

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:397
ANSWERED ON:19.04.2002
DIRECT AND INDIRECT TAX COLLECTION
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) the target fixed for collection of direct and indirect taxes during the year 2001-2002;
- (b) whether the target fixed has been achieved;
- (c) if not, the anticipated shortfall in the collection of revenue, both in absolute and percentage term of the target, fixed;
- (d) the steps the Government propose to take to bridge the gap between the projected target and revenue earned; and
- (e) the impact of economic slow down on the collection of revenue?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(GINGEE N. RAMACHANDRAN)

(a)-(d):A statement is laid on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a)-(e) OF LOK SABHA STARRED QUESTION No. 397 (POSITION NO. 19) FOR ANSWER ON 19th APRIL, 2002.

(a) The targets fixed for major direct and indirect taxes for the year 2001-2002 are as under:
Revised Estimate

(Rs. crore) Direct Taxes

(Corporation & Income Tax) 73497
Indirect Taxes

(Customs & Central Excise Duties) 117392

(b) No, Sir.

(c) As per provisional estimates, the details of shortfall in collection of taxes are as under:
Revised Revenue Shortfall Shortfall Estimate Collection from RE from RE(%)

(Rs.crore) (Rs. crore) (Rs.crore)

Direct Taxes	73497	68092	5405	7.35
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Indirect Taxes	117392	112341	5051	4.30
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(d) All possible legislative, fiscal and administrative measures are being taken to improve tax collection. These include rationalization of tariff structure, review and withdrawal of tax exemptions wherever necessary, plugging leakage of revenue through anti-smuggling and anti-evasion measures, expeditious disposal of tax adjudications and appeal, finalisation of provisional assessments, speedy disposal of confiscated or uncleared cargo, simplification of tax collection procedures to improve tax compliance and widening of the tax base by bringing services under the tax net.

(e) The slow growth of the Gross Domestic Product (GDP) together with low rates of inflation during 2001-2002 have resulted in stagnancy in excise duty, arising from lower growth in production and reduced clearance of consumer goods and other excisable commodities. The slow growth of the economy has also led to a drop in imports, resulting in a decline in customs duty collection. Similarly, lower growth in the industrial sector, especially in the capital market, airlines, tourism, coal, tea and software industries, has adversely affected the direct tax collections.