeded unity implying negative value addition at world prices. For such products, interpretation of ERP differs from that for products with positive value addition at world prices. Therefore, manufactured products are further divided into two categories: (a) 34 with positive value addition at world prices; and (b) 5 (accounting for 26.3 per cent of the total value of imports) with negative value addition at world prices. Within each of these categories, the products are arranged in an ascending order of overall ERP, excepting the manufactured products with negative value addition at world prices that are arranged in a descending order of ERP.

From Table IV.1 (column 10), it may be noted that, in terms of total value of imports, unmanufactured products accounted for only 3.4 per cent, with manufactured products accounting for the other 96.6 per cent. Therefore, in the discussion below, we make a few vital observations relating to unmanufactured products, and then focus mainly on manufactured products. Towards the end, a few remarks on services are also given.

### **Unmanufactured products**

Unmanufactured products consist of agricultural goods. As many as seven out of the fourteen broad categories of unmanufactured products attracted a zero rate of customs duty. Even SAD was *nil* on such products. But, the inputs used in the production of such commodities did not necessarily enjoy the benefits of a low duty regime. Even while quantitative restrictions (QR) on such products have shielded domestic producers from foreign competition, the scrutiny of the ERP on such products seems extremely important because with the phasing out of QRs, domestic producers will become increasingly open to foreign competition.

Among the fourteen unmanufactured products (items 1-14, Table IV.1), six, namely, raw cotton, paddy, wheat, cereals other than paddy and wheat, and tea and coffee plantations, were facing an inverted structure of customs duties. For these products, ERP with reference to customs duties was negative (items 1-6, column 11), implying that the rate of customs duty on such a product was lower as compared to the rates applicable to at least some of its inputs. ERP became even more adverse when domestic trade taxes were taken into account. When all taxes, including domestic trade taxes, were taken into account, ERP worked out to be negative also for forestry and logging (item 7, columns 13 to 15). The systems of UED and CVD, and ST and SAD were found to make negative contribution to the ERP of some of the unmanufactured products (items 1-8, columns 16 and 19). The situation worsened in the presence of octroi (columns 19 and 20).

The tax disadvantage to the producers of raw cotton and cereals, because of the inverted structure of customs duty, was significant with ERP at  $-13.57$  per cent and  $-4.33$  per cent, respectively. This suggests that withdrawal of QRs may have a serious impact on domestic producers of these products unless the inverted customs duty structure is corrected. Some rough calculations suggest that *ceteris paribus*, the inverted duty structure could be rectified by increasing the customs duty on raw cotton by 8.14 percentage points and on cereals by about 3.31 percentage points. When domestic trade taxes were also taken into account, the ERP for raw cotton and cereals worked out to  $-23.72$  per cent and  $-5.57$  per cent, respectively. This negative protection could be nullified by increasing the customs duty on raw cotton by about 14.23 percentage points and on cereals by about 4.26 percentage points. Alternatively, it could be nullified by correcting for the inverted structure of customs duty along with rationalisation of domestic trade taxes to achieve level playing field between imports and domestic produce.

The producers of pulses, rubber, sugarcane, and jute appeared to be well protected. For none of these products, ERP was less than 12 per cent and for sugarcane, jute, and some other crops, it exceeded 50 per cent (items 9-14, column 15).

## Manufactured Products

### The puzzle of negative value added products

From Table IV.1 (items 49-53, column 9), it may be noted that there were five products – chemicals and cinematographic films, lubricating preparations, and other petroleum products, other food items not specified elsewhere, coal tar products, and articles of silk or synthetic fibre – with value of inputs more than Re. 1 for producing Re. 1 of output at world prices. Value addition for these products was negative at world prices.

With negative value added at world prices, the value of ERP needs careful interpretation. It may be recalled thus

$$E_j = \frac{v_j' - v_j}{v_j}$$

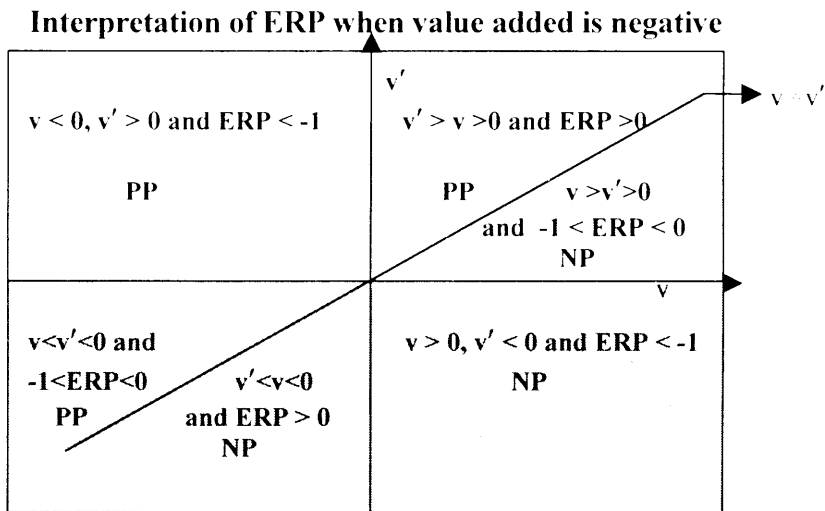
where  $v_j$  = value added in the process of production of a unit of  $j$ th commodity in the absence of taxes and trade restrictions, and  $v_j'$  = value added in the process of production of a unit of  $j$ th commodity in the presence of taxes.

As shown in Figure IV.1,  $v' > v$  depicts the positive degree of protection and  $v' < v$  the negative degree of protection irrespective of positive or negative value of  $v$ . From Figure IV.1, it may be noted that for  $v < 0$ , a negative value of ERP indicates positive protection while a positive value indicates negative protection. In fact, it is easy to note that,  $ERP < -1$  (i.e., less than -100 per cent, say -125 per cent in percentage terms) indicates that the value addition changes from negative to positive because of the tax regime. Further,  $-1 \leq ERP \leq 0$  suggests that, though value added under the tax regime is negative, it is greater than the value added without taxes, i.e.,  $v' > v$ . For  $v > 0$ , clearly a positive value of ERP suggests a positive degree of protection and a negative value indicates a negative degree of protection.

With a regime of customs duties alone, the ERP for all the above mentioned five broad groups (items 49-53, column 11) was negative, but for four groups – chemicals and cinematographic films, lubricating preparations and other petroleum products, coal tar products, and articles of silk or

synthetic fibre – it was more than minus 100 per cent. Thus, while customs duty provided positive protection for all the five groups and value added was higher with than without such duties, only in the case of “other food items not specified elsewhere” the value added was positive, with customs duties. However, it is important to note that “lubricating preparations and other petroleum products” had been under the administered pricing mechanism, there had been restrictions on their imports as well as marketing, and a routine calculation or interpretation of ERP may not be appropriate. Nevertheless, with the announced move from an administered to a market-determined pricing mechanism, the issue of ERP requires a careful scrutiny.

Figure IV.1



Notes: PP = Positive protection, NP = Negative protection

It may be noted that for three of these products – chemicals and cinematographic films, lubricating preparations and other petroleum products, and other food items not specified elsewhere – the negative values of ERP with a regime of customs duties alone changed to positive values when domestic trade taxes were also taken into account, implying a net negative degree of protection because of a discriminatory higher burden of domestic trade taxes on domestic products, *vis-à-vis*, foreign products, dominating the protection provided through customs duties (items 49-51, column 15). Thus, the domestic producers of these commodities suffered a

net tax disadvantage due to discriminatory domestic trade taxes. The systems of UED and CVD, and ST and SAD appeared to make a substantial contribution to the tax disadvantages of the domestic producers (items 49-51, columns 15 and 19). The tax disadvantage was found to be higher in the presence of octroi (items 49-51, column 20). The tax disadvantage in the case of food items and chemicals was found to be substantial, which is a source of concern, particularly because the import of these products accounted for more than 12 per cent of the total value of imports.

Negative value added either without or with taxes is a strong result. It is difficult – though not impossible – to reconcile with their continuing production in the country. While the negative value added in these sectors may be explained in terms of a long legacy of QRs on imports and inefficiencies in domestic production structure, the puzzle may also reflect the high degree of aggregation of products in each of these groups and the consequent imprecision in quantification of the average rates of duties and input-output coefficients. The results, accordingly, should be interpreted with caution.

### **Positive value added products**

Value added was positive for the other 34 broad groups of manufactured products. Among these 34 products, customs duties provide a positive degree of protection to all products excepting khandsari (items 15-48, column 11, Table IV.1). With customs duties alone, the ERP varied from almost 10 per cent to 170 per cent for most of these products, while it was as high as 263 per cent for synthetic fibres, 311 per cent for non-ferrous basic metals, and 973 per cent for cement. However, when domestic trade taxes were also taken into account, ERP was reduced for all but one of the 34 items and, in fact, turned negative for as many as 9 products (items 15-23, column 15). The net negative protection varied from 1 per cent for electronic equipment to as high as 58 per cent for wood, and wood products. There was, however, wide variation in the net positive protection for rest of the 25 manufactured products. It was between 8 per cent and 15 per cent for 6 products (items 24-29, column 15), between 15 per cent and 130 per cent for 18 products (items 30-47, column 15) and was an astronomical 869 per cent for cement that could be attributed to many factors including high duties on imports of cement, very little protection for inputs, and very low value addition at world prices (3 per cent). Whether an ERP of 15-130 per cent is



too high or too low, it can be a matter of debate. But, the negativity of ERP for as many as 9 products suggested that, in spite of customs duties, *vis-à-vis*, foreign producers, domestic producers of these nine products suffered from net discrimination because of domestic trade taxes. The high share of these nine products – wood and wood products, paper and paper products, non-electric machinery, communication equipment, tractors and other agricultural machinery, leather and leather products, electronic equipment, *khandsari* and other manufacturing – in total value of imports, at about 28 per cent, reinforced the suspicion of adverse discrimination.

The import of 6 manufactured products with positive but less than 15 per cent ERP – machine tools, rail equipment, iron ore, other metallic minerals, and coal and lignite – accounted for a little more than 20 per cent of the total value of imports. On the other hand, the import of 18 products with ERP exceeding 15 per cent accounted for about 38 per cent of the total value of imports. Imports of cement with ERP of 869 per cent, and of jute and sugar with ERP of 111 per cent were negligible. There appeared to be a strong negative correlation between ERP and imports.<sup>23</sup>

### **Relative contribution of different domestic taxes to ERP**

The systems of CVD and UED, and ST and SAD were found to make a significant contribution to the tax disadvantage of the domestic producers of manufactured products (columns 15 to 17, Table IV.1). The system of CVD and UED was supposed to be neutral in terms of degree of protection by counterbalancing each other. But, in fact, it was not, and resulted in a negative degree of protection for as many as 26 products (column 16). Its contribution to the ERP was found to be as high as minus 106 percentage points for non-ferrous basic metals (item 46), and between minus 30 and minus 52 percentage points for five products – wood and wood products, paper and paper products, tractors and other agricultural machinery, leather and leather products, and motor vehicles (items 15 to 18 and 13). The other products suffering negative protection because of CVD being less than UED, included communication equipment, rail equipment, pesticides, hydrogenated oils, some transport equipment, non-metallic

---

<sup>23</sup> The shares of non-ferrous basic metals, and synthetic fibres (polymers, and yarns, etc.) – two groups with ERP of 120-130 per cent – in total value of imports, at 6.0 per cent and 2.4 per cent, could be explained in terms of the non-availability of many non-ferrous metals and of production facility of synthetic fibres, a relatively recent product.

mineral products, rubber products, cotton textiles and sugar. Only in the case of 9 products – *khandsari*, other metallic minerals, machine tools, iron ore, coal and lignite, crude petroleum and natural gas, pesticides, non-metallic and minor minerals, and fertilisers – was the contribution of CVD and UED marginal (less than 1 percentage point).<sup>24</sup>

The negative contribution of the system of ST and SAD to ERP was also found to be substantial for many products (column 19). It resulted in a negative degree of protection for as many as 30 products. Its contribution to ERP was as high as minus 562 percentage points for cement, minus 109 percentage points for synthetic fiber and minus 112 percentage points for non-electrical machinery (items 48, 47 and 20). It was between minus 50 and minus 100 percentage points for 5 products (items 21, 31, 42, 43 and 46), and between minus 30 and minus 50 percentage points for another set of 4 products (items 15, 16, 28 and 29). The negative contribution of this system could be attributed mainly to taxation of inputs without full rebate.<sup>25</sup> The presence of octroi added to the tax disadvantage or lowered the tax advantage of the domestic producers (columns 19 and 20). SAD was found to provide a counter balance to ST for most of the manufactured products but was found to follow an inverted duty structure for lubricating preparations and other petroleum products, and some unmanufactured products, suffering net negative protection and thereby added to the misery of domestic producers of these products (items 1-6 and 50, columns 13 and 18).

