

'Tax sops to industry must benefit consumers'

NEW DELHI, Feb. 21 (UNI) Eminent economist J. D. Agarwal today suggested that the industry pass on to the consumers the benefits of the concessions given to it in terms of excise and customs during the last five years.

Replying to a pre-budget questionnaire sent by UNI, Dr Agarwal, director of the Institute of Finance here, said this would be an important step to rectify the slow-down in the industrial production and exports.

The industry pocketing these concessions and not passing them to the consumers by reducing prices has set recessionary trends in the market as the consumers know that the prices should have been slashed, but this has not happened. The Government should also monitor the quality of goods sent for exports. This will ensure their quality as well as the prices.

The other suggestions made by Dr Agarwal include garnering large tax revenues through excise, customs and corporate tax, leaving the capital market to the market forces without any government interference and taking steps to tap unaccounted money.

Dr Agarwal has also recommended a level playing field for domestic industry, tax administration ensuring that common tax payee was not harassed while the "big fish" having to pay larger amounts, government withdraw

the Minimum Alternative Tax and the necessity of setting up independent regulatory bodies along the lines of Insurance Regulatory Authority for the infrastructure sector.

Dr Agarwal, however, said the slow-down in industrial production and exports was certainly not due to MAT, because production capacity was inelastic in nature and cannot be reduced in the very first year due to a policy change, like the introduction of MAT.

Dr Agarwal said there was no need for carrying out total monitoring of exports but mere sample checks and strict steps against those who were responsible for wide variation.