

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2333
ANSWERED ON:23.07.2004
SHORTFALL IN COLLECTION OF TAXES
Das Shri Khagen

Will the Minister of FINANCE be pleased to state:

- (a): whether the Government is aware that due to the shortfall in the collection of taxes by the Union Government there has been a reduced flow of funds to the States in the form of Central share of taxes;
- (b) if so, the measures proposed to be taken for collection of taxes as per target fixed;
- (c) whether the Government propose to provide guaranteed minimum devolution of share of taxes to the States in case the collection of taxes falling short of the target; and
- (d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a): There has been no shortfall in devolution of central taxes to States. In Financial Year 2003-2004, the initial budgeted devolution of Rs. 63,758 crore was enhanced to Rs. 65,784 crore for the year.
- (b): The steps being taken to enhance revenue collections include widening the tax base, phasing out of exemptions wherever possible, strengthening tax administration, plugging leakage of revenue, recovery of tax arrears through a multi-pronged drive and simplification of tax procedures to & improve compliance.
- (c) & (d): Devolution of net proceeds of Central taxes and duties to States is based on the recommendations of the Eleventh Finance Commission and sharing is done accordingly.