Discriminatory tax treatment of domestic products under the system of CVD and UED was not considered as serious a problem as the tax disadvantages of the system of ST and SAD, because the manufacturers could avail of credit under the MODVAT scheme for CVD/UED paid on their inputs. Nevertheless, domestic producers suffered a tax disadvantage because the producers not covered by MODVAT scheme found imports less expensive as compared to domestic products. Even the producers covered under the MODVAT scheme had to finance

---

<sup>24</sup> The average CVD and average UED rates, obtained by using import values and VoC as weights, with UED differing across products, could differ for a group, even when the CVD and UED rates were the same for every product in the group. This differential weighting scheme may have introduced a bias in our results.

<sup>25</sup> In Maharashtra, the state under consideration, the retention rate on raw materials was to the extent of 3 per cent.

the additional tax burden for their domestic purchases until duties paid were credited back.

### **Services**

As indicated earlier, services are non-tradable. By taking customs duty on services as nil, ERP worked out to be negative for all services (item numbers 54-60, Table IV.1). This could be attributed to taxes/duties falling on inputs. This suggests that when the trading of services (such as of electricity) takes place, the domestic producers of these services, *vis-à-vis* imports, would suffer a substantial tax disadvantage unless customs duty and domestic trade taxes are rationalised. This would require removal of input taxation and maintaining level playing field between domestic produce and imports, in respect of domestic trade taxes.

### **General observations**

From Table IV.1 (columns 3 and 15), it may be noted that ERP was negative or low for some products with even moderately high customs duty. For example, ERP for paper and paper products, some non-electric machinery, communication equipment, tractors and other agricultural machinery, leather and leather products, electronic equipment, khandsari, electrical machinery and some other manufacturing was negative though for none of these products the rate of customs duty was below 22 per cent. Thus, the problem of tax disadvantage to domestic producers was not only a problem of nil or low customs duty, but also of a complicated and irrational system of domestic trade taxes.

### **Composite duty rates for selected low duty products**

The calculation of ERP required information on input-output coefficients, which was available only at a relatively aggregative level. Calculation of rates of protection, however, can be most illuminating at the specific commodity level. At the specific commodity level, even though lack of ready data on input-output coefficients prevents taking into account the protection given to inputs, avoidance of any aggregation bias provides a strong trade-off. In this section, we focus on the choice of specific commodities and calculation of commodity-specific composite rates of duty.

It should be noted that the computation of composite rates of duty do not account for indirect incidence of taxes through input taxation though input taxation can add significantly to the relative tax burden of domestic producers. The latest available estimates of input taxation relate to the year 1989-90 (see Aggarwal, 1998b). In 1989-90, for most commodities, input taxation under UED was found to vary between 0.75 and 3.00 percentage points. In the reform process of 1990s, expansion of the scheme of MODVAT resulted in a substantial reduction in the incidence of input taxation under the system of UED. Similarly, sales tax (to the extent not rebated) and octroi falling on inputs result in an increase in the relative tax burden of domestic producers of many commodities. Input taxation arises from taxation of inputs, inputs into inputs, and so on. The neglect of input taxation in the calculation is a serious limitation of the composite rates of duty reported below.<sup>26</sup>

### **Products with low customs duty**

*Prima facie*, the probability of the tax regime discriminating against domestic producers, *vis-à-vis*, foreign producers being high for products with a low rate of customs duty, we focused on such products with customs duty not exceeding 10 per cent. On some products, standard rates of basic customs duty were nil or low, and on some other products, through notifications, the rates were lowered in general or for specific uses of the products. These items alongwith relevant rates of customs duties, excise duties, sales tax and octroi are given in Table IV.2.

There were as many as 223 commodities or specific uses of commodities with effective customs duty not exceeding 10 per cent. Some of these items related to specific uses of any item, broadening the scope of the rate of customs duty not exceeding 10 per cent. On 110 items, the duty was nil, and it did not exceed 5 per cent for another set of 33 items. Further, on some of these items, the rate of SD was also *nil* or lower than the rate applicable to most commodities, i.e., 5 per cent.<sup>27</sup>

Within the group of low duty products, CVD lower than UED could put the domestic producers to competitive disadvantage, as CVD and UED

---

<sup>26</sup> Even calculation of ERP accounts for only first round effects of taxes on inputs.

<sup>27</sup> The SD of 5 per cent has been withdrawn in the proposed 1999-2000 budget.

were not fully rebatable during 1998-99. While, in general, the rates of CVD on imports were matched with those of UED on domestic produce, on some products or specific uses of the products, the rate of CVD was lower than that of UED. Some of the products of the latter category are listed in box IV.1.

### **Calculation of composite duty rates**

For products with effective customs duty rate not exceeding 10 per cent, the excess of composite duty rate on the import of a product over that on its domestic production was computed by using equations 3.17 to 3.20. The excess of composite duty rate was computed for 205 items for which full requisite information was available, and is given in Table IV.2 (columns 14-17). The products are arranged in an ascending order of excess of composite duty rate  $e^1$  (column 14).

The number of products with negative, *nil* and positive values of excess of composite duty rate on imports subject to different combinations of tax provisions are given in Table IV.3. The number of products with values of excess of composite duty rate on imports falling into different ranges, viz., less than minus 10, minus 10 to minus 5, minus 5 to 0, 0, 0 to 5, 5 to 10, 10 to 20 and above 20 percentage points are also given in table IV.3.

### **Tax discrimination because of customs duties and domestic trade taxes**

From table IV.2 (columns 14 to 17), it may be noted that a domestic producer had a substantial tax advantage in directly importing his inputs, *vis-à-vis*, purchase of local inputs irrespective of application of octroi (columns 14 and 16), thereby, putting the domestic producers of such inputs to substantial tax disadvantage. The domestic producers suffered tax disadvantage in respect of 25 products (items 1 to 25). The tax disadvantage varied from 2.64 percentage points for typewriters imported by accredited journalists to as high as 8.10 percentage points for personal computers imported by accredited journalists with application of octroi (column 14), and from 2.31 percentage point to 5.12 percentage points without application

**Box IV.1****Some of the products subject to lower rates of CVD than  
the corresponding rates of UED**

1. All goods required for setting up crude petroleum refinery (such as conductors for steam or other vapour power units, refrigeration systems, filtering/purifying machinery, boilers, compressors, heat exchangers, pumps, distilling plants, pipes used for oil or gas pipelines, all types of valves, and gaskets and seals)
2. All goods for manufacturing fertilisers;
3. Video cassettes and video tapes of a predominantly educational character;
4. Personal computers or fax machines imported by accredited journalists;
5. Specified life saving drugs or medicines;
6. Silicon resin and silicon rubber;
7. Copper wire;
8. Grape guard;
9. Specified goods for the manufacture of laser and laser based instrumentation (such as polishing materials, vacuum pumps, flash pumps, and arc lamps);
10. CD-ROMs containing books of educational nature;
11. Medical and surgical instruments and appliances;
12. Specified medical equipment (such as ophthalmic instruments and appliances, sterilisers, instruments using optical radiations, surgical operating microscopes, endoscopic surgery instruments and stroboscopes);
13. Specified goods for tubal occlusion (such as trocal and connula, laproscopes and scissors);
14. Requisite for games and sports;
15. Fogging machines imported by municipal committees;
16. Raw material for manufacture of specified components of wind operated electricity generators;
17. Specified goods for construction of national highways;

**Box IV.1 (Contd.)**

**Some of the products subject to lower rates of CVD than  
the corresponding rates of UED**

18. Specified goods required in connection with petroleum operations undertaken under specified contracts (such as drilling, threading or tapping tools; helicopters, vessels for transport, pipelines, cranes and transmission apparatus);
19. Recorded magnetic tapes etc. imported by University Grants Commission for use in computers;
20. Specified fire fighting equipment imported by the Central or State Governments;
21. Polypropylene; and
22. Stainless steel capillary tubes.

of octroi<sup>28</sup> (column 16). The tax disadvantage to the domestic producers exceeded 5 percentage points in respect of specified goods required for setting up crude petroleum refinery, such as conductors, refrigeration systems, filtering/purifying machinery, boilers, compressors, heat exchangers, pumps, distilling plants, pipes used for construction of oil and gas pipelines, valves, catalysts, and filters. The tax disadvantage with or without application of octroi ranged from 5 to 10 percentage points for 10 products and it existed but was less than 5 percentage points for another set of 15 products (columns 2 and 4, Table IV.3). The tax disadvantage was found to exist in spite of application of SAD to most of these products, 19 of the 25 products suffering tax disadvantage were subject to 4 per cent SAD (items 1-25, column 9, Table IV.2). On the other hand, the tax advantage to manufacturers in buying inputs from importers, *vis-à-vis* from domestic producers was found to be negligible (columns 15 and 17, Table IV.2). It occurred in respect of only three products with application of octroi (items 10, 13 and 14, column 15), and for only one product without application of octroi (item 10, column 17). It was so, because in

<sup>28</sup> It is important to note that octroi wherever applicable does not distinguish between an imported and a domestic product. Discrimination with and without application of octroi arises because of discriminatory application of other taxes since octroi is charged on tax inclusive basis.

this process of acquiring inputs, discrimination arising out of existing sales tax disappears – sales of imported products get taxed at par with domestic products and tax set off was also available at par with domestic products. Therefore, there was no net tax disadvantage to domestic producers *vis-à-vis* imports by traders. By implication, the domestic producers would not suffer any tax disadvantage under the tax regime under consideration provided an imported product and the domestic product suffer the same burden of sales tax. The same will also be true if input taxation under sales tax is eliminated, such as in Delhi, Haryana, and Punjab.<sup>29</sup> Thus, a reform of sales tax system that eliminates input taxation<sup>30</sup> can go a long way in mitigating tax disadvantages of domestic producers.

### **Implications of imposing a minimum customs duty**

With a view to explore implications of imposing a minimum customs duty on all products, the composite duty rates are simulated with alternative rates of minimum customs duty, *viz.*, 5 and 10 per cent of combined (basic plus special) customs duty. The number of products with negative, *nil* and positive values of excess of composite duty rate on imports with 5 and 10 per cent minimum customs duty are given in tables IV.4 and IV.5 respectively, for different combinations of tax provisions.

From a comparison of tables IV.3, IV.4 and IV.5, it would be noted that the number of products suffering tax disadvantage declines from 25 to 20 with minimum customs duty of 5 per cent (column 3, Table IV.4) and to 8 with minimum customs duty of 10 per cent (column 3, Table IV.5). Further, it can be inferred that there is a decline also in the extent of tax disadvantage, with the policy of subjecting all goods to a minimum customs duty. The higher the rate of minimum customs duty, the lower is the tax disadvantage to the producers of such products.

---

<sup>29</sup> Even in these states some input taxation takes place as long as some inputs are purchased from outside the state, because of central sales tax.

<sup>30</sup> The same principle should be applied to UED and additional duties of excise in lieu of sales tax levied under the *Additional Duties of Excise (Goods of Special Importance) Act, 1957*, (58 of 1957). Discriminatory application results in tax advantages/disadvantages to the extent rebate for the taxes paid on inputs is denied.



### Concluding remarks

From the above discussion it follows that producers of many low duty products suffered substantial tax disadvantage, *vis-à-vis*, imports. They suffered competitive disadvantage even in the international market to the extent taxes on their inputs were not rebated/refunded.

It is important to note that, besides the tax disadvantages, domestic producers suffer also from poor infrastructure and high cost of basic inputs such as electricity, water, and transport. The disadvantage due to such non-tax factors is partly on account of inefficiency in production and partly due to intended policies followed by the government such as distributional considerations leading to dual price policies. If such non-tax disadvantages were also taken into account, the net disadvantage to domestic producers would have been substantially higher for the products suffering net tax disadvantage, and some of the products with low tax advantage might also have fallen in the category of products suffering net tax disadvantage.

