

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): {a} to (c) The Central Government in the spirit of cooperative federalism has sought to address the issue of financial problems being faced by States. Accordingly, Government of India constituted a High Powered Committee under the chairmanship of Union Minister of Finance and Company Affairs to assess the impact of pay revision on the finances of State Governments and *inter-alia*, make recommendations for reducing debt burden of the States to sustainable levels, feasible debt swap mechanism and for widening tax base of the States.

To enable wider consultations and arrive at a consensual approach on the fiscal consolidation process a meeting of all State Finance Ministers and subsequently of all Chief Ministers on fiscal situation of States, were held at New Delhi. The solution to the financial crisis in States would depend on the efforts of the States towards the fiscal consolidation process and the consensual approach arrived at among States.

#### **Sickness in co-operative sector**

1434. SHRI SURESH PACHOURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the co-operative sector banks in Gujarat are becoming sick because of embezzlement;
- (b) if so, the details thereof;
- (c) the reasons for sickness; and
- (d) the efforts made by Governemnt to make these banks economically viable and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) It is not correct to say that the co-operative sector banks in Gujarat are becoming sick because of embezzlement. However, some of the Urban Co-operative Banks (UCBs) are facing liquidity crunch consequent to the crisis of Madhavpura Mercantile Co-operative Bank Ltd. and certain irregularities in transactions in Government securities in violation of RBI's guidelines. RBI has taken several steps to strengthen the system of regulation and supervision on UCBs. These include, putting ceiling on operations in call money market and bank finance against shares and

debentures, increase in percentage of SLR investments in Government Securities, restrictions on interest rates on deposits offered by UCBs and investment of funds as deposit with other UCBs, etc.

### **Revenue Collection**

1435. SHRI SURESH PACHOURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the target set for mobilisation of resources through Direct taxes during the first half of the current financial year;

(b) whether the target has been achieved; and

(c) the efforts being made by Government to mobilise additional resources?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) The target set for collection of Direct Taxes (excluding other taxes) during the first half of the current Financial Year was Rs. 34,635 crores.

(b) The Collection made during the period under reference was Rs. 29,605.31 crores. Thus, there is a slight shortfall in collections with reference to the target.

(c) The following steps have been taken by the Government to increase collection of Direct Taxes:

- Allocation of the Budget Target upto the Range level and closer monitoring of the collection position.
- Increased Scrutiny of both Limited and Comprehensive types so as to collect more Revenues in such cases as well as to create a deterrent effect for other Taxpayers.
- Greater emphasis on Surveys and Searches in suitable cases for unearthing of unaccounted Income and Asset as well as to create a higher Risk Perception with respect of tax evasion.
- Steps towards complete computerization so as to enable Widening of the Tax Base and linking of Financial Transactions.
- Completion of Restructuring of the Income Tax Department and creation of smaller jurisdictions and shorter Span of Control for more effective Tax-Administration.
- Better Taxpayers' Service for promoting Voluntary Compliance of Tax.