

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4787

ANSWERED ON:07.08.2009

LOSSES DUE TO TAX REBATE

Sharma Shri Jagdish;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has incurred estimated loss of Rs.4,18,096 crores for giving tax rebates and exemption in financial taxes or other kind of assistance to the corporate and non-corporate firms respectively during the financial year 2008-09;

(b) if not, the details thereof;

(c) whether similar concessions were given during the years 2007-08, 2006-07 and 2005-06 also;

(d) if so, the details thereof alongwith the breakup of shortfall registered in revenue collection as a result thereof by the Government during the aforesaid years; and

(e) the assessment of benefits accrued out of the said concessions?

Answer

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

(a): Yes, Sir.

(b): Does not arise in view of (a) above

(c): Yes, Sir.

(d) & (e): The details of the estimates of total revenue foregone for the financial years 2007-08, 2006-07 and 2005-06 are as follows:

Financial Year	Total estimated revenue foregone (in Rs. crore) (including both direct and indirect taxes)
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2007-08	2,85,052
2006-07	2,39,712
2005-06	2,06,700

The shortfall in revenue collection as compared to the estimates is on account of several factors such as rate reduction after fixation of estimates, slow down in economic activity or unusual revenue realization behavior towards the end of a fiscal year, etc. and therefore shortfall in revenue receipt does not exactly correspond to the revenue foregone on account of tax rebates and exemptions.

Further the various exemptions and deductions, are related to infrastructure levelopment, regional development, promotion of exports, promotion of certain industries etc. Deduction and exemptions to individuals are given for savings in specified financial instruments,for maintenance of persons with disabilities, for payment of medical insurance premia, to promote higher education, encourage donations for charitable work etc.