

**Voluntary Report** – Voluntary - Public Distribution

**Date:** February 17, 2022

**Report Number:** IN2022-0015

**Report Name:** Tariff on Lentils Lowered- Imports of Mung Beans Restricted

**Country:** India

**Post:** New Delhi

**Report Category:** Grain and Feed, Trade Policy Monitoring, Policy and Program Announcements, Agricultural Situation, Agriculture in the Economy, Agriculture in the News

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**Report Highlights:**

On February 12, 2022, India's Ministry of Finance notified that it is removing the 10 percent Agriculture Infrastructure Development Cess/tax (AIDC) on imports of lentils (HS 0713 40 00) with effect from February 13, 2022, through September 30, 2022. Consequently, the effective total import duty on lentils from all origins except the United States has been lowered to zero. As for U.S. origin lentils, the import duty has been lowered from 33 percent to 22 percent after accounting for the existing basic duty and social welfare surcharge. In addition, on February 11, 2022, the Ministry of Commerce and Industry notified a policy change of moving imports of Moong beans (Vigna Radiata) from the freely importable category to the restricted category with immediate effect.

## General Information:

### Tariff on Lentils Lowered

Date of Announcement: February 12, 2022

Date of Enforcement: February 13, 2022 to September 30, 2022

Products effected: Lentils (HS Code 0713 40 00)

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

On February 12, 2022, the Ministry of Finance issued a [custom notification 16/2022-Customs](#) (see Appendix 1) lowering the agriculture infrastructure development cess (AIDC) on lentils from 10 percent to zero for all origins. Consequently, total effective import duty on lentils from all origins except the United States has been lowered to zero. The total effective import duty on lentils from the United States has been lowered from 33 percent to 22 percent after accounting for the 20 percent basic duty (retaliatory tariff)<sup>1</sup> and social welfare surcharge. The duty change has come into force with from midnight of February 13, 2022, Indian Standard time and will be effective till September 30, 2022.

**Table 1: India, Import Duty Rates, Lentils (HS 0713.40.00), All Origins vs. U.S.-Origin**

	<b>OLD RATE</b> (All Origins, Excludes U.S.)	<b>NEW RATE</b> (All Origins, Excludes U.S.)		<b>OLD RATE</b> (Applicable to U.S.)	<b>NEW RATE</b> (Applicable to U.S.)
Basic Duty	0%	0%		20% <sup>/1</sup>	20% <sup>/1</sup>
ADIC (Cess)	10%	0%		10%	0%
Total Duty (Basic Duty + ADIC)	10%	0%		30%	20%
Social Welfare Surcharge	10%	10%		10%	10%
<b>Total Effective Duty</b>	<b>11%</b>	<b>0%</b>		<b>33%</b>	<b>22%</b>

Note: /1 : Basic duty for US includes 20% retaliatory tariff

The total effective duty is calculated ((total duty \* SWS) + total duty).

Source: Ministry of Finance, FAS New Delhi office research.

Earlier on July 26, 2021, Government of India vide Ministry of Finance notification (No 38/2021-Customs) lowered the basic import duty on lentils from 10 percent to zero percent for all origins, except for U.S.-origin lentils and agriculture infrastructure development cess (AIDC) from 20 percent to 10 percent from all origins.

<sup>1</sup> The Indian government imposed a 20 percent differential basic import duty on U.S.-origin lentils as part of the 2019 package of retaliatory tariffs.

India's Social Welfare Surcharge of 10 percent is applied on the total duties (the basic duty plus the AIDC) (see, GAIN-INDIA [IN2021-0089](#)). On September 17, 2021, the Ministry of Finance vide a notification (No 44/2021-Customs) clarified that the basic import duty on U.S. lentils is 20 percent.

### **Mung Beans (Green Gram) Imports Restricted**

Date of Announcement: February 11, 2022

Date of Enforcement: February 11, 2022

Products effected: Moong Beans (Beans of species *Vigna Radiata* (L) Wilzcek) HS Code 0713 3190).

Agency in Charge: Government of India's Ministry of Commerce and Industry

On February 11, 2022, the Department of Commerce, Ministry of Commerce and Industry issued a notification (S.O. 624 E) (see Appendix 2) moving green gram from free import policy list to restricted list with immediate effect. With the policy change, imports of mung beans are effectively restricted till further notice. Market sources report that mung beans import consignments with bill of lading before February 11, 2022, will be allowed to be cleared on arrival at Indian Port.

