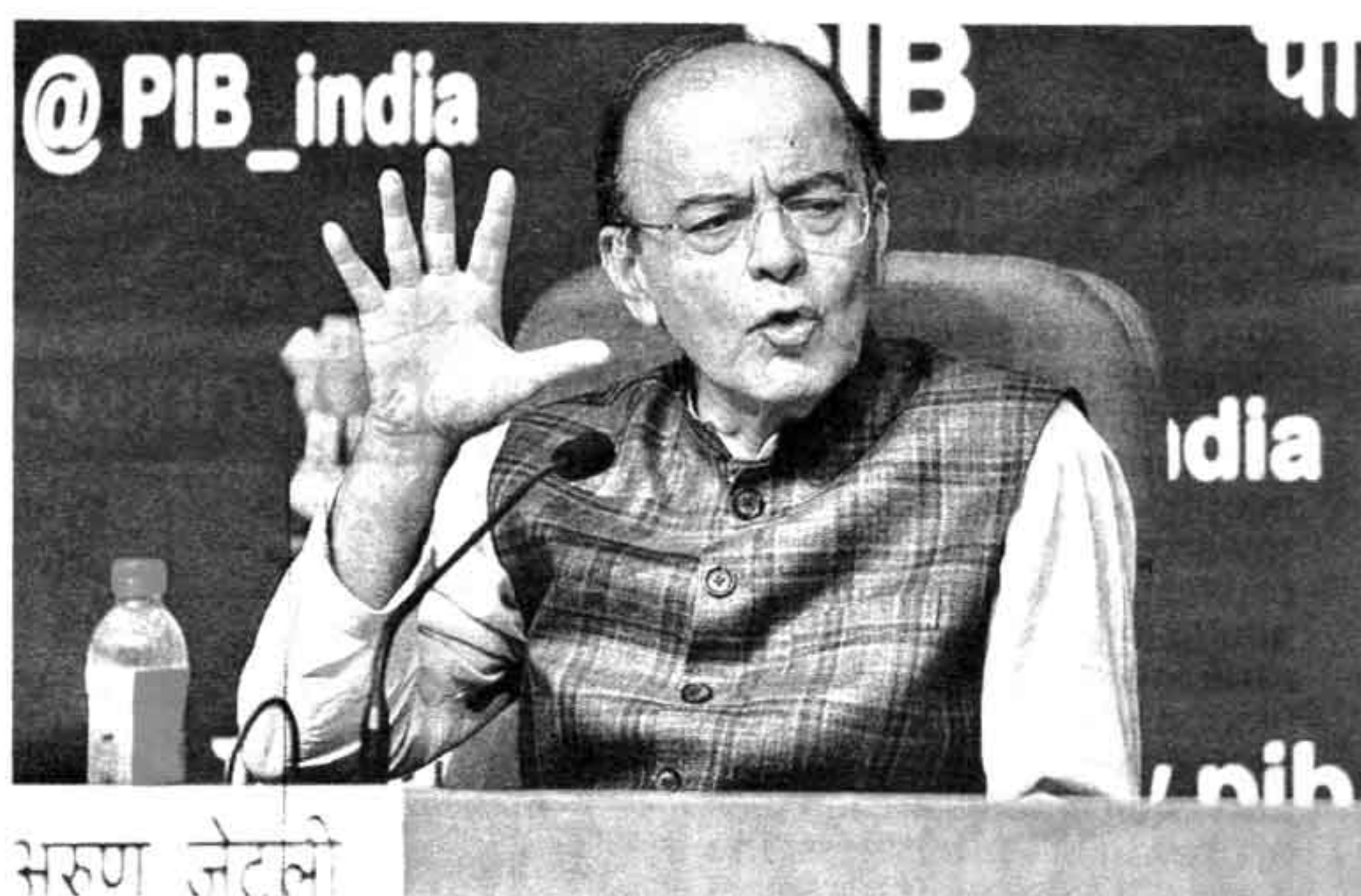


Now shell out more for imported goods

Govt hikes customs duty on 19 commodities



FIXING FOREX WOES: Finance Minister Arun Jaitley has stated that the cut in customs duties is WTO compliant.

By **Mail Today Bureau** in New Delhi

THE prices of imported goods such as ACs, refrigerators and washing machines will go up as the government on Wednesday doubled the customs duty on these items to 20 per cent.

The finance ministry announced a varying customs duty hikes on as many as 19 goods on Wednesday which also include jewellery, brief cases, travel bags and radial car tyres.

The duty hike, effective from midnight, is aimed to curb imports of non-essential goods to narrow the current account deficit at a time when crude oil prices are soaring and the rupee has plunged to historic lows vis-à-vis the US dollar.

The total import bill on account of shipment of these items into the country during the last financial year had worked out to Rs 86,000 crore, the Finance Ministry said in a statement.

The central government has taken tariff measures, by

way of increase in the basic customs duty, to curb import of certain imported items. These changes aim at narrowing the current account deficit (CAD) ... In all the customs duty has been increased on 19 items, the ministry said. The rupee which closed at 72.60 vis-a-vis the US dollar on Wednesday has now depreciated by over 12 per cent since January this year.

