

Voluntary Report – Voluntary - Public Distribution

Date: September 23, 2021

Report Number: IN2021-0113

Report Name: India Raises Basic Import Duty on US-Origin Lentils

Country: India

Post: New Delhi

Report Category: Trade Policy Monitoring, Export Accomplishments - Border Facilitation, Agricultural Situation, Agriculture in the Economy, Policy and Program Announcements, Agriculture in the News, FAIRS Subject Report, MISC-Commodity, SP1 - Expand International Marketing Opportunities, SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports, Grain and Feed

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Report Highlights:

On September 17, 2021, India's Ministry of Finance issued Notification No. 44/2021-Customs. The basic import duty on U.S.-origin lentils is increased from 10 percent to 20 percent. India's Agriculture Infrastructure Development Cess (AIDC), levied on imported foreign-origin (including U.S.-origin) lentils at the rate of 10 percent and the Social Welfare Surcharge (SWS) of 10 percent applied on the total duties (the basic duty plus the AIDC), remains unchanged. With this current amendment, the total effective import duty that includes the revised higher basic import duty on U.S.-origin lentils is now 33 percent. Notification No. 44/2021-Customs corrects the earlier disconnect arising between Notification No. 38/2021-Customs (July 26, 2021) (published in the official gazette) and ministerial testimony before the parliament on July 26, 2021.

GENERAL INFORMATION

On September 17, 2021, India's [Ministry of Finance](#) issued [Notification No. 44/2021-Customs](#) (see, Appendix I). The basic import duty on U.S.-origin lentils is increased from 10 percent to 20 percent.¹ India's Agriculture Infrastructure Development Cess (AIDC), levied on imported foreign-origin (including U.S.-origin) lentils at the rate of 10 percent, and the Social Welfare Surcharge (SWS) of 10 percent applied on the total duties (the basic import duty plus the AIDC), remains unchanged.² With this current amendment, the total effective import duty (that includes the revised higher basic import duty) on U.S.-origin lentils is now 33 percent.

This notification corrects the earlier disconnect arising between [Notification No. 38/2021-Customs \(July 26, 2021\)](#) (published in the Gazette of India) and ministerial testimony before the parliament on July 26, 2021 (see, Appendix II and III).

Why the Disconnect

On July 26, 2021, India's [Ministry of Finance](#) had issued [Notification No. 38/2021-Customs](#), which communicated that India lowered the basic import duty on lentils from 10 percent to zero percent for all origins, except for U.S.-origin lentils. The basic import duty on U.S.-origin lentils, however, was reduced from 30 percent to 10 percent. India's ADIC, levied on imported foreign-origin lentils, was lowered from 20 percent to 10 percent. India's SWS of 10 percent, applied on the total duties (the basic duty plus the ADIC), remained unchanged (see, [GAIN-INDIA \(IN2021-0089\) India Lowers Tariff Duty on Lentils – HS Code 0713.40.00](#)).

India's Minister of Finance Smt Nirmala Sitharaman's at the July 26, 2021, hearings on the floor of *Rajya Sabha* ([Upper House of the Parliament of India](#)) submitted [Notification No. 38/2021-Customs](#)³ indicated that the basic import duty on U.S.-origin lentils was being reduced from 30 percent to 20 percent. The minister's testimony contrasted with the notification of the same number and date, published by the Ministry of Finance in the official gazette, which indicated a 10 percent basic import duty as being applicable to U.S.-origin lentils.

Both the notification and the minister's testimony have the full weight of law. The disconnect between what was published in the official gazette and raised at parliament has caused confusion among traders. Notification No. 44/2021-Customs rectifies the situation, setting the basic import duty on U.S.-origin lentils at 20 percent.

Details of the Notification

Date of Announcement: September 17, 2021

Date of Enforcement: September 17, 2021

Products Effected: Lentils, Harmonized Tariff System (HS) Code 0713.40.00

Agency in Charge: Government of India, Ministry of Finance

The full text of the notification is accessible on the Ministry of Finance's website located at: <https://www.cbic.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-tarr2021/cs44-2021.pdf>.

