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November 23, 2021

Shri. G.D. Lohani
Joint Secretary (TRU-1)
CBIC

Subject: MAIT's Recommendations for the Union Budget 2022-23 for Indirect Taxes
Reference: CBIC letter dated 1st November 2021 bearing No. F. No. 334/2/2021-TRU.

Respected Sir,

Greetings from MAIT!

We are grateful to CBIC for providing us with an opportunity to share our inputs for the Union Budget 2022-23. Electronics manufacturing in India is on the inflexion point of scaling up exports and to be a part of the Global Value Chain. It is pertinent to have a rational customs duty structure in place for continuing to promote investments by electronics manufacturers in India. Our submissions are annexed herewith in the desired format.

The Hon'ble PM's Vision of increasing India's share in the global supply chains in exports manifold

While addressing the heads of Indian missions abroad and stakeholders of the trade and commerce sector on 06 August 2021 Hon'ble Prime Minister's (PM) address to wherein PM has highlighted the need for enhanced participation in Global Value Chain (GVC) in order to increase India's exports. The PM specifically referred to the mobile phone industry and its crucial role in fulfilling the vision of making India an export hub. The relevant part of PM's address is as follows:

"...The country will get new global champions in manufacturing and exports. We are experiencing its impact in the mobile phone sector. Seven years ago, we used to import mobile phones worth about \$ 8 billion, which has come down to \$2 billion. Seven years ago, India used to export mobile phones worth only \$ 0.3 billion, now it has increased to more than 3 billion dollars."

The PM noted that, 'This is the time for us to establish a new identity of quality and reliability. We have to constantly try to add value to India's high value-added products for their exports in every nook and corner of the world.'

The electronics sector has the potential to become one of the top exports of India. Therefore, to fulfil PM's vision, we must have stable policy regime targeted to develop a large manufacturing base with a quantum jump in the scale of production and extensive participation in global value chains (GVCs).

Stable policy regime for the success of PLI Schemes

PLI Schemes for Large Scale Manufacturing of Electronics & IT Hardware have provided an impetus to Indian manufacturers in gaining a share in the Global Electronics Markets and be a part of the Global Value Chain ("GVC"). However, it is important to provide a tariff policy stability during the tenure of PLI Scheme i.e., for 5-6 years in order to achieve policy and national targets of approx. INR 12,00,000 Crores worth of production across Mobile handsets, Laptops and Tablets by '2026. Any increase in custom tariffs have the risk of hampering the movement of component and sub-assembly manufacturers to India to support the scale of production envisaged under the PLI Schemes. Any increase in customs duties not only exposes PLI approved companies with risks vide a widening cost disability vis a vis Vietnam and China, further it would act to serve as a barrier to attracting GVCs. Therefore, the stability of tariff policies is very important for ensuring that PLI approved companies are able to reduce the cost disabilities rather than be exposed to uncertain risks arising out of custom duties.

It is also important to appreciate the fact that Indian electronics manufacturers are operating in a very competitive global market wherein they competes with several other nations such as China, Vietnam, Thailand, Mexico etc. At global stage, India's higher tariffs on inputs would result in lower levels of competitiveness, compared to competing countries with lower tariff levels. Thus, higher tariffs would reduce export possibilities and may actually increase imports.

High duties on high end Mobile Phones – Drain on National Exchequer

We have represented this issue several times in the past. The current 22% effective customs duty including the Social Welfare Surcharge have led to a massive price arbitrage in high end devices sold in India compared with other countries and markets. Further, the 18% GST added to the effective import duties leads to an even greater arbitrage of 43.96% on imported high-end Mobile handsets sold in India. This arbitrage actually contributes to the growth of the smuggled goods and grey market operations for high end smart phones. It further leads to a complete loss of revenue to the national exchequer or treasury since, smart phone prices in the grey market are neither loaded with a customs duty or a GST related indirect taxes. Estimates as contained in news reports of 2019 and 2020 suggest that smuggled smart phones sold in the grey market may be leading to higher than INR 2,000 Crore of losses in indirect tax revenues for India. We wish to add to this that the legitimate local retailers are the net losers in such a massive arbitrage existing in the market. At the current incidence of customs duties and GST at 44% the arbitrage opportunity for high end smart phones is very high in actual Rupee value i.e, INR 25,000 to INR 60-70,000 per unit. Today almost 75% to 80% high end smart phones are sold in the grey market. This is a gross wastage of legitimate revenues. However, in case the import duty on smart phone handsets with a landing cost of INR 20,000 and above is made flat at INR 4,000 or INR 4,500 we will have an opportunity to convert most of the grey market sales into legal channel sales. This would lead to a higher revenue for the national exchequer as well as supporting the retail and manufacturing community. It would reduce the price arbitrage gap for high end smart phones substantially which will go further to encourage expansion of manufacturing for high-end smart phones in India.

