

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4013
ANSWERED ON:03.12.2010
COLLECTION FROM TEA
Deka Shri Ramen

Will the Minister of FINANCE be pleased to state:

- (a) the comparative details of revenue generated from tea industry and from others during each of the last three years region/State-wise;
- (b) whether extension of fiscal incentive to tea industry is under consideration of the Government; and
- (c) if so, the details thereof?

Answer

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

(a) So far as direct and indirect taxes are concerned, the comparative details of revenue generated from the tea industry and from others is not centrally maintained region/State-wise.

(b) & (c): Tea including waste is currently exempt from basic central excise duty. There is no terminal date for this exemption. So far as direct taxes are concerned, the Income Tax Act, 1961 read with Income Tax Rules, 1962 already provides following fiscal incentives to Tea Industry:

i. Under Section 33AB of the Income Tax Act, 1961, in case any assessee carrying on business of growing and manufacturing tea in India deposits within prescribed time limit any amount or amounts in a specified account maintained by the assessee in accordance with the scheme framed by the Tea Board for the specific purpose, a deduction is allowed for a sum equal to the amount or the aggregate of amounts so deposited or a sum equal to 40% of the profit of such business, whichever is less.

ii. Under Rule 8 of the Income Tax Rules, 1962, only 40% of the income derived in the business of growing and manufacturing of tea in India is deemed to be liable to income tax.

iii. Under sub-section 30 of the Section 10, the amount of any subsidy received from or through the Tea Board under any scheme for re-plantation or replacement of Tea bushes or for rejuvenation or consolidation of areas used for cultivation of Tea is exempted from the Income Tax.

In view of the above, there is no proposal under consideration of the Government for further incentives to Tea industry.