



Import Duty Changes in Budget 2022

For Prelims: One station one product, One District One Product (ODOP) scheme, Import Duty.

For Mains: Impact of change in import duty of products in the Budget 2022-23 and its significance.

Why in News?

The Finance Minister introduced a host of changes in Customs duty on several items in the [Union Budget for 2022-23](#).

- This would mean that **imports become more expensive or cheaper** depending on the change in customs duties.

What are the Changes in the Import Duty?

- The **customs duty on umbrellas was doubled to 20%**, while exemptions provided on import of parts of umbrellas were withdrawn.
- Similarly, the **customs duty on single or multiple loudspeakers**, whether or not mounted in their enclosures was **hiked to 20% from 15%**.
- **Import duty was reduced for** cut and polished diamonds, asafoetida, cocoa beans, methyl alcohol and acetic acid.
- **Duty on capital goods and project imports** was rationalized by phasing out concessional rates and applying a moderate tariff of 7.5%.
 - Under **Project Import Scheme**, goods imported by a company are placed under a single tariff in the **Customs Tariff Act, 1975** to facilitate faster assessment and clearances of goods.
 - The tariff changes will come into effect from **1st May 2022**, as per the **Finance Bill 2022-23**.

What is the Reason behind increasing the Import Duty?

- **For Protecting Domestic Industries:**
 - The hike in import duty for items, such as umbrellas, are in line with the **increase in import duty on toys last year**.
 - The hike is being **done for industries** which manufacture items that do not deploy any major technology.
 - Umbrellas, for instance, are manufactured in small units spread across 10-12 districts with Kerala being the major manufacturing state.
 - The government seems to be offering protection to such industries.
- **For Popularising One Station-One Product:**
 - It also falls in line with the other Budget announcement of popularising **one station-one product to popularise local businesses** and supply chains as announced in **Budget 2022**.
 - One station-one product as a concept **aims to promote a local product from**

each stop of the Indian Railways by making the railway station of that area a promotional and sales hub for the product.

- The concept of '**One station one product**' has based itself on the successful **One District One Product (ODOP) scheme**. Based on a district's strengths, ODOP has been a transformational step towards realising the true potential of a district, fueling economic growth, generating employment and rural entrepreneurship.

How have import duty changes been made in Recent Years?

- In 2021, customs duty exemptions were given to the steel scrap industry, which has now been extended for another year.
 - It is likely to provide relief to **micro, small and medium-scale** secondary steel producers.
- Over the last five years, **import duty hikes** have been made on several occasions such as almonds, apples, and others. Other items such as **cellphone parts and solar panels** have seen the most regular hikes, with an aim to protect and nurture the domestic industry growth.
- Prior to the large-scale hikes, **India's peak customs duty – the highest of the normal rates** – on non-agriculture products had come down steeply from **150% in 1991-92** to 40% in 1997-98 and subsequently, to 20% in 2004-05 and **10% in 2007-08**.

Source: IE

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