

collection cost is among the lowest in the world. In fact, if I am right, it is the lowest in the world. It is about 68 paise in a hundred rupees.

SHRI MOTILAL VORA: Sir, I would like to know from the hon. Minister, regarding the scheme of Annual Information Return, which has been in operation for the year 2005-06, by making it obligatory, what is the response, and what action has been taken, so far, against the persons who have not given the information. What is the response?

SHRI R CHIDAMBARAM: Sir, the response has been splendid, not complete but very good. It is the first year in which he introduce AIR. Some people have difficulty in understanding the obligation and in complying. The time has been extended for some, but action is being taken. But we have got, so far, 3,036 Returns; from banks, 1,504; from Registrars and Sub-Registrars, 1,223; from Mutual Funds, 42; from the Reserve Bank of India, 18; from Companies, 249; making a total of 3,036 Returns. The number of transactions reported in these Returns is a huge number, 18,63,490. There is a wealth of information. This information is being mined, analysed, and action is being taken.

श्री राम नारायण साहू: माननीय सभापति महोदय, क्या माननीय मंत्री जी यह बताने की कृपा करेंगे कि यदि आयकर विभाग अपनी फोर्स बनाएगा, तो क्या वह विभागीय भर्ती के माध्यम से होगा या अन्य विभागों डेपुटेशन पर उन्हें लेने का विचार है?

SHRI R CHIDAMBARAM: Sir, there is no proposal to raise a uniformed force.

देश में "वैट" का लागू किया जाना

*542 **श्री कांजीभाई पटेल :**

श्री जेसुदासु सीलम:

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क): देश के विभिन्न राज्यों में मुख्यवर्धित कर "वैट" को किस-किस तारीख से लागू किया गया है ऐसे राज्यों के नाम क्या हैं;

(ख) जिन राज्यों में "वैट" को लागू नहीं किया गया है उन राज्यों में किन मुद्दों को लेकर वैट का विरोध हो रहा है; और

(ग) इसे सम्पूर्ण देश में लागू करने के लिए क्या कार्रवाई की जा रही है?

...(व्यवधान)...

† सभा में यह प्रश्न श्री कांजी भाई द्वारा पूछा गया।

वित्त मंत्री (श्री पी० चिदम्बरम) : (क) से (ग) एक विवरण सभा पटल पर रख दिया गया है।

विवरण -I

(क) अब तक 30 राज्यों / संघ शासित क्षेत्रों ने मूल्यवर्धित कर क्रियान्वित किया है। प्रत्येक राज्य/ शासित क्षेत्र द्वारा मूल्यवर्धित कर को लागू करने की तारीख सहित इन राज्यों/ संघ शासित क्षेत्रों के नाम संलग्न विवरण-I में उल्लिखित है। (नीचे देखिए) 3 राज्यों/ संघ शासित क्षेत्र, नामतः उत्तर प्रदेश, तमिलनाडु और पांडिचेरी ने मूल्यवर्धित कर को लागू नहीं किया है। दो संघ शासित क्षेत्र नामतः अण्डमान एवं निकोबार द्वीप एवं लक्षद्वीप कोई बिक्री कर अथवा मूल्य वर्धित कर नहीं लगाते है।

(ख) और (ग) राज्य मूल्यवर्धित कर, राज्य के अन्दर माल के क्रय अथवा विक्रय पर कर होने के कारण भारतीय संविधान की सातवी अनुसूची की सूची II (राज्य सूची) की प्रविष्टि 54 के सौजन्य से राज्य का विषय है। मूल्य वर्धित कर के कार्यान्वयन के बारे में निर्णय लेना पूर्णतः संबंधित राज्य पर निर्भर करता है। केन्द्रीय सरकार सभी आवश्यक तकनीकी एवं वित्तीय सहायता उपब्ध कराने के माध्यम से इस महत्वपूर्ण कर सुधार प्रक्रिया में एक सुविधाकारक की भूमिका निभा रही है।

विवरण -II

राज्यों/ संघ शासित क्षेत्रों द्वारा वैट के कार्यान्वयन

क्रम	राज्यो/ संघ शासित क्षेत्रों के नाम	मूल्यवर्धित कर के
सं०		कार्यान्वयन की तारीख
1.	हरियाणा	1 अप्रैल, 2003
2.	आंध्र प्रदेश	1 अप्रैल.2005
3.	अरुणाचल प्रदेश	
4.	बिहार	
5.	दादरा एवं नगर हवेली	
6.	दमण व डीव्यू	
7.	गोआ	