¹ The revised basic import duty of 20 percent is the retaliatory tariff imposed by the Indian government on U.S.-origin lentils dating back to June 2019. The duty is imposed in retaliation to U.S. duties placed on India-origin steel and aluminum.

² A cess is a tax on tax that is imposed/levied by the central government for a specific purpose. In India's case it is for boosting agricultural infrastructure development to increase domestic production of key commodities. Cess is the shorten form of "assess." The Indian government is empowered to raise revenue through levies, including taxes (direct and indirect), surcharges, fees, and cesses.

³ Upon landing on the List of Business page, for session 254 (19 July 2021 to 13 August 2021), click on the months/date [26s](#) icon to open the file S260721.pdf, (Papers to be Laid on the Table – Notification No.38/2021-Customs).

**APPENDIX I - GOVERNMENT OF INDIA, MINISTRY OF FINANCE NOTIFICATION NO.44/2021 -
CUSTOMS (SEPTEMBER 17, 2021)**

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,

SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Revenue)

Notification No. 44/2021- Customs

New Delhi, the 17th September, 2021

G.S.R..... (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3, of Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), vide number G.S.R. 785(E)., dated the 30th June, 2017, namely,-

In the said notification, in the Table, against S. No. 21F, in column (4), for the entry, the entry "20%", shall be substituted.

[F. No CBIC-190354/126/2021-TRU]

(Rajeev Ranjan)

Under Secretary to the Government of India

Note: - The principal notification No.50/2017-Customs, dated the 30th day of June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E)., dated the 30th day of June, 2017, and last amended vide notification No. 42/2021-Customs, dated the 10th day of September, 2021 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 624(E)., dated the 10th day of September, 2021

APPENDIX II: INDIA MINISTRY OF FINANCE NOTIFICATION ON DUTY REDUCTION ON LENTILS

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification No. 38/2021-Customs

New Delhi, the 26th of July, 2021

G.S.R. (E)...- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby amends the following notifications of the Government of India in the Ministry of Finance (Department of Revenue) specified in column (2) of the Table below, to the extent specified in the corresponding entries in column (3) of the said Table, namely: -

Table

S. No. (1)	Notification No. and Date (2)	Amendments (3)
1.	50/2017- Customs, dated the 30 th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30 th June, 2017	In the said notification, in the Table- (i) against S. No. 21D, in column (4), for the entry, the entry "Nil" shall be substituted; (ii) against S. No. 21F, in column (4), for the entry, the entry "10%" shall be substituted;
2.	11/2021-Customs, dated the 1 st February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 69(E), dated the 1 st February, 2021	In the said notification, in the Table- against S. No. 5, in column (4), for the entry, the entry "10%" shall be substituted;

2. This notification shall come into effect on 27th July, 2021.

[F. No CBIC-190354/126/2021-TRU]

APPENDIX III: INDIA FINANCE MINISTER NOTE ON LENTIL DUTY CHANGE SUBMITTED ON THE FLOOR OF RAJYA SABHA ON JULY 26, 2021

RAJYA SABHA

SUPPLEMENTARY LIST OF BUSINESS

Monday, July 26, 2021

AT 12 NOON

PAPERS TO BE LAID ON THE TABLE

SHRIMATI NIRMALA SITHARAMAN to lay on the Table, under Section 159 of the Customs Act, 1962, a copy (in English and Hindi) of the Ministry of Finance (Department of Revenue) Notification No. 38/2021-Customs, dated the 26th July, 2021, along with an Explanatory Memorandum thereon, seeking to amend —

- (1) Notification No. 50/2017-Customs dated 30th June, 2017, to reduce the basic customs duty :-
 - (i) From 10% to Nil on Lentils (Masur) [HS 0713 40 00] originated in or exported from countries other than USA; and
 - (ii) From 30% to 20% on Lentils (Masur) [HS 0713 40 00] originating in or exported from USA.

(2) Notification No. 11/2021-Customs, dated the 1st February, 2021, to reduce the Agriculture Infrastructure Development Cess on Lentils (Masur) [HS 0713 40 00] from present rate of 20% to 10%.

NEW DELHI;
July 26, 2021

DESH DEEPAK VERMA,
Secretary-General.

Attachments:

No Attachments.