

SANJAY NIRUPAM
Member of Parliament
(Lok Sabha)



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June 10, 2009

Shri Pranab Mukherjee
Hon'ble Minister of Finance
Govt. of India
New Delhi

Respected Sir,

At the outset I express my sincere gratitude for inviting our inputs and suggestions in respect of the Annual Budget which is under preparation. At the meeting, I had placed before you the following suggestions which I hereby put on paper for your perusal and record:

1. SPECIAL FUND FOR THE DEVELOPMENT OF MUMBAI

As you are aware the city of Mumbai contributes around Rs.94,000 crores annually to the national exchequer. As against this, the grant of funds towards the development of Mumbai is inadequate. In fact, our party was severely criticized by the Press and all the opposition parties in Mumbai on this count.

It is therefore requested that the city of Mumbai be given additional funds commensurate with its contribution which in turn will help develop Mumbai into a world class city.

2. HOME LOANS

Large sections of our population especially the middle class youth avail of Home Loans which are in the category of fixed and floating interest rates. In the case of floating interest rates, the rate of interest in the last few years has gone up from around 7% to more than 13% per annum. As a result the Annual Budget of families that availed of Home Loans has been disturbed since the EMIs have been either enhanced or the term period of loan increased.

It is therefore requested that the Banks be directed to provide Home Loans only on fixed interest rates so that the financial implications are well known in advance to the loanees and they can accordingly make their plans.

3. COMMODITIES EXCHANGE

The trading of commodities including essential commodities is regulated by the Forwards Marketing Commission which falls under the Agriculture Ministry and does not have adequate powers. The prices of essential commodities could be adversely affected in the absence of strict laws and control. As a result, the common man will be directly affected by higher prices of essential commodities.

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control. As a result, the common man will be directly affected by higher prices of essential commodities.

It is requested that the Forwards Marketing Commission be brought under the Finance Ministry and be equipped with adequate legislation and powers.

4. INCOME TAX ON CO-OPERATIVE BANKS

Income-tax is now levied on the income earned by Co-Operative Banks which in turn has affected their profitability. The Co-Operative Banks are the most important pillars of the Co-Operative movement in India and it must be our endeavour to ensure their good financial health. It is therefore requested that Co-Operative Banks be exempted from payment of income-tax on their earnings in the interests of their safety and security.

5. SERVICE TAX ON CO-OPERATIVE HOUSING SOCIETIES

Currently Co-operative Hsg Societies are liable to collect Service Tax at the rate of 12.56% if the collection towards services exceeds Rs 8 lakhs per year from all its members. With prices of most input services such as Property Tax, Water charges expected to go up, even very small Societies cross the threshold and are liable to collect and remit Service Tax.

This should be abolished on two grounds:

- a. The above provision is violative of the principle of mutuality, where it is recognized that the Society is an entity that is a common unit to provide services to its own members. The services are not provided to external parties.
- b. Most societies are run by volunteers who provide their personal time and efforts for the common good. The tax liability requires them to follow various rules and procedures on a regular basis, which many societies are not capable of discharging. As such volunteers are made defaulters with no greater good accruing to the Government.

Thanking you,

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sanjay Nirupam', written over a horizontal line.

(SANJAY NIRUPAM)