

Pre - Budget Memorandum 2026-27

Indirect Tax



American Chamber of Commerce in India

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INPUTS / SUGGESTIONS FOR PRE BUDGET-MEMORANDUM 2026-2027

CUSTOMS RELATED

Sl. No.	Area of challenge	Issue	Indirect Taxes - Customs	Recommendation
			Policy and Procedural Tax Related Aspects	
1	Amnesty Scheme for Customs	<p>Under India's Indirect Tax regime, several show cause notices are pending with the CBIC for Central Excise & Customs Duty, involving crores of duty.</p> <p>The Government has introduced amnesty schemes for Central Excise, Service Tax disputes (Sabka Vishwas), income tax disputes (Vivad se Vishwas) and Goods & Services Tax Act respectively, giving a chance to resolve past disputes.</p> <p>In order to resolve longstanding disputes and to clear up the burdened judicial pipeline and also to upgrade the law to keep up with the times, technology and international best practices Government should take steps to end long drawn disputes.</p>	<p>An amnesty scheme along the lines of Sabka Vishwas or similar schemes might be a welcome decision and may help in ending long drawn litigation under Customs. This will help people, especially small businesses, immensely in getting rid of their past baggage of disputes and move ahead with a clean slate.</p>	
2	Section 65A under the Customs Act	<p>Manufacturing and Other Operations in Warehouse Regulations (MOOWR) Scheme was introduced to allow temporary deferment of duty payable at the time of import of goods.</p> <p>Section 130 of the Finance Act, 2023 has proposed to insert new Section 65A under the Customs Act, 1962 to withdraw exemption from temporary duty deferment of IGST. As on date, the said section has not been notified.</p> <p>The amendment implies that the benefit of deferment will be limited to Customs duty only, increasing the upfront cash outflow for manufacturers at the time of import. Furthermore, the capital-intensive units that rely on the import of capital goods may face substantial accumulation of input tax credit during the initial years, leading to blockage of working capital.</p>	<p>Considering the key benefit under the scheme is the saving on account of working capital, we believe that duty deferment benefits should be continued to be made applicable on payment of IGST as well.</p>	

3	Rationalization of MOOWR, 2019 scheme	<p>MOOWR, 2019 was introduced in line with 'Make in India' objective. Procedural rationalisation/ clarification is required to provide clarity and ease of doing business.</p>	<p><u>Rationalisation of clearance procedure</u></p> <ul style="list-style-type: none"> Allow payment of customs duty on a periodic basis: Customs duty saved in relation to imported raw materials used in manufacturing the finished goods is required to be paid when the said finished goods are cleared into the DTA, resulting in delay in clearances. Accordingly, the payment of custom duty should be allowed to be made on a periodic basis as against each consignment; say fortnightly to ease the frequency of such compliance and through single TR-6 Challan <p><u>Tagging of multiple in-bond BoE to ex-bond BoE/ shipping bill:</u></p> <ul style="list-style-type: none"> Enable the functionality on Customs EDI portal for tagging the multiple in-bond BoE with single ex-bond BoE / ex-bond shipping bill for domestic clearance or to a shipping bill for export of goods resulting in from manufacturing or other operations under Section 65 in a bonded warehouse. <p><u>Policy changes</u></p> <ul style="list-style-type: none"> Allow direct transition from EOU units into MOOWR, 2019 scheme. As of now, transition requires exit from EOU scheme and then apply under MOOWR, 2019 scheme Allow RoDTEP benefit to the units working under MOOWR scheme since the non-creditable taxes are being borne by MOOWR units also.
4	Special Valuation Branch (SVB) Proceedings	<p>There are inordinate delays in finalization of SVB investigations. There are cases where investigation has been pending for multiple years and decades in some cases.</p>	<p>To ensure timely finalization of SVB investigations, a maximum time (including ceiling on the extension can be granted) should be specified within which the investigation must be finalized. There should be reasonable timelines defined up to which BoE can be provisionally assessed.</p>

