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# Centre hikes import duty on select goods

Move aimed at curbing imports, narrowing CAD

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The government on Wednesday released a list of 19 categories of items on which it would be hiking import duties, which include white goods such as air-conditioners, refrigerators and washing machines as well as non-essential items such as gems, travel bags and aviation turbine fuel (ATF).

The new rates will be applicable from September 27.

"The Central Government has taken tariff measures, by way of increase in the basic customs duty to curb import of certain imported items," the government said in a statement. "These changes aim at narrowing the current account deficit (CAD)."

"Notifications are being issued today [Wednesday]," the statement added.

"These changes in rates of basic customs duty (BCD) will be effective from September 27, 2018. The total value of imports of these items in the year 2017-18 was about ₹86,000 crore."

## Checking forex drain

"The significant increases in customs duties of selective items which the government perceives to be non-essential imports appears to be aimed at reducing the drain of currency reserves and boost domestic demand," said Prashant Deshpande, partner, Deloitte India.

Previously, Economic Affairs Secretary Subhash Chandra Garg had said that curbing imports through tariffs would help in shoring up the rupee to 68-70 levels against the U.S. dollar. Commerce Secretary Anup Wadhawan on Tuesday said that

## Balancing Act

The total value of imports of the items in 2017-18 was about ₹86,000 crore.

Basic  
customs  
duty (%)

Items	From	To
Air conditioners	10	20
Household refrigerators	10	20
Washing machines less than 10 kg	10	20
Compressor for air conditioners and refrigerators	7.5	10
Speakers	10	15
Footwear	20	25
Radial car tyres	10	15
Non-industrial diamond (other than rough diamonds), i.e., cut and polished diamonds	5	7.5
Diamonds-semi processed, half cut or broken	5	7.5
Lab-grown diamonds	5	7.5
Cut and polished coloured gemstones	5	7.5
Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	15	20
Articles of goldsmith or silversmith wares and parts thereof of precious metal or of metal clad with precious metal	15	20
Bath, shower bath, sink, wash basin, etc. of plastic	10	15
Articles of plastic for conveyance and packing such as boxes, case, containers, bottles, insulated ware etc.	10	15
Tableware, kitchenware and other household items of plastic	10	15
Miscellaneous items of plastic such as office stationery, fitting for furniture's, decorative sheets, statuettes, beads, bangles etc.	10	15
Trunks, suitcase, executive cases, briefcases, travel bags and other bags etc.	10	15
Aviation turbine fuel	0	5

India had the right to raise import tariffs within a band under the World Trade Organisation rules, and that it would exercise this right in the best interest of the country.

"The messaging seems to be clear that if you want to access the Indian market, then start manufacturing here. The move, though significant, is not surprising with what is happening glo-

bally," said Pratik Jain, Indirect Tax Leader, PwC India.

"This increase in duty on imports with the already depreciating rupee would be quite a point of worry for the importers.

"However, this hike in duty may not impact importers who procure from countries with which India currently has beneficial free trade agreements," said Abhishek Jain, tax partner, EY.