

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

UNSTARRED QUESTION NO:3616  
ANSWERED ON:16.04.2002  
INCREASE IN PRICES OF IMPORTANT PETRO CHEMICALS BY DGFT  
ANANDRAO ADSUL;GOWDAR MALLIKARJUNAPPA

**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) whether the Director General of Foreign Trade (DGFT) has stepped up the DEPB rate on important petro-chemicals by 2-3 per cent to improve capacity utilisation of the petro-chemical complexes in the Western India;
- (b) if so, whether any concrete proposals in this regard have been worked out;
- (c) if so, whether the PTA will now get five per cent DEPB against two per cent earlier;
- (d) if so, the details of the proposed new deal for petro-chemicals; and
- (e) whether any target has been set for this purpose; and
- (f) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S.B.MOOKHERJEE)

(a) to (f): The objective of Duty Entitlement Pass Book Scheme (DEPB) is to neutralize the incidence of Customs Duty on the deemed import content of the export product. The DEPB rate is not designed to improve capacity utilisation.

Since the Customs Duty applicable to the inputs covered by Standard Input Output Norms has a bearing on the calculation of the DEPB Rate, the rate is revised at the beginning of each financial year when Customs Duties are changed in the General Budget. If necessary, mid-term revision is also undertaken based on specific representations of the industry supported by the concerned Export Promotion Council/Association. The DEPB rates in respect of certain petrochemical products, namely Phthalic Acid (PTA), Linear Alkyl Benzene (LAB), Polyester Staple Fibre (PSF) amongst other items, were revised during 2001-02. In the DEPB schedule effective from 1.4.2002, the DEPB rate on PTA has been further increased by 3% on account of increase in Customs Duty from 5% to 10% on Paraxylene, the main input in the manufacture of PTA.