			<p>Further, with regard to SVB, following initiatives to be made:</p> <ul style="list-style-type: none"> • SVB may be made as self-declaration followed by scrutiny selection in deserving cases only (case to be basis). • There can be a declaration from a foreign supplier added to provide a confirmation that the price is not influenced by the relationship. • Indian government has been taking various steps toward improving the ‘ease of doing business in India. Simplifying SVB is one such initiative.
5	Common arm's length price under Customs and Transfer Pricing for transactions between related parties	<p>Both Customs and Transfer pricing laws require taxpayer to establish arm's length principle with respect to transactions undertaken between related parties. The main objective under respective laws is to provide safeguard measures to ensure that taxable values (whether it is import value of goods or reported tax profits) are the correct values on which respective taxes are levied.</p> <p>The above objective, while established on a common platform, has diverse end-results as seen below:</p> <ul style="list-style-type: none"> • To increase Customs duty amounts, the Customs Cell would prefer to increase the import value of goods • To increase tax, the Revenue Authorities would prefer to reduce purchase price of goods <p>The diverse end-results create ambiguity in the way the taxpayer should report values under the Customs and Transfer Pricing laws.</p> <p>There are various contradicting judicial precedents which favour and contradict the use of custom valuation while establishing arm's length price under transfer pricing.</p>	<p>There are contradicting decisions which require a greater need for convergence of transfer pricing mechanism under the Customs Act and the Customs Regulations.</p> <p>There should be acceptability between the Customs authorities and Transfer pricing authorities, whereby the valuation determined by one authority is duly accepted by the other.</p>
6	Amendment of Section 28DA of the Customs Act, 1962, to remove the requirement	Currently, hundreds of crores of BGs are submitted with the Customs authorities by Industry. While the CAROTAR regulations have stipulated a timeline of 60 days for completion of verification process but the same is not being followed leading to financial hardships to importer in the nature of cost of BGs.	Section 28DA of Customs Act 1962 should be suitably amended considering the hardships being caused to the importers for the ease of doing business.

	of Bank Guarantee ('BG').	<p>Section 28DA of Customs Act 1962 inter alia provides for a basic level of due diligence on the part of an importer to satisfy himself that the claimed originating criteria have been met, and that mere submission of a Certificate of Origin may not be sufficient. Further, in case where an officer has doubt, he may seek additional information or initiate verification proceedings. Pending verification, an importer can get the goods released on submission of security/ bank guarantee amount equal to the difference between the duty provisionally assessed under Section 18 and the preferential duty claimed</p> <p>The requirement of furnishing bank guarantee under CAROTAR 2020 is causing undue hardship and financial burden to the importers.</p>	
7	Levy of demurrages also on Custom holidays	While calculating the demurrage charges holidays are also counted while there may not be any fault of the importer.	The holidays (as per Customs Act) are recommended to be kept out for calculation of penalty/ demurrage charges at port.
8	Allow benefit of AEO certification to newly incorporated companies of AEO accredited groups	<p>Presently the current scenario with eligibility to apply for AEO license, there are two conditions for grant of the license as follows:</p> <ol style="list-style-type: none"> 1. Newly incorporated companies are into existence for less than 3 FYs 2. To prove the financial solvency by submitting the audited balance sheet, compliance certificate for filing of annual account with register of Company and solvency declaration form for last three FYs. <p>The said requirement poses challenges in grant of AEO licence to existing Group Companies who have newly incorporated Companies as part of the existing group. Though, the newly incorporated companies are into existence for less than 3 FYs, but without considering the fact that such newly incorporated companies are part of well-established group, the officers deny granting them the AEO licence.</p>	<ol style="list-style-type: none"> 1. For multinational companies or the companies which have been certified as AEO or any equivalent program in any other country, should be allowed to apply for AEO. AEO certification in other countries demonstrate awareness and accountability which can be trusted subject to usual checks and balances. 2. For Indian origin company/ group Companies - if any other group company has been certified as AEO, in such case new company should also be allowed to file the application subject to usual checks and balance at the time of granting the AEO certification.
9	Clarifying grounds & circumstances	As per para 3.2.1 of AEO Circular 33/2016, there should be no show cause notice issued to applicant during last three financial years involving fraud, forgery, outright smuggling, clandestine	A guidance note/circular should be issued by the department to ensure uniform interpretation. Also, Government should