Atmanirbhar Electronics - Global Competitiveness; Target Exports

India's Atmanirbharta in electronics is heavily dependent on the success of a high scale of production and the rapid growth of exports. Any further rise in duties or introduction of new duties on components or inputs in electronics will not only put a cost pressure on

manufacturers, domestic consumers but also on the competitiveness of the pricing of sub-assemblies critical for exports of final product. We will be outbid in product pricing by other nations already enjoying the benefit of a robust and high end electronics eco-system.

The mobile handset manufacturing alone plays a decisive role in the growth of the electronics sector. It has grown from INR 50,000 Crore to INR 2,15,000 Crore in a matter of a few years. While India's contribution to the global demand for electronics is approximately 3%. The duties alone cannot make us the manufacturing powerhouse. For last two consecutive years, duties have been increased without prior industry consultation and agreement of the line ministry. Increase in custom duties will neither help create the manufacturing eco-system nor lead to localisation of components, since we lack the required scale for the component eco-system in the country hence. Hence our aim should be to target global demand which is critical to pursue and fulfil.

India's share of global exports is very small i.e, under 1.5% and we need to emphasise on rapid growth of exports of electronics from India. This is our opportunity to be net foreign exchange positive on electronics i.e, Atmanirbhar. GVC participation for India is the national goal as laid down by our Hon'ble Prime Minister, while emphasizing the need to "increase India's share in the global supply chains in exports manifold", and to ensure the "growth of our share in the global value chains".

Increase in Duties has reduced competitiveness

We have seen even till the previous budget '2021-22' that the duty on certain electronics inputs and components were increased. It is important to note that domestic production is less than 3% of the global demand. Our exports are less than 1.5% of global exports. At this stage we need urgent measures to encourage exports of electronics. Any further duties on imports other than those that have already been imposed will be counterintuitive to growth of high scale production from India. It will further lead to uncompetitive and inefficient electronics eco-system with only an outflow in foreign exchange rather than achieving a positive foreign exchange position in electronics. This will negate the prospects of job creation, revenue growth and foreign exchange inflow.

Further the custom duties introduced in the Union Budget of FY 2021-22 on inputs of components in Electronics has further led to a decline of production and exports of certain products that we had developed a niche for Indian manufacturing – PCBAs, Chargers etc. This adverse impact may kindly be reversed, and such customs duties introduced may kindly be withdrawn. What is needed is policy stability and certainty on tariffs and duties. This will be the key to attract large scale investments from global companies leading to creation of domestic ecosystem.

We would also like to draw your attention on our request for reduction in the duty structure of Electronics H/w-based Telecom Products including Line Cards, Firewall, and Security Equipments. There is also an ambiguity w.r.t. HSN Code for Line Cards details of which are mentioned in Annexure-3. Broadly speaking, there are several ambiguities on HSN Code classifications for telecom products as a whole and there is a need for a detailed discussion between Gol and the industry to remove these ambiguities.

Lastly, we have also suggested to have a separate HSN Code for Industrial Keyboards differentiating them with Computer Keyboards. While Computer Keyboards may continue with existing duty structure, Industrial Keyboards BCD rates may be increased to promote domestic manufacturing (kindly refer Annexure 4)

In view of above submission, we request for a favourable consideration of our suggestions provided in Annexure 1, 2, 3, & 4.

With regards,

A handwritten signature in black ink, appearing to read "George Paul". The signature is stylized with a large, sweeping initial "G" and a cursive "Paul".

George Paul
Chief Executive Officer

Annexures:

Annexure 1: Request for roll back of duties on tabulated HS Codes & item descriptions.

