




CENTRAL EXCISE DAY

2026

Central Excise Day is celebrated every year on February 24 to mark the passing of the Central Excise and Salt Act, 1944. This foundational law unified multiple excise laws into a single framework.

While the introduction of GST in 2017 subsumed central excise for most goods, excise duties still apply to select products that require regulatory oversight:

-  Petroleum products (petrol, diesel, aviation fuel)
-  Alcohol and alcoholic beverages
-  Tobacco and tobacco-related products (cigarettes, bidis, cigars)

These targeted excise duties reflect the government's ongoing aim of balancing revenue generation with public health and safety goals — a principle that continues in Budget 2026-27 as well as recent legislative reforms.

Latest Amendment: Central Excise (Amendment) Act, 2025

The Act, effective **1 February 2026**, strengthens the Centre's power to levy excise on tobacco and related products after the GST compensation cess ends which is set to end on 31 March 2026; the Amendment Act ensures the overall tax burden on tobacco products remains intact thereafter.

Key Highlights:

- Higher excise on cigarettes: ₹2,050–₹8,500 per 1,000 sticks
- Capacity-based duty for chewing tobacco, gutkha, and similar products
- New "**Health Security se National Security Cess Bill, 2025**" on pan masala and other 'sin goods' — **introduced as a separate but related legislation alongside the Amendment Act**

Impact: Maintains total tax incidence on harmful products, improves compliance, and supports public health goals.



Central Excise Measures in Budget 2026-2027

(Reference: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2221458®=3&lang=2>)

1. Biogas Blending in CNG

The government amended the Central Excise exemption notification to **exclude the value of biogas/CBG from the assessable value of blended CNG** for excise duty calculation.

Impact:

- **Lower excise burden on blended fuel:** This exemption reduces the central excise duty payable on CNG when blended with biogas, directly lowering fuel costs for green fuel suppliers.
- **Boost to clean energy investment:** This measure is expected to attract up to **₹1 lakh crore** of investment in the biogas sector by improving viability and competitiveness of biogas-enriched fuels.
- **Environmental benefit:** It enhances India's transition to cleaner fuel by incentivizing the use of renewable biogas in transport and industry.



2. Tariff Simplification

The finance minister stated that Budget proposals for **Customs and Central Excise aim to simplify tariff structure, support domestic manufacture, promote export competitiveness and correct duty inversion.**

Impact:

- **Simplified tax structure:** Rationalising and aligning tariff rates reduces administrative complexity, improves clarity for businesses, and reduces compliance costs.
- **Support for manufacturing:** Lower or simplified duties on inputs can reduce production costs, helping domestic manufacturers compete globally.
- **Export competitiveness:** Rationalised excise and customs duty may reduce cost of export-oriented manufacturing, enhancing India's position in global value chains.
- **Duty inversion correction:** Addressing situations where duties on finished goods were lower than on inputs helps discourage imports of inputs and supports local processing.



Conclusion

From the Central Excise and Salt Act of 1944 to GST in 2017, and now to targeted reforms in 2025–26, India's indirect tax regime has continuously evolved. The Central Excise (Amendment) Act, 2025 and the "*Health Security se National Security Cess Bill, 2025*" together ensure robust taxation on sin goods post the GST compensation cess sunset on 31 March 2026. Budget 2026-27 further reinforces this trajectory — promoting clean energy through biogas blending incentives and strengthening manufacturing through tariff simplification.

