

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
QUESTION NO 09.11.2010
ANSWERED ON
EXCISE DUTY EXEMPTION TO STATES .

54

Shri Birendra Prasad Baishya

Will the Minister of COALCOALCOALCOALFINANCE be pleased to state :-

- (a) whether Government had given exemption of excise duty to various States;
- (b) if so, the reasons therefor and period for giving excise exemption to such States;
- (c) whether Government has made any assessment of excise exemption to such States;
- (d) if so, the details thereof and action taken/being taken thereon;
- (e) whether Government has received any representation for extension of excise duty; and
- (f) if so, the details thereof and action taken thereafter ?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI S.S. PALANIMANICKAM)

(a): Yes, Sir. Government had provided exemption from excise duty in the states of Jammu and Kashmir, Uttarakhand, Himachal Pradesh, Sikkim, North Eastern states and Kutch.

(b) : The excise duty concession were provided in the states of Jammu and Kashmir, Uttarakhand, Himachal Pradesh, Sikkim, North Eastern states so as to promote industrial development and generate employment in these hilly and backward areas. In the case of Kutch, the excise duty concession was provided so as to attract investment in the earthquake affected region. The exemption is available to any new or existing unit undertaking expansion for a period of ten years from the date of commencement of commercial production. However in the case of Kutch, the exemption was provided to new units for a period of five years from the date of commencement of commercial production. The terminal date for setting up of new unit or undertaking substantial expansion is 2017 for North Eastern states and Sikkim while in the case of Jammu and Kashmir, there is no terminal date. The terminal date for Himachal Pradesh and Uttarakhand was 31.03.2010 and for Kutch region, the terminal date was 31.12.2005.

(c) & (d): No, Sir. No empirical assessment of the direct economic impact of the excise exemption to such States has been made by the Government.

(e)&(f): Yes, Sir. During the current financial year, Government had received representations for extension of the terminal date for excise duty exemptions in respect of the states of Uttarakhand and Himachal Pradesh from their Chief Ministers and some Members of Parliament. The representations were examined and after taking into account all relevant factors, it was not found feasible to accede to the request for extension of excise duty exemptions.