

Air-India and Indian Airlines is under consideration of the Government.

Exchange of Air Services between India and China

738. SHRI K. M. MADHUKAR: Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether some months back some senior officers of Air-India visited China at the invitation of the Chinese Government;

(b) if so, the extent to which the possibility of exchange of air services between the two countries has increased thereby;

(c) whether the visit has also led to some progress in the improvement of relations between the two countries; and

(d) if so, Government's reaction in regard thereto?

THE MINISTER OF STATE IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (SHRI CHANDULAL CHANDRAKAR): (a) No, Sir.

(b) to (d). Do not arise.

Loan Agreement with Canada

739. SHRI LAKSHMAN MALLICK: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a development assistance loan agreement has been recently signed by the Governments of India and Canada; and

(b) if so, what are the salient features of the agreement?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BHADOT): (a) Yes, Sir. An Agreement for a Canadian dollar 25 million (Rs. 17.5

crores) was signed on 15th March, 1980 between the Governments of India and Canada.

(b) The loan was to finance Agricultural Refinance and Development Corporation's on-going programmes of minor irrigation, agro-service centres, animal husbandry, forestry programmes, inland fisheries, marine fisheries benefiting small fishermen, gobar gas plants etc.

The loan is free from interest, commitment and service charges. The repayment period is 50 years including a grace period of 10 years.

Salient features of Import Policy for 1980-81

740. SHRI LAKSHMAN MALLICK: Will the Minister of COMMERCE be pleased to state what are the salient features of the Import Policy for the year 1980-81 announced by Government recently?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE): A statement is attached.

Statement

Salient Features of Import Policy for the year 1980-81

GENERAL

Reasonable restrictions have been imposed so as to reduce dependence on imports to the extent possible, thereby providing the desired protection to the indigenous industry.

2. Certain provisions have been introduced to give an impetus to export effort.

3. Transitional arrangements have been made for utilisation of licences already in operation or new licences to be issued against previous claims, in order to achieve effective implementation of the new import policy.

ACTUAL USERS (INDUSTRIAL)

4. Actual Users (Industrial) will continue to be eligible to import under Open General Licence, raw materials and components which are not banned, restricted or canalised.

5. A number of items have been taken out of the purview of Open General Licence having regard to the indigenous availability. These items include chromic acid, sodium dichromate, potassium dichromate, basic chromium sulphate, and wattle extract used in dyeing and tanning of leather, calcined petroleum coke, gum rosin, acetylene black, sisal yarn, components of process control instruments and precision measuring instruments, and certain items of drugs and drug intermediates.

6. A number of items have been included in the banned list on account of indigenous production. These items include lanolin anhydrous of non-pharmaceutical grade, A.B.S. moulding powder, caffeine and its salts, cork products, watch dials, industrial jewels, vitamin B-12, Vitamin C, polypropylene fibre glass fibre yarn/fabrics and articles made therefrom, and beta-naphthol.

7. Consumables used in the process of industrial production as are not included in the banned, restricted or canalised list, have also been allowed to be imported under Open General Licence by Actual Users (Industrial).

8. The system of issuing automatic licences for import of raw materials, components and spares will continue as in 1979-80, but the additional 10 per cent over the certified actual consumption in either of the previous two years on the basis of which the value of the automatic licence is determined, will be available only to actual users who exported at least 10 per cent of their annual production of select products.

9. The system of issuing "Repeat" licences to small scale industrial units

obtaining licences of a value not more than Rs. 50,000 will continue as in the previous period.

10. In the pharmaceutical industry, "loan licensees" approved under the Drugs and Cosmetics Act, 1940, will be eligible to obtain Actual User Licences in their own name for import of raw materials required by them. Such loan licensees will also be eligible to the import under Open General Licence to meet their requirements of permissible raw materials.

11. The facility provided in 1979-80 for utilising a part of an automate licence for importing banned items will continue. The system of issue of supplementary licences will also continue.

12. New units will continue to be eligible to obtain initial licences for raw materials and components on the recommendations of their sponsoring authorities. A provision has been made that, in exceptional cases, applications for the grant of supplementary licences to such units may also be entertained.

13. In the Government sector, the facility of Open General Licence imports has been extended to Departmentally-run undertakings and Railways. They will be allowed to import raw materials, components, consumables and spares under Open General Licence on the basis of foreign exchange released to them by Government and indigenous clearance from the technical authorities in respect of the items sought to be imported. The same facility has also been extended to State Electricity Boards/Projects/Undertakings in the public sector, for import of spares.

14. In order to make the monitoring of OGL imports more effective, it has been made incumbent on the Actual Users applying for automatic and supplementary licences, to furnish with their import applications, a declaration indicating the description of raw

materials, components and spares, together with their cif value, imported by them under Open General Licence during the year 1979-80.

