

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:944
ANSWERED ON:28.07.2000
TAXATION STRUCTURE
KAMAL NATH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Federation of Indian Chambers of Commerce and Industry has called for creation of a right taxation structure coupled with necessary infrastructure for the fast moving consumer goods sector for the value chain to operate;
- (b) if so, the broad outlines of the details submitted in this regard; and
- (c) the reaction of the Government with regard thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): Yes Sir. The broad outlines of the suggestions made by the Federation of Indian Chambers of Commerce and Industry with regard to taxation of the fast moving consumer goods sector are as under:

- (i) To constantly review the classification of mean, merit and de-merit goods for the purpose of charging them to excise duty.
- (ii) To reduce excise duty on fast moving consumer goods and to fix a rate of 8% duty on them for the next 2-3 years.
- (iii) To review the distinction between branded and un-branded goods for the purpose of excise.
- (iv) To consult the industry on the question of abatement from M.R.P. for determining assessable value.
- (v) To introduce M.R.P based excise on imported goods.

(c): The excise duty structure was comprehensively reviewed by the Government as a part of the exercise for the Budget 2000-2001. At present, there is no proposal under consideration of the Government to make any changes in the excise duty structure relating to fast moving consumer goods. Some representations have, however, been received for increase in the abatement on M.R.P. While making changes, if any, the industry's view will be taken into account. There is no proposal under Government's consideration for introduction of M.R.P. based excise on imported goods.