

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1150
ANSWERED ON:30.07.2010
LOSS TO GOVERNMENT DUE TO TAX INCENTIVES
Ram Shri Purnmasi

Will the Minister of FINANCE be pleased to state:

- (a) whether extension of tax incentives has cost the Government a huge loss;
- (b) if so, the details thereof for each of the last three years; and
- (c) the steps taken in this regard?

Answer

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

(a) & (b) : The revenue foregone during the last three years on account of tax incentives pertaining to direct and indirect taxes is as under:

Direct Taxes:

(Rs. In crore)

Financial Year	Revenue Foregone
2007-08	1,00,256
2008-09	1,04,471
2009-10	1,20,483 (Projected)

Indirect Taxes (Provisional)

(Rs. In crore)

Financial Year	Revenue Foregone
2007-08	2,41,061
2008-09	3,54,045
2009-10	4,19,786

(c) Exemptions are given in public interest as a conscious policy to fulfill certain socio-economic objectives. Review of exemptions is an ongoing process and corrective measures are taken as and when required. Provisions regarding profit-linked deductions are being phased out of the Income Tax Act,1961.These are being replaced by investment-linked deductions for specified sectors.