

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4771

ANSWERED ON:18.12.2009

RELIEF FROM CENTRAL TAXES

Kashyap Shri Virender;Ponnam Shri Prabhakar

Will the Minister of FINANCE be pleased to state:

- (a) whether keeping in view the negligible development of Himachai Pradesh industries in the State had been granted relief from Central taxes upto the year 2013;
- (b) if so, the details thereof;
- (c) whether any changes have since been effected in this regard;
- (d) if so, the reasons therefor;
- (e) whether the Government proposes to reinstate the original period of tax relief;
- (f) if so, by when; and
- g) if not, the reasons therefor?

Answer

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

(a) & (b): A package of fiscal and financial incentives for boosting industrialization in the special category State of Himachai Pradesh was announced by the Government of India on 7th January,2003. This package, inter-alia consisted of excise duty exemption, income tax exemption and capital investment subsidy for a period of 10 years from the date of commencement of commercial production.

(c) & (d): In Budget 2004, the area based exemptions were reviewed and it was decided by the Government to prescribe a time limit (sunset clause) of 31st March, 2007 for setting up a new unit or for a unit undertaking substantial expansion in Uttarakhand or Himachai Pradesh for the purpose of availing excise duty exemption. There was no such deadline prescribed prior to 01-04-2004. The issue of extension of the sunset clause was examined on a number of occasions and the same was extended from 31st March, 2007 to 31st March, 2010.

(e): No, Sir.

(f) & (g): Do not arise in view of (e) above.