

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1895
ANSWERED ON:26.07.2002
SPECIAL ADDITIONAL DUTY ON IMPORT
TH. CHAOBA SINGH

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government have levied Special Additional Duty (SAD) on imports effected through DEPB licence which was hitherto exempt and was providing support to export;
- (b) If so , the reasons therefor;
- (c) Whether the tax levying is given effect from 01.04.2002;
- (d) if so, the reasons and provisions of law in this regard; and
- (e) the remedial measures taken in this regard and steps taken to restore the status quo ante as on 31.03.2002 to enable the Government to attain the export growth target?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a),(b),(c)&(d) Customs Notification No.45/2002 dated 22.04.2002, grants exemption from Special Additional Duty (SAD) on imports effected through DEPB scrips subject to debiting of the element of SAD in DEPB scrip. This provision is applicable in respect of imports made against DEPB scrips issued in terms of 2002-2007 EXIM policy. DEPB Scheme operates on the principle that on export, the exporters get DEPB credit which is utilised on import by debiting the scrip. Corresponding provision of EXIM policy also provides that credit under DEPB may be utilised for payment of Customs duty which includes SAD. Further, DEPB scrip is freely transferable and it encourages trading. Prior to 01.04.2002, exemption from SAD was available without debiting it to DEPB scrip. C&AG/PAC questioned the grant of SAD exemption without debiting it to DEPB scrip as it was causing loss of revenue and giving unintended benefit to the exporters. This loss was also pointed out in another Parliament Question. Hence, it has been decided to grant exemption from SAD subject to debiting it to DEPB scrip.

(e) For reasons mentioned above, there is no proposal to restore status quo ante as on 31.03.2002.