Tax discrimination across the products was found to be substantial. While the producers of some products suffered substantial tax disadvantages, the producers of many products benefited from the tax advantages, *vis-à-vis*, imports (direct or indirect). The tax advantage was not less than 10 percentage points in respect of at least 94 products among the 205 products considered, irrespective of application of octroi or SAD or ST (Table IV.3). The tax advantages to the domestic producers of the products subject to higher customs duty (not considered here) can be expected to be higher. This<sup>31</sup> indicates the need for rationalisation of the rate structure of customs duties.

---

<sup>31</sup> Some rough calculations show that the post-budget (1999-2000) scenario is not significantly different from the pre-budget scenario, in respect of tax advantages/disadvantages for different products. This is so, in spite of imposition of a minimum customs duty of 5 per cent on all project imports with a few exceptions, hitherto the subject to *nil* duty. This is not surprising, as the special customs duty has been withdrawn and the sales tax scenario has remained unchanged.

**Table IV.1**  
**Duty Rates and their Contribution to Effective Rates of Protection for Sixty Broad Groups of Commodities (arranged by E)**  
 Effect of different taxes on ERP (percentage points)

S. No.	Industry sector	Effective rates of duty on imports (per cent)		Effective rate of basic excise duty weighted by VoC less a (ST) exp. 98-99 (UED) (Per cent)	Effective rate of sales tax in Maharashtra (OCT)	Rate of Value added tax in G. Mumbai corporation (OCT)	Share of imports (per cent)	Effective rate of protection (ERP) with different tax regimes (Per cent)															
		Customs duty exclusive of CVD & SAD	Special additional duty (SAD)					3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
<b>Unmanufactured products</b>																							
1	Raw cotton	0.00	0.00	0.00	4.00	2.00	0.40	0.02	-13.57	-13.66	-20.1	-22.39	-23.72	-0.09	-6.43	-2.30	-8.74	-10.06	-10.1				
2	Coffee plantation	0.00	0.00	0.00	0.00	0.00	0.31	0.00	-5.63	-5.67	-5.7	-6.68	-7.29	-0.03	0.00	-1.01	-1.01	-1.62	-1.7				
3	Paddy	0.00	0.00	0.00	0.00	0.50	0.28	0.00	-4.51	-4.53	-4.5	-5.30	-5.80	-0.02	0.00	-0.77	-0.78	-1.28	-1.3				
4	Wheat	0.00	0.00	0.00	0.00	0.50	0.29	0.29	-4.33	-4.35	-4.4	-5.09	-5.57	-0.02	0.00	-0.74	-0.74	-1.22	-1.2				
5	Cereals other than paddy and wheat	0.00	0.00	0.00	0.00	0.50	0.20	0.00	-4.14	-4.15	-4.2	-4.89	-5.33	-0.01	0.00	-0.74	-0.74	-1.18	-1.2				
6	Tea plantation	0.00	0.00	0.00	0.00	0.00	0.09	0.00	-1.83	-1.83	-1.8	-2.15	-2.33	0.00	0.00	-0.32	-0.32	-0.50	-0.5				
7	Forestry & logging	6.33	0.00	0.82	0.00	7.80	0.25	0.75	6.42	6.41	-2.0	-1.18	-1.25	-0.01	-8.39	0.80	-7.59	-7.66	-7.7				
8	Animal husbandry and milk products	21.41	0.00	3.30	0.00	2.91	2.11	0.78	12.12	12.09	5.0	8.47	7.06	-0.03	-7.09	3.47	-3.62	-5.03	-5.1				
9	Pulses	10.00	0.00	4.00	0.00	0.00	0.50	0.65	8.61	8.59	8.6	13.45	12.93	-0.02	0.00	4.86	4.85	4.34	4.3				
10	Rubber	25.09	0.00	4.00	0.00	0.00	0.19	0.03	24.85	24.80	24.8	30.00	29.47	-0.04	0.00	5.20	5.20	4.67	4.6				
11	Fish & pearls etc.	44.66	0.00	4.00	0.00	2.00	0.00	0.00	45.12	45.09	42.2	47.85	47.75	-0.03	-2.94	5.70	2.75	2.66	2.6				
12	Sugarcane	45.00	0.00	4.00	0.00	0.00	0.19	0.00	50.25	50.24	50.2	56.61	56.33	-0.01	0.00	6.37	6.37	6.09	6.1				
13	Vegetable plaiting and other crops n.e.s.	41.43	0.23	4.00	2.49	2.00	0.87	0.51	64.88	58.51	53.0	60.84	59.25	-6.37	-5.50	7.83	2.33	0.74	-5.6				
14	Jute, hemp & mesta	35.00	15.00	4.00	0.00	4.00	2.00	0.16	38.10	62.24	55.1	61.60	61.20	24.14	-7.12	6.48	-0.64	-1.03	23.1				

**Table IV.1 (Contd.)**  
**Duty Rates and their Contribution to Effective Rates of Protection for Sixty Broad Groups of Commodities (arranged by E)**

S. No.	Industry sector	Effective rates of duty on imports (per cent)				Effective rate of basic excise duty weightage of CVD & (SAD)	Effective rate of sales tax in Maharashtra (ST)	Rate of octroi in G. Mumbai corporation 97-98 (OCT)	Value of input per rupee of output	Share of imports (per cent)	Effective rate of protection (ERP) with different tax regimes (per cent)						Effect of different taxes on ERP (percentage points)					
		Customs duty exclusive of CVD & (SAD)	Counter duty	Special additional duty	5						6	7	8	9	10	11	12	13	14	15	16	17
15	Wood & wood products	6.93	3.23	0.99	15.01	13.00	4.88	0.67	0.77	9.67	-24.03	-57.9	-57.05	-58.25	-33.70	-33.90	0.88	-33.02	-34.22	-67.9		
16	Paper & paper products	22.23	5.24	2.06	15.97	8.57	3.00	0.73	1.72	39.38	-3.18	-35.6	-33.83	-40.75	-42.56	-32.39	1.74	-30.65	-37.57	-80.1		
17	Tractors & other agricultural machinery	26.31	0.79	4.00	12.78	2.00	2.00	0.73	0.06	39.53	-12.18	-20.5	-14.92	-21.95	-51.71	-8.32	5.58	-2.74	-9.76	-61.5		
18	Leather & leather products	28.74	4.07	3.95	16.74	9.20	2.00	0.65	0.27	48.28	8.21	-19.2	-13.36	-16.97	-40.07	-27.42	5.85	-21.57	-25.18	-65.2		
19	Manufacturing n.e.s.	23.74	10.77	4.00	15.00	7.47	3.48	0.72	6.36	33.90	16.16	-13.7	-7.24	-14.09	-17.74	-29.82	6.42	-23.41	-30.25	-48.0		
20	Non-electrical machinery n.e.s.	24.29	20.25	4.00	14.10	12.67	3.33	0.88	12.97	67.67	119.63	-4.5	7.75	-12.19	51.96	-124.11	12.23	-111.87	-131.82	-79.9		
21	Communication equipment	33.73	15.94	4.00	17.46	11.33	4.00	0.84	0.34	99.86	85.67	2.4	10.96	-6.56	-14.19	-83.25	8.54	-74.71	-92.23	-106.4		
22	Khandsari, <i>hoora</i>	15.00	8.00	4.00	8.00	0.00	0.75	0.69	0.00	-9.45	-9.78	-9.8	-3.45	-4.56	-0.33	0.00	6.33	6.34	5.22	4.9		
23	Electronic equipment etc.	27.82	16.96	4.00	17.35	16.50	4.00	0.44	2.21	31.10	29.75	-2.3	1.92	-1.10	-1.35	-32.04	4.21	-27.82	-30.84	-32.2		
24	Other metallic minerals	10.00	0.00	4.00	0.00	4.83	1.17	0.35	0.28	11.63	11.48	3.7	9.35	8.70	-0.15	-7.74	5.61	-2.12	-2.77	-2.9		
25	Machine tools	25.00	13.00	4.00	13.00	13.00	2.00	0.35	1.14	28.23	27.94	5.9	10.79	9.44	-0.29	-22.02	4.87	-17.15	-18.50	-18.8		
26	Iron ore	10.00	0.00	4.00	0.00	4.00	2.00	0.24	0.08	10.48	10.36	4.8	9.79	9.47	-0.12	-5.57	5.00	-0.56	-0.88	-1.0		
27	Coal & lignite	15.00	0.00	4.00	0.00	5.33	0.50	0.44	2.26	18.13	17.81	7.4	13.35	11.81	-0.32	-10.39	5.93	-4.46	-6.00	-6.3		
28	Electrical machinery	30.56	16.62	4.00	15.76	10.13	2.71	0.69	1.93	48.80	50.58	12.1	18.45	12.04	1.78	-38.50	6.37	-32.13	-38.55	-36.8		

**Table IV.1 (Contd.)**  
**Duty Rates and their Contribution to Effective Rates of Protection for Sixty Broad Groups of Commodities (arranged by E)**

S. No.	Industry sector	Effective rates of duty on imports (per cent)			Effective rate of basic excise duty weightd by VoC less exp. (U/E)	Effective rate of sales tax in Maharashtra (OCT) (per cent)	Rate of octroi in G. Mumbai corporation (OCT)	Value of input per rupee of output	Share of imports (per cent)	Effective rate of protection (ERP) with different tax regimes (per cent)						Effect of different taxes on ERP (percentage points)							
		Customs duty exclusive of CVD & SAD	Counter additional duty (SAD)	Special additional duty (SAD)						Customs (E <sup>1</sup> )	Customs & CVD (E <sup>2</sup> )	Customs UED & CVD (E <sup>3</sup> )	Customs UED & CVD (E <sup>4</sup> )	Customs UED & CVD (E <sup>5</sup> )	Customs UED & CVD (E <sup>6</sup> )	Customs UED & CVD (E <sup>7</sup> )	Customs UED & CVD (E <sup>8</sup> )	Customs UED & CVD (E <sup>9</sup> )	Customs UED & CVD (E <sup>10</sup> )	Customs UED & CVD (E <sup>11</sup> )	Customs UED & CVD (E <sup>12</sup> )	Customs UED & CVD (E <sup>13</sup> )	Customs UED & CVD (E <sup>14</sup> )
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21			
Manufactured products																							
29	Rail equipment	39.02	16.11	4.00	17.02	13.00	2.50	0.62	0.35	60.71	56.61	14.5	19.92	14.85	-4.11	-42.10	5.41	-36.69	-41.75	-15.9			
30	Crude petroleum, natural gas etc.	22.00	0.00	4.00	0.00	8.50	1.00	0.22	13.49	26.03	25.94	13.7	19.05	18.76	-0.09	-12.21	5.32	-6.89	-7.18	-7.3			
31	Motor vehicles	44.96	16.56	4.00	21.93	10.00	3.67	0.84	1.26	153.96	111.31	34.0	43.77	28.00	-42.65	-77.30	9.76	-67.54	-83.31	-126.0			
32	Transport equipments n.e.s.	43.18	2.71	4.00	8.75	4.00	2.00	0.45	0.77	58.31	43.43	33.9	40.20	38.21	-14.88	-9.51	6.28	-3.24	-5.22	-20.1			
33	Pesticides	35.00	9.38	4.00	9.38	8.00	2.00	0.66	0.11	66.83	65.91	36.6	44.58	39.30	-0.93	-29.29	7.96	-21.33	-26.60	-27.5			
34	Non-metallic mineral products n.e.s.	40.12	16.05	4.00	17.24	8.56	3.38	0.55	0.33	66.77	63.25	39.2	46.76	44.26	-3.52	-24.08	7.59	-16.48	-18.99	-22.5			
35	Coated fabrics & other textiles	40.78	13.39	4.00	12.42	7.89	2.00	0.53	0.28	60.38	62.41	40.1	47.06	44.76	2.03	-22.30	6.95	-15.35	-17.65	-15.6			
36	Hydrogenated oils	35.00	0.05	4.00	0.37	1.50	2.00	0.58	0.01	50.01	48.59	43.9	50.88	45.05	-1.42	-4.71	7.00	2.29	-3.54	-5.0			
37	Non-metallic & minor minerals	42.27	0.01	3.88	4.00	4.25	4.00	0.13	8.15	46.44	46.38	39.7	45.37	45.06	-0.06	-6.65	5.64	-1.01	-1.32	-1.4			
38	Woolen textiles	34.26	7.76	4.00	4.42	5.67	2.00	0.63	0.08	62.35	73.40	53.4	62.24	59.28	11.05	-20.05	8.89	-11.15	-14.11	-3.1			
39	Cotton textiles	42.26	9.98	4.00	16.78	3.33	1.67	0.61	0.07	88.16	66.73	55.8	65.88	63.29	-21.43	-10.97	10.12	-0.85	-3.45	-24.9			
40	Fertilisers	34.25	0.00	4.00	0.00	0.00	2.00	0.67	1.45	65.02	64.33	64.3	73.88	69.53	-0.69	0.00	9.55	9.55	5.20	4.5			
41	Iron & steel	34.61	15.00	4.00	15.00	4.00	2.50	0.80	4.59	96.54	94.68	68.1	80.30	70.84	-1.85	-25.59	11.21	-14.38	-23.85	-25.7			
42	Rubber products, thread, cord etc. covered with textiles	44.53	18.58	4.00	19.80	10.33	2.25	0.84	0.24	168.59	156.25	70.3	82.58	70.87	-12.35	-85.97	12.30	-73.66	-85.38	-97.7			

