THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No such information is available with the Government of India.

(b) Not Applicable.

Relaxation in rules of compulsory public float in listed companies

1697. DR. T. SUBBARAMI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering to relaxing rules of compulsory public float of 25 per cent in listed companies following a number of representation received;

(b) whether the Ministry has pointed out that if there is any need for any modification, correction, amendment or any amplification, it will be carried out;

(c) whether PSU Chiefs had approached the Ministry pointing out issues involved in implementation of the new guidelines, that were announced by it; and

(d) whether Government's intention to increase public shareholding in listed companies was first articulated by the Minister in this Budget to raise the threshold for non-promoter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir.

(b) In the dynamic context of financial markets, divergent views keep coming and the Government would take decision responding to evolving situations at appropriate time.

(c) No, Sir.

(d) Yes, Sir.

Extension of DTC to SEZs

1698. SHRI R. C. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Commerce Ministry has asked the Ministry not to extend the proposed Direct Tax Code (DTC) to Special Economic Zones (SEZs) in the country;

(b) if so, the details thereof;

(c) whether any decision has been taken on the request;

(d) if so, the details thereof; and

(e) if not, the reasons therefor and the impact that it has on the SEZ policy as a whole?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The draft Direct Taxes Code (DTC) along with a Discussion Paper was released for public discussion in August, 2009. The Discussion Paper mentioned that profit-linked incentives are inherently inefficient. Essentially, a profit-linked incentive is regressive in nature. Consequently, there is an inbuilt incentive for laundering and shifting of profits to the exempted activity. Since profit is the basis for exemption, there is no incentive for investment and upgradation during the period of tax holiday. Such profit-linked incentives also lead to significant loss of revenue and encourage rent-seeking behavior. Therefore, the Code proposes to substitute the currently available profit-linked incentives by investment-linked deductions for specified sectors including SEZ developers. Investment-linked incentives are better directed instruments since they are performance based and target the incentive specifically to the capital investment. With regard to the profit-linked incentives available to SEZs, the draft Direct Taxes Code (DTC) proposed the following:

(i) provision for profit-linked deduction currently available to SEZ developers for the unexpired period for all SEZs which are notified on or before the commencement of DTC;

(ii) provision for an investment-linked deduction for all SEZ developers notified on or after the date of commencement of the DTC;

(iii) Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) to be levied on SEZ developers;

(iv) no protection of the profit-linked deduction available to SEZ units for the unexpired period of the deduction left to them after the date of commencement of the DTC;

(v) no tax benefits for SEZ units set up on or after the date of commencement of the DTC; and

(vi) MAT on all SEZ units.

A number of inputs, including from the Ministry of Commerce, were received on the proposals outlined in the draft DTC and Discussion Paper. These inputs have been examined and the major issues on which various stakeholders have given their views have been identified. These issues have been addressed in the form of a Revised Discussion Paper which was released in June, 2010.

The revised Discussion Paper modifies the proposals for SEZ units to also protect the profit-linked deduction for the unexpired period for SEZ units beginning operations before 31.3.2011.

Development of minority concentrated district

1699. SHRI MOINUL HASSAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Public Sector Banks have not any comprehensive plan to develop the minority concentrated districts;

(b) if so, the reasons therefor; and

(c) the details of the plan of banks for development of such regions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Government of India introduced the "Prime Minister's New 15-Point Programme for the Welfare of Minorities", an important objective of which is to ensure an appropriate percentage of the Priority Sector Lending (PSL) is targeted for the minority communities and the benefits of various Government sponsored schemes reach the disadvantaged sections of minority communities.

Accordingly, RBI has issued necessary instructions to aLl Scheduled Commercial Banks (SCB) *vide* its circular No. RPCD.SP.22/09.10.01/2006-07 dated September 1, 2006 advising them to ensure that within the overall target of 40% of Adjusted Net Bank Credit (ANBC) for PSL and the sub-target of 10% for the Weaker Sections of PSL, sufficient care Is taken to ensure that minority communities also receive an equitable portion of the credit. This is also required to be kept in view by Lead Banks while preparing District Credit Plans.

Further, consequent to a Cabinet decision, the Public Sector Banks (PSBs) were advised in October, 2007 to step up their lending to Minority Communities to the extent of 15% of their PSL by the end of March 2010.