	under which AEO application would not be rejected on pre-existing litigation	<p>removal of excisable goods or cases where Tax has been collected from customers but not deposited to the Government. The above criteria create subjectivity in the assessment of AEO application.</p> <p>Further, depending on the port where the application is filed and interpretation on the same an application for AEO may be accepted or rejected if extended period is invoked. Hence, there is variance in practice depending on case to case. In several cases, wherever companies have notice invoking extended period, normally AEO application is rejected.</p>	issue a list of exclusions as to when an application cannot be rejected for pre-existing litigation.
10	Clarifying TR-6 challan is a duty payment document for availment of credit of IGST/ Compensation cess	<p>There are multiple scenarios where Customs duty are deposited only through TR-6 Challan only like de-bonding of EoU/ STP units & suo-moto payment of duty under Section 28 etc. The Circular issued by CBIC will impose significant hardships for Industries engaged in import and lead to litigations, since it has been a practice to deposit customs duty through TR6 Challan and avail ITC basis the TR6 Challan.</p> <p>Circular No. 16/2023-Cus dated 7th June 2023 issued by Central Board of Indirect Taxes and Customs states that under GST Law the BoE is a prescribed document for availing the ITC of IGST/ Compensation cess not the TR-6 challan. This has created undue hardship/challenges for the importers who have availed credit basis payment vide TR-6 Challan.</p>	A suitable clarification/ modification should be made in Circular 16/2023-Cus dated 7th June 2023 to treat TR-6 challan as an eligible duty paying document for the purpose of availing ITC.
11	Interest on payment of differential duty	Taxpayers are currently burdened with a high interest liability of 15% on differential customs duty under Section 28AA, which directly escalates the cost of imported goods. This elevated rate not only strains working capital but also affects price competitiveness.	To benefit the trade community, the current interest should be brought down to 12% from the existing 15%.
12	Export under Drawback for exports to Nepal	<p>Export under Drawback for exports to Nepal & Drawback Disbursal through LCS Raxaul (INRXLB), LCS Jogbani (INJBNB), LCS Sonauli (INSNLB) is governed by Notification No. 208/1977-Cus (NT) dtd. 01.10.77 which prescribes sanction of drawback only after receipt of export proceed i.e. only on submission of Bank Realisation certificate.</p> <p>Drawback is being granted post realization of export proceeds ("BRC") and if BRC details have been updated in Customs ICES</p>	<p>The requirement of post-shipment documents by customs officials for release of export incentives, despite the same being available on public domain must be done away with like other disbursal of drawback being happening across Customs EDI Port.</p> <p>a) Export under Drawback for exports to Nepal & Drawback Disbursal through LCS Raxaul (INRXLB), LCS Jogbani (INJBNB), LCS Sonauli (INSNLB)</p>

		<p>module. However other ports are paying drawback, post shipping bills are filed without insisting for BRC. Though exporters have realized export proceeds (BRC) and Banks have confirmed that they have updated EDPMS by uploading realization details, but even then BRC data, as per EDPMS and Customs ICES Module are not in synchronization i.e. export proceeds realized have not been updated in Customs ICES module. Consequent to this, exporters drawback is withheld since ICES module not updated.</p> <p>Exporters do not have access to both EDPMS or ICES which inhibits ability to provide proper response along with documentary proof to Customs Authority against any recovery letter, even when export proceeds have been received and updated in the system.</p>	<p>should be governed by similar procedure as exists for Exports from various Indian Ports through the Electronic Data Interchange (EDI) System. Uniform practice to be followed across all ports for sanctioning of drawback claims on basis of shipping bills alone & not insisting for BRC.</p> <p>b) Proper system integration between EDPMS & Customs ICES Module for real time reflection between both server (Benefit: Export proceeds realization uploaded by Banks in EDPMS gets reflected in Customs ICES module)</p> <p>c) Provide access to a common form of EDPMS or ICES System to exporters (Benefit: Movement of export realization within the banking and customs channel can be analysed by the exporters themselves and accordingly any non-updation can be communicated on time to avoid any such recovery letter from customs. Also, in case of any such notice, a proper reply along with details and documents in support can be presented before customs authority)</p> <p>Special dispensation for large exporters to Nepal (like AEO T1 to T3 for importers) where duty drawback is paid without insisting for submission of Bank Realisation certificate.</p>
13	Extend benefit of custom duty exemption for Asia Pacific Trade Agreement (APTA) to both Wholly Originated goods as well as Value Based Goods, in case of third-party invoicing	<p>Under Bill to ship to model, goods are being imported by an importer from countries at concessional rate of Basic Customs Duty under FTA, however commercial Invoice is raised from third country.</p> <p>Customs Circular No. 53/2020-Cus., dated 8-12-2020 issued by CBIC prescribes that benefit of concessional Basic Custom Duty will be allowed for wholly originated goods even in case of Third-Party Invoicing provided Preferential Certificates of Origin is there. This is clarified specifically with respect to Duty Free Tariff Preference Scheme for Least Developed Countries.</p> <p>However, where Bill to Ship to is effected through Asia Pacific Trade Agreement (APTA), benefit of Basic Custom Duty is being disallowed by Customs field formation as Circular only deals with</p>	<p>The benefit of custom duty exemption for APTA may be extended to both Wholly Originated goods as well as Value Based Goods, in case of 3rd party invoicing since Customs Not. No. 94/2006 specifically covers the same and by applying contents of Circular No. 53/2020 in a liberal manner.</p> <p>It is further requested that benefit of FTA's (customs exemption) should be extended in case of third-party invoicing for all FTA's & for both Wholly Obtained goods & value-based goods since there is no restriction on claiming benefit either under FTA's or Customs Exemption Notifications. The exemption under international treaties should be interpreted liberally</p>

