

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5076
ANSWERED ON:25.04.2003
REDUCTION OF CUSTOMS DUTY
NITISH SENGUPTA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the custom duty on a large number of items has been reduced ahead of the WTO time schedule and to levels much lower than the WTO has stipulated;
- (b) if so, whether this has not adversely affected domestic industry; and
- (c) if so, the corrective steps taken or proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & CO. AFFAIRS (SHRI GINGEE N.RAMACHANDRAN)

- (a) Peak rate of customs duty has been reduced to 25% in Budget, 2003, except for some sensitive items like agricultural commodities etc. The customs duty rates are fixed taking into account the interests of the domestic producer, user industry and the consumers. The rates in the WTO schedules are only the bound rates i.e. these are the upper limits. As such the actual rates can be lower than the WTO bound rates if the overall economic interests of the country so demand.
- (b) The reduction in import duty rates is a part of the broader policy of making the Indian industry globally competitive. Such reduction is being undertaken in a phased manner so that domestic industries are not adversely affected.
- (c) In case, there are some anti-competitive practices like dumping or there is a sudden surge in imports of particular items, the mechanisms of Anti-Dumping Duty and Safeguard Duty are available, and are used, to protect the legitimate interests of the domestic industry.