**FEEDBACK ON THE ANNOUCEMENT MADE BY UNION BUDGET 2018 FOR CAPEXIL’S PRODUCTS**

1. **AMENDMENTS AFFECTING RATES OF BASIC CUSTOM DUTY**

Custom duties on the following CAPEXIL products have been increased from 5-7.5% to 20%, to push the Make in India agenda. The product includes:

1. Automotive Components, (tariff line 8708) duty has been increased from 7.5-10% to 15% (Auto Tyre and Tube Panel)
2. Rubber Sheets (tariff line 40169990) duty has been increased from 7.5-10% to 15% (Rubber Products Panel)
3. Other Furniture and parts (tariff lines 9403) duty has been increased from 10% to 20% (Plywood and Allied Product Panel)
4. Glass Products (tariff line 9405) duty has been increased from 10% to 20% (Glass and Glassware products)
5. Playing Cards (tariff line 9504) duty has been increased from 10% to 20% (Paper and Paper board products)
6. Other Paper (tariff line 4823 90 90) duty has been increased from 10% to 20%

(Paper and Paper Board Products)

1. Artificial Ceramic/teeth (tariff line 9021) duty has been increased from 10% to 20% (Ceramic and Sanitary ware Panel)
2. Refractory Bricks (tariff line 6902) duty has been increased from 5% to 7.5% (Ceramic and Sanitary ware Panel)
3. Other Refractory Ceramic goods (tariff line 6903) duty has been increased from 5% to 7.5% (Ceramic and Sanitary ware Panel)
4. **IMPOSITION OF EXPORT DUTY ON GRAPHITE ELECTRODE**

The Budget is also imposed of 20 per cent export duty on graphite electrode. This is contrary to the policy of the government to give an impetus to exports. The emphasis should be on removal of inverted duty structure on the import side wherein the priority should be to have more duty on finished products while raw material should be subjected to the lowest duty structure.

1. **REDUCTION OF BASIC CUSTOM DUTY**

The budget has also reduced the Custom Duty of the following:

1. Bricks, Blocks and Ceramic tiles (tariff line 6901) custom duty has been reduced to 10% to 7.5% (Ceramic and Allied Products Panel)
2. **IMPACT ON CONSTRUCTION MATERIALS (LIKE PAINT, CEMENT, CERAMIC, GRANITE & NATURAL STONE)**

* Higher allocation towards infrastructure spending to the tune of Rs. 5.97 lakh crore, which boils down to a growth of 20.8% year on year, augur well for the construction sector.
* Focus on affordable housing; fast track development of smart cities and sanitation initiatives augurs well for the construction industry.
* There is also a plan to establish a dedicated affordable housing fund in the National Housing Bank. This will benefit from the increased spending on rural housing.
* The government is targeting to construct 2 crore toilets in FY19. This is good for Ceramic and Granite industry.

1. **COAL**

There was on major announcement in the Budget for the coal sector. However, the ongoing focus of the government on increasing coal production output as well as improved rake availability for coal transport augurs well for industry.

1. **OTHER**

* Estimating a robust rise of 15 per cent in goods exports in 2017-18 — which could increase outbound shipments to an all time high of $316 billion — Finance Minister Arun Jaitley has increased allocations under the interest equalisation scheme (IES) and remission of state levies (ROSL) for exporters. While there are no announcements directly benefiting a specific sector, exporters are positive about the higher allocations for IES and ROSL in Budget 2018-19 and are hopeful that more members of the community would benefit from the schemes as the rate of compensation remains unchanged. Under the IES, exporters are provided bank loans at lower interest rates with the Centre compensating the banks for the difference in rates.
* The extension of fixed term employment facility for all sectors is also expected to benefit exporters.
* The Budget 2018 announcement in the area of agriculture, education, healthcare, fisheries, animal husbandry, infrastructure and rural economy seems to be in right direction. This will help the overall consumer and farm sector.
* Mudra Yojana target increased to Rs 3 crore. It is positive step for MSME and job creation.
* Reduction of corporate tax 25% - Rs 5 crore turnovers – now, it is extended to turn over of Rs 250 cr. This is a mega boost to all startups and small and medium companies.
* Increasing allocation for railways, roads, shipping and coastal navigation, electronic payment facility at all toll gates, single logistics portal to meet all logistics requirement will go a long way in reducing the logistics cost of exports.