

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3425

ANSWERED ON:15.12.2006

REDUCTION IN CUSTOMS DUTY ON SHIPS FOR BREAKING

Barad Shri Jashubhai Dhanabhai;Gadhavi Shri Pushpdan Shambhudan;Kathiria Dr. Vallabhbhai;Pathak Shri Harin;Solanki Shri Bhupendrasinh Prabhatsinh

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

(a)Whether the present rate of customs duty levied on ship breaking for the scrap metal is higher than the duty levied on the metal scrap in neighbouring countries particularly, Bangladesh and China ;

(b) If so, whether the Union Government has received any proposal from the Government of Gujarat to reduce the customs duty on ships for breaking/ recycling; and

(c) If so, the details thereof and the decision taken thereon ?

**Answer**

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

(a) Basic customs duty on ships for breaking is 5%. As per Integrated Database of World Trade Organization (WTO), rate of customs duty on ships for breaking in Bangladesh is 1000 Bangladesh Taka per light displacement tonnage or LDT

(about 3.7% on ad valorem terms based on current prices). In Pakistan, the customs duty rate is 5%, while for China, the rate is 3%. Thus, the rate of customs duty in India for import of ships for breaking is not significantly higher than that in the neighbouring countries.

(b)&(c) Government had received a request from Government of Gujarat, seeking reduction in customs duty on ships imported for breaking-up. Taking into consideration all the relevant factors, Government has decided not to make any change in customs duty on ships imported for breaking-up.