

[10 December, 2002]

RAJYA SABHA

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) Appropriate action in this regard has been initiated by the Central Government.

(c) The primary responsibility for addressing the problem of unsustainable levels of fiscal deficit rests with the State Governments. However, Government of India, in pursuance of the recommendations of the Eleventh Finance Commission, has created a State's Fiscal Reforms Facility (2000-01 to 2004-05). States have been invited to draw their Medium Term Fiscal Reforms Programme aimed at improving revenue deficit/surplus and attaining sustainable fiscal deficit in the medium term. Besides, Government of India have also put forward a proposal for debt swap to enable States to retire high cost debt to facilitate the process of fiscal consolidation.

#### **Sale of Insurance through Panchayats and NGOs**

2034. SHRI S.M. LAL JAN BASHA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have announced a policy which will allow NGOs and Panchayats to sell insurance;

(b) if so, what are the details in this regard;

(c) what are the reasons for giving such permission;

(d) whether this will benefit the public; and

(e) if so, the reasons for change in the earlier policy?

THE MINISTER OF STATE FOR FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. The Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002 provide that among others, Panchayats, local authorities and co-operative societies or non-governmental organisations covered under the Co-operative Societies Act, 1912 may be permitted to sell insurance products.

(c) to (e) Number of representations have been made to the Government for allowing co-operatives and other rural bodies into insurance

sector. Entry of these bodies in insurance sector as an insurer or as a distributing agent of insurance products will increase the insurance coverage, especially in rural areas.

### **Legislation on Service Tax**

2035. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Government propose to bring forward legislation on Service Tax;
- (b) if so, the details of the proposed enactment and the reasons therefor;
- (c) by when the new legislation is likely to be put in place; and
- (d) whether the proposed law would take care of the interest of the State Governments in regards to the sharing of services with the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) to (d) The States have taken a unanimous decision to replace their existing sales tax system with Value Added Tax System from 1st April, 2003. In this context, and also to widen their tax base, all the States have requested that they should be allowed to levy tax on services. Appropriate action in this regard has been initiated by the Central Government.

### **Deduction/concession in Income Tax Act**

2036. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Government propose to terminate all concessions and deductions in the Income Tax Act;
- (b) If so, the details thereof and the reasons therefore; and
- (c) whether Government have drawn up a strategy to phase out the concession and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) No, Sir.

- (b) Does not arise.
- (c) In recent years, there has been a concerted effort towards the rationalisation and simplification of the direct taxes, which includes the