Annexure 2: Request for no further increase in duties i.e. 'status quo' for tabulated HS Codes and Items.

Annexure 3: Request on reduction of duties for Electronics H/w Telecom Products

Annexure 4: Other Request (Industrial Keyboard)

Annexure 1

Request for roll back of duties on tabulated HS Codes & item descriptions-Mobiles Related

Sr. No.	Request	Existing Rate of Duty	Requested Rate of Duty	Justification
Chargers				
Transformers for Chargers				
1.	85043100 Transformer for Chargers	16.5%	11%	This duty rate should be reduced. In case, duty is not reduced, then in order to develop manufacturing eco-system in the country, the duty on inputs should be made zero.
2.	39269099 Plastic bobbin	16.50%	0%	We have recently introduced the duty on transformer which impact the growth of the transformer industry. Therefore, in order to allow the transformer industry to develop, allow duty at zero rate.
3.	85441110 Copper wires- enameled	11%	0%	We have recently introduced the duty on transformer which impact the growth of the transformer industry. Therefore, in order to allow the transformer industry to develop, allow duty at zero rate.
4.	39199090 Insulation tape	16.50%	0%	We have recently introduced the duty on transformer which impact the growth of the transformer industry. Therefore, in order to allow the transformer industry to develop, allow duty at zero rate.
5.	85049010 Ferrite Core	11%	0%	We have recently introduced the duty on transformer which impact the growth of the transformer industry. Therefore, in order to allow the transformer industry to develop, allow duty at zero rate.
6.	85444999 Triple insulated winding wire	11%	0%	We have recently introduced the duty on transformer which impact the growth of the transformer industry. Therefore, in order to allow the transformer industry to develop, allow duty at zero rate.

7.	32089049 Varnish	11%	0%	We have recently introduced the duty on transformer which impact the growth of the transformer industry. Therefore, in order to allow the transformer industry to develop, allow duty at zero rate.
PCBA for Chargers				
8.	85045090 Ferrite inductor	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
Mechanics for Charger				
9.	73182990 Pins	16.5%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
10.	85444999 USB Cable	11%	8.25%	This duty imposition impact the growth of the industry. Therefore, we request for lower duty.
PCBA				
PCB for Mobile Phones				
11.	39219099 FR4	2.75%	0%	PLI scheme has been introduced on PCB, therefore, duty imposed on FR4, copper, nickel, and gold will impact the incentive given under the scheme. Industry need the availability of inputs at zero duty to fulfil the policy targets.
12.	74199990 Copper	2.75%	0%	PLI scheme has been introduced on PCB, therefore, duty imposed on FR4, copper, nickel, and gold will impact the incentive given under the scheme. Industry need the availability of inputs at zero duty to fulfil the policy targets.
13.	28332400 Nickel	2.75%	0%	PLI scheme has been introduced on PCB, therefore, duty imposed on FR4, copper, nickel, and gold will impact the incentive given under the scheme. Industry need the availability of inputs at zero duty to fulfil the policy targets.
14.	28431010 Gold	2.75%	0%	PLI scheme has been introduced on PCB, therefore, duty imposed on FR4, copper, nickel, and gold will impact the incentive given under the scheme. Industry need the availability of inputs at zero duty to fulfil the policy targets.
Semiconductor ATMP				

15.	90318000 Graphic controller	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
16.	90318000 Blue Tooth	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
17.	90318000 FM & Digital Radio	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
Passive Components				
18.	85045090 Inductors	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
Camera Module				
19.	39209999/ 85177090 Lens	16.5%	0%	The imposition of this duty leads to an increase of approx. 8% cost of camera module manufacturing in India which is very detrimental for the industry. Therefore, this duty should be withdrawn.
20.	85177090 Actuator Assembly	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
21.	85177090 VCM	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
22.	85177090 Flexible PCB	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
23.	85177090 Infrared Module (IR)	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
24.	85177090 Holder	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.

25.	85177090 Semi-Camera Module	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
Sensor for Camera				
26.	85177090 CCD	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
27.	85177090 CMOS	2.75%	0%	This duty imposition impact the growth of the industry. Therefore, we request for zero duty.
Mechanics				
28.	39074000 Resin	8.25%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
29.	39209999 Lens	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
30.	39199090 Mesh	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
31.	35069999 Adhesive	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
32.	39199090 Sponge	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.

