

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5189
ANSWERED ON:25.04.2003
BENEFIT OF EXCISE DUTY CUT
PRABODH PANDA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government are aware that in many cases, the excise duty cuts announced in the Budget 2003-2004 have not been benefiting the consumers; and

(b) if so, the details and steps taken to see that the benefit of the excise duty cuts is transferred to the consumers by the manufacturers?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & CO. AFFAIRS (SHRI GINGEE N.RAMACHANDRAN)

(a) The prices charged to the consumers are determined by market forces of demand and supply and depend on various factors like cost of inputs, manufacturing cost, R&D costs, product quality, sales promotion cost, trade commission, freight charges and taxes. It is not thus possible to link the prices only to the excise duty component to the exclusion of all other factors which have a bearing on the prices.

(b): There is no specific provision in excise laws for passing on the reduction in duty to the consumers.