

(b) whether the Government propose to merge these banks for improving their functioning;

(c) whether rural banks are incurring losses in the absence of such a merger;

(d) if so, the details thereof, and

(e) whether the pay-scales revised in 1995 are not being given to the employees of rural banks?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) (a) No, Sir.

(b) In the past, various alternatives including merger were considered for revamping the Regional Rural Banks (RRBs), and a decision has been taken to revitalise them on a "stand alone" basis

(c) and (d). No, Sir While most of the RRBs are incurring losses, the losses are mainly attributable to high establishment costs low margins, low business volumes relative to branch network and poor recoveries

(e) Does not arise since no pay revision has been effected in the RRBs in 1995-96

[English]

Duty Evasion by Manufacturers of Polyester Staple Fibre

*55 SHRI SANAT KUMAR MANDAL Will the Minister of FINANCE be pleased to state

(a) whether the anti-evasion Directorate of the Central Board of Excise and Customs (CBEC) has initiated investigations to recover over Rs 1000 crore Central Excise duty allegedly evaded by manufacturers of polyester staple fibre (PSF) and its users

(b) if so, the technique followed in such polyester staple fibre duty evasion.

(c) the outcome of the investigations made and

(d) the measures taken to prevent such evasion of Central excise duty by these polyester staple fibre manufacturers and its users?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) (a) to (d) The Directorate General of Anti Evasion of the Central Board of Excise & Customs have initiated investigations on receipt of information against some manufacturers of Polyester Staple Fibres and spinners of yarn. The investigations conducted so far have revealed, prima facie, evasion of Central Excise duty of the order of Rs. 15 crores

Investigations conducted show that the said manufacturers were clearing sub-standard quality of fibre or low as 'waste', attracting lower rate of Central Excise Duty. Some users of such fibres/tow had

claimed that the yarn manufactured by them was not excisable as it contained more than 50% 'waste' in combination with viscose.

Based on investigations conducted so far a show cause notice demanding central excise duty of Rs.24.79 lakhs has been issued to one of the fibre manufacturers. Investigations in respect of others are in progress.

In order to prevent such evasion, steps were taken in the Budget of 1995-96 to amend the duty structure of 'waste' of PSF and all other man-made fibres by placing them under a common sub-head. A minimum excise duty of Rs.10/- per kg. was also prescribed for all such 'wastes'. A further change was made to the effect that the expression 'staple fibre' shall include 'waste' of synthetic staple fibre of filament and waste of artificial staple fibre or filament, so that yarn manufactured even by use of waste fibres pays duty

Tram System in Delhi

*56 SHRI HARIN PATHAK : Will the Minister of SURFACE TRANSPORT be pleased to state

(a) whether the Government have taken any decision for provision of High Speed Tram System in the National Capital Territory of Delhi.

(b) if so, the details thereof and the funds allocated for the purpose, and

(c) the time by which it is likely to be implemented?

THE MINISTER OF SURFACE TRANSPORT (SHRI T. G. VENKATRAMAN) : (a) The proposal for the introduction of High Speed Tram System in the National Capital Territory of Delhi on Build, Operate, Transfer (BOT) basis is under consideration of the Government

(b) and (c) Do not arise

[Translation]

Income Tax Payers

*57 SHRI ANANTH KUMAR Will the Minister of FINANCE be pleased to state

(a) the total number of income-tax payers during the year 1994-95.

(b) whether the number of income tax payers have increased during 1995-96 over the corresponding year 1994-95.

(c) whether any action has been taken to simplify the income tax process so that revenue earned from income can be increased, and

(d) if so, the details thereof?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) The Number of income assesses as on 31.3.95 was 1.03 crores

(b) Yes, Sir.

(c) and (d). The simplification of income-tax law and procedure is a continuous process. However, in the recent past following major steps were taken to simplify the income tax process so that the revenue earned from income is increased :

- (1) A Presumptive Tax Scheme in respect of persons carrying on retails trade in goods, operating or hiring of taxis or other motor vehicles or engaged in any vocation has been introduced with effect from Assessment Year 1993-94
- (2) Special provisions for computing the income in the case of persons engaged in civil construction or plying goods, carriages have been introduced providing for an estimated method of assessment of income.
- (3) A new assessment procedure for search and seizure cases has been introduced so as to bring the event of search to its logical conclusion within one year from the end of the month in which warrant relating to the search is executed
- (4) The law governing taxation of firms has been rationalised and the distinction between registered and unregistered firms has been removed
- (5) The tax deduction at source provisions have been widened to include TDS on fees for professional and technical services income in respect of units and rent. Further existing TDS provisions have been extended to cover persons engaged in advertising, broadcasting, telecasting, catering etc
- (6) An authority for advance rulings has been constituted to give ruling on a question of law or fact in relation to a transaction undertaken or proposed to be undertaken by a Non-Resident
- (7) A simplified form filing return of income as introduced in the case of specified categories consisting of small income groups
- (8) As a measure to encourage voluntary disclosure of income instructions have been issued that in cases where more than 30% increase in income is shown over the returned income of preceding year, the case should not be taken up for scrutiny
- (9) Computerisation process has been initiated and serious efforts are being

made to issue Permanent Account Number and Tax Deduction Number through this process.

- (10) Committees were constituted to examine provisions relating to charitable, trusts, exemptions capital gains, etc. The reports submitted by these Committees are under consideration.

Bad Debt Accounts

*58. SHRI PAWAN DIWAN : Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has issued any directions to banks some time back regarding bad debt accounts and agreement related proposals;

(b) if so, the details thereof;

(c) whether any bank has violated the above directions; and

(d) if so, the details thereof and the action taken or proposed to be taken in regard thereto?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) and (b) Yes, Sir Reserve Bank of India (RBI) issued guidelines, in July 1995 in terms of these guidelines, RBI has advised commercial banks to ensure recovery of dues to the maximum extent, make a distinction between wilful and non-wilful defaulters, evaluate the realisability of the security, take into account the benefits that will accrue on recycling of funds locked up, fix accountability where staff lapses are noticed, etc. RBI also urged banks top management to ensure that there should not be any significant deviations from the general principles of compromises/write offs and that write-off decisions should be judicious and in the best interest of the bank

(c) and (d) RBI has reported that during the course of annual financial inspection of public sector banks with reference to their position as on 31-3-1994 and 31-3-1995, a scrutiny of top ten compromise settlements/write-offs and compromise settlements/write-offs involving a sacrifice of Rs 1 crore and above respectively was conducted by RBI's inspecting officers. The scrutiny reports did not indicate any malafide intention on the part of staff/executives of the banks. The compromise settlements/write-offs approved by banks were also generally in conformity with RBI's guidelines as also policy/procedure laid down by the respective banks. However, certain deficiencies, such as, non-examination of staff accountability aspect, non-compilation of up-to-date credit reports on the net-worth of borrowers/guarantors, not obtaining of latest independent value of securities available, inadequate follow-up for recovery as per the terms of