

**Voluntary Report** – Voluntary - Public Distribution

**Date:** February 07,2020

**Report Number:** IN2020-0003

**Report Name:** 2020-21 Budget Raises Tariffs on Several Agricultural Products

**Country:** India

**Post:** New Delhi

**Report Category:** Agriculture in the Economy, Agriculture in the News, Dairy and Products, Grain and Feed, Oilseeds and Products, Sugar, Food Processing Ingredients, Tree Nuts

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**Report Highlights:**

On February 1, 2020, Finance Minister Nirmala Sitharaman presented the Government of India's (GOI) annual budget for Indian Fiscal Year (IFY) 2020/21. The GOI, with immediate effect, increased tariffs on several food and agricultural products, including dairy products, walnuts (shelled), edible vegetable oils, infant foods, and soy products.

## General information:

On February 1, 2020, the Ministry of Finance presented India's annual budget for IFY 2020/21 (April 1, 2020 to March 31, 2021). With each annual budget, the GOI has an opportunity to review the structure of import tariffs and, through its annual budget, propose and implement changes to India's Customs and Central Excise Board regulations and duty rates. This year, the GOI's Tax Research Unit issued this hyperlinked [notice](#) to India's Customs Commissioners of various tariff changes as part of the Finance Bill 2020.

**Date of Announcement:** February 1, 2020

**Date of Notification/Enforcement:** February 2, 2020

**Products effected:** cashew nuts, fruit juices, crude edible vegetable oils, refined edible vegetable oils, and soft drink concentrates

**Agency in Charge:** Government of India's Ministry of Finance

The notice and notifications can be accessed from the websites

1. <https://www.indiabudget.gov.in/customs.php>
2. <https://www.indiabudget.gov.in/doc/cen/dojstru1.pdf>

The changes below, in the Basic Custom Duty (BCD) are scheduled to enter into force with immediate effect from midnight February 1/February 2, 2020, Indian Standard time. Food and agricultural products seldom are considered for permanent changes in the tariff structure and are reviewed periodically; however, the recent announcement was solely for increases in the BCD for a number of agricultural goods; the only reduction in tariff rate was for purebred breeding horses.

**Table 1: Basic Custom Duty Changes Announced in the 2020/21 Budget**

HS Code	Product Description	Old BCD	New BCD	Total Imports in CY 2019 Jan-Nov (USD)	Imports from the United States (USD)
01012100	Pure bred breeding horses	30	0	Negligible	Negligible
0404 1010* & 0404 9090	Whey under referred HS codes	30%	40%	\$0.24 million	\$25,077
0405	Butter, ghee and butter oil	30%	40%	\$2.4 million	\$25,317
0406 9000*	Other Cheese	30%	40%	\$4.3 million	Nil
05	Pancreas falling under Chapter 5	5%	30%	Not Available (NA)	NA
0508	Coonch Shell	5%	30%	NA	NA
0601* & 0602*	Bulbs, Tubers etc or other live plants	5%	10%	\$19.8 million	\$377,413
08023200*	Walnuts, Shelled	30%	100%	\$2.14 million	Negligible

10019920*	Meslin	0%	100%	NA	NA
120910	Sugarbeet seeds	5%	30%	\$0.29 million	Nil
1511 1000	Crude Palm Oil	37.5%	44%	\$4,011 million	Nil
1517, 1518	Margarine, animal or vegetable fat	80%	100%	\$23.38 million	\$91,574
1702	Dextrose Monohydrate	20%	30%	NA	NA
1703	Molasses	10%	30%	\$1.2	\$.02
170410*	Chewing gum	30%	45%	\$1.11 million	\$22,313
180690*	Food preparations for infant use and put up for retail sale	17.5%	30%	\$47.23 million	\$ 2.6 million
190110	Preparations of Food preparations for infant use, put for retail sale	30%	50%	\$28.54 million	\$ 1,435
20041000	Preserved potatoes	30%	35%	\$ 132,177	Negligible
20081100	Peanut Butter	7.5%	30%	\$1.55 million	\$677,237
22	Sacramental wine under Chapter 22	30%	150%	NA	NA
2208	Angostura Bitter	5%	150%	NA	NA
2301 20, 2309 9032, 2309 9039	Fin fish feed	Nil	30%	\$41	\$0.5
2304	Dietary Soy fiber	15%	30%	\$2.3	\$0.3
3504	Isolated Soy protein	10%	30%	\$34.1	\$7.8

Note: \* The products under these HS codes are exempted from the social welfare charge (SWC) of 10% of the Basic Custom Duty (BCD). In addition, the SWC has also been exempted from juices under the HS categories 20091100, 20091200 and 20091900 (orange and grape fruit juices).

In addition to raising the basic duty rate, the notification also omits preferential duty rate for imports of products under the tariff rate quota. However, Ministry of Finance sources report that Tariff Rate Quota (TRQ) tariff rates on these products have been omitted from the tariff table. Reportedly, there were no applications for imports under TRQ for these products in the last few years. The imports under TRQ preferential tariffs can be reinstated if there are applicants for TRQ imports under separate notification. However, the concessional tariff rate for imports of raw sugar has been discontinued.

**Table 2: Preferential Tariff Omitted Under Tariff Rate Quota (TRQ)**

HS Code	Product Description	Old Tariffs	Preferential Tariffs Omitted	Total Imports in CY 2018 (Million USD)	Imports from the United States (Million USD)
0402 2100@	Milk and cream, not containing added sugar or sweetening	15% up to an aggregate of 10,000 MTs under TRQ; 60% out of TRQ	15% in TRQ omitted; 60% tariff for all imports	\$0.1 million	Nil
100590@	Maize	15% up to an aggregate of 500,000 MT under TRQ; 60% out of TRQ	15% on TRQ omitted; 60% tariff for all imports	15.03 million	1.94 million
1512 11#	Crude Sunflower seed or safflower seed oil under TRQ	50% up to an aggregate of 150,000 MT under TRQ; 35% out of TRQ	50% on TRQ omitted; 35% tariff for all imports	\$1,928 million	\$1.5 million
1514 19#, 1514 99#	Refined rape, colza or mustard oil	45% up to 150,000 MT under TRQ; 45% out of TRQ	45% on TRQ omitted;	\$0.67 million	\$10,756
1701	Raw sugar	Concessional 25% duty up to 300,000 MT in a financial year; 100% applicable tariff	100%	\$578 million	\$0.56 million

Note: #- TRQ tariff redundant for these products as the applicable tariff out of TRQ is at or below TRQ tariff rates.

@ - FAS/New Delhi is seeking clarification from the Ministry of Finance on the status of the TRQ tariffs on milk powder and corn.

**Attachments:**

No Attachments.