33.	39199090 Film	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
34.	39199090 Gasket	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
35.	39199090 Logo	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
36.	73269099 Steel Sheet	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
37.	39199090 Cover Tape	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
38.	39199090 Adhesive Tape	16.5%	0%	The industry has not developed fully, therefore, this duty imposition has made the industry uncompetitive. We need to create large capacity of petrochemicals in order to grow. Therefore, this duty should be repealed.
Power Banks				
39.	85076000 Lithium Ion Cell	11.00%	5.50%	The withdrawal of concessional duty of 5% on lithium ion cell for power bank has a cost impact of around 13% on power bank manufacturing in India. Therefore, this duty should be lowered.
Connector for Mobile Phones				
40.	85177090 Inputs/ Parts	2.75%	0%	The duty imposition impact the growth of this export-oriented industry. Therefore, we request for zero duty.

41.	85177090 Parts of Inputs/ Parts	2.75%	0%	The duty imposition impact the growth of this export-oriented industry. Therefore, we request for zero duty.
True Wireless Stereo (TWS)				
42.	85177010 PCBA	20%	0%	The PCBA comprises approx. 50% of the BoM of TWS, therefore, this duty as introduced in the Union Budget 2021-22 is detrimental for the industry.
43.	85076000/ 85078000 Battery	20%	10%	This increase in duty as introduced in the Union Budget 2021-22 has an adverse effect on the viability of manufacturing in India.
44.	85182100 Speaker Sub- assembly	15%	0%	This increase in duty as introduced in the Union Budget 2021-22 has an adverse effect on the viability of manufacturing in India.
45.	Any Chapter 39199090 39269099 Mechanics and Die Cut Parts	15%	0%	The mechanics comprises approx. 30% for hearables and for wearables, there is no eco-system. Therefore, this increase in duty has an adverse effect on the viability of manufacturing in India.
46.	8544 85444999 USB Cable/ Other Cables	15%	0%	This increase in duty has an adverse effect on the viability of manufacturing in India.

Annexure 2**Request for no further increase in duties i.e. 'status quo' for tabulated HS Codes and Items-Mobile Related**

Sr. No.	Request	Existing Rate of Duty	Requested Rate of Duty	Justification
1.	40169990 Seal	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
2.	40169990 Shim	22%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
3.	85045090 Inductor	8.25%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
4.	85051190 Ferrite Bead	8.25%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
5.	85177090 Display Assembly	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
6.	85177090 Camera Module	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
7.	85177090 FPC - connector for camera	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
8.	85177090 FPC - connector for PCBA	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
9.	85177090 Vibrator	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

10.	85177090 Charging board module	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
11.	85177090 FEZ Module	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
12.	85177090 Module	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
13.	85177090 Receiver	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
14.	85177090 Ringer Bracket	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
15.	85177090 Ringer Cowling	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
16.	85177090 Speaker	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
17.	35069999 Adhesive	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
18.	39199090 CMESH	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
19.	39199090 Graphite	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
20.	39199090 Optical Clear Adhesive Film	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
21.	39199090	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

	Pressure Sensitive Adhesive Film			
22.	39199090 Protective Film	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
23.	39199090 Protective Tape	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
24.	39199090 Tamper Evidence Sticker			The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
25.	39199090 Tape	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
26.	39199090 Wrapping Film	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
27.	39209999 Back cover	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
28.	39232990 Polyethylene bag for packing	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
29.	39235090 Plastic protective cap	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
30.	39269099 Fixed Bracket	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
31.	39269099 Foam	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

32.	39269099 Membrane	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
33.	39269099 Spacer	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
34.	39269099 Stiffener	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
35.	39269099 Vent Cowling	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
36.	39269099 Washer	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
37.	40169320 O-Ring	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
38.	48192090 Carton Box	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
39.	48192090 Corrugated Paper	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
40.	48211090 Label	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
41.	49019900 Printed Manual	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
42.	49019900 Warranty Card	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
43.	73181500 Screw	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
44.	73181600 Nut	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

