

#### **Status of States enjoying tax holiday and exemption under DTC regime**

971. SHRI RAM KRIPAL YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether Sikkim, Himachal Pradesh and other Hill States enjoying special tax holiday and special income tax exemption can avail benefits under Direct Tax Code (DTC) regime; and

(b) what would be the status of industries in those States after implementation of DTC in 2012 specially under commencement of their production schedule?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir.

Undertaking located in Hill States can avail benefits under the Direct Taxes Code (DTC) if they are currently eligible for such benefits under the Income Tax Act, 1961 (the Act) based on the date of commencement of operations. A specific 'repeals and savings' clause has been proposed in the DTC (introduced as a Bill in Parliament in August, 2010) whereby, subsequent to the repeal of the Act, the current deductions available to undertakings in those States under the Act are sought to be protected for the unexpired period of deduction, subject to certain conditions specified in the clause.

#### **Cost of collection of tax**

972. SHRI RAMA CHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state:

(a) the percentage of the population being covered under direct taxes;

(b) what will be the coverage after introduction of the Direct Tax Code (DTC); and

(c) the cost of collections of personal income tax, central excise, customs, service tax, corporate tax and wealth tax, year-wise, since 1995 to till date?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per the provisions of the Income Tax Act, 1961, the scope of this Act, extends to whole of India. However, the coverage of population under direct taxes is related to the basic limit of exemption provided in the tax rates. For the general category of tax payers, this exemption limit was Rs. 1,50,000 for the financial year 2008-09, Rs. 1,60,000 for the financial year, 2009-10, and 2010-11 each and Rs. 1,80,000 for the financial year 2011-12. Therefore, the number of tax payers (in individual category) varies with the basic exemption limit. For the financial year 2008-09 the number of effective individual assesses for the direct taxes was 3,01,01,260 and for the financial year 2009-10 this number was 3,13,84,084 which is approximately 3% of the population.

(b) In the Direct Tax Code, the basic exemption limit, for the general category of taxpayers, has been stipulated at Rs. 2,00,000. As the increase in the exemption limit in the Direct Taxes Code is in line with the earlier years, coverage of population under the Direct Taxes Code will be similar.

(c) Tax collection being comprehensive efforts, cost cannot be distributed in Corporate tax, Personal Income Tax and Wealth tax etc. However, cost of collection of direct taxes from 1995 to 2010-11 and indirect taxes from year 2003-04 is given in Statement.

**Statement**

*Cost of collection of direct taxes (1995-2011) and indirect taxes (2003-04)*

**A. Cost of collection of direct taxes**

Financial year	Total collections (direct taxes) (Rs. crores)	Total expenditure (revenue) (Rs. crores)	Exp. as % of collection
1995-96	33,384	430	1.29%
1996-97	38,895	486	1.25%
1997-98	48,280	715	1.48%
1998-99	46,600	852	1.83%
1999-00	57,959	894	1.54%
2000-01	68,305	929	1.36%
2001-02	69,198	933	1.35%
2002-03	83,088	984	1.18%
2003-04	105,088	1050	1.00%
2004-05	132,771	1138	0.86%
2005-06	165,216	1194	0.72%
2006-07	230,181	1349	0.59%
2007-08	314,330	1687	0.54%
2008-09	333,818	2248	0.67%
2009-10	378,063	2726	0.72%
2010-11	446,070	2845	0.64%

**B. Cost of collection of indirect taxes**

	Actual collection customs (Rs. in crore)	Customs cost of collection at as % of total collection	Central excise and service tax	Central excise and service tax cost of collection as % of total collection
2003-04	486290	0.93%	995650	0.76%
2004-05	576110	0.77%	1133250	0.73%
2005-06	650670	0.72%	1342810	0.67%
2006-07	863040	0.56%	1556046	0.63%
2007-08	104119	0.51%	174912	0.64%
2008-09	99879	0.72%	169554	0.98%
2009-10	84497	1.09%	164771	1.32%

**Slowing down of economic growth of the country**

†973. SHRI PRABHAT JHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the data of fourth quarter of the financial year 2010-11 have indicated that the pace of economy is slowing down;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether there is an apprehension of slow pace of economic development in 2011-12 due to slowing down of the economy; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):  
(a) Year-on-Year growth rate of Gross Domestic Product (GDP) at constant (2004-05) prices (real GDP) has come down on a sequential basis to 7.8 per cent in the fourth quarter of 2010-11.

(b) The Growth rates of GDP, at factor cost at constant prices, for the last eight quarters is given in the table below:—

†Original notice of the question was received in Hindi.