

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1500
ANSWERED ON:16.07.2004
COLLECTION OF CENTRAL EXCISE DUTY
Jha Shri Raghunath

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that actual collection of Central Excise duty of the Budget estimates has been falling year after year and the Government continued to make optimistic projections at the time of presenting the annual Budgets;
- (b) if so, the reasons for less collection of Central excise duty than projected in the annual budget of the last three years;
- (c) whether the actual collection in the year 2001-02 fell short of the budget estimate by Rs. 9414 crore or 11.5 per cent; and
- (d) if so, the reasons for the same?

Answer

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

(a) The actual collection, budget estimate and percentage achievement of budget estimate for last three years are given below:

(Rs. Crore)

year	Budget estimate(BE)	Excise duty collected	%age of BE
2001-02	81720	72555	88.78
2002-03	91433	82310	90.02
2003-04 (Prov.)	96791	90907	93.92

Thus, percentage achievement of budget estimate has increased from 88.78 % in 2001-02 to 93.92 % in 2003-04. The budget estimates are made after making certain assumptions with regard to industrial growth, inflation GDP growth, etc. which are considered to be realistic at time of making the estimates.

(b) Budget Estimates for a financial year are prepared on the basis of growth of actual revenue collection up to the month of November during the preceding financial year, projected manufacturing growth and inflation for the next financial year and the additional resource mobilisation if any, proposed in the budget for the next financial year. Difference between the BE and Actuals occurs if any one or more of the assumptions made at the stage of preparation of BE are not actually realised. The changes made in the excise duty structure during the year after presentation of the Finance Bill also affects the revenue collections.

(c) The shortfall in actual collection from budget estimate in 2001-02 was Rs. 9165 crore or 11.2%.

(d) Actual collection of excise revenue vis-à-vis the Budget Estimates depends upon various factors like manufacturing growth, price inflation, etc. The estimates are based upon certain assumptions, which if not achieved, would result in not achieving the estimates. One of the major factors for the actual revenue not matching the budget estimate was that the manufacturing growth and average price inflation had declined to only 2.9% and 3.6% respectively in 2001-02. Besides, raising of the turnover limit for full excise exemption for SSI units from 50 lakh to Rs. One crore in 2000-01 had also reduced the tax base substantially.