

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1881  
ANSWERED ON:17.07.2009  
EXCISE DUTY EXEMPTION  
Naranbhai Shri Kachhadia

**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 therefor and period for giving excise exemption to such states;
- (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;
- (e) if not, the reasons therefor;
- (f) whether requests for extension of date for receiving the benefit of excise duty exemption have been received from various States including Gujarat; and
- (g) If so, the details thereof and action taken thereon?

**Answer**

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

(a)&(b) Yes, Sir. Exemption from excise duty has been provided to units manufacturing specified excisable goods in certain States or regions,namely;

States/Regions    Sunset date

i. North Eastern States    31.3.2017

ii. Jammu & Kashmir    No time limit

iii. Sikkim    31.03.2017

iv. Uttarakhand    31.03.2010

v. Himachal Pradesh    31.03.2010

vi. Kutch region of Gujarat    31.12.2005 (exemption is for setting up of new units).

The exemption is available to new units or units undertaking substantial expansion on or before the sunset date, for a period of ten years from the date of commencement of commercial production in all cases except in Kutch region where the exemption is available

to new units set up on or before the sunset date for a period of five years from the date of commercial production. While there is an outright exemption for such units in Uttarakhand and Himachal Pradesh, exemption by way of refund is available in other States. Central Excise duty concessions have been given to these states or regions to attract investments in the industrial sector.

(c),(d)&(e) The total central excise revenue foregone on account of these area based exemptions is estimated to be about Rs.10327 crore for the period 2008-09.

(f)&(g) Yes, Sir. During the year 2009-10, requests for extension of date for receiving the benefit of excise duty exemption have been received from some States but not from the State of Gujarat. These are under examination.