		<p>Duty Free Tariff Preference Scheme for Least Developed Countries.</p> <p>Applying logic of Circular no 53/2020, it appears that benefit is available for wholly obtained goods in case of third-party invoicing also. As Circular explains the position of law & lays down the principle, it appears that it applies for all cases and is not restricted to least developed countries. Law position is applicable for all cases of Free Trade Agreements & liberal interpretation may be given to Circular.</p> <p>Moreover, for APTA (Not. No. 94/2006 -Cus NT dated 31-8-2006), in Notes for completing COO, it has been stated as under: --"Box 2 Goods Consigned to: Type the name, address and country of the importer. The name must be the same as the importer described in the invoice. For third party trade, the words 'To Order' may be typed.</p> <p>The use of term "Third Party Trade" means - Third Country Invoicing or where there are three parties involved". Thus, it appears to us that benefit should be available directly in terms of Governing Notification in case of 3rd Country invoicing.</p>	
14	Separate appeal to be filed against each re-assessed BOEs	<p>Section 128 of Customs Act 1962 provides that any person aggrieved by any decision or order passed under this Act by an officer of Customs may file an appeal to the Commissioner Appeals within sixty days from the date of the communication of such decision or order.</p> <p>Under Customs Act, each re-assessed bill of entry is being treated as a separate assessment order. This means if an importer is aggrieved by any assessment or re-assessment of Bill of entries then importer would be required to file separate appeal against each bill of entries assessed.</p> <p>For. e.g. A Proper officer re-assessed 100 Bill of entries by adopting a common tax position and importer is aggrieved by such re-assessment of those 100 Bill of entries, then in this case importer is required to file 100 Appeals against all 100 Bill of entries even though there is a common tax position on which</p>	<p>Option 1</p> <p>Allow filing of a single appeal to the imported before the Commissioner (Appeals) where the issue involved in BOEs is common.</p> <p>Option 2</p> <p>Customs Authorities to issue a consolidated re-assessment order covering all relevant BOEs</p>

		<p>importer is aggrieved since each re-assessed Bill of entry is a separate order under Customs Act.</p> <p>Filing appeal against each Bill of entry is not feasible since it results into increased compliance burden.</p>	
15	Suitable guidelines to be issued for filing appeal in case of refund	<p>Under the Custom laws, amendment to BOEs is permissible without filing an appeal with the authorities in cases involving payment of differential duty.</p> <p>However, following the Supreme Court judgment in <i>ITC Ltd. vs. Commissioner of Central Excise, Kolkata</i>, the Customs Department is asking to file appeal before filing refund application. This requirement has become mandatory even in cases involving apparent clerical errors in the Bill of Entry.</p> <p>Litigating each application of BoE amendment before appellate authority is adding unnecessary burden to the importers and is causing genuine hardship affecting ease of doing business.</p> <p>Additionally, current appeal rules mandate separate appeals for each Bill of Entry, even when the underlying issue is identical.</p>	<p>Suitable guidelines may be issued to field formation to apply the Supreme Court judgment in cases involving substantive merit, and not for routine amendment requests.</p> <p>Further, the appeal rules should be clarified or amended to allow importers to file a single appeal against multiple BOEs where the issue is common, thereby reducing procedural complexity.</p>
Technology Related Aspects			
16	Introduction of digitalisation in the Customs	<p>The requirement of physical submission of documents is very onerous and against the Government's initiative of making tax digital. Currently, the process of adjudication as well as litigation under customs is completely physical.</p> <p>Physical submissions of reply to Show Cause Notices ('SCN') and appeals are made before the customs authorities. The documents also require physical signing by the authorized signatories.</p> <p>A roadmap may be devised and implemented to further augment the automation drive in Customs.</p>	<p>Relevant provisions to be introduced in the customs law to file letters, appeals and other correspondence with the authorities digitally in line with the GST law.</p>
17	Introduce Online amendment of Shipping Bills	<p>Currently Post Shipment amendment is provided by Customs manually only.</p>	<p>To resolve the above issue following measures may be taken:</p>

