

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3197  
ANSWERED ON:12.05.2006  
RATIONALISATION OF DUTY STRUCTURE  
Rana Shri Kashi Ram

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

- (a) whether incentives given to certain States has adversely affected the investment in industries of Gujarat;
- (b) whether the Government of Gujarat has requested for the rationalization of duty structure in respect of drugs and pharmaceuticals by bringing down the rate of exciswe duty from 16% to 8%;
- (c) if so, the reaction of the Government thereto; and
- (d) the steps being taken by Government to protect the adversely affected small scale industries of Gujarat?

**Answer**

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

- (a) The Government has given fiscal incentives to special category states to encourage industrial development of certain areas. It is not possible to comment on whether such incentives have adversely affected the investment in industries of Gujarat.
- (b) Yes Sir.
- (c) The request for reduction in excise duty was examined but it was decided not to make any change in the rates of duty.
- (d) Small Scale drugs and pharmaceutical units located anywhere in India including Gujarat, are eligible for excise duty exemption upto Rs. one crore during a financial year, provided their turnover did not exceed Rs. 4 crore during the previous financial year. Small Scale units located in non-exempt areas should thus not be adversely affected by incentives given to certain areas.