

[English]

### Development of Spices

323. SHRI P.C. THOMAS: Will the Minister of COMMERCE be pleased to state:

(a) whether the Spices Board has formulated any schemes to encourage spices processing, packing and oleoresin units in the country;

(b) if so, the details thereof;

(c) whether any assistance is being provided to such small industrial units;

(d) if so, the details thereof;

(e) whether any multinational companies are marketing these products in the country;

(f) whether the Government have received any joint-venture proposals from multinationals in the sector;

(g) if so, the details thereof; and

(h) the likely impact of such joint venture on the export and production of spices?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): (a) and (b). Yes, Sir. The Spices Board has various schemes to promote high quality processing and packaging of spices and spice products and thereby to step up exports from this very important sector. These are schemes of Brand Promotion, 'Logo Promotion', 'Spice House Certificate', market missions, broad and participation in trade fairs etc.

(c) and (d). The benefits of these are

available to all units big or small, which are engaged in producing, processing and exporting spices and spice products.

(e) to (g). Foreign direct investment is permitted in the case of food processing industries to the extent of 51% on automatic basis subject to dividend balancing over a 7-Year period. Further, majority foreign equity holding upto 51% by foreign investors is allowed by RBI for export houses, trading houses and star trading houses.

(h) The setting up of such joint ventures is expected to step up investment, upgrade/modernise technology, and create a stable and long-term market for Indian spices and spice products.

### Chelliah Committee

\*324. SHRI S.M. LALJAN BASHA:  
SHRI RAMCHANDRA  
VEERAPPA:

Will the Minister of FINANCE be pleased to state:

(a) the number of recommendations of the Chelliah Committee which have been implemented by the Government;

(b) the status of those recommendations which have not been implemented so far;

(c) whether lower excise rates are being considered to enhance total excise duty collection in any given year; and

(d) if so, the details of the proposals being considered in this regard?

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI M.V.

CHANDRASHEKHARA MURTHY): (a) and (b). A statement indicating the position is enclosed .

(c) and (d). Relate to Budget exercise and will be known when it is presented.

## STATEMENT

*Recommendations relating to Indirect Taxes*

The recommendations on the customs and excise side have not been given in any serially numbered form. The Committee have given recommendations for reform of tax structure, and these are to be gradually implemented in a phased manner by 1997-98. However, the recommendations on customs duty relating to reduction in the peak rate, merger of auxiliary duty with basic duty and withdrawal of CVD exemptions on some items have been implemented. On excise side, recommendations regarding gradual reduction in the duty rates for specified items and replacement of specific rates of duty by ad valorem rates in respect of some items have been implemented. The recommendation about withdrawal of notional credit has also been implemented.

The entire reform process has to be completed in phases over the next few years. Those recommendations which have not been implemented so far are under discussion and consideration.

*Recommendations relating to Direct Taxes*

Recommendations that have been implemented include the following:-

- A. Interim Report
  - i) Reduction in the rates of personal taxation (para 12.2)
  - ii) Aggregation of minor's income in the hands of a parent (para 12.3)
  - iii) Rationalization of the assessment procedure relating to firms (though the scheme recommended by the TRC has not been adopted) (para 12.25)
  - iv) Rationalization of the scheme of tax relating to capital gains (para 12.20)
  - v) Introduction of a presumptive taxation scheme for small traders and professional (para 12.27)
  - vi) Restricting the taxation of wealth to non-productive assets (para 12.30 to 12.32)
  - vii) Revising the limits of allowable business expenses (para. 12.21)
  - viii) Allowing a deduction of 15th of the annual value of property for repairs and collection of rent (para 12.23)

B. Final Reports Part I

- i) Raising the exemption limit under the Gift-tax Act. to Rs. 30,000/- (para 10.21)
- ii) Legislating for setting up an Authority for Advance Ruling in the case of non-residents (para 10.13)
- iii) Rationalization of the rules relating to conversion of foreign exchange (para 10.17)
- iv) Under the Action Plan drawn up for 1993-94, target fixing is to be done from below instead of being imposed from above. This will help in tackling problems referred to in para 10.39 (b) of the TRC's final report
- v) Directions have been issued to conduct searches only if there is information strongly indicative of substantial concealment. Follow-up action, including assessment, is being expedited. The assessments are to be completed before the end of the financial year following the year of search. (para 10.76)
- vi) Implementation of the Direct Taxes Code has been postponed. (para 10.81)
- vii) Efforts have been stopped up to send more officers on deputation (para 10.131)

*Recommendations relating to Indirect Taxes*

*Recommendations relating to Direct Taxes*

- viii) Retention of the general rate of depreciation on plant and machinery at 25% (para 10.8)
- ix) Retention of the existing scheme of levying additional income-tax [S. 143 (iA)] along with the existing policy of first completing every case under summary assessment scheme and thereafter initiating scrutiny assessment proceedings, if necessary (para 10.59).

The reform process has to be completed over the next few years. Recommendations which have not been implemented so far are under consideration.