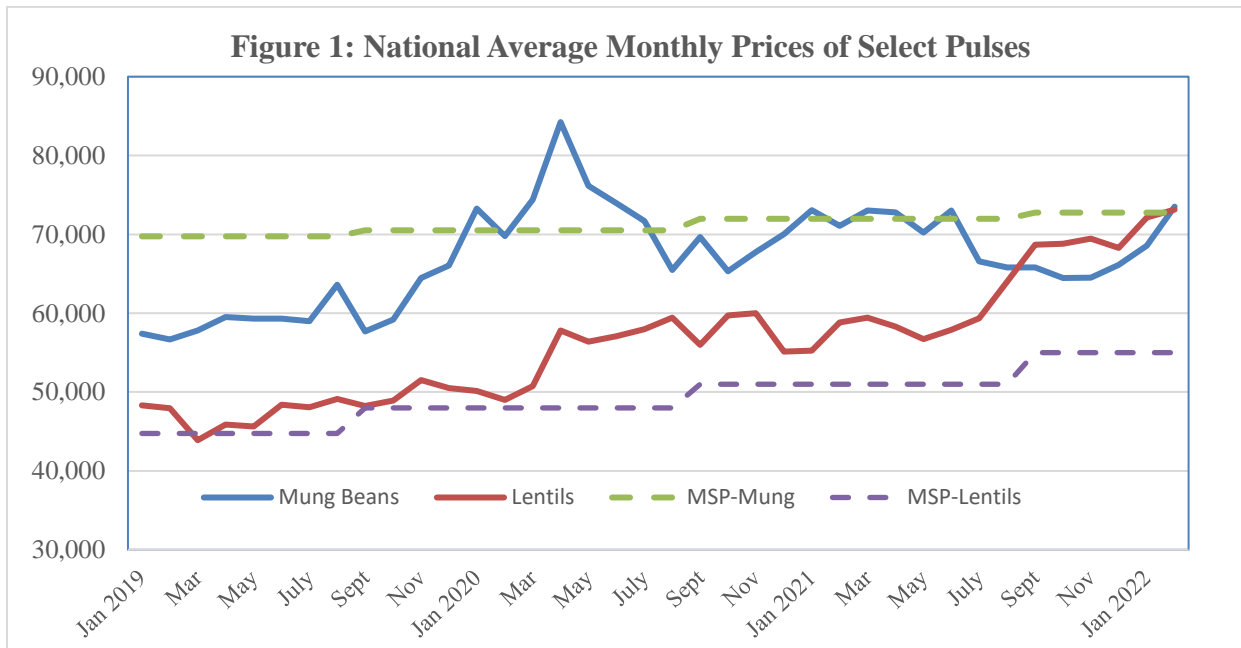
Earlier on May 15, 2021, the Ministry of Commerce and Industry issued a notification S.O. 1858 (E) amended the import policy for select pulses (pigeon peas, mung beans and black gram lentil/*urad*) from restricted list to free list allowing unrestricted import of these items with the bill of lading issued on or before October 31, 2021, and cleared by the customs before November 30, 2021 (See [GAIN-INDIA \(IN2021-0069\)](#)). Further on December 20, 2021, Ministry of Commerce and Industry extended the free import policy for mung beans for imports against bill of lading up to March 31, 2022 and cleared at Indian port latest by June 30, 2022. Imports of Pigeon peas and black gram lentil was moved to the restricted list after October 31, 2021.

With the latest notification, India has restricted import of mung beans, pigeon peas, black gram lentils and peas (yellow, green and Dunn peas), with imports limited to a specified import quota for the Indian fiscal year (IFY April/March) determined by the Government of India (GOI) at the beginning of each fiscal year (April-March) and imports against bilateral trade agreements with select countries.

### **Post Comments**

#### Lentil Duty Reduced on Rising Price Concerns

Market sources report that the Government of India's decision of lowering the import duty on lentils is to lower prices by augmenting domestic supplies. Despite the government lowering tariffs in July 2021, price of lentils has continued to increase on higher freight cost and international trade logistics challenges. Reports of expected lower harvest prospects of the upcoming local crop (harvested in March) has further fueled domestic prices.



Source: Agricultural Marketing Information Network, Ministry of Agriculture, GOI.

Average spot prices of lentils in January 2022 had escalated to nearly 25 percent above the prices in January 2021; and more importantly more than 31 percent higher than the government’s minimum support price (MSP) for crop year 2021/22 (INR 55,000/\$743 per MT). The duty reduction will support imports at lower prices to augment domestic supplies. Since the local winter planted (*rabi* season) lentil crop is on ground ready to be harvested in the next few weeks and local prices are well above the MSP, slightly lower prices during next few months are unlikely to adversely affect farmers income or planting decision for the next crop.

