

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3520
ANSWERED ON:16.04.2010
IMPORT DUTY ON CAPITAL GOODS
Paranjpe Shri Anand Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether exemption duty on imported capital goods has any adverse impact on the domestic industry;
- (b) if so, the details thereof and reasons therefore;
- (c) whether Federation of Indian Chamber of Commerce and Industry (FICCI) have represented for imposition of import duty on capital goods as also as a levy equal to Central Sales Tax and Value Added Tax; and
- (d) the action proposed to be taken to protect the interest of domestic industry?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a)&(b) Capital goods are exempted from Customs duty in public interest after taking into account several factors such as domestic requirement, manufacturing capacity of the domestic industry, technological upgradation and expeditious development of new projects essential for economic development of the country. Moreover a continual review is conducted of all the exemptions to take remedial measures, wherever the domestic industry is adversely affected.

(c) Yes Sir, In the course of budgetary process for 2010-11 budget, a representation was received from Federation of Indian Chamber of Commerce and Industry (FICCI) requesting for imposition of import duty on capital goods and also for imposition of a levy equal to Central Sales Tax and Value Added Tax. However, it was not found possible to accede to the request.

(d) The issue was examined and it was felt that the prevailing duty structure appropriately balances the interests of the domestic manufacturers and user industries.