

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**GOVERNMENT REVISES THE CAPACITY OF PRODUCTION AND  
CONSEQUENT INCREASES THE DUTY ON PAN MASALA AND TOBACCO  
PRODUCTS INCLUDING, GUTKA, CHEWING TOBACCO, AND FILTER  
KHANI ETC ; IMPOSES 5% EXPORT DUTY ON IRON ORE PELLETS**

**New Delhi, January 27, 2014**  
**Magha 7, 1935**

Considering the increase in the average speed of packing machines, the Government has revised the capacity of production and consequently increased the duty applicable to pan masala and tobacco products including gutka, chewing tobacco, unmanufactured tobacco and filter khaini packed in pouches with the aid of packaging machines etc. under the compounded levy scheme. Pan masala, pan masala containing tobacco (gutkha), chewing tobacco, unmanufactured tobacco and filter khaini packed in pouches with the aid of packaging machines are leviable to excise duty on the basis of the capacity of production which is determined based on the average speed of packing machines of pouches of various retail sale prices. The duty rate on the said goods was last revised in the Budget 2012-13.

CBEC has issued its Notifications No.3/2014-Central Excise (NT) and No.4/2014-Central Excise (NT) both dated 24.01.2014 in order to specify the amended deemed production of these goods in pouches of various retail sale prices. Notifications No.1/2014-Central Excise and No.2/2014-Central Excise, both dated 24.01.2014 specify the duty payable in respect of these goods packed in pouches of various retail sale prices.

Beside above, considering the domestic requirement of iron ore pellets, the Government has decided to impose an export duty of 5% on iron ore pellets. CBEC issued Notification No.3/2014-Customs, dated 27.01.2014 in this regard.

Iron ore fines and lumps are leviable to an export duty of 30%. Iron ore pellets are however exempt from export duty. In 2012-13, exports of iron ore pellets were negligible. However, in April-November 2013, exports of iron ore pellets have risen sharply, causing an apprehension about shortage of iron ore in the country. Iron ore is a critical raw material required for production of steel.

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