

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5330
ANSWERED ON:28.04.2000
EXCISE DUTY ON PAPER MILLS
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Will the Minister of FINANCE be pleased to state:

- (a) whether there is any difference between wood based and non-wood based paper mill products;
- (b) if so, the details thereof;
- (c) whether there is different excise duty on both the items;
- (d) if so, whether there is any proposal to mix the excise duty on both items; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE FOR FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a) & (b) The wood based paper and paper products have high tearing resistance, whereas the paper produced from straw and bagasse have low tearing resistance but their properties are similar to those obtained from hard wood pulps. Paper produced from, other non-wood based raw material such as kenaf, jute, cotton, hemp and certain reeds and grasses, have high tear resistance. However, by properly selecting the appropriate mixture of various non-wood fibres and by appropriate pulping processes, any grades of papers or paper boards can be produced even without the addition of any wood pulp.
- (c) The excise duty rate on wood based as well as non-wood base paper mill products is 16% (CENVAT). However, in case of non-wood based paper, first clearances of 2500 MT in a financial year are fully exempt from excise duty.
- (d) Does not arise. The general rate of excise duty is same on both the items.
- (e) Does not arise in view of (d) above.