

MS. MABEL REBELLO: This is no answer to my question. What is this? What has happened to Rs. 20,000 crores? ...*(Interruptions)*.

MR. CHAIRMAN: Please take your seat. Nothing will go on record.

SHRI YASHWANT SINHA: Sir, he is not replying to any question. Every Member even from that side is complaining. He is not replying to the questions. ...*(Interruptions)*... We must have your protection. ...*(Interruptions)*. You must protect the Members, Sir. You should not protect the Minister! ...*(Interruptions)*.

DR. MURLI MANOHAR JOSHI: Sir, the Minister is obliged to give the same reply if I ask him to reply under the Right to Information Act. But he is refusing to give his reply. What is this, Sir? ...*(Interruptions)*.

SHRI SANTOSH BAGRODIA: Sir, he is giving the reply. ...*(Interruptions)*.

श्री वेद प्रकाश गोयल: सर, प्रश्न के उत्तर में कहा गया है कि 2006-07 में 4,976 करोड़ रुपए लगने वाले हैं। इस साल का एक तिहाई भाग निकल चुका है। अभी तक वे इसमें कितने रुपए लगा चुके हैं? इसी के साथ-साथ अगर हर साल 8 प्रतिशत ऑयल का प्रोडक्शन कम होता जाएगा, तो declining balance के ऊपर 8 प्रतिशत लगाते-लगाते 7-8 साल में तो यह zero हो जाएगा। अगर नए well नहीं बन रहे हैं, तो इसे कहां से make-up किया जाएगा? मेहरबानी करके कृपया इसका जवाब दीजिए।

श्री मुरली देवरा: यह बात सही नहीं है कि हर साल ऑयल का प्रोडक्शन 8 परसेंट कम हो रहा है। पहले कभी-कभी ऐसा हुआ था। अभी इस साल के अन्दर यह 2-2.5 मिलियन टन बढ़ेगा। ओ एन जी सी में जो रुपया गवर्नमेंट ने लगाया है, खास कर exploration में, वह सही था। इसे लगाने से आज ओएनजीसी 24-25-26 मिलियन टन ऑयल उत्पादित कर रही है। अगर वह ऐसा नहीं करती, तो Sir, for meeting 75 per cent of our oil requirement, we are importing oil, and 20-21 per cent is met by ONGC. So, the money investment is totally safe. It was a right decision.

Tax on interest paid to senior citizens by Banks

*126. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the interest paid to senior citizens by

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banks and post offices on investments made by them on Senior Citizen Savings Schemes has been made taxable income;

(b) if so, the reasons for bringing senior citizens under tax net even under the above Scheme which is meant exclusively for senior citizens without any tax commitment; and

(c) what are the reasons for bringing them under the tax net now when the scheme was introduced in 2004 and banks and post offices have so far not been deducting any tax on investments so made during the last two years by senior citizens.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c)
A Statement is laid on the table of the House.

Statement

(a) to (c) Under the provisions of the Income Tax Act, 1961, senior citizens are not unconditionally exempted from income tax. In order to provide relief to senior citizens (described in the Schedule to the Finance Act as an individual who has attained the age of 65 years or more) a higher exemption threshold of Rs. 1,85,000 has been provided. Any income in excess of Rs. 1,85,000 would be subject to income tax.

The Senior Citizens Savings Scheme was introduced in 2004. It applies to persons who have attained the age of 60 years as well as to persons who have attained the age of 55 years or more but less than 60 years, and who has retired on superannuation or otherwise. Having regard to the special requirements of senior citizens, a higher interest rate of 9% per annum is allowed under this Scheme. However, it was made clear that the interest of 9% per annum would be taxable.

No change has been made in the scheme since it was introduced in 2004. TDS is liable to be deducted by the person who pays the interest on the deposits, unless the depositor furnishes a declaration in Form 15H or in Form 15G, as the case may be, if the tax on his estimated income in the financial year is nil.

SHRIMATI N.P. DURGA: Sir, this is one of the successful schemes because it gives the highest rate of interest, and last year, it has mobilised Rs. 15,000 crores as deposits. Sir, in all the schemes applicable for senior citizens, the maximum age limit prescribed is 60 years, but

When it comes to Senior Citizen Savings Scheme, the Ministry is prescribing the age limit as 65 years with a higher threshold of Rs. 1,85,000/-. There have been demands for reducing the age limit, for this scheme, to 60 years. So, I would like to know from the hon. Minister what hurdles he has to cross to reduce the age limit from 65 years to 60 years in case of men and from 60 years to 55 years in case of women.

SHRI P.CHIDAMBARAM: Sir, this age is indicated in the Schedule to the Finance Bill which is passed by Parliament. Sixty-five years is the age indicated in the Schedule. I take note of the Member's concern. Having regard to the overall need to protect revenues, we will consider it at an appropriate time.

