

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:96
ANSWERED ON:28.07.2000
LOW GROWTH OF TAX RATIO
RASA SINGH RAWAT;VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government have expressed concern over the low growth tax ratio in comparison to the Gross Domestic Product and called for reversal of this trend;
- (b) if so, whether till June the Department had recorded 64 percent growth in the direct taxes as compared to the last year;
- (c) if so, whether the target for 2000-2001 has been pegged at Rs. 72,000 crores;
- (d) if so, whether the experts have suggested that taxation system should be transparent and acceptable so that people pay voluntarily;
- (e) if so, the main features that are being proposed by the Government to simplify the taxation system so that all the people can easily pay taxes to the Government;
- (f) whether the Government have also decided to take firm action against those who are not paying the tax arrears; and;
- (g) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR)

(a) to (g): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 96 TO BE ANSWERED ON JULY, 2000 REGARDING LOW GROWTH OF TAX RATIO BY PROF. RASA SINGH RAWAT AND SHRI VILAS MUTTEMWAR

- (a): Government are aware that the tax to GDP ratio in India is relatively low, and are desirous of improving it.
- (b): The collection of direct taxes during April - June, 2000 was 66.73% higher than the collection during the same period last year.
- (c): The Budget Estimates for 2000-2001 for direct taxes have been fixed at Rs. 72,105 crore.
- (d)&(e): Measures have already been taken to simplify the tax structure in order to make it more transparent and to improve tax compliance. The measures taken include reduction in the multiplicity of import duty rates; introduction of a uniform CENVAT (Central Value Added tax) rate of 16% ad valorem on all excisable goods with very few exceptions; extension of CENVAT credit on all inputs and capital goods with very few exceptions; abolition of statutory records; facility for payment of duty on fortnightly basis (on monthly basis for small scale units); introduction of transaction value concept for levy of excise duty and extension of retail sales price based excise levy on a large number of consumer goods; introduction of a simple one page form called 'Saraal' for filing income tax returns by certain assesseees; allowing returns in respect of tax deduction at source to be filed on magnetic media compatible with computers; dispensing with the requirement of approval by the Government for obtaining certain tax exemptions or deductions; and allowing tax payments in computerised branches of nationalised banks.
- (f)&(g): Recovery of tax is a continuous process, involving the use of statutory provisions, which include charging of interest, and levy of penalty. In difficult cases, coercive measures such as attachment and sale of defaulter's movable and immovable properties, arrest and detention of the defaulter, as per the provisions of law, are also resorted to. Periodical review and monitoring of cases involving high demands are also made by higher authorities on a regular basis, and necessary instructions are issued from time to time for effecting recovery of the outstanding taxes.