**Table IV.1 (Contd.)**  
**Duty Rates and their Contribution to Effective Rates of Protection for Sixty Broad Groups of Commodities (arranged by E)**

S. No.	Industry sector	Effective rates of duty on imports (per cent)			Effective rate of basic excise duty weighted by VoC less exp. (UED)	Effective rate of sales tax in Maharashtra (ST)	Rate of octroi in G. Mumbai 97-98 (OCT)	Value of input per rupee of output	Share of imports (per cent)	Effective rate of protection (ERP) with different tax regimes (per cent)			Effect of different taxes on ERP (percentage points)							
		Customs duty exclusive of (CVD & SAD)	Counter-vailing duty (CVD)	Special additional duty (SAD)						Customs (E <sup>1</sup> ) & CVD (E <sup>2</sup> )	Customs (E <sup>3</sup> ) & ST (E <sup>4</sup> )	Customs (E <sup>5</sup> ) & CVD (E <sup>6</sup> )	Customs (E <sup>7</sup> ) & CVD (E <sup>8</sup> )	Customs (E <sup>9</sup> ) & CVD (E <sup>10</sup> )	Customs (E <sup>11</sup> ) & CVD (E <sup>12</sup> )	Customs (E <sup>13</sup> ) & CVD (E <sup>14</sup> )	Customs (E <sup>15</sup> ) & CVD (E <sup>16</sup> )	ST (E <sup>17</sup> )	SAD (E <sup>18</sup> )	ST & SAD (E <sup>19</sup> )
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Manufactured products																				
43	Plastic products	35.12	25.00	4.00	20.00	10.20	2.00	0.82	0.32	121.21	149.77	77.3	92.18	83.70	28.56	-72.45	14.86	-57.59	-66.07	-37.5
44	Jute, hemp & mesta textiles	44.70	11.19	4.00	5.28	4.00	2.00	0.72	0.01	99.00	126.59	105.6	116.64	111.32	27.60	-21.02	11.07	-9.96	-15.27	12.3
45	Sugar	45.00	5.84	4.00	8.00	0.00	0.50	0.79	0.00	113.51	99.53	99.5	113.17	111.87	-13.98	0.00	13.64	13.64	12.34	-1.6
46	Non-ferrous basic metals	37.61	8.18	4.00	14.89	6.00	2.50	0.92	6.04	311.47	205.30	111.5	139.56	120.12	-106.18	-93.79	28.05	-65.73	-85.17	-191.4
47	Synthetic fibres; polymers, & yarn etc.	36.86	21.07	4.00	20.28	8.50	2.00	0.92	2.41	262.83	268.09	131.1	158.99	128.41	5.26	-137.00	27.90	-109.09	-139.68	-134.4
48	Cement	45.00	25.00	4.00	13.35	13.00	1.00	0.97	0.00	972.60	1501.99	840.3	939.80	869.22	529.39	-661.68	99.49	-562.19	-632.77	-103.4
49	Chemicals & cinematographic films etc.	29.88	15.96	3.84	17.19	10.14	3.42	1.13	9.63	-67.08	-52.46	40.8	35.67	60.97	14.62	93.29	-5.16	88.12	113.43	128.0
50	Lubricating preparations & other petroleum products	30.81	24.24	4.00	28.49	8.90	1.33	1.45	13.17	-9.07	1.14	24.1	26.84	30.92	10.21	22.92	2.78	25.70	29.78	40.0
51	Other food items & beverages n.e.s.	38.19	0.60	3.98	5.11	8.75	5.19	1.02	2.52	-887.10	-565.72	-0.1	-72.03	11.19	321.38	565.67	-71.98	493.69	576.91	898.3
52	Coal tar products	24.88	9.95	4.00	15.02	4.00	1.75	1.17	0.65	-79.37	-46.61	-19.8	-28.53	-24.12	32.76	26.80	-8.72	18.07	22.49	55.3
53	Articles of silk or synthetic fibre, etc.	36.91	18.45	4.00	21.75	2.00	2.00	1.16	0.31	-85.80	-58.59	-42.4	-50.09	-36.21	27.21	16.22	-7.72	8.50	22.38	49.6

**Table IV.1 (Contd.)**  
**Duty Rates and their Contribution to Effective Rates of Protection for Sixty Broad Groups of Commodities (arranged by E)**  
 Effect of different taxes on ERP (percentage points)

S. No.	Industry sector	Effective rates of duty on imports (per cent)		Effective rate of basic excise duty weighted by VoC less a (ST) exp. (UED)	Effective rate of sales tax in Maharashtra (OCT) 97-98	Rate of increase in G. Mumba Corporation of 97-98 (OCT)	Value of input per rupee of output	Share of imports (per cent)	Effective rate of protection (ERP) with different tax regimes (per cent)						Effect of different taxes on ERP (percentage points)					
		Customs duty exclusive of duty CVD & (CYD SAD)	Special additional duty (SAD)						Customs (E <sup>1</sup> )	Customs UED & CVD (E <sup>2</sup> )	Customs UED CVD & ST (E <sup>3</sup> )	Customs UED CVD & ST SAD (E <sup>4</sup> )	Customs UED CVD & ST SAD & OCT (E)	UED & CVD (E <sup>3</sup> -E <sup>1</sup> )	ST (E <sup>3</sup> -E <sup>2</sup> )	SAD (E <sup>4</sup> -E <sup>3</sup> )	ST & SAD (E <sup>4</sup> -E <sup>2</sup> )	SAD and OCT (E-E <sup>1</sup> )	ST (E <sup>3</sup> -E <sup>1</sup> )	SAD (E <sup>4</sup> -E <sup>1</sup> )
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
	Services																			
54	Other services n.e.s.	0.00	0.00	0.00	0.00	0.00	0.00	0.69	0.00	-36.84	-37.54	-37.5	-43.76	-47.85	-0.70	0.00	-6.22	-6.21	-10.31	-11.0
55	Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.48	0.00	-18.47	-18.89	-18.9	-21.95	-24.31	-0.42	0.00	-3.06	-3.06	-5.42	-5.8
56	Rail transport services	0.00	0.00	0.00	0.00	0.00	0.00	0.36	0.00	-10.54	-10.85	-10.9	-12.73	-13.90	-0.31	0.00	-1.88	-1.88	-3.05	-3.4
57	Electricity etc.	0.00	0.00	0.00	0.00	0.00	0.00	0.56	0.00	-7.95	-8.08	-8.1	-10.11	-10.84	-0.13	0.00	-2.03	-2.03	-2.75	-2.9
58	Transport services other than railways	0.00	0.00	0.00	0.00	0.00	0.00	0.31	0.00	-6.24	-6.46	-6.5	-7.58	-8.25	-0.22	0.00	-1.12	-1.11	-1.78	-2.0
59	Trade	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.00	-3.02	-3.09	-3.1	-3.62	-4.00	-0.07	0.00	-0.53	-0.53	-0.92	-1.0
60	Communication services	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00	-0.90	-0.93	-0.9	-1.07	-1.24	-0.02	0.00	-0.14	-0.15	-0.31	-0.3

**Table IV.2**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

Sr. No.	Chapter/ heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention in rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
			Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD, CVD, and octroi e <sup>1</sup>	BCD,SD, CVD, and octroi e <sup>2</sup>	BCD,SD, CVD, and octroi e <sup>3</sup>	BCD,SD, CVD, and octroi e <sup>4</sup>	BCD,SD, CVD, and octroi e <sup>5</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	234	84,85 or 90	Personal computers including lap top personal computers imported by an accredited journalist (84.71)	0	5/2	0	13	4	20	13	13	2	-8.10	1.40	-7.70	1.62
2	234	84, 85 or 90	Fax machines imported by an accredited journalist (85.17)	0	5	0	18	4	30	13	13	2	-7.52	2.12	-7.04	2.41
3	190	85,90 or AOC	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team (8525.30)	0	5	0	13	4	40	13	13	4	-6.88	2.95	-6.14	3.31
4	222	88	Aeroplanes, helicopters, simulators of aeroplanes and gliders	0	5/0	0	0	4	40/3	13	13	2	-6.53	2.88	-6.40	2.83
5	134	84	Fogging machines imported by a Municipal Committee, District Board or other authority legally entitled to, or entrusted by the government with, the control or management of a municipal fund, for use in combating malaria and other mosquito borne diseases	0	5	0	13	4	20	13	13	2	-6.51	3.13	-6.14	3.31
6	166	84 or any other chapter	Goods specified in list 28 required for construction of national highways (8474.20/31)	0	5	0	13	4	20	13	13	2	-6.51	3.13	-6.14	3.31
7	221	Any chapter	The goods specified in List 19, imported by the fire services administered by the central government or the government of any state or the administration of any union territory or a local body for fire fighting operations such as : a. Portable pumps (8413.00) b. Phenomatic lifting bags (8428.20) c. Turntable ladders (8519.30)	0	5	0	13	4	20	13	13	2	-6.51	3.13	-6.14	3.31
				0	5	0	13	4	20	13	13	2	-6.51	3.13	-6.14	3.31
				0	5	0	18	4	40	13	13	2	-7.52	2.12	-7.04	2.41

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD	CVD, and ST and octroi e <sup>1</sup>	BCD,SD	CVD, and ST and octroi e <sup>2</sup>	BCD,SD
8	235	90	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
					0	5	0	18/13.8/0	4	40/25/20	13	13	4	-6.15	3.68	-5.56	3.90
9	237	90.20		Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof	0	5	0	8	4	20	13	13	4	-5.75	4.07	-5.24	4.21
10	164	84 or AOC		Compressed air breathing apparatus if imported for fire fighting service	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				Goods specified in List 27 required for setting up crude petroleum refinery, such as:	0	0	10	18	0	40	13	4	2	-5.59	-0.90	-5.12	-0.72
				a. Conductors for steam or other vapour power units (8404.20)	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				b. Refrigeration systems (8418.21)	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				c. Filtering/purifying machinery (84.21)	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				d. Boilers (8402.11)	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				e. Compressors (8414.30)	0	0	10	30	0	20	13	4	2	-6.94	-2.25	-6.20	-1.80
				f. Heat exchangers (8418.61)	0	0	10	18	0	20	13	4	2	-5.59	-0.90	-5.12	-0.72
				g. Pumps (8413.00)	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				h. Distilling plants (8419.40)	0	0	10	13	0	20	13	4	2	-5.02	-0.34	-4.67	-0.27
				i. Pipes used for oil or gas pipelines (7304.10)	0	0	10	15	0	30	13	4	2	-5.25	-0.56	-4.85	-0.45
				j. All types of valves (84.81)	0	0	10	30/13	0	20	13	4	2	-5.98	-1.29	-5.44	-1.04
				k. Gaskets, washers and other seals (4016.93)	0	0	10	18	0	40	13	4	2	-5.59	-0.90	-5.12	-0.72
				l. Fire fighting equipment (38.13)	0	0	10	18	0	30	13	4	2	-5.59	-0.90	-5.12	-0.72
				m. Catalysts (38.15)	0	0	10	18	0	25	13	4	2	-5.59	-0.90	-5.12	-0.72
				n. Filters (9002.20)	0	0	10	18	0	40	13	4	2	-5.59	-0.90	-5.12	-0.72