SHRIMATI N.P. DURGA: Sir, my second supplementary is this. The hon. Minister has said in his reply that no change has been made since the introduction of this Scheme in 2004. But banks and post offices have already deducted the TDS in spite of giving Forms 15G and 15H. And it was only after the Ministry gave its clarification last month that the TDS had been done away with by banks and post offices. So, how is the Ministry going to repay the already deducted TDS?

SHRI P. CHIDAMBARAM: Sir, if anyone has deducted TDS either after Form 15G or 15H has been given, that is wrong. They will rectify it in the next quarter when they account for the interest that is payable on the deposits. And we have already told them that if 15G or 15H is given, you cannot deduct TDS. TDS, Sir, is not an additional tax liability. TDS is only an advance tax liability. So, if the senior citizen is liable to pay tax, he will take credit for the TDS, and if he is not liable to pay tax at all, he will get a refund of the TDS. But the hon. Member is right that if 15G or 15H has been given by the depositor, neither the banks nor the post offices are entitled to deduct the TDS.

SHRI PRAVEEN RASHTRAPAL: Sir, the Income-Tax Act is a very powerful instrument for taxing income. But I would like to take this opportunity to request the hon. Finance Minister to take into consideration the plight of those who are in distress. Recently, it has been brought to our notice that the Mumbai blast victims would receive compensation from the Railways, the State Government and the Central Government. The Railways is paying on account of insurance. That will be exempted from income-tax. But the compensation received from

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the State Government and the Central Government will be taxable. Now, you can appreciate when a man dies in such incidents he is not putting in any efforts on income. If that income is taxable, it is really a serious matter which I want him to consider.

SHRI P. CHIDAMBARAM: Sir, I have received this representation. It is under my active consideration.

SHRI TARAN KUMAR SEN: Sir, I would like to express my concerns through my questions. The senior citizens have been granted an additional higher rate interest of nine per cent. But, at the same time, that has been made taxable. I would not like to make a general comment as such. But in respect of a bigger part of them, I mean the overall majority of the senior citizens, particularly, those who are superannuated from the salaried class, taxation of their retirement savings is making their survival difficult in these days. So, my request is whether the Finance Minister, apart from all technicalities which have been already adopted in the Finance Bill, into which I would not like to go—it is a process; consideration is a matter of process—is going to consider, in view of the plight of the superannuated salaried senior citizens whose number is increasing every year, giving some relief to them by exempting their deposits from taxation.

SHRI R. CHIDAMBARAM: Sir, the general exemption for all the citizens is Rs. 1 lakh. For senior citizens, you will recall that the Parliament approved a higher exemption of Rs. 1,85,000. The exemption threshold is Rs. 1,85,000 which is a very higher threshold. It is only he who has an income, including his interest income, in excess of Rs. 1,85,000 is liable to pay income-tax. Besides that, there is another saving provision of Rs. 1 lakh whereby in approved saving you can put another Rs. 1 lakh and that is also exempted from income-tax. I think these are generous provisions; The schemes that replaced this scheme were giving seven per cent tax free. This is nine per cent taxable. If you assume that the average tax rate for a senior citizen is 20 per cent, because it is over Rs. 1,85,000, I think nine per cent taxable at 20 per cent is slightly superior to seven per cent tax free.

SHRIMATI S.G. INDIRA: Sir, if you see the answer, the exemption amount is Rs. 1,85,000 which is taxable. I would like to know from the hon. Minister whether there is any proposal to increase the amount

from Rs. 1,85,000 because it is for the welfare of the senior citizens. So, the exemption amount may be increased.

SHRI P. CHIDAMBARAM: Sir, this threshold was approved by the Parliament only in the last Budget. There is no proposal, at the moment, to increase the threshold.

DR. MURLI MANOHAR JOSHI: Sir, will the Minister consider the reduction of lock-in period of this taxable scheme? It should be reduced to a lesser period so that the people can deposit. Otherwise, for a senior citizen to lock-in for a longer period will be slightly difficult.

SHRI P. CHIDAMBARAM: Sir, I don't know whether there is a provision for premature withdrawal which will entail a penalty. But there is no proposal, at the moment, to reduce the lock-in period because this is a high rate of interest. I will look into all those aspects.

Profit on petrol and diesel

*127. SHRI VIJAYKUMAR RUPANI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the margin of profit of private sector oil-companies per litre of petrol and diesel; and

(b) the total amount of tax, duties, excise etc. on petrol and diesel per litre?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) Based on the recommendation of Dr. Rangarajan Committee, implemented with effect from 16.6.2006, the pricing of petrol and diesel is on the basis of trade parity principle based on international prices. As per this methodology, the required price increase for petrol and diesel at the time of last price revision on 6th June 2006 (based on international prices of 1st fortnight of May 06) was Rs. 9.40/litre and Rs. 8.73/litre (Delhi prices) respectively. However, to protect the interests of consumers, the price increase on petrol & diesel was limited to