

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:893  
ANSWERED ON:25.11.2011  
LEVY OF VAT BY STATES  
MUTTEMWAR SHRI VILAS BABURAO

**Will the Minister of FINANCE be pleased to state:**

(a) whether the empowered committee of State Finance Ministers had decided to levy VAT on sugar and textile products w.e.f. 01.04.2012; and

(b) if so, the details thereof and steps taken or proposed to be taken to control the prices of sugar and textile products in the country?

**Answer**

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

(a) Yes, Madam.

(b) In its meeting held on 14th October, 2011, the Empowered Committee of State Finance Ministers (EC) has resolved that the States should be requested to levy VAT in the lower rate (4% or 5%) on sugar and textile (except khadi and handloom) with effect from 1st April, 2012. Further, though the control on prices of sugar and textile products in the country does not come under the purview of the EC, such issues are deliberated in the EC since it has representation from all States/UTs and the Union. However, this requires multi-pronged strategy which is continuous process.