		<p>Any amendment prior to EGM Filing (pre-shipment) gets reflected to ICEGATE, which also has effect into any export incentives.</p> <p>Manual amendment does not have any bearing on ICEGATE Systems and does not have effect on Export incentives.</p> <p>The Objective of Post Shipment Amendment is to record changes and to get it acknowledged by statutory authorities. If the changes do not get reflected in ICEGATE, then the changes have no validation and export incentives do not get ratified.</p>	<ul style="list-style-type: none"> Manual Post shipment amendment should be discontinued /discouraged. Online amendment of Shipping Bills should be introduced to facilitate faster processing of Drawback (in case of additional drawback), and IGST refunds. Post Shipment Amendment to be allowed even after filing of EGM - within a specific time frame and to be reflected in ICEGATE. <p>All post-shipment amendment mandatorily should get reflected in ICEGATE.</p>
18	Make available online balance of licenses (EPCG) to importers/ exporters	<p>Presently importer/ exporter internally maintains their license balances. However there exists no option to verify such balances from Customs website.</p> <p>There is no such archival mechanism which will help exporter / importer and statutory agencies get licence detail balances any time anywhere which can help reduce transaction costs and time.</p>	<p>Any Licences issued by DGFT should get reflected in ICEGATE and as soon as import/export happens it gets tagged along with BOE or shipping bill, as the case may be.</p> <p>A separate Licence portal should be created where copy of licences and tagged BOE /shipping bill should be visible to users and statutory agencies with balances reflected against each licences.</p> <p>Exporter/Importer will log into ICEGATE with their user ID and Password to get the desired Licence balance.</p>
19	Provide for Online processing of Refund Applications	<p>Presently importers/exporters are manually pursing their all-refund applications which is a very time taking process. This is resulting in delay in refund.</p>	<p>It is suggested that online refund module be developed and the same be also integrated with faceless e-assessment. This will simplify the refund process and will also ensure transparency & faster disposal of refunds.</p> <p>Faceless e-assessment may also cover the cases of excess payment of custom duty, resulting in refund to the importers. Few circumstances of excess payment of custom duty are as under:</p> <ul style="list-style-type: none"> Bill of entry filed in advance with payment of duty and Bill of Entry is subsequently cancelled; Short shipment of goods sought to be imported; Typographical error in filing bill of entry such as wrong price declared.

20	Maintain Centralized database for Trade Notices to be made available to importers/ exporters	<p>Presently, various Trade Notices are being issued by various Customs Commissionerate to facilitate export and import process. These Trade Notices can be viewed through web site of respective Customs Commissionerate or at times importers/exporters had to personally visit Customs house for obtaining these trade notices. This results into unnecessary procedural hassles and lacks assessment transparency.</p>	<p>It is suggested that issuance of these Trade Notices may be centralized, and a common web-based database may be maintained which is made available to importers/exporters on a real-time basis.</p> <p>This will bring greater assessment transparency & will also ensure that assessment practices across all Custom ports are uniform.</p>
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Rate Related Changes					
Sl. No.	Area of challenge	Issue	Recommendation		
1			HYDROCARBONS		
1.1	Provide Customs duty exemption on import of Liquefied Natural Gas (LNG)	<p>Import Duty (Basic Customs Duty) @ 2.5% plus Social Welfare surcharge @10% is applicable on import of Liquefied Natural Gas (LNG), the effective Customs duty comes to 2.75%.</p> <p>Import of LNG for exclusive consumption in generation of electric energy for public distribution is exempt from custom duty subject to certain conditions.</p> <p>However, other important sectors like fertilizer, LPG, CNG, PNG, and Petrochemical bears the burden of effective Custom duty @ 2.75%.</p> <p>Issue</p> <p>The Custom duty increases the landed cost of imported LNG for domestic and industrial consumers. Since the domestic production of Natural Gas is not enough to cater the increasing demand, import of LNG at large scale is required to augment supply of Natural Gas for priority sectors such as Fertilizer, CNG, LPG, PNG etc. Natural Gas is an environment friendly fuel, and it is desirable that import of LNG is exempted from custom duty to enable cost effective supply of gas to major industries like fertilizer, LPG, CNG, PNG, Petrochemical and power.</p>	<p>It is suggested that LNG Import may be exempted from payment of custom duty (present rate @ 2.5% plus SWS @10%) to provide relief to gas-based industries and domestic consumers.</p> <p>This will also promote usage of this environmental friendly fuel in industrial and domestic sectors</p>		