REGISTERED EXPORTERS

15. Registered Exporters will continue to have the facility of getting import replenishment licences against exports, for the import of relevant banned or canalised items and packing materials. REP licences will also continue to be freely transferable, unless they are held by export houses and used for importing OGL items for Actual Users.

16. Direct import of canalised items against REP licences will continue to be allowed as before.

17. Manufacturer-exporters have been given greater flexibility in the utilisation of import replenishment licences, for import of raw materials, components, consumables or packing materials to be used in their own factories.

18. The scheme of advance licences with benefit of customs duty exemption has been made more comprehensive, with further improvements so as to make the scheme more responsive to the needs of exporters.

19. A scheme has been introduced permitting duty-free imports of raw materials against import replenishment licences on a selective basis.

20. Import licences (without duty exemption) will also be available for all export products with suitable export obligation.

21. The criteria of issuing Export House Certificates to export houses has been rationalised. In the case of small scale units, the prescribed growth rate of 20 per cent for the purpose of granting renewal of Export House Certificate has been reduced to 10 per cent in cases where the level of exports has exceeded Rs. 1 crore in value. The policy with regard to

the import of OGL items by export houses and issue of Additional Licences to them has been liberalised. Export Houses whose annual turnover in exports is not less than Rs. 5 crores would be allowed to provide IRMAC (Industrial Raw Material Assistance Centre) facilities to Actual Users by supplying them raw materials and components off-the-shelf against valid import licences held by such Actual Users.

IMPORT OF SPARES

22. The policy for import of spares has been further liberalised. Apart from the liberal facilities available to Actual Users for import of spares for proper maintenance of assets, provisions have also been made to grant import licences for spares for stock and sale and for the Workshops requiring spares for repair of machinery, instruments and vehicles.

CANALISATION

23. Public sector agencies will continue to play a dominant role in the import of raw materials for supplying to Actual Users. The list of canalised items has been reviewed keeping in view the objectives underlying the scheme of canalisation of imports. Certain items have been taken out of the list, while others have been included therein.

FACILITIES TO NON-RESIDENT INDIANS

24. The import policy will continue to provide special facilities to non-resident Indians returning home for settlement to set up an industry. However, with a view to safeguarding the legitimate interests of the indigenous industry, import of banned types of machinery will not normally be allowed in their case. A number of procedural improvements have also been made in the scheme.

CAPITAL GOODS

25. The list of Capital Goods allowed for import to Actual Users under

Open General Licence has been enlarged. A number of machinery items required by the Electronics industry has been included in the list.

26. Some of the items of Capital Goods have been taken out of the banned list as their indigenous production could not meet full demand. Their import will now be considered on merits subject to indigenous clearance.

27. The policy for import of capital goods against import replenishment licences has been rationalised.

IMPORTS UNDER OGL FOR STOCK AND SALE

28. New items have been added to the list of items permitted to be imported under Open General Licence for stock and sale. These include copper scrap and lead scrap.

29. The facility to import under Open General licence free of charge trade catalogues and circulars, trade samples and advertising materials continues. The facility to import under OGL goods in replacement of those previously imported but found defective or otherwise unfit for use or lost/damaged after import also continues.

Package deal with France to exploit East Coast Bauxite Deposits

741. SHRI LAKSHMAN MALLICK: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether it is a fact that a package deal to exploit the east coast bauxite deposits has been concluded recently with the Government of France; and

(b) if so, the details in this regard?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE): (a) and (b). A Memorandum of Understanding was signed between Government of India and the French Government recently

in respect of Orissa alumina/aluminium project based on the East Coast bauxite deposits. In accordance with this Memorandum a comprehensive financial package is expected to be presented shortly by the French Government. Bharat Aluminium Company is discussing with M/s. Aluminium Peshiney of France about the terms and conditions of technical collaboration for the implementation of the project.

Use of Official Banking Channels by Tax Evaders

742. SHRI R. K. MHALGI: Will the Minister of FINANCE be pleased to state:

(a) whether official banking channels are being used by tax evaders, blackmarketeers to avoid detection of their malpractices;

(b) whether the income tax authorities in Bombay have come across such instances recently.

(c) what steps Government have taken, or propose to take to stop such practices forthwith; and

(d) what action has been or is being taken against those involved in the cases detected by the Income tax authorities?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) and (b). The Income-tax authorities in Bombay did come across a few cases where official banking channels were being used to transmit black-money from one part of the country to another.

(c) Several steps are under contemplation of the Government. However, it is not considered in public interest to reveal the same.

(d) Investigations are in progress and necessary action as warranted by law will be taken in these cases.