

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:807

ANSWERED ON:01.03.2013

IMPLEMENTATION OF KELKAR COMMITTEE REPORT

Pandurang Shri Munde Gopinathrao;Rajesh Shri M. B.

Will the Minister of FINANCE be pleased to state:

(a) the point-wise recommendations contained in the Vijay Kelkar Committee Report which have been accepted and those not accepted by the Government along with reasons therefor; and

(b) the results/achievements made by implementing the accepted recommendations so far?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (Shri Namo Narain Meena)

(a) The recommendations of the Committee mainly emphasize on adjusting the price of petroleum products on regular basis in incremental steps towards eventual deregulation of diesel and an affordable level of subsidy on LPG and kerosene, increase the MRP of Urea, right-sizing of Plan Expenditure without affecting benefits to malnourished children and lactating and pregnant mothers, employment generation to protect the most vulnerable segments of the Indian population, efficient system of food grain delivery, linking CPP increases to MSP increases, disinvestment of minority government equity stakes in private entities, monetization of land held by Government or PSUs, sound investment by CPSEs with large cash balances, monetization of land, comprehensive review of Direct Taxes Code Bill, 2010, establishing a data-warehousing and data-mining infrastructure, amendment in law to provide quoting of PAN or the UID in all economic transactions including bank accounts, fixed deposits with banks, reconciliation of the Income Tax Returns and Tax Deducted at Source database for expanding and deepening of the tax base, and online verification of PAN for all high value transactions to reduce black money transaction. The Committee also recommended that the Union Excise Duties and Service Tax must be reformed so as to be in a state of preparedness for smooth integration of these levies into the Goods and Service Tax and that the negative list of services to be reviewed for further pruning as well as not extending the exemption granted to railways for transportation of goods and passengers (of higher class) beyond 30.9.2012. The Committee has opined that CBEC should put in place a robust information system to increase the deterrence level and the cost of evasion. The Committee also stressed on need for structural reforms towards reducing the regulatory and business climate impediments to private investment and stressed that they are essential, from pricing to taxation and access to land and other resources. Expediting of proposals for financial sector deepening in domestic capital markets, banking and insurance also formed part of Committee's recommendations. Government has broadly accepted the recommendations of the Committee with some reservations.

(b) Government has decided to adopt the plan of fiscal consolidation during the period from 2012-13 to 2016-17 at 5.3%, 4.8%, 4.2%, 3.6% and 3.0% respectively as percent of Gross Domestic Product (GDP). Due to the set of reform initiatives undertaken by Government, the Deficit in 2012-13 will not exceed the target set in the roadmap for 2012-13.