

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1854
ANSWERED ON:24.08.2007
EXCISE DUTY EXEMPTION
Hasan Chaudhary Munawwar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government had given exemption of Excise Duty to various States;
- (b) if so, the details of States, the reasons and period for giving excise exemption to each such State;
- (c) whether the Government has made any assessment of excise exemption to such States;
- (d) if so, the details thereof and action taken/being taken thereon; and
- (e) if not, the reasons therefor?

Answer

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

(a)&(b) Excise duty exemption schemes have been extended by the Government for specified goods produced by specified units in the States of Jammu and Kashmir, Uttarakhand, Himachal Pradesh, Sikkim and North East Region and Kutch district of Gujarat, subject to certain conditions. All the above exemptions, except that for Kutch district of Gujarat, have been extended as per specific Industrial Policies announced by the Government. In the case of Kutch district of Gujarat, however, the exemption was given following an earthquake in January, 2001 leading to loss of industrial assets. The exemption is for a period of ten years from the date of commencement of commercial production by eligible units located in NER, Jammu & Kashmir, Uttarakhand and Himachal Pradesh and for five years in case of Kutch.

(c)&(d) Government has made an estimate of revenue foregone on account of the above exemption. Estimated excise duty foregone during the last three financial years is as under:

Year Revenue foregone
in Rs. crores

2004-05	1502
2005-06	4150
2006-07	7000

Provisional figures, excluding revenue foregone on account of exemption to four oil refineries located in the NER

(e) Does not arise in view of the above.