

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:6845

ANSWERED ON:09.05.2003

INTEREST RATE ON REFUND

CHANDRA NATH SINGH;PRAVEEN RASHTRAPAL;RAMSINH PATALIYABHAI RATHWA;SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Government have decided to slash the interest rates on refunds to companies and individuals against advanced taxes;
- (b) if so, the details thereof; and
- (c) the steps the Government propose to take so as to ensure the timely payment of refund orders to companies and individuals?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

- (a) The rate of interest paid by the Income-tax Department under section 244A of the Income-tax Act to the assesseees on account of delay in issue of refund has varied from time to time so as to be in tune with rate of interest prevailing in the market.
- (b) Finance Act 2002 has reduced the rate of interest from three-fourth percent per month to two-third percent per month with effect from 1.6.2002. This is comparable to rate of interest available in the market.
- (c) The steps taken to ensure the timely payment of refund orders include processing of returns on computers, processing of returns of refund cases on priority, ensuring availability of refund voucher books, deployment of extra manpower etc. In the Budget Speech, the Finance Minister has also proposed introduction of Electronic Clearance System (ECS) for direct credit of refunds to the bank account of the taxpayers.