

**BUDGET 2020**

# Hike in custom duty on toys, footwear likely

**Import tax may also be increased on rubber items, paper boards**

**New Delhi:** The central government may increase customs duty on several products like paper, footwear, rubber items and toys in the forthcoming Budget with a view to promote 'Make in India' and boost manufacturing growth, sources said.

The Commerce and Industry Ministry in its Budget recommendations to the Finance Ministry has proposed rationalisation of basic customs or import duty on over 300 items from different sectors, including furniture, chemicals, rubber, coated paper and paper boards, they said.

For new pneumatic tyres of rubber, it has proposed to hike customs duty to 40 per cent from the current 10-15 per cent.

Similarly on footwear and related products, the ministry has suggested increase in duty to 35 per cent from the current 25 per cent. "There is a significant increase in imports of undervalued and cheap footwear. Hike in the duty will help address the issue



of price competition. Majority of imports are coming from ASEAN countries, with which India has a free trade agreement. It is also suspected that China is re-routing large quantities of footwear through these countries," the sources said.

The ministry has proposed to increase import duty on wooden furniture to 30 per cent from the current 20 per cent. For coated paper, paper boards and hand-made papers, it has suggested doubling the duty to 20 per cent.

However, it has asked for re-

moval of import duty on wastepaper and wood pulp, which is currently at 10 per cent and 5 per cent, respectively. The paper industry has expressed concerns about cheap imports and surge in inbound shipments.

"This has significant negative impact on coated paper manufacturing industry. Increase in duty will help domestic industry to compete with global players. It would also protect local manufacturers and ensure sustained growth of domestic paper industry," one of the sources said.