

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3590  
ANSWERED ON:16.04.2010  
CUSTOMS DUTY ON CAPITAL GOODS  
Yadav Shri Dharmendra

**Will the Minister of FINANCE be pleased to state:**

- (a) the existing duty on import of capital goods required for manufacture of fertilizer;
- (b) whether the Government has plans to levy zero per cent customs duty on such goods to increase the domestic production capacity;and
- (c) if so, the details thereof and if not the reasons therefore?

**Answer**

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

(a) All machinery, equipment, parts etc. for fertilizer projects attracts a concessional customs duty rate of 5%. This concessional rate is available to all new fertilizer units or substantial expansion of an already existing unit. Besides this, concessional rate of 5% customs duty is also available on all machinery, apparatus and appliances required for renovation and modernization of a fertilizer plant, as well as parts and raw materials of the aforesaid items. Similarly spare parts, consumable stores etc for maintenance of fertilizer plant also attract a concessional customs duty rate of 5%.

(b)&(c) There is no proposal under consideration to levy zero per cent customs duty on capital goods required for manufacture of fertilizer. All capital goods in the fertilizer sector already enjoy a concessional rate of customs duty. Any further concessions in customs duty structure may adversely affect the domestic industry.