

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1922
ANSWERED ON:17.07.2009
POWER GENERATION TAX IN HP
Thakur Shri Anurag Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Himachal Pradesh Government has been requesting to allow it to levy 10 paise per unit generation tax on the electricity produced by the hydropower projects in Himachal Pradesh;
- (b) if so, the details thereof,
- (c) whether the Rangarajan Committee constituted in this regard had also recommended levying of generation tax on the electricity produced in Himachal Pradesh which had also been accepted by the Planning Commission;
- (d) if so, the time by which Himachal Pradesh Government is likely to be granted permission to levy the said generation tax and the stage at which it is getting delayed; and
- (e) if not, the reasons therefor?

Answer

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

- (a) and (b).Himachal Pradesh Legislative Assembly had passed the HP Electricity (Taxation on Generation) Bill, 1995. Thereafter the HP Government has sent it to the Government of India for obtaining assent of the President of India. This bill provides for levy of a generation tax of 10 paise per unit on the electricity produced by the hydropower projects in HP.
- (c) Information is being collected.
- (d) & (e) After examination of the issue of levy of generation tax on generation of electricity by some States, the Union Government is of the view that a tax on generation of electricity amounts to a tax on the production or manufacture of electricity and that the States cannot impose such a tax since under Entry 84 of List I of the Seventh Schedule of the Constitution, the power to impose duties on production or manufacture vests in the Union.