



Temporary Customs Duty and AIDC Exemptions on Key Chemicals

On April 1, 2026, the Ministry of Finance, Government of India issued two separate customs notifications temporarily exempting Basic Customs Duty (**BCD**) on imports of 40 products falling under Customs Tariff Chapters 28, 29, 31, 38, 39, and 40, and Agriculture Infrastructure and Development Cess (**AIDC**) on ammonium nitrate. These notifications have been issued under the powers vested in the Central Government under Section 25(1) of the Customs Act, 1962, which empowers the Central Government to grant exemption from customs duties in public interest.

More specifically, these exemptions appear to form part of the Government of India's broader response to geopolitical conflict-related disruptions in global energy and petrochemical supply chains and the recent spike in input costs. Several chemicals and petrochemicals covered under the customs notifications are key inputs for a range of industries including pharmaceuticals, textiles and paints, all of which have been affected due to the rise in natural gas and crude oil prices.

SCOPE OF TEMPORARY EXEMPTIONS

A. Basic Customs Duty Exemption

Through [Customs Notification No. 12/2026–Customs](#), the Ministry of Finance has exempted application of BCD on 40 products which include key chemicals and petrochemicals.

Duration of exemption: The BCD exemption comes into force on **April 2, 2026** and shall remain valid till **June 30, 2026** (both days inclusive), after which the normal BCD rates will automatically re-apply unless extended or modified further.

Products Covered: Most of the products covered under this Customs Notification include key inputs for downstream industries like textiles and pharmaceuticals. The products on which the BCD shall not be applicable are as follows:

SL. NO.	HS CODE / TARIFF ITEM	PRODUCT DESCRIPTION
1	2814 10 00	Anhydrous ammonia
2	2902 30 00	Toluene
3	2902 50 00	Styrene
4	2903 12 00	Dichloromethane (methylene chloride)
5	2903 21 00	Vinyl chloride monomer

6	2905 11 00	Methanol (methyl alcohol)
7	2905 12 20	Isopropyl alcohol
8	2905 31 00	Monoethylene Glycol (MEG)
9	2907 11 10	Phenol
10	2915 21 00	Acetic acid
11	2915 32 00	Vinyl acetate monomer
12	2917 36 00	Purified Terephthalic Acid (PTA)
13	2921 21 00	Ethylenediamine
14	2922 11 10; 2922 11 90; 2922 12 00	Di Ethanolamine and Mono Ethanolamine
15	2929 10 20	Toluene di-isocyanate
16	3102 30 00	Ammonium nitrate
17	3817 00 11	Linear alkylbenzenes
18	3901	Polymers of ethylene (including Ethylene-vinyl acetate)
19	3902 10 00; 3902 30 00; 3902 90 00	Polypropylene
20	3903 11 00; 3903 19 10; 3903 19 90	Polystyrene
21	3903 20 00	Styrene-acrylonitrile (SAN)
22	3903 30 00	Acrylonitrile-butadiene-styrene (ABS)
23	3904 10 10; 3904 10 20; 3904 10 90	Polyvinyl Chloride (PVC)

24	3904 61 00	Polytetrafluoroethylene
25	3905 12; 3905 19	Poly (vinyl acetate)
26	3905 30 00	Poly (vinyl alcohol)
27	3906 10 10; 3906 10 90	Poly (methyl methacrylate)
28	3907 10 00	Polyoxymethylene (POM- acetal)
29	3907 29	Polyols
30	3907 29 90	Polyether Ether Ketone (PEEK)
31	3907 30 10	Epoxy resins
32	3907 40 00	Polycarbonates
33	3907 50 00	Alkyd resins
34	3907 61; 3907 69	Poly (ethylene terephthalate) (PET) Chips
35	3907 91 20	Unsaturated polyester resins
36	3907 91 50	Poly (butylene terephthalate)
37	2912 11 00; 3909 10 10; 3909 20 10; 3909 40 20	Formaldehyde; Urea formaldehyde; Melamine formaldehyde; Phenol formaldehyde
38	3909 50 00	Polyurethanes
39	3911 90 90	Polyphenylene sulphide (PPS)
40	4002	Poly butadiene; Styrene butadiene

B. AIDC (cess) Exemption

Through [Customs Notification No. 13/2026–Customs](#) the Ministry of Finance has exempted application of AIDC on Ammonium Nitrate.

Duration of exemption: The AIDC exemption comes into force on **April 2, 2026** and shall remain valid till **June 30, 2026** (both days inclusive), after which the prevailing AIDC rate will again apply in the absence of any further extension or modification.

Product covered under the AIDC exemption: Ammonium nitrate (HS code 3102 30 00).

Key takeaways

- **Policy Context and Objective:** The exemptions appear to be part of India's response to conflict-driven disruptions in global energy and petrochemical supply chains and sharp increases in feedstock prices. By temporarily lowering import costs on key intermediates, the Indian Government aims to ease domestic price pressures for downstream industries while seeking to balance the impact on local producers.
- **Duration of Exemptions:** The exemptions are applicable on products imported between 2 April 2026 and 30 June 2026 (both days inclusive). The relief is temporary and self-lapsing and, absent further notifications, normal BCD/AIDC rates will automatically reapply from 1 July 2026.
- **Interaction with existing Trade Remedy Measures:** The exemption is limited to only BCD for the 40 products listed above and to both BCD and AIDC for ammonium nitrate. All other duties like anti-dumping duties, countervailing duties and safeguard measures, if any, shall continue to apply. For example, on 22 October 2024, the Ministry of Finance levied anti-dumping duty on imports of isopropyl alcohol from China PR for a period of five years – the same shall continue to apply. Importers should therefore assess the landed cost impact by considering these temporary exemptions together with any applicable trade remedy measures.

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com or write to our authors:

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