**Table IV.2 (Contd.):  
Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e')**

S. No.	Chapter/ heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate when used as input (ST <sup>a</sup> )	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
			Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD, CVD, SAD and octroi e'	BCD,SD, CVD, SAD and octroi e'	BCD,SD, CVD, SAD and octroi e'	BCD,SD, CVD, SAD and octroi e'	BCD,SD, CVD, SAD and octroi e'
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
11	244	90 or AOC	Medical equipments (excluding Foley balloon catheters) specified in list 22 including accessories and spare parts (90.18) such as :													
			a. Cardiac catheters (9018.39)	0	5	8	8	4	20	13	13	4	-4.65	5.97	-4.48	5.72
			b. Heart lung machine (9018.90)	0	5	8	8	4	20	13	13	4	-4.65	5.97	-4.48	5.72
			c. Programmer for pacemaker (9021.50)	0	5	8	8	4	20	13	13	4	-4.65	5.97	-4.48	5.72
			d. Iridium wire (7110.40)	0	5	18	18	4	40	13	13	4	-5.52	6.08	-5.34	5.81
12	-	49.04	Music (printed or in manuscript)	0	0	0	0	0	0	13	4	4	-4.52	0.00	-4.00	0.00
13	214	85	Video cassettes and video tapes, of a predominantly educational character (8523.11)	0	2	0	13	4	40	8	8	4	-4.25	-0.01	-3.61	0.47
14	215	85	Audio cassettes, if recorded with material from books, newspaper or magazines, for the blind (8523.11)	0	2	0	13	4	40	8	8	4	-4.25	-0.01	-3.61	0.47
15	-	87.10	Tanks and other armoured fighting vehicles	0	0	0	0	0	0	13	4	0	-4.00	0.00	-4.00	0.00
16	93	49	Greeting cards, diaries and calendars, and corresponding number of envelopes for such greeting cards, diaries and calendars, imported by the United Nations International Children's Emergency Fund (UNICEF) (49.09)	0	5	0	0	4	20	13	13	3	-3.91	5.82	-3.80	5.65
17	97	49.11	Plans, drawings and designs	0	5	0	0	4	20	13	13	2	-3.88	5.76	-3.80	5.65

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes		BCD, SAD and octroi e <sup>1</sup>	BCD, SAD and octroi e <sup>1</sup>	BCD, SAD and octroi e <sup>1</sup>
				Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD, SAD, CVD, ST and octroi e <sup>1</sup>			
18	226	3 89.01	4 Barges imported along with ships for the more speedy unloading of imported goods and loading of export goods	5	6	7	8	9	10	11	12	13	14	15	16	17
				0	5	0	0	4	40	13	13	2	-3.88	5.76	-3.80	5.65
19	228	89.01, 89.02, 89.04, 89.05, 10, 89.05, 90 or 89.06	All goods (excluding vessels and other floating structures as are imported for breaking up)	0	5	0	0	4	40	13	13	2	-3.88	5.76	-3.80	5.65
20	-	28.14	Ammonia (anhydrous or in aqueous solution)	0	0	0	0	0	0	13	3	2	-3.26	0.00	-3.00	0.00
21	-	41.01-03	Raw hides & skins (fresh or preserved but not tanned)	0	0	0	0	0	0	4	3	2	-3.08	0.00	-3	0.00
22	-	4301-02	Fur skin of lamb (raw, tanned or dressed)	0	0	0	0	0	0	4	3	1	-3.04	0.00	-3.00	0.00
23	243	Any chapter	Hospital equipment (90.18-90.22, 90.33)	0	5	0	13/8/0	4	20	13/8	13/8	4	-2.75	4.35	-2.39	4.44
24	234	84.85 or 90	Type-writers imported by an accredited journalist (84.69)	0	5/2	0	15	4	40	8	8	2	-2.64	1.58	-2.31	1.83

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/heading No. or other chapter	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD, SAD and octroi e <sup>1</sup>	BCD,SD, CVD, ST and octroi e <sup>2</sup>	BCD,SD, CVD, ST and octroi e <sup>3</sup>	BCD,SD, CVD, ST and octroi e <sup>4</sup>	BCD,SD, CVD, ST and octroi e <sup>5</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
25	180 or 181	84 or any other chapter	Goods specified in List 12 required in connection with petroleum operations undertaken under specified contracts, such as: a. Drilling, threading or tapping tools (8205.10) b. Drilling or morticing machines (8465.95) c. Helicopters (8802.11/12) d. Vessels for transport (8901.10/90) e. Pipelines (7304.10) f. Cranes etc (8426.00) g. Transmission apparatus (8525.20) h. Tin (80.01) I. Tools (44.17)	0	5	0	15	4	25	13	4	2	3.44	3.62	3.85	3.85	
				0	5	0	13	4	20	13	4	2	3.66	3.85	4.03	4.03	
				0	5	0	0	4	40	13	13	2	-3.88	5.76	-3.80	5.65	
				0	5	0	0	4	40	13	4	2	5.12	5.31	5.20	5.20	
				0	5	0	15	4	30	13	4	2	3.44	3.62	3.85	3.85	
				0	5	0	13	4	20	13	4	2	3.66	3.85	4.03	4.03	
				0	5	0	13	4	20	13	4	2	3.66	3.85	4.03	4.03	
				0	5	0	15	4	20	13	4	2	3.44	3.62	3.85	3.85	
26	-	27.16	Electrical energy	0	5	0	0	4	30	13	4	2	5.12	5.31	5.20	5.20	
27	-	3102.21	Fertilisers: Ammonium sulphate	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	
28	-	3102.50	Fertilisers: Sodium nitrate	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	

Table IV.2 (Contd.)  
 Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of							Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD	e <sup>1</sup>	e <sup>2</sup>					e <sup>3</sup>	e <sup>4</sup>	e <sup>5</sup>		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
29	-	44.01-03	Fuel wood, wood charcoal, rough wood	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00			
30	-	49.02	Newspapers, journals etc.	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00			
31	-	49.05	Maps, charts, atlases etc.	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00			
32	-	99.01	The blood group sera	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00			
33	-	99.02-03	Artificial plasma or kidney	0	0	0	0	0	0	0	0	2	0.00	0.00	0.00	0.00			
34	-	99.04	All types of contraceptives	0	0	0	0	0	0	0	0	2	0.00	0.00	0.00	0.00			
35	-	99.14	Common salt	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00			
36	-	49.06	Plans & drawings for architectural, engineering or similar purposes	0	0	0	0	0	0	0	0	2	0.00	0.00	0.00	0.00			
37	89	48.01	Newsprint, having an ash content by weight not exceeding 8%	0	0	0	0	0	20	0	0	3	0.00	0.00	0.00	0.00			
38	144	84 or 85	Spare, supplied with outboard motors for maintenance of such outboard motors	5	5	13	13	4	20	13	13	2	0.38	11.79	0.35	11.53			
39	54	3105.40	Ammonium phosphate or ammonium nitrophosphate, for use as manure or for the production of complex fertilisers	0	0	0	0	4	5	13	3	2	0.82	0.00	1.00	0.00			
40	55	3105.30	Diammonium phosphate, for use as manure or for the production of complex fertilisers	0	0	0	0	4	5	13	3	2	0.82	0.00	1.00	0.00			

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e)**

S. No.	Item No. in notification	Chapter/ heading No.	Description of goods	Effective rate of						Standard rate of customs duty	Rate of sales tax (ST)	Retention rate when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes			
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD	e <sup>1</sup>					e <sup>2</sup>	BCD, SD, CVD, SAD and octroi	BCD, SD, CVD, SAD and ST e <sup>1</sup>	
41	199	85 or A0	4	Photographic, filming, sound recording and radio equipment, raw films, video tapes and sound recording tapes of foreign origin, if imported into India after having been exported therefrom (85.21, 85.23)	5	6	7	8	9	10	11	12	13	14	15	16	17
					0	5/2	0	18/13	4	40	8	3	4	2.72	1.85	3.40	2.37
42	26	27.10		Naphtha	0	2	15	15	4	30	13	3	2	3.10	2.14	3.26	2.08
43	25	27.10		Kerosene	0	2	15/0c	15/0c	4	30	8	3	0	3.17	2.07	3.17	2.07
44	255	95		Requisite for games and sports (95.06)	0	5	0	13	4	25	4	4	3	3.78	3.78	4.03	4.03
45	233	84,85 or 90		Photographic cameras, cinematographic cameras, lenses, filters, flash light apparatus and exposure meters required for use with the aforesaid cameras, imported by an accredited press cameraman : (90.06-07)	0	5	0	18	4	40/25	13	3	4	3.79	3.12	4.76	3.71
46	223	Any chapter		Parts of aeroplanes, gliders, helicopters or simulators of aircrafts (excluding rubber tyres and tubes for aeroplanes or gliders)	3	0	0	0	4	3	13	3	2	4.00	3.16	4.12	3.09
47	57	31.05		Composite fertilisers	0	0	0	0	4	5/0	0	0	2	4.08	0.00	4.00	0.00
48	-	88.02-03		Parts of helicopters & spacecraft	3	0	0	0	4	3	13	3	0	4.12	3.09	4.12	3.09
49	90	4802.60		Paper (excluding chrome paper, marble paper, flint paper, poster paper, stereo paper and art paper) containing mechanical wood pulp amounting to not less than 70 per cent by weight of the total fibre content	0	5	0	18	4	30	8	3	3	4.21	3.29	4.76	3.71

Table IV.2 (Contd.)  
 Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)

S. No.	Item No./notification	Chapter/heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes			
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD, SAD and octroi e <sup>1</sup>	BCD,SD, SAD and octroi e <sup>2</sup>	BCD,SD, SAD and octroi e <sup>3</sup>	BCD,SD, SAD and octroi e <sup>4</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
50	59	39.10	Silicone resin and silicone rubber	0	5	0	18	4	30	13	3	2	4.28	3.42	4.76	3.71
51	87	4811.90	Grape guard, namely, paper of a type generally used for packaging of grapes	0	5	0	18	4	30	13	3	2	4.28	3.42	4.76	3.71
52	137	Any chapter	Parts of wind operated electricity generators, for manufacture of wind operated electricity generators, namely: special bearings, gear box, yaw components, sensors, and parts	0	5	0	18	4	40	13	3	2	4.28	3.42	4.76	3.71
53	137	Any chapter	Parts and raw material for manufacture of blades for rotor of wind operated electricity generators (8511.90)	0	5	0	18	4	40	13	3	2	4.28	3.42	4.76	3.71
54	216	85.24	Recorded magnetic tapes, compact disc read only memory (CD-ROMS) and floppy diskettes, imported by the University Grants Commission for use in computers	0	5	0	18	4	40	13	3	2	4.28	3.42	4.76	3.71
55	193	28,29,84, 85 or 90	The goods specified in List 16, for the manufacture of laser and laser based instrumentation (9013.20) such as : a. Quartz (2506.10) b. Polishing materials (3204.20) c. Vacuum pumps (8414.10) d. Flash pumps (8513.10) e. Arc lamps (8539.40)	0	5	0	0	4	25	13	3	2	6.12	5.26	6.20	5.15
				0	5	0	18	4	30	13	3	2	4.28	3.42	4.76	3.71
				0	5	0	30	4	20	13	3	2	3.05	2.19	3.80	2.75
				0	5	0	18	4	40	13	3	2	4.28	3.42	4.76	3.71
				0	5	0	13	4	40	13	3	2	4.79	3.93	5.16	4.11