45.	73269099 ARC Cowling B2B	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
46.	73269099 Bracket	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
47.	73269099 Button Shim	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
48.	73269099 Cowling	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
49.	73269099 Fold SNAP	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
50.	73269099 Hold Bracket	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
51.	73269099 Hold BTN Clip	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
52.	73269099 MLB Cowling	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
53.	73269099 Outrigger	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
54.	73269099 RCAM Cowling	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
55.	73269099 Ringer Bearing	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
56.	73269099 Shield	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
57.	73269099 Spring Centre	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

58.	73269099 Volume Button Rollbar	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
59.	76169990 Side Key	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
60.	76169990 SIM Tray	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
61.	85043200 Transformer	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
62.	85076000 Battery	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
63.	85183000 Headset	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
64.	85235210 SIM Card	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
65.	85322990 Capacitor	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
66.	85332119 Resistor	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
67.	85334030 Resistor	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
68.	85340000 Bare PCB	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
69.	85369090 Connector	11%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

70.	85411000 Diode	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
71.	85412900 Transistor	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
72.	85416000 Electric Crystal	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
73.	85423100 Filter	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
74.	85423100 IC Module	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
75.	85423100 Integrated Circuit	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
76.	85423200 Integrated Circuit Memory	0%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.
77.	85444299 USB Cable	16.5%	Same	The domestic ecosystem is yet not fully developed to compete at global market. Therefore, no further increase in duty.

Annexure 3: - Telecom Products Related Requests

S.No.	Request	Existing Rate of Duty	Requested Rate of Duty	Justification
1	Line card	Ambiguity between: 85177010 (0-10%) 85177090 (0-10%) 84733099 (0%) 85176290 (10%/20%)	85176290 (10%)	<p>HSN Code Justification: Classification of Line Cards should be in line with the product - Network Interface Cards. Aligned with the definition, Line Cards must fall under 8517 6290 . The unit meets the definition of subheading 8517 62 per application of the General Rules of Interpretation (GRIs), specifically rule 1 (GRI-1), which states that the article meeting the description of a heading is to be classified to that heading. Line cards fulfill all requirements to be classified under 8517 62</p> <p>Duty rate justification: As per Customs Tariff, the BCD applicable on products classifiable under 8517 62 90 is 20%. However, Notification No. 57/2017 dated 30th June 2017 prescribes a concessional rate of 10% on products falling under Chapter 8517 62 90 except specified products. The below snapshot of relevant part of Notification No. 57/2017 provides that all products falling under 8517 62 90 is eligible for concessional rate of duty of 10% except specified products.</p> <p>Since Line Cards are placed in Routers in a telecom network and therefore, do not come under the Optical and the Radio section. Therefore, they cannot be considered as a Optical Transport Network (OTN) product. Therefore, we believe that Line Cards should be at 10%</p>
2	Firewall	8517 6290 (20%)	8517 6290 (10%)	<p>Both firewall and security Equipments functions are purely for providing security features. Therefore, they should not be considered for the duty structures similar to telecom products, although they may have similar HSN code classification</p>
3	Security Equipment	8517 6290 (20%)	8517 6290 (10%)	

Annexure 4: - Other Request (Industrial Keyboards)

S.No.	Request	Existing Rate of Duty	Requested Rate of Duty	Justification
1	Keyboards	<p>Under tariff heading 8471 6040 description of goods is only the keyboard. Kindly update 8471 6040 as computer keyboard</p> <p>Put a separate HSN Code for Industrial keyboard / Membrane keyboard.</p>	<p>18-20% duty on Industrial Keyboards under a separate HSN Code different from 8471 6040</p>	<p>HSN Code Justification: To differentiate between industrial keyboards & normal computer keyboards, there is a necessity for new HSN code for computer keyboards. The other reason is that computer keyboards are manufactured in mass production and industrial keyboards manufacturing is customized. So there is a need for two different HSN codes for mass produced keyboards and industrial produced keyboards.</p> <p>Duty Rate Justification: Computer Keyboards being ITA1 products attracts 0% duty. Differentiating computer keyboards with industrial Keyboards that are parts of the Parent Machine - like ATM, MICR, Medical Device, etc. and keeping the duty at 18-20% shall help Domestic manufacturing of these Industrial Keyboards</p>