

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:521  
ANSWERED ON:02.03.2007  
INTEGRATING CENTRAL AND STATE TAXES  
Madhwaraj Smt. Manorama

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

- (a) whether a recent ASSOCHAM study has revealed that integrating the Central and State level taxes into a single-point GST (Goods and Service Tax) would yield additional revenue;
- (b) if so, the details thereof; and
- (c) the reaction of the Union Government thereto?

**Answer**

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

(a) to (c): In a recent Study Report of ASSOCHAM titled 'GST: Imperative for Economic Growth', released in January 2007, it is stated that 'GST will widen the tax base and improve the tax compliance leading to higher Tax: GDP ratio. The Tax: GDP ratio is expected to increase by 2% as per FRBM Report.' The FRBM Report referred here is the Report of the Task Force on Implementation of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. The FRBM Report was submitted in July 2004. This Report is also referred to as the Kelkar Committee Report since the Task Force was chaired by Shri Vijay L. Kelkar. The Government is also of the view that introduction of an integrated Goods and Services Tax will lead to a simple and efficient tax system, which will, inter-alia, result in higher tax revenues. It is for this reason that the Government has already announced its intention to introduce a Goods and Services Tax (GST) by 1st April, 2010.