

Honourable Speaker Sir,

The overall surplus as per Budget Estimates for the year 2011-2012 is ₹ 49.69 crores.

I now present tax proposals for the year 2011-2012.

Tax on tobacco

Tobacco and its products are injurious to health. In order to reduce its consumption, the rate of VAT on tobacco and its products was increased from 15% to 20%, including additional tax, during the financial year 2010-2011. The effort of the State Government has been appreciated by the Government of India and the international organizations.

I propose to increase the rate of VAT on tobacco and its products from the present level of 20% inclusive of additional tax to 25% inclusive of additional tax. "Unmanufactured tobacco" shall continue to remain exempted.

Rate of tax on mobile phone

At present, the rate of VAT on mobile phone in the State is 5% including additional tax. While the rate of VAT in other states like Maharashtra, Karnataka, Andhra Pradesh, Delhi is about 15%.

In order to correct this imbalance, I propose to increase the present rate of VAT on mobile phone from 5% inclusive of additional tax to 15% inclusive of additional tax.

Green Cess

Attracted by good quality and well organized infrastructure facilities in the State, many industrialists are planning to set up power plants in Gujarat. On account of geographical location, ease of imported coal and gas and also the positive attitude of the State Government, the installed capacity of conventional energy sources has soared to 13,258 MW. There has been constant increase in capacities and during year 2011-12, we expect the installed capacity to reach the level of 18,000 MW. However, conventional energy affects the environment. In this context, it is essential to promote 'Clean and Green Energy' in the State. On account of its geographical location, long coastline and climate, Gujarat can take a lead in generation of "Clean and Green energy".

Considering these factors, State Government feels that generation of clean and green energy should be given fillip and also provide funding for purchase of non-conventional energy and for protection of environment, State Government wants to set up “**Green Energy Fund**”. For this I propose to enact **Green Cess Act** and introduce “**Green Cess.**” Accordingly, I propose to levy Green Cess at a rate of 2 (two) paise per unit on generation of all kinds of electrical energy, including captive energy, but excluding solar energy, wind energy, bio-energy, geo-thermal energy, tidal energy and hydal energy. A Bill containing these measures would be brought before the Assembly during the current session.

Conclusion The final position of Budget Estimates for the year 2011-2012 will be as under:

		(₹ in crores)
(1)	Surplus as per Budget Estimates	(+) 49.69
(2)	Proposed increase in taxes:	
	Value Added Tax	280.00
	Green Cess	244.00
	Total	524.00
(3)	Estimated overall surplus	(+) 573.69

I commend the Budget for the consideration of this august House.
