

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2954  
ANSWERED ON:26.11.2010  
VAT ON AAY FOODGRAINS  
Patil Shri C. R. ;Reddy Shri Magunta Srinivasulu

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government has information about details of Value Added Tax (VAT) imposed on different items of foodgrains;
- (b) if so, the details thereof for each item, State-wise;
- (c) if not, the reasons therefor;
- (d) whether an imperative to reduce the rate of duty imposed by States on certain items of foodgrains like Antyodaya Anna Yojana (AAY) has been communicated to the States;
- (e) if so, the details thereof and response of the States thereto; and
- (f) the steps being taken to rationalize the VAT system to suit the present condition in each State?

**Answer**

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

(a) to (f): VAT, being a tax on sale or purchase of goods within a State, is a State subject as per Entry 54 of the State List of the Seventh Schedule of the Constitution. An Empowered Committee of State Finance Ministers (EC) has been constituted for taking decisions on matters relating to State VAT. The Union Government is only a facilitator in this tax reform process. The information about rate of VAT composed on foodgrains by States is not maintained centrally. States have been requested to keep tax rate low on essential items like foodgrains. Some States have exempted foodgrains from levy of VAT while some others levy VAT on foodgrains.