

Customs Duty on Audio Magnetic Tapes

3197. SHRI PRAFUL PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Customs duty on inputs for manufacture of Audio Magnetic Tape is 38.5 per cent whereas it is 20 per cent for imported finished products;

(b) whether Government are aware that this inverted duty structure is gross discrimination against the domestic industry resulting in closure of more than 50 per cent units in the last decade and many more are on the verge of closure;

(c) whether Government have received representations from the industry to bring down duty on inputs down to zero percent to make it competitive; and

(d) if so, what action Government propose to take to correct these anomalies and by when?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N, RAMACHANDRAN): (a) The major inputs used in the manufacture of Audio Magnetic Tapes are Polyester Films, Polyurethane Elastomer and Gamma Ferric Oxide. While the import duty on Gamma Ferric Oxide is 16.5% *ad valorem* (inclusive of surcharge), the import duty on the other inputs mentioned above is 38.5% *ad valorem* (inclusive of surcharge). The import duty on Audio Magnetic Tape is 20% *ad valorem*.

(b) to (d) Information available with the Government for 1998 and 1999 does not indicate any decline in the production of audio magnetic tapes. The Government have received representations from the industry requesting for reduction in import duty on inputs used in the manufacture of audio magnetic tapes to a level of 5% *ad valorem*. The representations will be examined as part of the Budget exercise for the year 2001-2002.