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/ heading No. or any other chapter	Description of goods	Effective rate of						Standard rate of customs duty	Rate of sales tax (ST)	Retention rate when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes		
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD	e <sup>1</sup>					e <sup>2</sup>	e <sup>3</sup>	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
56	247	90 or any other chapter	Medical equipment specified in List 23 including accessories and spare parts (90.18) such as : a. Ophthalmic instruments and appliances (9018.50) b. Sterilisers (8419.20) c. Instruments using optical radiations (9027.50) d. Surgical operating microscopes (9012.10)	0	5	0	8	4	20	13	3	4	5.05	4.37	5.56	4.51
			Medical equipment specified in List 24 including accessories and spare parts (90.18) such as : a. Surgical operating microscopes (9012.10) b. Endoscopic surgery instruments (9018.90) c. Stroboscopes (9029.20)	0	5	0	13	4	20	13	3	4	4.42	3.75	5.16	4.11
57	248	90 or AOC	Surgical operating microscopes (9012.10) Medical equipment specified in List 24 including accessories and spare parts (90.18) such as : a. Surgical operating microscopes (9012.10) b. Endoscopic surgery instruments (9018.90) c. Stroboscopes (9029.20)	0	5	0	13	4	20	13	3	4	4.42	3.75	5.16	4.11
58	-	3105,20-90	Mineral or chemical fertilisers	5.0	0	0	0	4.0	5.0	0	0	0	4.55	2.50	4.55	2.50
59	203	85.24	CD-ROMs containing books of an educational nature	0	5	0	18/13	4	40	8	3	2	4.65	3.68	4.96	3.91
60	79	7408.11	Copper wire	0	5	0	15	4	35	4	3	2.5	4.74	3.69	5.00	3.95
61	186	84.71 or 85.04	Computer peripheral devices and power supply units supplying power under the control of computer system to which they belong, for the manufacture of computer systems to be supplied to a research institution only	0	5	0	13	4	20	13	3	2	4.79	3.93	5.16	4.11

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Chapter/heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST <sup>+</sup> )	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
			Basic customs duty	Special duty	CVD	Basic excise duty	SAD					e <sup>1</sup>	e <sup>2</sup>	e <sup>3</sup>	e <sup>4</sup>	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
62	200	85	4	0	5/2	18	18	4	40	8	3	4	4.86	3.83	4.88	3.66
				One set of pre-recorded cassettes accompanying books for learning languages and essential complement to such books (85.20)												
63	245	90 or AOC		0	5	0	8	4	20	13	3	4	5.05	4.37	5.56	4.51
				Life saving medical equipment including accessories and spare parts (90.19/20)												
64	249	90 or AOC		0	5	0	8	4	20	13	3	4	5.05	4.37	5.56	4.51
				Goods for Tubal occlusion specified in list 25 (90.18) such as												
				a. Trocar & cannula (9018.39)												
				b. Laproscopes (9018.90)												
				c. Scissors (8213.00)												
65	185	29,30,34,37,38, 39, 69, 84, 85, 90 or 94		10	5	0	8	4	20	13	13	2	5.11	15.67	5.16	15.51
				Medical equipment specified in list 14 & parts, such as :												
				a. Catheters (9018.50)												
				b. Dental equipment (9018.40)												
				c. Ophthalmic instruments (9018.50)												
				d. Ultrasonic dental cleaning system (9018.90)												
				e. X-Ray machinery (9022.10)												
				f. Operating tables (9402.90)												
				g. Dental X-ray machines (9022.13/21)												
				h. Dental cement and fillings (3006.40)												
66	132	Any chapter		10	5	0	15	4	30	13	13	2	3.69	14.25	3.90	14.25
				Machinery and tools specified in List 5 (8462.91, 8441.40)												
67	34	3803.30		0	5	0	8	4	30	13	3	2	5.30	4.44	5.56	4.51
				Gibberellic acid												
68	27	27.10 or 2714.90		0	2	0	15	4	30	0	0	0	5.33	1.25	5.33	1.25
				All goods for manufacturing fertilisers												



**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e')**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of							Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST+)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD	BCD, SD, CVD, ST and octroi e'	BCD, SD, CVD, ST and octroi e'					BCD, SD, CVD, ST and octroi e'	BCD, SD, CVD, ST and octroi e'	BCD, SD, CVD, ST and octroi e'	BCD, SD, CVD, ST and octroi e'	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
69	261	98.01	Fertiliser goods required for project	0	2	0	0	4	20	0	0	0	6.08	2.00	6.08	2.00			
70	19	25.03	Crude or unrefined sulphur	0	5	0	0	4	25	13	3	2	6.12	5.26	6.20	5.15			
71	56	3104.30	Potassium sulphate containing not more than 52% by weight of K <sub>2</sub> O	0	5	0	0	4	5	13	3	2	6.12	5.26	6.20	5.15			
72	53	31	Muriate of potash, for use as manure or for the production of complex fertilisers	0	5	0	0	4	30	13	3	2	6.12	5.26	6.20	5.15			
73	58	3104.90	Potassium Nitrate, in a form indicative of its use for manurial purpose	0	5	0	0	4	30	13	3	2	6.12	5.26	6.20	5.15			
74	230	Any chapter	Paris, for repair of dredgers (8905.10)	0	5	0	0	4	40	13	3	2	6.12	5.26	6.20	5.15			
75	42	29	Specified goods, for the manufacture of Enzyme Linked Immunoabsorbent Assay Kits (ELISA Kits)	0	5	18	18	4	40	13	3	7	6.15	5.69	6.46	5.22			
76	242	90.22	Linear accelerator with beam energy 15 MeV and above	0	5	13/8	13/8	4	40/20	13	3	4	6.18	5.44	6.35	5.19			
77	17	2309.90	Prawn feed	0	5	0	0	4	40	4	3	0	6.20	5.15	6.20	5.15			
78	83	41	Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid leather of all kinds, including splits and sides of the aforesaid Wood pulp (excluding rayon grade wood pulp) derived by mechanical or chemical means from any fibrous vegetable material	0	5	0	0	4	20	8	3	2	6.22	5.26	6.20	5.15			
79	84	47.01-06	Raw jute	0	5	0	0	4	5	8	3	3	6.24	5.31	6.20	5.15			
80	100	5303.10	Raw jute	0	5	0	0	4	30	4	3	2	6.30	5.25	6.20	5.15			
81	112	7101.10	Raw pearls, other than cultured pearls	0	5	0	0	4	40	4	3	2	6.30	5.25	6.20	5.15			
82	112	7103.91	Rubies, emeralds and sapphires, unset and imported uncut	0	5	0	0	4	40	4	3	2	6.30	5.25	6.20	5.15			



**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention rate when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD, SD, CVD, ST and octroi e <sup>1</sup>	BCD, SD, CVD, ST and octroi e <sup>1</sup>	BCD, SD, CVD, D and D and ST e <sup>1</sup>	BCD, SD, CVD, D and D and ST e <sup>1</sup>
94	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
35	2905.14		DL-2 aminobutanol, diethyl malonate, triethyl orthoformate, aceto butyrolactone, thymidine	0	5	18	18	4	30	4	3	2	6.58	5.34	6.46	5.22
95	251	90 or AOC	Goods specified in List 26 imported by handicapped or disabled person for his personal use, such as : a. Braille typewriters (8469.20) b. Drawing aids (9017.20) c. Micro meters, gauges (9017.30) d. Orthopaedic appliances (9021.00) e. Special clocks and watches (9105.99)	0	5	0	15	4	40	2	2	2.5	5.95	3.80	6.15	4.05
46	28,29,30 or 38		Bulk drugs used in the manufacture of life saving drugs or medicines at Sr. No.23	0	5	0	0	4	40	2	2	2.5	6.62	4.46	6.64	4.54
8	15		Edible oils or any material from which edible oil can be extracted	0	5	0	0	4	30	1.5	1.5	2	7.85	5.18	7.70	5.08
31	2809.20		Phosphoric acid for fertilisers	0	5	0	18	4	30	0	0	0	8.30	4.10	8.30	4.10
206	4911.99		Computer software and other printed matter	0	5	18/13	18/13	4	40	1	1	2	8.92	5.21	8.73	5.10
135	84 or 90		Goods specified in List 6, designed for use in the leather industry, such as: a. Drying machines (8451.21) b. Leather perforating and punching machines (8203.40) c. Milling machines (84.59) d. Hydraulic press (8462.91) e. Molding machines (8441.40)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
				5	5	0	15	4	25	13	4	2	8.74	8.94	9.05	9.05
				5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
				5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
				5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when input used as (ST <sup>+</sup> )	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD,SD	BCD,SD	BCD,SD	BCD,SD
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
			f. Band saw (8461.50)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
			g. Sewing machines (8452.21/29)	5	5	0	8	4	40	13	4	2	9.53	9.73	9.68	9.68
			h. Conveyor system (8428.20)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
			i. Dyeing machine (8451.40)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
			j. Heat transfer press (8419.50)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
			k. Injection moulding press (8477.10)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
			l. Ironing and conditioning machine (8451.30)	5	5	0	13	4	20	13	4	2	8.96	9.16	9.23	9.23
101	46	28.29,30 or 38	The life saving drugs or medicines (including diagnostic test kits) specified in list 2	0	5	0	8.0	4	30	0	0	0	9.00	4.80	9.00	4.80
102	46	28.29,30 or 38	Other life saving drugs or medicines	0	5	0	0	4		0	0	0	9.20	5.00	9.20	5.00
103	260	98.04	Life saving drugs or medicines	0	5	0	0	4	30	0	0	0	9.20	5.00	9.20	5.00
104	23	27.01	Cooking coal of ash content below 12%	3	5	0	0	4	10	4	3	0.5	9.36	8.28	9.32	8.24
105	252	9804.90	Braille watches and braille one-day clocks by post or air	0	5	0	0	4	40	0	0	2	9.38	5.10	9.20	5.00
106	51	3102.10	Urea, for use as manure	0	5	0	0	4	30	0	0	2	9.38	5.10	9.20	5.00
107	94	4901.10	Printed books (including covers for printed books) and printed manuals (including those in loose-leaf form with binder)	0	5	0	0	4	20	0	0	3	9.48	5.15	9.20	5.00
108	91	48.10	Light weight coated paper weighing upto 51 g/m <sup>2</sup> , imported by actual users for printing of magazines	5	5	0	18	4	30	8	3	3	9.57	8.60	9.96	8.86

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e.)**

S. No.	Item No. in notification	Chapter/heading, No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD, SD, CVD, ST and octroi e.)	BCD, SD, CVD, ST and octroi e.)	BCD, SD, CVD, ST and octroi e.)	BCD, SD, CVD, ST and octroi e.)	BCD, SD, CVD, ST and octroi e.)
109	82	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
		4012.10	Retreated tyres, of a kind used on aircrafts	3	5	30/13	30/13	4	40	10	3	4	9.80	8.81	9.69	8.38	
110	252	91	Braille watches and braille one-day clocks	0	5	18/8	18/8	4	40/30	0	0	2	9.99	5.15	9.78	5.03	
111	253	91	Parts and cases, of braille watches, for the manufacture of braille watches	0	5	18/8	18/8	4	40/30	0	0	2	9.99	5.15	9.78	5.03	
112	52	2808.50	Kyanite salts, in a form indicative of their use for manual purpose	0	5	18	18	4	25	0	0	0	10.00	5.05	10.00	5.05	
113	88	48.01	Newsprint, having an ash content by weight not exceeding 8%	10	0	0	0	0	20	0	0	3	10.30	10.30	10.00	10.00	
114	155	84.21	Catalytic converters	5	5	13	13	4	20	13	4	2	10.55	10.77	10.52	10.52	
115	28	2711.1 for 2714.90	All goods for purposes of power generation	10	2	0	15/10	4	10	13	4	2	11.14	11.34	11.36	11.36	
116	157	Any chapter	The following goods for manufacture of catalytic converters and their parts, namely, a) palladium; b) rhodium; c) raw substrate (ceramic); d) raw substrate (metal) e) noble metal solution (7110.20/30)	5	5	0	0	4	40	13	3	2	11.43	10.53	11.40	10.30	
117	231	28, 29, 32, 39, 70 or 90	Goods specified in List 20 (B), for manufacture of telecommunication grade FRP (13.01)	5	5	0	0	4	40	13	3	2	11.43	10.53	11.40	10.30	
118	-	47.02-04	Wood pulp (other than dissolving grade)	5	5	0	0	4	5	13	3	2	11.43	10.53	11.40	10.30	
119	-	47.06-07	Waste paper & pulp of fibres derived therefrom	5	5	0	0	4	5	13	3	2	11.43	10.53	11.40	10.30	
120	191	28.38.85 or 98	Silicon in all forms, that is, polycrystalline silicon or ingots, for the manufacture of undiffused silicon wafers (2804.61)	5	5	8	8	4	30	13	3	2	11.58	10.61	11.55	10.36	

