

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:843
ANSWERED ON:25.11.2011
EXCISE DUTY EXEMPTION
Shantha J.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has given exemption of excise duty to various States;
- (b) if so, the reasons therefor and the period for which such exemption was provided, State- wise;
- (c) whether the 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 the Government has received any representations for extension of excise duty; and
- (f) if so, the details thereof and action taken thereon?

Answer

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

(a): Yes, Madam. Government had provided exemption from excise duty to goods cleared from new industrial units or units that have undertaken substantial expansion in the states of Jammu and Kashmir, Uttarakhand, Himachal Pradesh, Sikkim, the seven North Eastern states.

(b): These exemptions were granted to attract durable investment in manufacturing industry and promote development in the industrially backward areas. The exemption is available for a period of ten years from the commencement of commercial production. The terminal date for setting up of new units or for existing units to undertake substantial expansion is as under:

State/Region	Time limit for new units to be set up or existing units to undertake substantial expansion
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(i) North Eastern States 31.3.2017

(ii) Jammu & Kashmir No time limit

(iii) Sikkim 1.03.2017

(iv) Uttarakhand 31.03.2010

(v) Himachal Pradesh 31.03.2010

(c): Yes, Madam. The Government has been compiling information on the loss of central excise revenue owing to these exemptions.

(d): The revenue foregone on account of these exemptions is estimated to be Rs. 8553 crore in 2009-10 and Rs. 11,250 crore in 2010-11.

(e): Yes, Madam. Government had received representations for extension of the terminal date from the State Governments of

Uttarakhand and Himachal Pradesh and some Members of Parliament.

(f): 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 the terminal date for the setting up of new units or for existing units to undertake substantial in order to be eligible for the exemption.