Beef up tax mop-up efforts: FM to officials

Even as the government is struggling to rein in fiscal deficit at 5.3 per cent of gross domestic product, Finance Minister P Chidambaram today asked revenue officials to beef up their tax collection efforts.

"This was a difficult year for the economy, including for revenue collection, because there were less imports and manufacturing activity was also slackening," said Chidambaram.

Addressing officials of the Central Board of Excise and Customs (CBEC) at the annual Investiture Ceremony here, he said tax officials should leave no stone unturned to achieve the budgetary target in the remaining weeks of the current financial year.

"The Customs and excise officials should make their best efforts to achieve the target. There are still seven weeks to go (for the financial year to end). So, they should make efforts to reach as close to the target as possible," said Chidambaram.

The government has budgeted to collect Rs 5.05 lakh crore in FY13 from indirect taxes, which comprise excise, customs and service tax - an increase of 27 per cent over the realisation in the previous financial year.

Indirect tax collection grew at a moderate rate of 16.8 per cent to Rs 2.92 lakh crore in the April-November period of FY13. In the first eight months of the previous financial year, indirect tax collection was Rs 2.50 lakh crore.

While excise yielded over Rs 1.08 lakh crore during April-November 2012, collection from customs and services tax worked out to Rs 1.04 lakh crore and Rs 78,774 crore, respectively.

In November 2012, the government had said it would be difficult to achieve the corporate tax, customs and excise mop-up targets as projected in the Budget, due to subdued corporate profits.

Industrial growth stood at just one per cent during the April-November period of FY13, against 3.8 per cent in the corresponding period of the last financial year. During the same period, imports contracted 0.71 per cent at $361.27 billion.

By December 2012, the Centre's fiscal deficit touched 78.8 per cent of the Budget estimate for FY13, according to official figures. This is an improvement considering the percentage was 80.4 per cent in during the April-November period. In the Budget estimate, the fiscal deficit was projected to be 5.1 per cent of the GDP but it was later revised by the finance ministry to 5.3 per cent.

Rating agencies such as Standard & Poor's and Fitch have already downgraded the outlook on India's ratings, which stood at the bottom of investment grade. The agencies are now watching the government's efforts to reduce fiscal deficit, among other parameters, to take a rating action.

(Business Standard)