

OSMANIA WILL COST MORE

Well, ladies and gentlemen, the great day has come and gone. All the pundits have already opened their mouths and started saying about the Union Budget, i.e., how good, how bad or how seeda-saada it is. Reduction of duty on idly has made the banner headlines. As usually, all these are meant for gullible public, who always go by new reports and cough-up paying all the increased duties.

A friend of mine became very enthusiastic and diehard fan of the Hon'ble FM and I asked why and according to him the Hon'ble FM not only bothered about the Idly consuming poor, but also bothered about Ikon purchasing nova-rich. Good for both of them. (ikon may not be eligible for the rate reduction, being more than 4m in length?)

One of the interesting factors of the Budget, is amendment to Notification No.8/2003-CE, dated 1.3.2003, by Notification No.8/2006-CE, dated 1.3.2006. There are so many tax pundits, who always moaned about the round about way of telling rate of duties, abatements, exemptions etc., and this Notification tried to pacify this lot. Now, instead of giving a list of Products falling under various Chapters, sub-headings etc., Government, clearly indicated what are all the Chapters and sub headings that are covered under the now famous SSI benefit. So far so good.

A close study of the said amendment reveal that Biscuits and Chocolates (not of those Swiss variety or those fancy priced once please. Why?) are no longer covered under the umbrella of SSI Notification. Now, what does it mean?

It means, the manufacturers of Biscuits and chocolates have to discharge duty liability from Rs.1 onwards, whether they use power or not. It means all your neighborhood Bakers will find taxmen at their doorstep, nay ovenstep.

How plausible or reasonable it is? I know a Unit, which was a small bakery in a sleepy little town in West Godavary District of AP. As a young boy, I really used to enjoy the "Badam Biscuit", their flagship product. After so many years, when I myself become a Taxman and when I was in that town, promptly I went to that Bakery, nee, the outlet and was very happy to know that he is an assessee of the department. This evolution, well let me hasten to add, took about twenty years.

However, by the amendment cited above, the process has been so quickened-up, now even your road side baker becomes a CE assessee, even if his turnover hardly crosses Rs.4 lakhs (remembering anything about Service Tax, its not my fault). It is like ripening the fruits, in particularly, mangoes by using a chemical called Carbide.

When I discussed these aspects with a friend, the only question he put is that whether "Osmania"* will cost more? I said Yes, thanks to encouraging SSI Sector.

* Osmania is a local made Salt&Sweet biscuit, without which no self-respecting Hyderabadi will have his cuppa at an Iranian Tea Stall.