

Reduction in Basic Custom Duty (BCD)

(Reference: Finance Minister's Union Budget 2021-22 Speech dated February 01, 2021, Pages 55-57)

B. Customs duty rate changes

1. Changes in basic customs duty for creating level playing field for the benefit of farmer, MSME and other domestic manufacturers [with effect from 02.02.2021]:

| S.No | Category | Specific Items | Rate of Duty | |
|-----------------|--|---|--------------|--------------|
| | | | From | To |
| 1. | Agricultural products and fishery sector | Cotton | 0 | 5%* |
| | | Cotton waste | Nil | 10% |
| | | Raw Silk (not thrown) and silk yarn /yarn spun from silk waste | 10% | 15% |
| | | Denatured ethyl alcohol (ethanol) for manufacture of excisable goods | 2.5% | 5% |
| | | Prawn Feed | 5% | 15% |
| | | Fish feed in pellet form | 5% | 15% |
| | | Flours, meals and pellets of fish, crustaceans, molluscs or other aquatic invertebrates | 5% | 15% |
| | | Maize Bran | Nil | 15% |
| | | De-oiled rice bran cake | Nil | 15% |
| | | 2. | Chemicals | Carbon Black |
| Bis-phenol A | Nil | | | 7.5% |
| Epichlorohydrin | 2.5% | | | 7.5% |
| 3. | Plastics | Builder's ware of plastic, not elsewhere specified or included | 10% | 15% |
| | | Polycarbonates | 5% | 7.5% |
| 4. | Leather | Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including their splits and slides | Nil | 10% |
| 5. | Gems and Jewellery | Cut and Polished Cubic Zirconia | 7.5% | 15% |
| | | Synthetic Cut and Polished Stones | 7.5% | 15% |
| 6. | Capital Goods and Machinery | Tunnel Boring Machines | Nil | 7.5% |
| | | Parts and components for manufacture of Tunnel Boring Machines | Nil | 2.5% |
| 7. | Auto Sector | Specified auto parts like ignition wiring sets, safety glass, parts of signaling equipment, etc. | 7.5%/10% | 15% |
| 8. | Metal products | Screws, Nuts, etc. | 10% | 15% |

* Also, to attract Agriculture Infrastructure and development Cess at the rate of 5%

2. Changes in Customs duty to promote value addition in the Electronics Sector [with effect from 2.2.2021, unless specified otherwise].

| S.No. | Description | From | To |
|-------|--|-------------|----------------------|
| 1. | Inputs, parts or sub-parts for manufacture of specified parts of mobile phones, including: (1) Printed Circuit Board Assembly (PCBA) (2) Camera module (3) Connectors [To apply with effect from 01.04.2021] | 0 0 0 | 2.5% 2.5% 2.5% |
| 2. | Printed Circuit Board Assembly [PCBA] and Moulded Plastic, for manufacture of charger or adapter | 10% | 15% |
| 3. | Inputs and parts [other than PCBA and moulded plastic] of mobile charger | Nil | 10% |
| 4. | Inputs, Parts and Sub-parts [other than PCBA and Li-ion Cell] for manufacture of Lithium-ion battery and battery pack [w.e.f. 01.04.2021] | 0 | 2.5% |
| 5. | Compressor of Refrigerator/Air Conditioner | 12.5% | 15% |
| 6. | Specified insulated wires and cables | 7.5% | 10% |
| 7. | Specific parts of transformer such as Bobbins, brackets, wires, etc. | Nil | Applicable Rate |
| 8. | Inputs and parts of LED lights or fixtures including LED Lamps | 5% | 10% |
| 9. | Solar Inverters | 5% | 20% |
| 10. | Solar lanterns or solar lamps | 5% | 15% |

3. Changes in Customs duty raw materials and inputs used by Domestic Manufacturers for reducing cost of inputs and correction of inverted duty structure:

| S. No. | Inputs/Raw materials (for Sector) | Specific Items | Rate of duty | |
|--------|-----------------------------------|--|--------------|------|
| | | | From | To |
| 1. | Petrochemical industry | Naphtha | 4% | 2.5% |
| 2. | Textile industry | Caprolactam | 7.5% | 5% |
| | | Nylon Chips | 7.5% | 5% |
| | | Nylon fibre and yarn | 7.5% | 5% |
| 3. | Ferrous and Non-Ferrous Metals | Iron and Steel melting scrap, including stainless steel scrap [upto 31.3.2022] | 2.5% | Nil |
| | | Primary/Semi-finished products of non-alloy steel | 10% | 7.5% |
| | | Flat products of non-alloy and alloy-steel | 10%/12.5% | 7.5% |
| | | Long products of non-alloy, stainless and alloy steel | 10% | 7.5% |

| | | | | |
|----|-------------------------|--|--------|-------|
| | | Raw materials used in manufacture of CRGO Steel | 2.5% | Nil |
| | | Copper Scrap | 5% | 2.5% |
| 6. | Aviation Sector | Components or parts, including engines, for manufacture of aircrafts by Public Sector Units of Ministry of Defence | 2.5% | 0% |
| 7. | Precious Metals | Gold and silver* | 12.5% | 7.5%* |
| | | Gold dore bar* | 11.85% | 6.9%* |
| | | Silver dore bar* | 11% | 6.1%* |
| | | Platinum, Pallidum, etc. | 12.5% | 10% |
| | | Gold/silver findings | 20% | 10% |
| | | Waste & Scrap of Precious Metals | 12.5% | 10% |
| | | Spent Catalyst or ash containing precious metals | 11.85% | 9.2% |
| | | Precious Metal Coins | 12.5% | 10% |
| 8 | Animal Husbandry | Feed additives or pre-mixes | 20% | 15% |

* Also, to attract Agriculture Infrastructure and development Cess at the rate of 2.5%

4. BCD rates has been reduced on following items with imposition of Agriculture Infrastructure and Development Cess on these so that overall consumer does not bear additional burden on most of the items. The revised rate of basic customs duty on such items shall be as follows:

| Item | Revised basic customs duty rate* |
|--|----------------------------------|
| Apple | 15% |
| Alcoholic beverages falling in Chapter 22 | 50% |
| Crude edible oil (Palm, Soyabean, sunflower) | 15% |
| Coal, lignite and peat | 1% |
| Specified fertilizers (Urea, MoP, DAP) | 0% |
| Ammonium nitrate | 2.5% |
| Peas, kabuli chana, Bengal gram, lentils | 10% |

* refer to part C for Agriculture Infrastructure and Development Cess rates on these items