क्रम	राज्यो/ संघ शासित क्षेत्रों के नाम	मूल्यवर्धित कर के
सं०		कार्यान्वयन की तारीख
8.	हिमाचल प्रदेश	
9.	कर्नाटक	
10.	केरल	
11.	महाराष्ट्र	
12.	मिज़ोरम	
13.	नागालैंड	
14.	राष्ट्रीय राजधानी क्षेत्र दिल्ली	
15.	उड़ीसा	
16.	पंजाब	
17.	सिक्किम	
18.	त्रिपुरा	
19.	पश्चिम बंगाल	
20.	जम्मू एवं कश्मीर	4 अप्रैल, 2005
21.	असम	1 मई, 2005
22.	मेघालय	
23.	मणिपुर	1 जुलाई, 2005
24.	उत्तरांचल	1 अक्टूबर, 2005
25.	चंडीगढ़	15 दिसम्बर, 2005
26.	राजस्थान	1 अप्रैल, 2006
27.	गुजरात	
28.	मध्य प्रदेश	
29.	छत्तीसगढ़	
30.	झारखंड	

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RAJYA SABHA

Implementation of VAT in the Country

†*542. SHRI KANJIBHAI PATEL††
SHRI JESUDASU SEELAM:

Will the Minister of FINANCE be pleased to state:

(a) The date from which Value Added Tax (VAT) has been introduced in various States of the country along with the names of such States;

(b) This issues on which there is opposition in those States where VAT has not been introduced; and

(c) The action being taken to have it implemented throughout the country?

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

Statement I

(a)so, States/UTs have implemented VAT so far. The names of these States/UTs along with the date of implementation of VAT by each State/UT are indicated in the enclosed Annexure. 3 States/UT, namely, Uttar Pradesh, Tamil Nadu and Pondicherry have not implemented VAT. Two UTs, namely, Andaman & Nicobar Islands and Lakshdweep do not levy and sales tax or VAT.

(b) and (c) State VAT, being a tax on purchase or sale of goods within a State, is a State subject by virtue of Entry 54 of List II (State List) of the Seventh Schedule of the Constitution of India. It is entirely for the States concerned to take a decision about implementation of VAT. The Central Government is playing the role of a facilitator in this important tax reform process, by providing all necessary technical and financial support.

† Original notice of the question was received in Hindi.

†† The question was actually asked on the floor of the House by Shri Kanjibhai Patel.

Statement-II

Implementation of VAT by States/UTs

Sl.No.	Name of State/UT	Date of Implementation of VAT
1.	Haryana	1st April, 2003
2.	Andhra Pradesh	1st April, 2005
3.	Arunachal Pradesh	
4.	Bihar	
5.	Dadra & Nagar Naveli	
6.	Daman & Dili	
7.	Goa	
8.	Himachal Pradesh	
9.	Karnataka	
10.	Kerala	
11.	Maharashtra	
12.	Mizoram	
13.	Nagaland	
14.	NCT of Delhi	
15.	Orissa	
16.	Punjab	
17.	Sikkim	
18.	Tripura	
19.	West Bengal	
20.	Jammu & Kashmir	4th April, 2005
21.	Assam	1st May, 2005
22.	Meghalaya	
23.	Manipur	1st July, 2005
24.	Utaranchal	1st October, 2005
25.	Chandigarh	15th December, 2005
26.	Rajasthan	1st April, 2006
27.	Gujarat	
28.	MP	
29.	Chattisgarh	
30.	Jharkhand	

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श्री कांजीभाई पटेल: सर, मंत्री महोदय, ने बताया है कि कुछ राज्यों में अभी तक वैट नहीं लगाया गया है, मैं उनसे यह पूछना चाहता हूँ कि पूरे देश में कब तक वैट लागू होने की संभावना है। मंत्री जी ने अपने उत्तर में बताया कि केन्द्र सुविधाकारक की भूमिका निभा रहा है, मैं आपके माध्यम से मंत्री जी से पूछना चाहता हूँ कि क्या भूमिका निभाने के लिए केन्द्र ने कोई अलग फोरम बना रखा है? यदि, हां, तो उसका ब्यौरा क्या है?

SHRI P. CHIDAMBARAM: Sir, the introduction of VAT is a tribute to good Centre-State relations. I compliment all the State Governments, the Chief Ministers and the Finance Ministers who worked to introduce VAT. Our role has been the role of a facilitator, working with the empowered Group of Finance Ministers. All States have introduced VAT, except two State-Uttar Pradesh and Tamil Nadu, and one Union Territory of Pondicherry, whose fortunes, of course, are linked to the decision taken in Tamil Nadu. I am confident that the State of Uttar Pradesh and the State of Tamil Nadu will review the position and introduce VAT this year. The sooner they introduce VAT, the better it will be for those States.