### Relatively Weak Mung Bean Prices Result in Import Restriction

On the other hand, relatively weak domestic prices of mung beans have led to government imposing restrictions on imports of mung beans. Mung beans prices have ruled below government MSP since imports of the three select pulses were allowed in May 2021. Market sources report steady imports of mung beans from neighboring African and Asian origins with lower logistical challenges compared to lentils.

# Appendix 1: Ministry of Finance Custom Notification (16/2022) dated February 12, 2022

[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. 16/2022-Customs

New Delhi, the 12<sup>th</sup> February, 2022

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.	48/2021-Customs, dated the 13 <sup>th</sup> October, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), <i>vide</i> number G.S.R. 733(E), dated the 13 <sup>th</sup> October, 2021	In the said notification, in paragraph 2, for the figures, letters and word "31 <sup>st</sup> March, 2022", the figures, letters and word "30 <sup>th</sup> September, 2022" shall be substituted;								
2.	49/2021-Customs, dated the 13 <sup>th</sup> October, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), <i>vide</i> number G.S.R. 734(E), dated the 13 <sup>th</sup> October, 2021	In the said notification, I. in the Table, (i) against S. No. 2, for the entry in column (4), the entry "5%" shall be substituted; (ii) after S. No. 3 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: - <table border="1" data-bbox="906 1136 1218 1226"> <thead> <tr> <th>(1)</th> <th>(2)</th> <th>(3)</th> <th>(4)</th> </tr> </thead> <tbody> <tr> <td>"4.</td> <td>0713 40 00</td> <td>Lentil (Mosur)</td> <td>Nil";</td> </tr> </tbody> </table> II. in paragraph 2, for the figures, letters and word "31 <sup>st</sup> March, 2022", the figures, letters and word "30 <sup>th</sup> September, 2022" shall be substituted;	(1)	(2)	(3)	(4)	"4.	0713 40 00	Lentil (Mosur)	Nil";
(1)	(2)	(3)	(4)							
"4.	0713 40 00	Lentil (Mosur)	Nil";							

2. This notification shall come into force on the 13<sup>th</sup> February, 2022.

[F. No. CBIC-190354/34/2022-TO(TRU-I)]

(Vikram Vijay Wanere)

Under Secretary to the Government of India

**Note:**

1. The principal notification No. 48/2021-Customs, dated the 13<sup>th</sup> October, 2021, was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 733(E), dated the 13<sup>th</sup> October, 2021, and was last amended *vide* notification No. 53/2021-Customs, dated the 20<sup>th</sup> December, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 869(E), dated the 20<sup>th</sup> December, 2021.

2. The principal notification No. 49/2021-Customs, dated the 13<sup>th</sup> October, 2021, was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 734(E), dated the 13<sup>th</sup> October, 2021.

## Appendix 2: Ministry of Commerce and Industry Notification dated February 11, 2022

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THE GAZETTE OF INDIA : EXTRAORDINARY

[PART II—SEC. 3(ii)]

अधिसूचना का प्रभाव : मूंग के लिए आयात नीति को तत्काल प्रभाव से संशोधित कर 'मुक्त' से 'प्रतिबंधित' किया गया है।  
इसे वाणिज्य एवं उद्योग मंत्री के अनुमोदन से जारी किया जाता है।

[फा. सं. 14/1/2021-ईपी (एग्री-III)]

दिवाकर नाथ मिश्रा, संयुक्त सचिव

### MINISTRY OF COMMERCE AND INDUSTRY

(Department of Commerce)

#### NOTIFICATION

New Delhi, the 11th February, 2022

**S.O. 624(E).**—In exercise of powers conferred by section 3 read with section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), read with paragraphs 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby amends the the Department of Commerce Notification S.O. 5317(E) dated 20.12.2021 as under:-

Exim Code	Item Description	Existing Import Policy	Existing Policy Condition	Revised Import policy	Revised Policy Condition
07133190	Moong [Beans of the SPP Vigna Radiata (L.) Wilczek]	Free	Import of the item, Bill of Lading should be issued on or before 31.03.2022 and import of such consignment shall need to be cleared from Customs on or before 30.06.2022.	Restricted	---

**Effect of the Notification:** Import policy for Moong is revised from “Free” to “Restricted” with immediate effect.

This issues with the approval of Minister of Commerce & Industry.

[F. No. 14/1/2021-EP (Agri-III)]

DIWAKAR NATH MISRA, Jt. Secy.

### Attachments:

No Attachments.