**Table IV.2 (Contd.):  
Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST <sup>2</sup> )	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD, SD, CVD, ST and octroi e <sup>1</sup>	BCD, SD, CVD, ST and octroi e <sup>2</sup>	BCD, SD, CVD, D and ST e <sup>3</sup>	BCD, SD, CVD, D and ST e <sup>4</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
121	85	47.02	Chemical wood pulp (dissolving grade)	5	5	0	0	4	10	8	3	3	11.59	10.62	11.40	10.30
122	86	47.07	Recovered paper or paperboard	5	5	0	0	4	5	8	3	3	11.59	10.62	11.40	10.30
123	156	Any chapter	Parts of catalytic converters, for manufacture of catalytic converters	5	5	13	13	4	20	13	3	2	11.68	10.66	11.65	10.40
124	187	8471.70	Hard disk drive, floppy disk drive, compact disk read only memory (CD-ROM) drive	5	5	13	13	4	10	13	3	2	11.68	10.66	11.65	10.40
125	205	85.42	Integrated circuits of CIF value exceeding Rs.1000 per piece	5	5	18	18	4	10	13	3	2	11.78	10.71	11.74	10.44
126	217	85	Deflection components for use in colour monitors for computers (8538.10)	5	5	18	18	4	30	13	3	2	11.78	10.71	11.74	10.44
127	-	8540.40	Data/graphic display tubes	10	0	18	18	4	10	13	3	4	11.81	10.98	11.74	10.44
128	-	26.01-17	Ores & concentrates	5	5	8	8	4	5	4	3	2.5	11.83	10.64	11.55	10.36
129	-	26.18-19	Slag, dross and other waste from manufacturing of iron and steel	5	5	8	8	4	5	4	3	2.5	11.83	10.64	11.55	10.36
130	-	26.30-21	Ash & residues containing metals other than zinc or copper	5	5	8	8	4	5	4	3	2.5	11.83	10.64	11.55	10.36
131	123	72.04	Melting scrap of iron or steel (other than stainless steel or heat resisting steel), for use in electric arc furnace or induction furnace or melting in a hot blast cupola or for supply to a unit for use in electric arc furnace etc.	5	5	15	15	4	30	4	3	2	11.92	10.66	11.69	10.42

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e)**

S. No.	Item No./in notification	Chapter/heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST <sup>1</sup> )	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD, SAD and octroi e <sup>1</sup>	BCD,SD, CVD, and ST e <sup>2</sup>	BCD,SD, CVD, D and octroi e <sup>3</sup>	BCD,SD, D, CV and ST e <sup>4</sup>	BCD,SD, D, CV and ST e <sup>5</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
132	126	7204.21	Scrap of stainless steel, for the purpose of melting	5	5	15	15	4	30	4	3	2.5	11.98	10.72	11.69	10.42	
133	63	35.05	Hydroxyethyl starch, imported for use in the manufacture of plasma volume expanders	5	5	18	18	4	30	4	3	2	11.99	10.69	11.74	10.44	
134	66	37	Film of a predominantly educational character (3706.90/90)	10	5	0	0	4	25	8	8	4	12.06	16.85	11.60	16.20	
135	67	37	Microfilms, of printed books (including newspapers), music manuscripts, maps, charts, plan, drawings and designs (3505.20)	10	5	0	0	4	25	8	8	4	12.06	16.85	11.60	16.20	
136	11	1806.90	Food preparations meant for infant use	10	5	18	18	4	40	8	8	7	12.08	17.89	11.12	16.55	
137	188	8473.30	Parts (excluding populated printed circuit boards) of the machines of heading No.84.71	10	2	13	13	4	20	13	3	2	13.83	12.79	13.75	12.48	
138	-	27.14	Bitumen and asphalt	10	2	15	15	4	10	13	3	3	13.91	12.97	13.79	12.50	
139	208	85	Compact disc read only memory (CD-ROM) (8523.20)	10	2	18	18	4	40	13	3	2	13.94	12.85	13.85	12.53	
140	10	17.01	Refined sugar including white crystal sugar and raw sugar	5	5	8/0	8/0	4	40	0	0	0.5	14.67	10.07	14.60	10.02	
141	33	2825.60	Zirconium oxide or yttrium oxide, for the manufacture of raw cubic zirconia	10	5	0	18	4	30	13	3	2	14.89	13.94	15.16	14.01	
142	137	Any chapter	Blades for rotor of wind operated electricity generators, for manufacturing wind operated electricity generators (8511.90)	10	5	0	18	4	40	13	3	2	14.89	13.94	15.16	14.01	
143	250	3506.99	Adhesive epoxy	10	5	0	18	4	30	13	3	2	14.89	13.94	15.16	14.01	

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Chapter/Heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate when used as input (ST <sup>a</sup> )	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
			Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD	BCD,SD	BCD,SD	D, CV	D and D
144	240	90 or OAC	5	6	7	8	9	10	11	12	13	14	15	16	17	
		4	10	5	0	13	4	20	13	3	4	15.24	14.50	15.56	14.41	
			Parts (other than primary cells and primary batteries), for the manufacture of hearing aids including deaf aids (90.33)													
145	250	7306.90	10	5	0	15	4	30	4	3	2.5	15.40	14.25	15.40	14.25	
			Stainless steel capillary tube													
146	250	3901.10	10	5	0	25/0	4	30	13	3	2	15.45	14.51	15.60	14.45	
147	250	3902.10	10	5	0	25/0	4	30	13	3	2	15.45	14.51	15.60	14.45	
148	176	84.85 or 90	The machinery or equipment specified in list 10, required for textile industry such as:													
			a. Washing, bleaching or dyeing machines (8451.40)													
			b. Flat paper press (8462.91)													
			c. Circular knitting machines (8447.11/12)													
			d. Industrial sewing machines (8452.21/29)													
			e. Conveyors for garments (8428.20)													
			f. Roving machine for flax (8445.13)													
149	72	37.06, 8524.52/53	10	5	0	18/0	4	40/25	8	3	4	15.96	14.99	15.88	14.73	
			Films and video cassettes													
150	71	3701.20/20	10	5	8	18	4	10	8	3	4	16.06	15.01	15.99	14.75	
			Instant print film													
151	-	27.02-04	10	5	0	0	4	10	4	3	0.5	16.68	15.53	16.60	15.45	
			Lignite, peat and coke													



**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD,SD, CVD, ST and octroi e'	BCD,SD, CVD, ST and octroi e'	BCD,SD, CVD, ST and octroi e'	BCD,SD, CVD, ST and octroi e'	BCD,SD, CVD, ST and octroi e'
152	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
		28.45.10	Heavy water (deuterium oxide)	10	5	0	0	4	10	13	3	2	16.73	15.79	16.60	15.45	
153	-	47.02-04	Wood pulp (dissolving grade)	10	5	0	0	4	10	13	3	2	16.73	15.79	16.60	15.45	
154	7	1301.90	Oleopine resin	10	5	0	0	4	40	13	3	2	16.73	15.79	16.60	15.45	
155	20	25	Crude or unrefined sulphur boron ore	10	5	0	0	4	25	13	3	2	16.73	15.79	16.60	15.45	
156	-	4301-02	Fur skin of animals other than lamb (raw, tanned or dressed)	10	5	0	0	4	10	4	3	1	16.76	15.61	16.60	15.45	
157	99	51.01	Raw wool of average fibre diameter 32 microns and above	10	5	0	0	4	30	4	3	2	16.91	15.76	16.60	15.45	
158	220	87	Tricycles designed for use by crippled and disabled persons (87.13)	10	5	0	0	4	40	4	3	2	16.91	15.76	16.60	15.45	
159	-	22.07.20	Ethyl alcohol & other spirit, denatured	10	5	8	8	4	10	13	3	2	16.93	15.91	16.79	15.55	
160	21	2620.19	Ash & residues containing mainly zinc (excluding zinc dross)	10	5	8	8	4	30	13	3	2	16.93	15.91	16.79	15.55	
161	22	2620.30	Ash & residues containing mainly copper (excluding copper mill scale)	10	5	8	8	4	30	13	3	2	16.93	15.91	16.79	15.55	
162	177	Any chapter in list 10	Parts, for manufacture of the machinery/equipment specified	10	5	13.8	13.8	4	40/20	13	3	2	16.99	15.95	16.85	15.58	
163	117	71.04	Rough synthetic stones	10	5	0	0	4	40	4	3	2.5	16.99	15.84	16.60	15.45	

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD, SD, CVD, SAD and octroi e <sup>1</sup>	BCD, SD, CVD, D and octroi e <sup>1</sup>	BCD, SD, CVD, D and octroi e <sup>1</sup>	BCD, SD, CVD, D and octroi e <sup>1</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
164	81	4407.92	Willow clefts, ashwood or beech wood falling under chapter 44	10	5	0	0	4	25	13	3	6	17.00	16.47	16.60	15.45
165	64	3502.20	Isolated soya protein	10	5	18	18	4	30	8	3	0	17.02	15.67	17.02	15.67
166	184	84.85 or 90	The goods specified in List 13, for the manufacture of goods falling under heading Nos.85.41 or 85.42, such as diodes, transistor and electronic integrated circuits (9013.20, 9022.19/29)	10	5	13	13	4	20	13	3	2	17.05	15.99	16.91	15.61
167	141	84.85	Goods, for manufacture of ground power units and air jet starters, namely, diesel engines of 2-400 rpm; alternators of 400 Hz, 115/200V and 2-400 rpm; oil free dry screw compressor (8408.90)	10	5	13	13	4	20	13	3	2	17.05	15.99	16.91	15.61
168	65	37	Film strips and film slides for educational purposes (3705.90)	10	5	0	0	4	25	8	3	4	17.06	16.10	16.60	15.45
169	68	37	Exposed and developed film sheets for printing or reproduction of printed books (including covers for printed books), periodicals (including news papers), music manuscripts, maps, charts, plans, drawings and designs (3705.10)	10	5	0	0	4	25	8	3	4	17.06	16.10	16.60	15.45
170	69	37.06	Exposed cinematographic films	10	5	0	0	4	25	8	3	4	17.06	16.10	16.60	15.45
171	81	95 4504.90	Cork bottoms falling under chapter 45 or 95	10	5	18	18	4	30	13	3	1.5	17.14	15.97	17.02	15.67
172	74	3824.90	Dipping oil, pacloutrazol (culliar)	10	5	18	18	4	30	13	3	2	17.18	16.07	17.02	15.67
173	115	71.05	Ash and residues containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal	10	5	18	18	4	40	13	3	2	17.18	16.07	17.02	15.67
174	148	85.06	Button cells	10	5	18	18	4	40	13	3	2	17.18	16.07	17.02	15.67

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e')**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes					
				Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD,SD	BCD,S	BCD,S	D and D	ST
175	191	28, 38, 85 or 98	4	Undiffused silicon wafers, for the manufacture of solar cells (6815.99)	10	5	18	18	4	10	11	12	13	14	15	16	17
176	213	85 or AOC		Mono or bi polar membrane electrolyser and parts thereof (8543.30)	10	5	18	18	4	20	13	3	2	17.18	16.07	17.02	15.67
177	30	28		Radium and its salts, radioactive isotopes of iodine, phosphorus, cobalt, caesium and all chemical compounds containing such radioactive isotopes molybdenum 99 and technetium 99m isotopes, enriched uranium or uranium oxide	10	5	18	18	4	30	13	3	2	17.18	16.07	17.02	15.67
178	-	2903.15		Ethylene dichloride	10	5	18	18	4	10	13	3	2	17.18	16.07	17.02	15.67
179	-	2903.21		Chloroethylene	10	5	18	18	4	10	13	3	2	17.18	16.07	17.02	15.67
180	-	2926.10		Acrylonitrile	10	5	18	18	4	10	13	3	2	17.18	16.07	17.02	15.67
181	231	28,29,32,39,70 or 90		Goods specified in list 20 (A), for the manufacture of telecommunication grade optical fibres or optical fibre cables such as: a. Chlorine (2801.10) b. Helium (2804.29) c. Polyester tape (3907.00) d. Nylon theard/tape (5607.50) e. Polyethylene cord (5903.90) f. Silica tube/rod (7228.20)	10	5	18	18	4	30	13	3	2	17.18	16.07	17.02	15.67
182	238	90		Spare parts of hearing aids (90.33)	10	5	18	18	4	30	13	3	2	17.10	16.02	16.95	15.63
183	246	90 or AOC		Parts required for the manufacture, and spare parts required for the maintenance, of medical equipment No.90.18 to 90.21 and sub-heading Nos. 9022.12, 9022.13, 9022.14 or 9022.21 (90.33)	10	5	13	13	4	20	13	3	4	17.20	16.37	16.91	15.61
184	75	3808.90		Bio pesticides, namely, <i>Bacillus thuringiensis</i> var. <i>kurstaki</i> , <i>Bacillus thuringiensis</i> var. <i>israelensis</i> and <i>Bacillus sphaericus</i>	10	5	18	18	4	30	8	3	2	17.30	16.05	17.02	15.67

