

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:274
ANSWERED ON:23.11.2012
SERVICE TAX
Rane Dr. Nilesh Narayan

Will the Minister of FINANCE be pleased to state:

- (a) the item-wise rates of services added to the Service Tax Net since 1994- 95, year-wise
- (b) whether there is a proposal to reduce the Service Tax Net;
- (c) if so, the details thereof and if not the reasons therefor; and
- (d) the objective behind imposing the Service Tax and extent by which the same has been fulfilled?

Answer

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

- (a): Sir, item wise rates of services added to the Service Tax net since 1994-95, year-wise, placed in Annexure,
- (b) & (c): Sir, there is no proposal to reduce the Service Tax Net To achieve fiscal policy goals and meet the expenditure towards development programs of the Government, it is necessary to mobilize adequate resources.
- (d): Service tax was imposed to mobilize resources by taxing the fast growing services sector of the Indian economy. In the year 1994, service tax was introduced on three services which gave Rupees 407 Crore revenue. Service tax to GDP ratio was 0.04%, After about eighteen years, during the year 2011-12, service tax was leviable on 119 services, which gave revenue of Rs. 97,356 Crore. Contribution of service tax to GDP is broadly estimated to have grown to the extent of 1%. Overall, services sector contribute 59% of the GDP, to the economy. Keeping this in view, to further augment revenue by commensurate expansion of the tax base, a negative list based comprehensive approach to service tax has been introduced with effect from the 1st day of July, 2012.