

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4058  
ANSWERED ON:05.09.2012  
CONCESSIONS TO INDUSTRIES  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether concession of various types like tax rebate in the form of incentive package is given to various industries by the Government;
- (b) if so, the industry-wise details of the concessions given during the last three years;
- (c) the amount of loss to exchequer each year as a result thereof;
- (d) whether the Government is contemplating to discontinue the concessions being given to industry in view of the economic condition of the country and if so, the details thereof;
- (e) whether any proposals have been received by the Government in this regard; and
- (f) if so, the details thereof along with the steps being taken in this regard?

**Answer**

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

(a)& (b): So far as direct taxes are concerned, the Income Tax Act, 1961 provides for direct tax incentives to various industries in both corporate and non-corporate categories. The detailed deductions or incentives available to different industries are mainly in the form of profit-linked deductions and other deductions under Chapter VI-A of the Act, investment-linked deductions, additional depreciation and weighted deduction.

So far as indirect taxes are concerned, several concessions/exemptions from customs & excise duties and service tax are available to various industries. These exemptions have been given from time to time in public interest for the fulfilment of various policy objectives such as protection of small scale sector, development of Khadi & Village sector, industrial development of backward areas, encouragement of domestic value addition and regulation of prices of essential commodities. Service tax exemptions have been provided to social sectors such as education, health, etc. as well as, to services provided to the agriculture sector. Some exemptions are also available to construction services in relation to specified infrastructure projects. An across the board reduction in ad valorem rates of excise duty by 4 percentage points on non-petroleum products was made on 07/12/2008. Accordingly, the three major ad valorem rates of central excise duty i.e., 14%, 12% and 8% were reduced to 10%, 8% and 4% respectively. The rate of duty on cotton textiles and textile articles of cotton was reduced from 4% to Nil. On 24/02/2009, the rate of excise duty of 10% was further reduced to 8% for non-petroleum products. Notifications to give effect to the duty changes are published in the Official Gazette and duly laid on the table of the House.

(c): The estimated revenue foregone on account of tax incentives/exemptions is maintained in the form of a Revenue Foregone statement in the Receipts Budget which is a part of the Annual Budget. The estimates of revenue foregone on account of direct tax incentives, availed by both corporate and non-corporate categories, during 2008-09 to 2010-11 are as under: -

(Rs. In crore)

F.Y.	Corporate	Sector	Non-Corporate	Sector	Total
2008-09	66901	37570	104471		
2009-10	72881	45142	118023		
2010-11	57912	36826	94738		

The revenue foregone on account of various exemptions for Central Excise and Customs during 2008-09 to 2010-11 areas under.

(Rs. In crore)

F.Y.	Excise	Customs	Total
2008-09	128293	225752	354045
2009-10	169121	195288	364409
2010-11	192227	172740	364967

(Excludes revenue foregone on account of input tax neutralization schemes for export.)

(d) to (f): So far as indirect taxes are concerned there is no such proposal at this stage. However, with regard to direct taxes, the Government has taken a policy decision to moderate the rates of tax while at the same time weeding out deductions and exemptions like profit-linked deductions in the Income Tax Act. Accordingly, sunset dates of the related provisions are not being extended and instead, investment-linked deductions have been introduced for certain priority sectors. Proposals requesting for profit-linked deductions, including extensions of existing profit-linked deductions are being dealt with in the light of the policy indicated above in this regard.