

[25 July, 2006]

RAJYA SABHA

**Clearance of Rs. 1000 crore debt relief for handloom co-operatives**

120 SHRI K.E. ISMAIL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Ministry of Textile has sought clearance for Rs. 1000 crore debt relief package for handloom co-operatives; and

(b) if so, the details of the package and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No, Sir. However, Ministry of Textiles has conveyed that an estimated amount of loan with interest and penal interest amounting to Rs. 844.06 crores is outstanding against the handloom co-operatives. It has been decided that Ministry of Finance in consultation with Ministry of Textiles and other stake holders is to discuss the issues relating to debt waiver and interest relief.

**Share of States in service tax**

121. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is proposed to allot 50 per cent share in service tax receipts to States as recommended by Empowered Committee of State Finance Ministries; and

(b) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Empowered Committee of State Finance Ministers (EC) has proposed that the share of States in Service Tax receipts should be increased from 30.5% to 50%. This is part of the proposal of the EC requesting the Central Government for sanctioning a package, consisting of monetary and non-monetary measures, for compensation of revenue loss on account of phasing out of Central Sales Tax (CST) The Central Government has not taken any decision to increase the share of States in Service Tax receipts to 50%.