1.2	Exemption notification reducing Social Welfare Surcharge on MS and HSD from 10% to 3%	<p>Social Welfare Surcharge (SWS) was introduced by Finance Bill 2018 @ 10% on total Custom Duty.</p> <p>Vide an exemption notification (Notification No.12/2018-Customs dated 2nd February 2018) SWS on MS (Motor Spirit) and HSD (High Speed Diesel) was reduced to 3%.</p> <p>This exemption has been <i>rescinded</i> by the Finance Bill 2021 (Notification No.12/2021-Customs dated 1st February 2021) thereby restoring the effective rate of SWS to 10% on MS and HSD vis a vis 3% earlier.</p> <p>Total Aggregate Customs Duty on MS and HSD has a Counter Veiling Duty (CVD) component which is equivalent to excise duty (INR 19.90 per litre for MS ad Rs 15.80 per litre for HSD). A 7% increase in custom duty due to withdrawal of the said exemption notification is amounting to an additional cost of around Rs. 1.40/ Ltr. on MS and Rs.1.11/ Ltr. on HSD on all MS/ HSD imports.</p> <p>Oil marketing Companies (OMCs) are required to import MS and HSD regularly to fulfil supply demand gap to meet domestic requirement. The demand supply gap occurs due to seasonal demand variations, planned/unplanned shutdowns in domestic refineries and mismatch between marketing and refining capacities of individual marketing companies and different manufacturing and consumption points. The impact is not only restricted to imports but also percolating to purchase from domestic standalone refineries in private and public sector who regularly supply MS and HSD to OMCs.</p> <p>An increase in import duty component is providing an opportunity to the standalone refineries and the companies, having surplus products domestically, to negotiate a higher premium over and above RTPs for supply to marketing companies needing the products which is a current reality. It is also to be noted that private sector refiners who have substantial refining capacities and provide products to OMCs are guided by their own business imperatives to</p>	<p>It is requested that the exemption notification reducing Social Welfare Surcharge on MS and HSD from 10% to 3% may be restored.</p>
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		<p>price the supply to domestic marketing companies depending on the opportunities and the alternatives available.</p> <p>Due to continuously growing economy and rebound in demand post COVID, MS and HSD demand is growing and is expected to grow further. According to M/s IHS Markit, MS is expected to grow at CAGR 5% for the period upto 2030 and HSD is expected to grow at CAGR of 3.1%.</p> <p>Financial implication of the under recovery on above account though different for different Companies depending on their supply demand gaps, is significant and is not getting absorbed in market price. In HPCL case, impact due to above is likely to be in the range of Rs. 350-400 Crore since HPCL is a net buyer.</p>	
2	MINES & METALS		
2.1	Aluminium	Correct Inverted Duty Structure and Reduce Basic Custom Duty on critical raw materials for Aluminium Industry	
2.1.1	Non-Ferrous Metals	<p>There is Inverted Duty Structure on Calcined Petroleum Coke and Raw Petroleum Coke currently: In case of Calcined Petroleum Coke, import Duty is at 7.5% and Duty on finished product (Aluminium) is also 7.5%. In case of Raw Petroleum Coke, Import Duty is 10% and duty on finished product (CP Coke) is 7.5%. This increases production costs for domestic producers.</p>	<p>The inverted duty of Raw & Calcined Pet Coke to be rationalized and reduced to 2.5%</p> <p>Justification</p> <p>Aluminium industry uses Non-Fuel Grade CP Coke as a feedstock / process raw material for Aluminium production. It is not used for any fuel purpose in Aluminium industry. Also, CP Coke is a crucial raw material and constitutes 10-15% of Aluminium production costs. The import duty on Pet Coke was increased from 2.5% to 10% on 14.12.2017 to restrict import of Pet Coke for usage as fuel purpose. Inadvertently it resulted in duty increase for Non- Fuel Grade Pet Coke also. Separate HS codes has been created for Raw Pet Coke and Calcined Pet Coke for use in Aluminium industry conforming with BIS standards (IS 17049:2018).</p>
2.1.2	Aluminium Fluoride (AlF₃) (HS Code 2826 12 00)	Import Duty on Aluminium Fluoride is 7.5% and Duty on finished product (Aluminium) is 7.5% AlF ₃ is a crucial	It is recommended that the inverted duty of Aluminium Fluoride should be rationalized & reduced from 7.5% to 2.5%.

		raw material and constitutes 1.5% of Aluminium production costs.	<p>Justification</p> <p>AlF3 is a crucial raw material and constitutes ~2% of Aluminium production costs. The correction in inverted duty & reduction will not have any adverse impact on any other industry</p>
2.1.3	Green Anodes/ Pre-baked Carbon Anodes (HS Code 3801 90 00)	Import Duty on Green Anodes/ Pre-baked Carbon Anodes is 7.5% and duty on finished product (Aluminium) is 7.5%.	<p>The duty of Carbon Anodes to be rationalized & reduced from 7.5% to 2.5%.</p> <p>Justification</p> <p>The carbon anodes are used for electrolysis process of Aluminium production, and 460 kg Anode is consumed for production of one-ton Aluminium metal. With restriction of Import of CPC (0.5 MTPA) & RPC (1.4 MTPA) due to the Supreme Court orders, maximum available CPC for the Aluminium Industry is approx.1.52 MTPA. For 1 Ton of Anode, industry requires 0.93 Ton of CPC, therefore maximum permissible production of Anodes is 1.63 MTPA therefore resulting in Shortfall of 0.26 MTPA of Anodes which cannot be produced domestically due to restriction of import in CPC & RPC.</p>
2.2	Steel and other Ferrous Products		
2.2.1	Restore exemption on customs duty for Ferro Nickel	Vide notification no. 26/2022 dated 21st May 2022, Ferro Nickel (HS Code 720260) was exempted from customs duty. However, vide notification 59/2022-customs dated 18th November 2022 the exemption of customs duty on Ferro Nickel (720260) imports has been revoked.	<p>Basic Customs duty on Ferro Nickel should be exempted again and that too on a long-term basis to provide this key raw material to the industry at competitive rates.</p> <p>Justification</p> <p>Availability</p> <ul style="list-style-type: none"> • Ferro Nickel is the most important raw material for stainless steel making. • The stainless-steel industry meets the bulk of its nickel requirements through Ferro Nickel and stainless-steel scrap route as pure Nickel is very expensive. • Due to non-availability of Ferro Nickel in the country domestic stainless-steel producers are forced to import it.

