

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3648
ANSWERED ON:16.12.2005
MRP LINKED EXCISE DUTY IN GUJARAT
Chaudhary Dr. Tushar Amarsinh;Varma Shri Ratilal Kalidas

Will the Minister of FINANCE be pleased to state:

- (a) whether excise duty linked with MRP has affected the Small Scale Industry in Gujarat adversely and Gujarat government has asked for rationalization of rates and duty structure;
- (b) if so, the government reaction thereto; and
- (c) the steps being taken to protect the Small Scale Industry of Gujarat which is affected adversely by this duty structure?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a),(b)&(c): On the issue of MRP linked excise duty affecting the samll sector industry, the Chief Minister of Gujarat has made a reference to the Government requesting to consider

- (i) increase in abatement from retail price from 40% to 50% while determining assesssable value of medicines and
- (ii) for reduction in excise duty from 16% to 8%. The matter was examined and it was decided not to make any change, for the present, in the level of abatement and excise duty rates, on medicines.