

# OFFICE OF THE LEADER OF OPPOSITION

Gujarat Vidhansabha, Gandhinagar.

Press Note

25th March, 2011

- Gujarat has maximum VAT in the country.
- Despite such a heavy rate of taxation, Gujarat government has not offered any relief. On the contrary, it has imposed fresh taxes of Rs 524 crore.
- Gujarat has maximum Electricity Duty in the country.
- On the products of common use, Gujarat has more VAT than Maharashtra, Rajasthan and MP.
- A move to raise money for Gujarat Socio Economic Society has caused a loss of crores.
- Finance Department is penalizing small traders while big defaulters of VAT are having field day.
- Electricity Duty should be reduced to 7.5 percent for small units.
- There should be relief in Profession Tax like the Income Tax.
- Reduction of two per cent in input credit is a great loss for Gujarat industry.
- Dues of crores of rupees of Essar are not collected with a design to benefit it.
- Recovery of Ashapura mine chem is still pending.
- Teaching staff of medical colleges does not get scales of UGC nor does it get benefits of Tiku Commission.

Leader of Opposition in the State Assembly Shaktisinh Gohil today blasted government for its fiscal policies. He said that despite heavy dose of taxation in the country, state government imposed a fresh burden of taxes of Rs 524 crore. Gujarat government has not offered any relief, he lamented. Gohil expressed the plight of people in a poetic form while speaking on the demands of the Finance Department,

***“Muskarahat labon se juda ho gai  
Is kadar ho khafa, kya khata ho gai  
Aam aadmi hai aansoo aur andhere mein  
Are o sarakaar tere to budget se roshni hi judaa ho gai”***

The main task of the Finance Department is to bring financial discipline. But, he said, the FD of Gujarat is taking away dozens in place of three- four. Quoting a report of the RBI on budget of 2009-10, he said that Gujarat has maximum Electricity Duty in the country. Against the national average of ED of 3.7 per cent, Gujarat has 9.10 per cent. Andhra Pradesh has 0.65 per cent, Haryana 0.97 per cent, Kerala 0.31 per cent, Karnataka 1.42 percent and Madhya Pradesh and Rajasthan 4.3 per cent and seven percent. What is more is that ED in Gujarat is linked with fuel price. As a result whenever the price of the fuel increases the amount of ED increases. ED on domestic use of electricity is 20 per cent in Gujarat while elsewhere it is very less. Referring to the problem of industries because of rate of 10 percent ED on small industries, he said that it should be reduced to 7.5 per cent. In Gujarat Profession Tax starts from income of Rs 3,000. On the other hand, central government is raising limit of Income Tax and it has gone up to Rs 1.60 lakh. There should be relief in Profession Tax like the Income Tax, Gohil demanded.

Referring to reduction in input credit tax by Gujarat, he said that it was imposed on the ground that the centre had made certain changes in CST and it would be withdrawn when the centre would make provision for the loss to the state. Gohil said that no other state introduced such a measure and now when the centre was ready to make up for this loss, it

should be withdrawn by the state government. Reduction of two per cent in input credit is a great loss for Gujarat industry. This provision has made Gujarat products lose in the highly competitive market. Gohil said that it was ironic that while the BJP was running a campaign against black money at central level, Gujarat BJP was defending people with black money. He said that IT raids were against people with black money and the money recovered was used for the development of the country. He said that BJP was opposing IT action in Gujarat because it involved the black money of BJP leaders who have got precious land at throw away price in the vibrant summits projects. Whether it is Hasan Ali or Modi Ali, all should be booked for black money.

When VAT was implemented in Gujarat it was said that it would simplify matters. It was said that VAT would be implemented easily but today there are many complexities. The government talked about online payment but sufficient number of banks is not available. We will have to study VAT and difficulty in its implementation. It was noticed that in neighbouring states the VAT on mobile phones is high so Gujarat also followed it. But about items on which tax is low? No study has been done to reduce tax on other items on which the VAT is lower in other states. In West Bengal the tax on timber and motor vehicles was reduced from 12.5 percent to 4 percent in 2007. The tax on hardware, coriander seeds, tyre tube is more in Gujarat. Is the government ready to reduce it?

We talk about inflation but what is our situation? What is the tax on our item A which has 270 items? Gohil asked. He said that he has done a detailed study of tax structure in various states ranging from Assam to others and found that the tax in all states was four percent but in Gujarat it was 5 %. Why is the surcharge not removed? Gohil said that he had list of remaining items which do not fall under 270 items list. He said that Gujarat was the only state which had 15% VAT with surcharge. It is 12.5, 13, 13.5, 14, 14.5 percent in other states. We charge 15% tax on cement, cooked food, domestic electrical appliances, glasses, cosmetics, furniture, hardware, lubricating oil, TV, fridge, footwear. While in Rajasthan and Maharashtra the tax on all these items is only 12.5%. Why can't we reduce tax on all these items? We saw high tax on mobiles and just increased the tax. How does the kerosene besides the PDS? Common man of the state uses the kerosene and the tax is 25% while in Maharashtra it is 12.5%. Tax on lignite in Gujarat is 20% and in Maharashtra it is just 5% . The tax on rose sulphate heavy stroke LSHS is 15% while in Maharashtra it is 12.5%. Tax on naphtha in Gujarat is 16% and in Maharashtra it is 12.5%. Tax on high speed diesel is 24 % and in Maharashtra it is 20%. The price is Rs.1.70 more in Gujarat and any truck driver fills his tank before entering Gujarat border. Due to this the pump owners of the state and ultimately the state suffers loss. The policy should be to keep tax low and increase the income. But the policy is high tax and low income.

Why salaries of the employees are not paid on time? Should finance department not look into this? People who work for us should get their salary or leave dues on time. we talk about UGC norms in medical colleges but the teaching staff of medical colleges does not get scales of UGC nor does it get benefits of Tiku Commission. Staff of Maritime Board, water supply board and many other corporations and boards do not get sixth pay commission and they should be immediately given benefits of it.

There are 104 people in the state whose sales tax arrears are more than Rs. 1 crore and all do not court stay. Despite recommendations from Sales tax commissioner to recover crores of rupees from Essar you are not doing. Supreme Court has not given any stay but still its income is not taken into account. But if a poor panwallah gets delayed by two days then the sales tax department takes action against him. Finance Department is penalizing small traders while big defaulters of VAT are having field day.

Gujarat has given away crores of sq mts of land at a throw away prices as it was clear from the government reply in question hour. Government said that it had given away 75 crore Sq mts of land. A white paper of sale of land to industrialists would expose the government. Gohil admitted that congress had also given land, but it gave land in undeveloped regions and it never gave gauchar land or costly land. Quoting from the reply of government to a question Gohil gave figures of the rate at which land was given to L&T. The land which had price of Rs 2800, Rs 2500 and Rs 2400 per sq mts respectively was given away to L&T at the rate of Rs one. The total land given was 80 acre, he said. Gohil said that Gujarat government against all the rules of the RBI siphoned money from profit making government PSUs. 30 per cent of their profit before tax was diverted through Gujarat Socio Economic Society, an NGO set by favourites of government has caused a loss of crores. As a result share prices have fallen and Gujaratis who had invested in these shares had to suffer a great loss. These are violative of the rules of RBI and Companies Act.

He said that there should have been relief in the VAT on mobiles costing from Rs 5,000 to Rs 8,000 at a time when common people were buying mobiles.

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To,  
The Editor,

Hon'ble Leader of Opposition has requested to kindly publish this press note in your esteemed newspaper.

**(J. J. Rasania)**  
Personal Assistant