A high current account deficit also reduces the RBI's headroom to use the country's forex reserves to prop up the rupee.

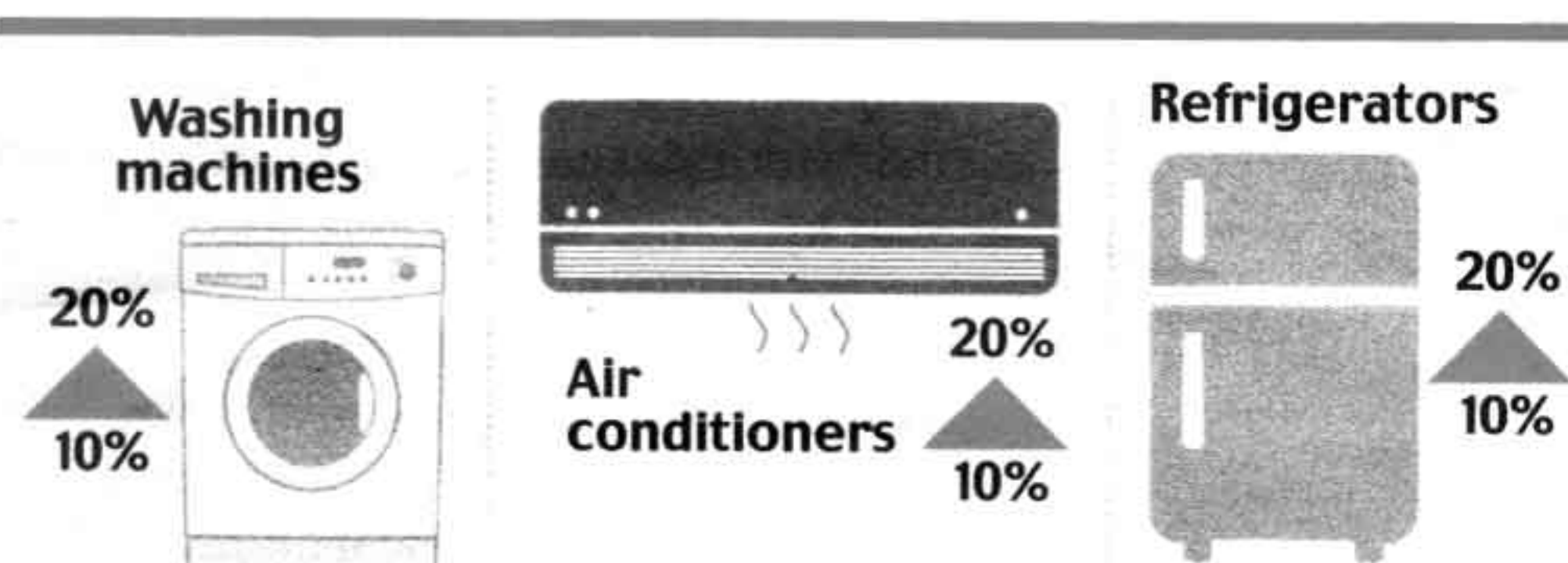
Curbing non-essential imports was part of the five-pronged steps announced by the government to check widening current account deficit and capital outflows. The CAD, the difference between inflow and outflow of foreign exchange, widened to a worrisome 2.4 per cent of GDP in the April-June quarter.

At the beginning of the financial year the government had estimated that the crude oil import bill will be around USD 108 billion (Rs 7.02 lakh crore)

at an average crude oil price of USD 65 per barrel and exchange rate of Rs 65 per dollar, a senior official said.

While the rupee has plummeted below 72 vis-a-vis the US dollar, benchmark Brent crude has now crosses the \$ 80 per barrel

Move aimed to narrow current account deficit and strengthen the rupee, which closed at 72.60



GOODS	CUSTOMS DUTY	
	EARLIER	NOW
Compressor for air conditioners and refrigerators	7.5	10*
Speakers	10	15
Footwear	20	25
Radial car tyres	10	15
Bath, shower bath, sink, wash basin, etc. of plastics	10	15
Cut and polished diamond	5	7.5
Articles of plastics for conveyance and packing such as boxes, case, containers, bottles, insulated ware etc.	10	15
Jewellery articles	15	20
Tableware, kitchenware and other household items of plastics	10	15
Miscellaneous items of plastics such as office stationery, fitting for furniture's, decorative sheets, statuettes, beads, bangles etc.	10	15
Aviation turbine fuel	0	5
Suitcases, brief cases, travel bags	10	15

(*All figures are in %)

mark. The country's crude oil bill is expected to jump by 47 per cent which will put further pressure on the CAD and weaken the rupee.

India imports over 80 per cent of its crude oil requirement and any increase in the cost of imports is passed on to consumers in the form of higher petrol, diesel and LPG prices.

The commodities of which imports will be cut down will be decided after consultations with concerned ministries and will be WTO-compliant, Finance Minister Arun Jaitley had said.

A weak rupee increases the cost of overseas travel and Indian students studying in universities abroad have also got to shell out more.