

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3790
ANSWERED ON:27.04.2012
DUTY ON IMPORT OF RAW SILK
Vishwanath Shri Adagur H

Will the Minister of FINANCE be pleased to state:

- (a) whether import duty on raw silk has been reduced to 5 per cent from 31 per cent;
- (b) if so, give the details thereof and the reasons therefor: and
- (c) whether sericulture farms have been severely affected by this move and if so the reaction of the Government thereto?

Answer

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

(a): Yes, Madam. The basic customs duty on raw silk was reduced from 30% ad valorem to 5% ad valorem with effect from 1st March, 2011.

(b): This was done so as to augment domestic availability which falls short of domestic demand by about 10,000 MT per annum and to rectify inversion in duty structure as raw silk (raw material) attracted 30% basic customs duty while the finished goods, that is, silk yarn/fibre and fabrics attract 10% basic customs duty.

(c): The few months immediately following the reduction of basic customs duty on raw silk saw a reduction in prices of cocoon and raw silk in the domestic market. However, the prices stabilised thereafter and the market prices of cocoon and raw silk have slowly increased during the last three months. The Government is closely monitoring the volume of imports as well as the domestic prices of raw silk. Government is also providing support through the Central Silk Board under its flagship Catalytic Development Programme to improve the reeling infrastructure to stabilize the price of cocoons and raw silk.