

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5195  
ANSWERED ON:29.04.2005  
CUSTOMS DUTY ON SHIPS FOR RECYCLING  
Thakkar Smt. Jayaben B.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government has received requests from the State Government of Gujrat regarding reduction of customs duty on ships for recycling/breaking;
- (b) if so, the details thereof; and
- (c) the action taken so far on these requests?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a)&(b) Yes, Sir. Union government had received a suggestion from Chief Minister of Gujrat that customs duty on ships for breaking up should be at par with that on melting scrap.

(c) The suggestion was examined as part of the budget 2005-06 proposals. Ships for breaking up attract 5% customs duty. Steel melting scrap is exempt from customs duty. Ship breaking activity gives rise primarily to re-rollable materials and hence it is considered appropriate that the customs duty on ships for breaking up is at par with the customs duty on re-rollable materials and not with the duty on steel melting scrap. Customs duty on re-rollable ferrous material is 5%. It was thus decided not to reduce the customs duty on ships for breaking up below 5%.