

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:784

ANSWERED ON:25.07.2003

HEADING TAX CONCESSIONS AVAILED BY CIGARETTE MANUFACTURING COMPANIES

K. ASUNGBA SANGTAM

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

(a) whether the Government are aware that cigarette manufacturing companies instead of setting up complete manufacturing units for their products resorted to entering into agreements of job work of partial process and were vying with each other to exploit excise duty concessions under the tax holiday and excise exemption scheme announced by the government for the North East region to encourage the investors to boost the economy;

(b) if so, the details of the claims made by such companies during the last three years, year-wise and company-wise;

(c) the steps being taken to check such malpractices and encourage genuine investors to set up their units irrespective of product category in terms of Industrial Policy, 1997 in this sector in the North-East; and

(d) the attempts being made to recover the benefits exploited by such cigarette manufacturing companies in terms of Section 154(4) of Finance Act, 2003 and to extend the benefits of North East Industrial Policy to all genuinemanufacturing units set up in North-East pursuant to Government promise and continuing their operations till date irrespective of product category?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANADRAO V. ADSUL)

(a) & (b): Yes, Sir. A table showing the details of the refunds of excise duty paid/withheld for the period from 8.7.1999 to 31.12.1999 and from 17.1.2000 to 22.1.2001, the period during which exemption to cigarettes was available, is placed on the Table of the House.

(c): Industrial activity is governed by the Industries (Development & Regulation) Act, 1951. The Finance Ministry has no jurisdiction to check such malpractices committed in violation of the said Act.

(d): The manufacturers have been directed to deposit the refunds availed by them. The benefit to other manufacturers other than tobacco products are unaffected.

**TABLE**

Unit wise data showing the refunds allowed and refunds withheld in respect of the units manufacturing cigarettes in the North Eastern Region and claiming exemptions in terms of the Notification No. 32/99-CE dated 8.7.1999.

Sl.No.	Name of the unit	Amount of refunds already granted	Amount of Refunds withheld
1	M/s. Newzone India Pvt. Ltd.	13,48,14,120.00	10,65,40,851.00
2	M/s. Kaziranga Tobacco Products	3,63,45,120.00	6,75,52,192.00
3	M/s. AVM Tobacco Co. Pvt. Ltd.	57,65,340.00	47,00,600.00
4	M/s. Golconda Industries	16,09,37,360.00	11,98,42,800.00
5	M/s. Frontier Multiproducts	11,46,49,600.00	12,04,34,200.00
6	M/s. R.C. Tobacco Pvt. Ltd.	14,06,88,640.00	23,57,84,415.00
7	M/s. Assam Cigarette Co. P. Ltd.	13,20,33,605.00	11,01,25,121.00
8	M/s. Sri Agasthay Industries P. Ltd.	8,48,62,624.00	8,05,74,000.00
9	M/s. Sunflag Enterprises Pvt. Ltd.	13,10,35,700.00	12,21,49,500.00
10	M/s. Tirupati Tobacco Pvt. Ltd.	5,59,38,661.00	11,65,79,435.00
11	M/s. Assam Tobacco Pvt. Ltd.	2,01,46,460.00	9,46,81,099.00
12	M/s. Alam Industries	0.00	11,24,66,457.00
13	M/s. O.V. Tobacco Co. Pvt. Ltd.	0.00	6,61,200.00
14	M/s. A.M/S. Convertors	0.00	5,87,19,129.00
15	M/s. Khatuwalla Tobacco	0.00	5,25,000.00
16	M/s. Krishna Industries Pvt. Ltd.	4,82,85,491.00	2,07,65,200.00
17	M/s. New Tobacco Co.	2,76,90,000.00	1,89,45,120.00
18	M/s. NETCO	93,51,17,180.00	56,79,99,605.00

Total            202,85,09,901.00            139,10,46,319.00