

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1841
ANSWERED ON:17.07.2009
CONCESSION TO EXPORTERS
Chauhan Shri Sanjay Singh

Will the Minister of FINANCE be pleased to state:

- (a) the percentage of contribution of manufacturing sector in the country's Gross Domestic Product;
- (b) whether the Government is considering to give concession to exporters in taxes;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) : As per the Revised Estimates of Annual Income 2008-09 released by the Central Statistical Organisation, the share of manufacturing sector in India's Gross Domestic Product at factor cost, is estimated at 14.6 percent in 2008-09.

(b) & (c) : Concessions to exporters in taxes are already available under the existing provisions of the Income-tax Act. Section 10A of the Income-tax Act, 1961 provides for deduction of such profits and gains as are derived by an undertaking from the export of articles or things or computer software, where the undertaking is located in any free trade zone, electronic hardware technology park, software technology park or any special economic zone, subject to specified conditions. The deduction under this section was available upto assessment year 2010-11. The Finance (No.2) Bill proposes to extend the benefit of deduction under this section upto assessment year 2011-12. Section 10B of the Income-tax Act, 1961 provides for deduction of such profits and gains as are derived by a hundred per cent export-oriented undertaking from the export of articles or things or computer software, subject to specified conditions. The deduction under this section was available upto assessment year 2010-11. The Finance (No.2) Bill proposes to extend the benefit of deduction under this section upto assessment year 2011-12. Section 10AA of the Income-tax Act, 1961 provides for deduction to an assessee, being an entrepreneur as referred to in clause (j) of section 2 of the Special Economic Zones Act, 2005, from his Unit, in respect of the profits and gains derived from the export of articles or things or from services, subject to specified conditions. Finance (No.2) Bill 2009 proposes to amend the provisions of sub-section (7) of section 10AA of the Income Tax Act so as to provide that the deduction under section 10AA shall be computed with reference to the total turnover of the undertaking and not with reference to the total turnover of the assessee. This will benefit exporters having units in both the Special Economic Zone (SEZ) and the Domestic Tariff Area (DTA).

(d) : Does not arise.