			<p>This is because India is deficient in Nickel ore and therefore there is no production of Ferro Nickel within the country. There are practically no known producers of Ferro Nickel in India.</p>
2.2.2	BCD on Ferro Molybdenum (HS Code 72027000)	Molybdenum is a critical raw material for producing stainless steel. India depends on imports for molybdenum requirements and higher customs duty does not give an option if competitiveness of stainless-steel industry.	<p>Continue zero customs duty on Ferro Molybdenum (72027000).</p> <p>Justification</p> <p>Molybdenum is the most important raw material for the Moly containing grades of stainless-steel manufacturing. Moly grades of SS are used in critical applications of industries like Petrochemicals, Oil and Gas, Shipping etc. which improves resistance to corrosion. The stainless-steel industry meets the Molybdenum requirements through Ferro Molybdenum. India does not have natural resources of Molybdenum and hence we are completely import dependent.</p>
2.2.3	BCD on Ferro Nickel Molybdenum (HS Code 72029990)	Basic Customs duty on Ferro Nickel Molybdenum (72029990) to be kept at zero on a long-term basis	<p>It is recommended that Basic Customs duty on Ferro Nickel Molybdenum (72029990) to be kept at zero on a long-term basis to provide this key raw material to the industry at competitive rates.</p> <p>Justification</p> <ul style="list-style-type: none"> • Ferro Nickel Molybdenum is an excellent source for meeting the requirements of Nickel and Molybdenum for Stainless Steel manufacturing. Ferro Nickel Molybdenum contains Nickel around 35 – 40% and Molybdenum around 20%. • FeNiMo is one of most important raw material for the Moly grades of 300 series of stainless-steel manufacturing. Moly grades of SS are used in critical applications of industries like Petrochemicals, Oil and Gas, Shipping etc. which improves resistance to corrosion.
2.2.4	BCD on Steel scrap (HS Code 72044900)	Basic Customs duty on steel scrap (72044900) to be kept at zero on a long-term basis.	<p>It is recommended that Basic Customs duty on steel scrap (72044900) to be kept at zero on a long-term basis to provide this key raw material to the industry at competitive rates.</p> <p>Justification</p>

			<ul style="list-style-type: none"> Country is deficient in steel scrap generation vis-à-vis the demand from stainless steel producing units and production through electric arc furnace and induction furnace routes require scrap as the key raw material so we are dependent on scrap imports. A particular kind of scrap, Shelmo scrap is extensively used in 200 series Stainless steel production. 200 series stainless steel has extensive usage in Utensils and Kitchenware segment. Hence, usage of Shelmo as an economical competitive & sustainable alternative material plays a pivotal role for reduction of cost of end product in domestic market. <p>Environmental Benefits & sustainability: Using recycled materials like copper-bearing scrap is more environmentally friendly than extracting and processing new raw materials. Recycling reduces the energy consumption and greenhouse gas emissions associated with mining and refining copper. Incorporating recycled materials into stainless steel production aligns with sustainability goals, as it reduces the need for virgin materials and helps conserve natural resources.</p>
2.2.5	Basic Customs Duty on Graphite Electrodes (HS Code 854511)	Basic Customs Duty on Graphite Electrodes is 7.5% which makes non availability of graphite electrode at competitive rates domestically.	<p>It is recommended to reduce Basic Customs Duty on Graphite Electrodes from 7.5% to NIL.</p> <p>Justification</p> <ul style="list-style-type: none"> Graphite Electrode is an important raw material required for manufacturing of stainless steel through Electric Arc Furnace Route. 40% of India's steel production is produced through melting of Scrap and Sponge Iron and these Furnaces require Graphite Electrode as a medium for transferring electric energy and converting it into heat energy. For producing 1 MT of steel, around 3 kg of Graphite Electrode is required and there is no substitute of Graphite Electrode for manufacturing steel using the electric arc furnace route. The entire steel industry is facing a tough time due to the continuous increase in GE prices which has become a