As far as the role of Centre is concerned, we are a facilitator. We have helped the empowered Group of Finance Ministers take informed decisions from time to time. We are also providing compensation for VAT losses according to an agreed formula, which has been voted by Parliament.

SHRI KANJIBHAI PATEL: Sir, my question was: क्या इसके लिए कोई फोरम बना है या इस कार्य को एडमिनिस्ट्रेटिवली किया जा रहा है?

SHRI P. CHIDAMBARAM: Sir, I have answered it. The forum is only the empowered Group of State Finance Ministers.

SHRI JESUDASU SEELAM: Sir, Will hon. Minister say how long do the other States take to join?...(Interrupts)...

AN HON. MEMBER: Sir, he has already replied it.

SHRI P. CHIDAMBARAM: I hope they join today, Sir!

SHRI TARINI KANTA ROY: Sir, through you, I wish to know-since after the introduction of Value Added Tax, the rate of tax on various essential commodities and important commodities has come down; on tea, the tax rate, which was, earlier 12 per cent or more, has come down to four per cent, but in some States like Andhra Pradesh, Maharashtra

and Tamil Nadu, VAT has not been introduced on tea: what steps can be taken by the Government and what steps have been taken, so far, by the Union Finance Minister.

SHRI P. CHIDAMBARAM: Sir, VAT is a State tax. It falls within the jurisdiction of the State Governments. An Empowered Group of Finance Ministers has been set up voluntarily with the willing cooperation of all State Governments. It takes the decisions and it ensures that the States implement it. The idea is to have uniform tax rates throughout India on most commodities. It is true that the uniform VAT rates recommended by the Empowered Group in respect of some commodities have not been adhered to by some States. We are working through the Empowered Group mechanism to persuade those States to fall in line because, I think, uniformity and abiding by the decisions taken by the Empowered Group of Finance Ministers is the pre-requisite of the success of VAT. I know that there are aberrations in some States in respect of some commodities. But we are persuading the Empowered Group of Finance Minister to exercise its moral influence and persuasion to bring all States in line, as far as the uniform rates recommended by the Empowered Group are concerned.

SHRI MULE VENKATA MYSURA REDDY: Hon. Chairman, Sir, the State Governments are levying VAT by calculating the cost of raw material. The excise duty is also included in this raw material cost. Because of this inclusion of Central Excise Duty in the raw material cost, the levy of tax on goods is more than 20 per cent. It is nothing but a tax on tax. Keeping this in view, I would like to know from the hon. Minister whether there is any proposal before the Government to rationalise all these taxes in order to reduce the burden on the common man.

SHRI P. CHIDAMBARAM: Sir, excise duty is a tax on manufacture. Even when there was sales-tax, the sales-tax applied to the value of the goods in which excise duty is already applied. So, introduction of VAT has made no change in the position. VAT is a tax on value addition. You are absolutely right, as long as the Central Government levies excise duty and the State Governments levy sales-tax then or VAT- now, there will be some perception of double taxation. The answer is to go to a uniform goods and services tax throughout the country. We have

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announced that we intend to go to a GST by the 1st of April, 2010. The same Empowered Group of Finance Ministers has been consulted in the matter. A road-map is being drawn up. It is not yet complete. Once a road-map is drawn up, we will come back to the Parliament and inform the Parliament about the road-map. Once a GST is introduced, then you will not have this perception that excise duty and VAT fall on the same goods. At the moment, that is there. It has been there for the last 50 years.

SHRI C. RAMACHANDRAIAH: Sir, this VAT is a very innovative tax introduced by the Finance Minister. I must congratulate the Finance Minister. It has been introduced in various States on various dates. Will the loss of revenue that is going to be incurred by the States be compensated at the rate of 100 per cent first year, 75 per cent second year, etc., from the date of introduction of VAT by the State? What is the total amount that has been reimbursed to the States in the last financial year?

