

Govt hikes import duty on textile items by up to 20%

SUBHAYAN CHAKRABORTY
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The government on Tuesday raised import duties on 328 textile products by up to 20 per cent in the fourth such instance of higher tariffs being placed on inbound goods in 2018.

India had raised basic Customs duties on 43 broad categories of goods, including electronics, in this year's Budget.

Last month, apart from announcing higher safeguard duties on solar cells imported from China and Malaysia, it had also raised import tariffs on 76 textile products, including jackets, suits and carpets, to 20 per cent.

The government has also acknowledged an official panel under the Cabinet Secretary, which will aim at reducing India's dependence on imported televisions, refrigerators and washing machines by placing further import duties on the sector. The import bill for these items amounted to nearly \$2 billion in 2017-18.

Tuesday's duty hike for products across the textile value chain is expected to give a further edge to domestic manufacturers and boost the sector, currently employing an estimated 105 million people in the country.

It is also aimed at pulling out textile exports from the doldrums they have been stuck in since October 2017. Export of the largest segment within textiles — ready-made garments — continued to drop in June, contracting by 12.34 per cent to \$13.5 billion. This was lower than the 16.62 per cent fall seen in May.

India is also mulling raising import duties on 29 items (mainly agricultural) from the United States. New Delhi's move is in "retaliation" to the US hiking tariffs on aluminium and steel.

Economies across the world have adopted protectionist measures over the past year since the United States and China began locking horns in a global trade war, involving hundreds of billions of dollars.

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UP AND UP: DUTIES ON INBOUND TRADE RISE

▶BASIC CUSTOMS DUTY ON 43 GOODS CATEGORIES ACCOUNTING FOR 22% OF IMPORTS IN 2016-17 RAISED IN LAST BUDGET

Implementation date: Feb 1

Major items covered: Mobile phones and parts, LCD TV, cut & polished diamonds

▶IMPORT DUTIES ON 76 TEXTILE, RELATED PRODUCTS WORTH \$1.8 BILLION RAISED BY UP TO 20 %

Implementation date: Jul 16

Major items covered: Textile fabrics, nonwovens, ropes & cables

▶SAFEGUARD DUTIES ON \$3.83 BILLION SOLAR CELL IMPORTS FROM CHINA, MALAYSIA PLACED

Implementation date: 30 Jul

Major items covered: Solar/ photovoltaic cells whether or not assembled in module/ panel

▶ADDITIONAL IMPORT DUTIES ON 29 HIGH-VALUE IMPORTS FROM THE US ANNOUNCED

Implementation date: 18 Sep

Major items covered: Apples, almonds and walnuts

Source : Commerce department; Central Board of Indirect Taxes and Customs

RISE OF 'PROTECTIONISM' IN WEST DISTURBING, SAYS MANMOHAN SINGH

The resurgence of "nativism and protectionism" in the West is a disturbing phenomenon and there is a need for thinking afresh while building goodwill and peace among nations, former prime minister Manmohan Singh said.

PTI



Govt hikes...

India has also been in the line of fire of developed nations at the World Trade Organization (WTO) for its protectionist moves in this backdrop.

According to a report released by the WTO in July, India has been shown to have implemented the highest number of measures that are widely considered to be "trade restricting".

Between mid-October 2017 and mid-May 2018, India led the pack among G-20 nations in imposing tariff increases, stricter Customs procedures, and imposing taxes and export duties. The report shows it

initiated restrictive measures on 16 separate occasions while China and the US each took two similar measures.

India has been under pressure to discontinue incentives for direct exports to the textile sector, so such policy measures aimed at supporting domestic manufacturing will only get more frequent in the future, a senior textile ministry official said.

Curbing imports

The latest move is also expected to reduce the surge in imports of textile products, which grew by 16 per cent in 2017-18.

"A substantial drop in the import duty was observed after implementation of the

GST which has encouraged cheaper imports. Tuesday's decision does not positively impact the issue of imports from Bangladesh where there is a full exemption of basic customs duty and hence Chinese fabric is easily coming to India duty-free through Bangladesh in the form of garments," said Sanjay Jain, chairman, Confederation of Indian Textile Industries.

Imports of apparel from Bangladesh have increased 44 per cent from \$140 million in 2016-17 to \$201 million in 2017-18, he added.

On the other hand, imports of textile yarn, fabric, and made-up articles grew by 8.58 per cent to \$168.64 million in June.