

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2397  
ANSWERED ON:18.03.2005  
APMC'S REPRESENTATION AGAINST IMPOSITION OF INCOME TAX  
Maadam Shri Vikrambhai Arjanbhai

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Agriculture Product Marketing Committee and State Government have represented against the imposition of Income Tax on the said committee from the assessment year 2003-04; and

(b) if so, the final decision of the Union Government in this regard?

**Answer**

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

(a) Yes, Sir.

(b) The State Governments have been advised that considering the need to phase out all exemptions inconsistent with a moderate tax regime, a policy decision was taken through the Finance Act, 2002, to define the term "local authority" under section 10(20) of the Income-tax Act and thereby restrict the exemption to Panchayats, Municipalities, Municipal Committees, District Boards and Cantonment Boards. Agricultural Marketing Boards and the Market Committees do not fall within the definition and are, therefore, not eligible for tax exemption under this section.