SHRI P. CHIDAMBARAM: Sir, the compensation formula was arrived at by the Empowered Group of Finance Ministers to which all the States agreed; even the States which did not join on 1st April, 2005 agreed to the compensation formula and I informed the Parliament about it. Now, the compensation formula, says, for the year 2005-06, the compensation is 100 per cent; for 2006-07, it is 75 per cent; and for 2007-08, it is 50 per cent. If a State joins later, for example, a State joined on 2nd April, it will get compensation in the second year and the third year. That is why I urged all the States to join then, on the 1st day. Most of the States joined. A few did not, but they have since joined. But a formula is a formula. It was arrived at with the participation of all those States. Now, so far as the claims that we have received for compensation are concerned, the claims are scrutinised by the Comptroller and Auditor General and the Accountant General of that State. We had provided about Rs. 5,000 crores for compensation. We expect this amount to go up a little more because Maharashtra has submitted a large claim. Approximately, an amount of Rs. 3,500 crores, I believe, has been given out last year. But this is a continuing scrutiny. You can't put a date on it. As and when the scrutiny is complete and the Auditor General certifies that the State is entitled to this compensation, the money is distributed.

SHRI YASHWANT SINHA: Sir, phasing out of the Central Sales Tax is a very important part of this package of the taxation reforms. What I would like to know from the hon. Finance Minister is this. Has he worked out a road map for phasing out of the Central Sales Tax? No. 2, what is the formula, if any, which has been arrived at for compensating the States which will lose out as a result of this phasing out of CST?

SHRI P. CHIDAMBARAM: Not yet, Sir. We are working with the Empowered Group of Finance Ministers. I have had more than one meeting with them. An official-level committee was appointed to examine the nuts and bolts of phasing out of the CST, including the compensation package. I think the phasing out is more or less clear. It will be in three steps. But I cannot announce anything unless we come to a final agreement. As for compensation, it is a sticky issue. The question is, we are saying that compensation should be both monetary and non-monetary. The Finance Ministers are agreeable to look into it. They are looking into it. Once we reach an agreement, I will, certainly, come back and report to this House, to Parliament. But I am confident that we will find a solution soon. But, not yet, is the answer.

SHRI MAHENDRA MOHAN: Mr. Chairman, Sir, I would like to know from the hon. Finance Minister what the total VAT collection was for various States and whether they have got a higher share through VAT against the Sales Tax, or, a lesser share was received. I am asking this because, in Uttar Pradesh, the VAT has not been introduced. But the State has collected, at least, 20 per cent more Sales Tax than last year. So, what has been the position in other States? Have they got a better share by collecting the VAT or not?

SHRI P. CHIDAMBARAM: Sir, overall, in 2005-06, all the participating States taken together have shown an increase of 13.8 per cent of VAT collection in 2005-06 compared to the Sales Tax collection in 2004-05. This, of course, differs from State to State. The average is 13.8 per cent. I will leave out the small States because their base was very low; they have collected 40 per cent or 50 per cent more. Even among the large States, you will find, for example, West Bengal has collected 31.3 per cent more; Uttaranchal has collected 32.5 per cent more; Haryana has collected 17.9 per cent more; and Himachal Pradesh has collected 28 per cent more. It varies from State to State. It is quite possible that the Sales Tax collection can show 20 per cent in a given year because of

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better tax administration or because of change in the Sales Tax rates. But I don't think the answer is that the Sales Tax is better than VAT. Clearly, and believe me, universally, it is accepted that VAT is a much better tax than Sales Tax. And, I would urge Uttar Pradesh to switchover to VAT as soon as possible.

Resettlement of families affected due to Sardar Sarovar Dam

*543. SHRIMATI HEMAMALINI:††
SHRI TARIQ ANWAR:

Will the Minister of WATER RESOURCES be pleased to state:

- (a) whether it is a fact that Government have decided to raise the height of Sardar Sarovar Dam across the Narmada in Gujarat over 11 meters;
- (b) if so, the number of villages/people expected to be affected;
- (c) whether Government have taken necessary steps for resettlement and rehabilitation of those affected families; and
- (d) if not, the reasons therefor?

THE MINISTER OF WATER RESOURCES (PROF. SAIF-UD-DIN SOZ): (a) to (d) A Statement is laid on the Table of the House:

Statement

(a) As per the directions issued by the Hon'ble Supreme Court of India in its judgement of 18th October, 2000, the Narmada Control Authority (NCA) is to accord permission to raise the height of the Sardar Sarovar Dam for its construction as per the Narmada Water Disputes Tribunal Award (NWDt), in stages, *pari-passu* with the implementation of the relief and rehabilitation and on the clearance given by the Resettlement and Rehabilitation Sub-group and Environment, Sub-group of NCA. Accordingly, NCA in its meeting held on 8th March, 2006 after taking into account the recommendations of both of its Sub-groups and the assurances of all the party States, decided to accord permission to raise the height of dam in the spillway portion from elevation level (EL) 110.64 metre to EL 121.92 metre as per the approved design.

†† The question was actually asked on the floor of the House by Shrimati Hema Malini.