			<p>bottleneck to the already struggling steel industry due to less demand and high input costs.</p> <ul style="list-style-type: none"> • We have good refineries in India to support business houses to produce Needle Coke in India. China has reduced its dependency on imported Needle Coke. • The domestic industry is forced to import due to price control by two domestic manufacturers and low prices internationally. But have to pay BCD at 7.5%. <p>The cost of producing Stainless Steel has steadily increased which the industry finds difficult to absorb. Small steel producers (using the EAF route) have curtailed production or close down due to a shortage in availability of Graphite Electrodes, or due to lack of viability in the cost of production. Some manufacturers are now adopting the Induction Furnace route which is comparatively polluting and should not be encouraged.</p>
2.2.6	BCD on coking coal (HS Code: 2701 19 10)	Basic levied on Cooking Coal and Pulverised Coal for Injection (PCI) to be made zero	<p>It is recommended to remove customs duty on cooking coal to provide this key raw material to the industry at competitive rates.</p> <p><i>Justification</i></p> <p>India is one of the largest steel producers and coking coal is one of the key raw materials for the steel production. India is having very thin sources of coking coal and that too limited within a region and not usable stand alone. India is dependent on the imports for its coking coal requirements and custom duty is a burden of the additional cost which is passed on to the end users. With removal of this custom duty, the cost of steel production will be on the lower side to compete with the imports and ultimately end users will be benefited from this.</p>
2.2.7	Custom Duty on Ferro Niobium (HSN 72029300)	It is to be noted that on 22nd May, 2022, exemption from import duty was given to Ferro Nickel to give relief to Steel Industry. As Ferro Niobium is the vital raw material to be used in Steel Industry thus this benefit should also be extended to Ferro Niobium.	It is recommended that customs duty on Ferro Niobium should be reduced to zero from the current rate of 5%.

2.2.8	Customs Duty on Dolomite (HSN 25181000)	Dolomite imports have been increasing consistently. Rate of custom duty on the raw materials acts as an impediment for the importers and it adversely affects the steel manufacturers in India and 'Make in India' drive.	It is recommended that customs duty on Dolomite should be reduced to zero
3	HEALTHCARE		
3.1.	High Effective Import Duties on Medical Devices Under the HSN code 9018,9019,9020,9021 and 9022	<p>The prevailing "effective customs duty" on Medical Devices stands as follows:</p> <p>Basic Customs duty: 7.5 % to 10 % Cess on BCD: 1 % Health Cess Ad Valorem: 5 % Total effective Customs duty is 13.75 % (for all HSN codes 9018, 9019, 9020 9021, 9022)</p>	<p>To provide a much-needed relief to the medical device industry, we seek the following:</p> <p>(a) reduction of customs duties (at the minimum, bring down to 2.5%) and</p> <p>(b) rollback of the additional 5% health Cess ad valorem imposed on imported medical devices.</p> <p>One area of concern within the Medical Technology sector is the high custom duties levied on medical devices and equipment. For products where the ability to substitute import is still some time away, the high customs duty should be decreased. The high customs duty (along with currency depreciation by more than 8 % and high operational/ logistic cost due to enhancement of energy cost and other inflationary trends with WPI in double digit) have adversely impacted the costs for these products in India which is derailing the government's efforts to provide affordable healthcare to masses through schemes like Ayushman Bharat program (PMJAY)and also to the other mid-income group patients- outside the PMJAY scheme- India having >60 % of Out of Pocket expenditure.</p> <p>The customs duty regime on most of the medical devices in many neighbouring countries like Nepal, Bangladesh, Sri-Lanka, Bhutan is much lower than in India, the difference in duties created could lead to the smuggling of the low-bulk-high-value devices. The result will not only be loss of revenue for the government but also the patient being treated with products which are not backed by adequate legal & service guarantees.</p>

3.2	Reduction of BCD rate on Lenscare solution, which is subservient to usage of contact lenses	<p>Contact lenses are subject to 10 percent BCD under Chapter Heading 9001 (HS code 90013000), however, Lenscare solution is subject to 20 percent BCD under Chapter Heading 3307 (HS code 33079020).</p>	<p>It is therefore recommended that Basic Customs Duty ('BCD') on Lenscare solution is reduced to 10 percent, in line with the BCD on contact lenses and spectacle lenses.</p> <p>Lenscare solution is a lens disinfectant that is used regularly by patients and is a mandatory requirement for wearing contact lenses. However, currently, it is taxed at 20 percent BCD as 'Cosmetics', even though it neither fits into the category of cosmetics nor has any cosmetic purpose. Higher customs duty has impacted contact lens consumption in India adversely and has moved customers to use spectacle lenses.</p> <p>Lenscare products being used in conjunction with the usage of contact lenses, should be taxed at the same rates as a contact lens so that a level playing field can be provided to contact lenses with spectacle lenses</p>
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