

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7116
ANSWERED ON:18.05.2012
WITHDRAWAL OF INCENTIVES TO INDUSTRIES
Singh Shri Bhola;Singh Shri Radhey Mohan

Will the Minister of FINANCE be pleased to state:

- (a) the details of fiscal incentives extended by the Government to overcome global recession alongwith the results achieved therefrom, sector wise;
- (b) whether the government has decided to withdraw the incentive package given to the Industries to help them come out of global recession; and
- (c) if so, the details thereof, sector-wise and the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a) The stimulus measures announced by the Government in December 2008, January and February 2009 were both sector specific and economy wide in nature. As part of this package, an across the board reduction in ad valorem rates of excise duty by 4 percentage points on non-petroleum products was made w.e.f 07.12.2008. Accordingly, the three major ad valorem rates of central excise duty i.e. 14 per cent, 12 per cent and 8 per cent were reduced to 10 per cent, 8 per cent and 4 per cent respectively. On 24.02.2009, the general rate of central excise duty of 10 per cent ad valorem (post 07.12.2008) was further reduced by 2 percentage points to 8 per cent ad valorem for non-petroleum products. Simultaneously, the rate of service tax was also reduced from 12 per cent to 10 per cent. These measures were continued in 2009-10 owing to the absence of complete normalcy in the macro economic situation. The fiscal stimulus enabled the Indian economy to maintain a relatively high rate of growth during these years. Overall GDP increased from 6.7 per cent in 2008-09 to 8.4 per cent in 2009-10 and 2010-11.
- (b) & (c) With the return of normalcy, the standard rate of central excise duty for non-petroleum products was partially restored from 8 per cent to 10 per cent w.e.f 01.03.2010. In the budget 2011-12, the concessional rate of excise duty of 4 per cent was raised to 5 per cent. In this year's budget, the standard rate of excise duty of 10 per cent was further rolled back to 12 percent and the concessional rate of 5 percent was increased to 6 per cent.