

Shri Pranav Mukherji,
Hon'ble Finance Minister,
Government of India,
New Delhi

Sub – Pre- Budget Memorandum for Finance Bill 2011

Hon'ble Sir,

While our Chamber applauds your efforts for bringing out Reforms in Direct & Indirect Taxes, for various reasons – mostly beyond the control of Govt. of India, there has been slippages in adhering to the target dates. Now probably DTC and GST both will at best be possible to be in place not earlier than 1st April, 2012.

Inflationary Trends are badly affecting the bottom lines of Corporates. No relief in Corporate Tax was provided by you despite suggestions from Industries, during last several years. Industries, Commerce and Service Sector besides, because of increasing Consumers Price Index, General Citizenry too, expect relief from your next Budget.

Our Chamber has some suggestions, as given hereunder, for favour of your consideration, while finalizing your Budget Proposals for the year 2011-12.

1. Income Tax -

- i- Thresh Hold Limit be raised from ₹ 1.60 lakhs to ₹ 2.50 lakhs.
- ii- For Senior Citizens exemption limit be raised from ₹ 2.40 lakhs to ₹ 3.00 lakhs.
- iii- Tax Slabs for Individuals should be 10 % upto ₹ 5 lakhs, 20 % above ₹ 5 lakhs upto ₹ 10 lakhs and 30 % above ₹ 10 lakhs.
- iv- The Corporate Tax Rate be reduced from 30% to 25%.
- v- Corporate Surcharge of 7.50%, Education Cess of 2% and Secondary Education Cess of 1% be abolished.
- vi- MAT (Minimum Alternate Tax) was raised in 2010 from 15 % to 18 %. It should be restored at 15 %.

- vii- Present rebates for savings U/S 80(C) is ₹ 1 lakh which needs to be raised to ₹ 1.50 lakhs. This is besides additional deduction for saving in Infrastructure Bonds to the extent of ₹ 20,000/-.
- viii- Provision for Compulsory Audit U/S 44 (B) was revised last year from ₹ 10 lakhs to ₹ 15 lakhs for Professional and from ₹ 40 lakhs to ₹ 60 lakhs for Business Turnover. Keeping in view the inflation, compulsory audit be made applicable for Business Turnover of ₹ 100 lakhs and above and for Professionals ₹ 30 lakhs and above.
- ix- Though limits of TDS U/S 193/194 were marginally increased last year, these need further upward revision.
- x- Presently cash transactions upto ₹ 20,000/- are allowed as Business Expenditure. This limit be raised to ₹ 50,000/-.

2. Service Tax -

- i- In case of Service Tax, Thresh Hold Limit for Small Service Providers be increased from ₹ 10 lakhs to ₹ 15 lakhs, rate of service tax remaining at 10% pending introduction of GST.
- ii- Industries and Trade Associations / Chambers should be exempted from Service Tax, as they are not profit earning organizations. The services rendered by them are not exactly against any specific consideration / value.
- iii- Service Tax was imposed last year on any service provided by a builder of a residential/ commercial complex, or any other person authorised by such builder, for preferential location, is causing dissuasion among the prospective buyers of the property. Thus levy of this tax is proving to be an added detrimental factor to real estate sector. Service Tax on this need to be withdrawn.

3. Excise Duty /Custom Duty/ CST –

- i- For Small Scale Industries, the Exemption Limit of Central Excise is presently ₹ 1.50 crores. We suggest that it should be revised upward to ₹ 2.50 crores.
- ii- CST was planned to be totally with drawn effective from 1st April 2010. As GST is likely to be in place not earlier than 1st April 2010, 2 % CST being levied at present should be with drawn through Finance Bill 2011.

- iii- Continuing increase in the prices of Petroleum Products is having cascading effect on overall price structure. In Finance Bill 2010, Duty on Petrol & Diesel was increased from 5 % to 7.5 %, on Crude Petroleum duty was restored to 5 % and Central Excise Duty on Petrol & Diesel was levied at ₹ 1/- per liter. These changes in Custom and Excise Duty on Petroleum Products need to be withdrawn and restored to Pre – Finance Bill 2010 level.

4. Special Package for Bundelkhand and Poorvanchal -

Bundelkhand and Poorvanchal Regions of U.P. continue to be backward. Special Economic Packages and Excise Duty Relief need to be given to Bundelkhand and Poorvanchal Regions of U.P., on the pattern of Uttarakhand & Himachal Pradesh.

5. General -

- i- Suitable Regulatory Mechanism should be developed for utilization of various Subsidies to ensure that they reach Right Beneficiaries. Subsidy to Farmers should be directly credited to their Bank Accounts.
- ii- Senior Citizens need to be provided relief – particularly those who are not receiving any pension – by way of increase in rates of interest for Senior Citizen Saving Scheme and Post Office Monthly Income Scheme. Limit of investment for Senior Citizen Saving Scheme should also be revised upward from ₹ 15 lakhs to ₹ 25 lakhs. Similarly limit of investment in Monthly Income Scheme be raised from ₹ 9 lakhs to ₹ 12 lakhs.

Thanking you,

Yours Faithfully,

(S. B. Agrawal)
Secretary General