**Table IV.2 (Contd.): Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order of e<sup>1</sup>)**

S. No.	Item No. in notification	Chapter/heading No.	Description of goods	Effective rate of					Standard rate of customs duty	Rate of sales tax (ST)	Retention rate when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
				Basic customs duty	Special duty	CVD	Basic excise duty	SAD					BCD, SD, CVD, and ST and octroi e <sup>1</sup>	BCD, SD, CVD, and ST and octroi e <sup>2</sup>	BCD, SD, CVD, and ST and octroi e <sup>3</sup>	BCD, SD, CVD, and ST and octroi e <sup>4</sup>	BCD, SD, CVD, and ST and octroi e <sup>5</sup>
185	-	28.01.20	Iodine	10	5	18	18	4	10	10	8	12	13	14	15	16	17
186	-	85.41.90	Parts diodes, transistors etc.	10	5	18	18	4	10	13	3	4	17.33	16.47	17.02	15.67	
187	-	85.42	Electronic integrated circuits & microassemblies	10	5	18	18	4	10	13	3	4	17.33	16.47	17.02	15.67	
188	37	29.22	L. lysine, L. lysine mono hydrochloride, DL. methionine or methionine hydroxy. Analog	10	5	18	18	4	30	4	3	2	17.39	16.03	17.02	15.67	
189	-	29.01	A Cyclic hydrocarbons (ethylene, butane, etc.)	10	5	18	18	4	10	4	3	2	17.39	16.03	17.02	15.67	
190	-	29.02	Cyclic hydrocarbons (cyclohexene, benzene, xylenes etc.)	10	5	18	18	4	10	4	3	2	17.39	16.03	17.02	15.67	
191	120	72.01	Pig iron	10	5	15	15	4	30	4	3	2.5	17.40	16.08	16.95	15.63	
192	121	7202.60	Ferro-nickel	10	5	15	15	4	20	4	3	2.5	17.40	16.08	16.95	15.63	
193	131	Any chapter	The horological raw materials specified in List 4 (Metallic strips and sheets) such as of: a. Stainless steel (72.18-72.29) b. Copper (74.07-74.10) c. Nickel (75.05/06) d. Aluminium (76.04-76.07) e. Lead (78.03/04) f. Zinc (79.04/05) g. Tin (83.03-80.05)	10	5	15	15	4	30	4	3	2.5	17.40	16.08	16.95	15.63	
194	151	85.43.89	Complete ozone generators	10	5	18	18.13c	4	30	13	3	2	17.44	16.32	17.22	15.87	
195	70	3702.31	Colour positive and colour negative unexposed cinematographic film in jumbo rolls	10	5	18	18	4	25	8	3	4	17.57	16.43	17.02	15.67	
196	-	75	Nickel & articles thereof	10	5	15	15	4	10	4	3	4	17.67	16.35	16.95	15.63	
197	44	29.41.50 or 3004.20	Formulations or bulk drugs, namely: nilutamide, sodium fusidate, low molecular weight heparin or erythropoietin	10	5	18/15	18/15	4	30	2	2	0	18.15	15.47	18.15	15.47	

**Table IV.2 (Contd.)**  
**Tax Rates for Items subject to Effective Rate of Basic Customs Duty not Exceeding 10 Per cent and Composite Duty Rates on Imports and Domestic Products (arranged in ascending order or e<sup>1</sup>)**

S. No.	Chapter/ heading No. in notification	Description of goods	Effective rate of				Standard rate of customs duty	Rate of sales tax (ST)	Retention rate of ST when used as input (ST*)	Octroi rate	Excess of composite duty rate on imports due to customs duties and domestic trade taxes				
			Basic customs duty	Special duty	CVD	Basic excise duty					SAD	BCD, SD, CVD, SAD and octroi e <sup>1</sup>	BCD, SD, CVD, SAD and octroi e <sup>2</sup>	BCD, SD, CVD, SAD and octroi e <sup>3</sup>	BCD, SD, CVD, SAD and octroi e <sup>4</sup>
198	23,28,29,30 or 38	Veterinary drugs and other goods specified in list 1	5	6	7	8	9	10	11	12	13	14	15	16	17
199	84 or any other chapter	Vacuum tube solar collectors, concentrating solar collectors or stirling engines, for manufacture of solar energy equipment; and linear actuators for tracking systems, fresnel lenses or sun sensors, for manufacture of concentrating solar collector	10	5	0	13	4	20	0	0	2	19.08	14.39	18.95	14.35
200	49.07	Cheque forms (including blank travellers cheques)	10	5	0	0	4	20	0	0	0	19.60	15.00	19.60	15.00
201	19.01.10	Food preparation for infant use	10	5	8	8	4	10	0	0	0	20.03	15.06	20.03	15.06
202	3201	Tanning extracts of vegetable origin	10	5	8	8	4	10	0	0	0	20.03	15.06	20.03	15.06
203	17.03	Molasses from sugar refining	10	5	8	8	4	10	0	0	0.5	20.13	15.14	20.03	15.06
204	90 or 9804.90	Hearing aid appliances (9021.40)	10	5	8/0	8/0	4	40/20	0	0	4	20.63	15.65	19.81	15.03
205	39.54,56	Nylon gut falling under chapter 39.54 or 56 (5402.51)	10	5	25	25	4	30	13	4	2	20.94	15.19	20.94	15.19

Source: Prepared on the basis of information contained in Customs Tariff with New Import Policy (1998-99), and Central Excise Tariff with Manual (1998-99), Business Database Publicity Company.

Notes: 1. Conditions and lists excluded. Interested readers may refer to exemption notification No.23.

2. AOC: Any other chapter. SAD: Special additional duty. CVD: Countervailing duty. UED: Union excise duty.

Table IV.3

Range of excess of composite duty rate on imports (percentage points)		Number of Commodities with Negative, Nil and Positive Values of Excess of Composite Duty Rate on Imports									
		Based on excess of composite duty rate on imports due to customs duties and domestic trade taxes									
		e <sup>1</sup>		e <sup>2</sup>		e <sup>3</sup>		e <sup>4</sup>			
		BCD, SD, CVD, SAD and octroi		BCD, SD, CVD, ST and octroi		BCD, SD, CVD and SAD		BCD, SD, CVD and ST			
		No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2
		2	3	4	5	6	7	8	9		
Less than 0		25		3		25		1			
Less than -10		0		0		0		0			
-10 to less than -5		10		0		10		0			
-5 to less than 0		15		3		15		1			
Equal to 0		12		20		12		20			
Greater than 0		168		182		166		184			
Greater than 0 to less than 5		25		42		21		44			
5 to less than 10		49		45		53		45			
10 to less than 20		89		95		90		95			
20 and above		5		0		4		0			
ALL		205		205		205		205			

Table IV.4									
Number of Commodities with Negative, Nil and Positive Values of Excess of Composite Duty Rate on Imports									
Range of excess of composite duty rate on imports (percentage points)	Based on excess of composite duty rate on imports due to customs duties and domestic trade taxes (with BCD plus SD as 5%)								
	e <sup>1</sup>		e <sup>2</sup>		e <sup>3</sup>		e <sup>4</sup>		Serial No. of items in table IV.2
	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	
	2	3	4	5	6	7	8	9	
Less than 0	20		0		20		0		0
Less than -10	0		0		0		0		0
-10 to less than -5	8		1-3, 5-9		8		1-3, 5-9		0
-5 to less than 0	12	4, 10, 11, 13, 14, 16-19, 23-25	0		12	4, 10, 11, 13, 14, 16-19, 23-25	0		0
Equal to 0	0		0		0		0		0
Greater than 0	185		205		185		205		205
Greater than 0 to less than 5	25	12, 15, 20-22, 38, 41, 44-46, 48-57, 59-61, 104, 109	43	1-3, 5-10, 12-15, 23-25, 41, 44-46, 48-57, 59-61, 63, 64, 67, 68, 93, 95, 98, 99, 100, 102, 103, 105-108, 110-112	21	12, 15, 20-22, 38, 41, 44-46, 48-55, 59, 104, 109	41	1-3, 5-10, 13, 14, 23-25, 41, 44-46, 48-57, 59-61, 63, 64, 67, 68, 93, 95, 98, 101, 104, 109	0
5 to less than 10	66	26-37, 39, 40, 42, 43, 47, 58, 62-103, 105-108, 110, 111	67	4, 11, 16-22, 26-37, 39, 40, 42, 43, 47, 58, 62, 66, 69-92, 94, 96, 97, 99, 100, 102, 103, 105-108, 110-112	70	26-37, 39, 40, 42, 43, 47, 56-58, 60-103, 105-108, 110, 111	69	4, 11, 12, 15-22, 26-37, 39, 40, 42, 43, 47, 58, 62, 66, 69-92, 94, 96, 97, 99, 100, 102, 103, 105-108, 110-112	0
10 to less than 20	89	112-200	95	38, 65, 113-205	90	112-200, 204	95	38, 65, 113-205	0
20 and above	5	201-205	0		4	201-203, 205	0		0
<b>All.</b>	<b>205</b>		<b>205</b>		<b>205</b>		<b>205</b>		<b>205</b>

Table IV.5									
Number of Commodities with Negative, Nil and Positive Values of Excess of Composite Duty Rate on Imports									
Based on excess of composite duty rate on imports due to customs duties and domestic trade taxes (with BCD plus SD as 10%)									
Range of excess of composite duty rate on imports (percentage points)	BCD, SD, CVD, SAD and octroi e <sup>1</sup>		BCD, SD, CVD, ST and octroi e <sup>2</sup>		BCD, SD, CVD and SAD e <sup>3</sup>		BCD, SD, CVD and ST e <sup>4</sup>		Serial No. of items in table IV.2
	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	No. of items	Serial No. of items in table IV.2	
1	2	3	4	5	6	7	8	9	
Less than 0	8		0	9			0		
Less than -10	0		0	0			0		
-10 to less than -5	0		0	0			0		
-5 to less than 0	8	1-3, 5-9	0	9	1-3, 5-9, 11		0		
Equal to 0	0		0	0			0		
Greater than 0	197		205	196			205		
Greater than 0 to less than 5	12	4, 10, 11, 13, 14, 16-19, 23, 24, 38	0	11	4, 10, 13, 14, 16-19, 23, 24, 38		0		
5 to less than 10	22	12, 15, 20-22, 25, 41, 44, 45, 49-57, 59, 65, 100, 108	38	18	12, 15, 20-22, 25, 44, 45, 49-55, 65, 100, 108		39	1-3, 5-10, 13, 14, 23-25, 41, 44, 45, 49-57, 59-61, 63, 64, 67, 68, 93, 95, 98, 100, 101, 108	
10 to less than 20	158	26-37, 39, 40, 42, 43, 46-48, 58, 60-64, 66-99, 101-107, 109-200	167	163	26-37, 39-43, 46-48, 56-64, 66-99, 101-107, 109-200, 204		166	4, 11, 12, 15-22, 26-40, 42, 43, 46-48, 58, 62, 65, 66, 69-92, 94, 96, 97, 99, 102-107, 109-205	
20 and above	5	201-205	0	4	201-203, 205		0		
<b>All.</b>	<b>205</b>		<b>205</b>	<b>205</b>			<b>205</b>		