

PREFACE

The National Institute of Public Finance and Policy is an autonomous non-profit organisation carrying out research and imparting training in the field of public finance and related policy.

The present study on Tax Concession for expenditure on Rural Development incurred by companies and cooperative societies under section 35CC of the Income-tax Act was undertaken at the instance of the Central Board of Direct Taxes in June, 1984. The report has been delayed primarily because of the sudden demise of Dr. V.G. Rao, to whom the study was originally entrusted. After his demise, the study was carried out by Shri H.K. Sondhi, Senior Consultant in consultation with Shri J.V.M. Sarma, Senior Economist and Shri K. Srinivasan, Senior Consultant. The report has been written mostly by Shri H.K. Sondhi.

The study seeks to evaluate the cost and benefit of the incentive provided through the income tax system to achieve a "non-tax" objective. Though the tax benefit under section 35CC has since been withdrawn, it is hoped that the results of the study will be of use to the Government in an appraisal of the impact of tax incentives in general and also in designing such an incentive in future.

The Governing Body of the Institute does not take responsibility for the views expressed in the report. This responsibility belongs to the Director and staff of the Institute, and more particularly to the authors.

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