

**Memorandum of Understanding
between the Container Corporation of
India and the Ministry of Railways for
the year 1992-93**

THE MINISTER OF STATE IN THE
MINISTRY OF RAILWAYS (SHRI
MALLIKARJUN) I beg to lay on the Table a
copy of the Memorandum of Understanding
(Hindi and English versions) between the
Container Corporation of India and the
Ministry of Railways for the year 1992-93

[Placed in Library See No LT - 2485/92]

**Notification Under Prevention Food
Adulteration Act, 1954 and reasons our
delay in laying the papers mentioned**

THE MINISTER OF STATE IN THE
MINISTRY OF PARLIAMENTARY AFFAIRS
AND MINISTER OF STATE IN THE
MINISTRY OF HOME AFFAIRS (SHRIM M
JACOB) On behalf of Shrimati D K
Tharadevi Siddhartha, I beg to lay on the
Table -

- (1) A copy of the Prevention of Food
Adulteration (Fourth Amendment)
Rules 1990 (Hindi and English
versions) published in Notification
No G S R 281 (E) in Gazette of
India dated the 29th May, 1991
under sub-section (2) of section 23
of the Prevention of Food
Adulteration Act, 1954 together with
a corrigendum thereto published in
Notification No G S R 648 (E) dated
the 25th October, 1991

- (2) A statement (Hindi and English
versions) showing reasons for delay
in laying the papers mentioned at
(1) above

[Placed in Library See No LT-2486/
92]

**Annual Report, Annual Accounts and
Review on the working of Central
Institute of Hindi, Agra for the year
1990-91 etc.**

THE DEPUTY MINISTER IN THE
MINISTRY OF HUMAN RESOURCE
DEVELOPMENT (DEPARTMENT OF
EDUCATION AND DEPARTMENT OF

CULTURE) (KUMARI SELJA) I beg to lay
on the Table -

- (1) (i) A copy of the Annual Report (Hindi
and English versions) of the Central
Institute of Hindi (Kendriya Hindi
Shikshan Mandal), Agra, for the
year 1990-91.

- (ii) A copy of the Annual Accounts
(Hindi and English versions) of the
Central Institute of Hindi (Kendriya
Hindi Shikshan Mandal), Agra, for
the year 1990-91 together with
Audit Report thereon

- (iii) A copy of the Review (Hindi and
English versions) by the
Government on the working of the
Central Institute of Hindi (Kendriya
Hindi Shikshan Mandal), Agra, for
the year 1990-91

- (2) A statement (Hindi and English
versions) showing reasons for delay
in laying the papers mentioned at
(1) above

[Placed in Library See No LT -
2487/92]

- (3) (i) A copy of the Annual Accounts
(Hindi and English versions) of the
Jamia Millia Islamia, New Delhi, for
the year 1990-91 together with Audit
Report thereon

- (4) A statement (Hindi and English
versions) showing reasons for delay
in laying the papers mentioned at
(3) above

[Placed in Library See No LT-2488/
92]

- (5) (i) A copy of the Annual Report (Hindi
and English versions) of the Central
Institute of Higher Tibetan Studies,

[Kumar Selja]

14.39 hrs.

Sarnath, Varanasi, for the year
1990-91

STATUTORY RESOLUTION RE
DISAPPROVAL OF FOREIGN
EXCHANGE CONSERVATION (TRAVEL)
TAX ABOLITION ORDINANCE
AND
FOREIGN EXCHANGE CONSERVATION
(TRAVEL) TAX ABOLITION BILL) 1992 -
CONTD

- (ii) A Copy of the Annual Accounts (Hindi and English) versions of the Central Institute of Higher Tibetan Studies, Saranath, Varanasi for the year 1990-91 together with an Audit Report thereon

[English]

- (iii) A copy of the Review (Hindi and English versions) by the Government on the working of the Central Institute of Higher Tibetan Studies, Saranath, Varanasi for the year 1990-91

MR DEPUTY-SPEAKER Shri
Sobhanadreeswara Rao Vadde

SHRI SOBHANADREESWARA RAO
VADDE (Vijayawada) Mr Deputy-Speaker,
Sir, I beg to move

- (6) A statement (Hindi and English versions) showing reasons for delay in laying the papers mentioned at (5) above

' That this House disapproves of the Foreign Exchange Conservation (Travel) Tax Abolition Ordinance, 1992 (Ordinance No. 8 of 1992) promulgated by the President on the 29th May, 1992 "

[Placed in Library See No LT-2489/
92]

- (7) (i) A copy of the Annual Report (Hindi and English versions) of the University Grants Commission, New Delhi, for the year 1990-91, under section 18 of the University Grants Commission Act, 1956

Sir, I feel that this measure of abolition of foreign ' exchange conservation relating to the travel tax is premature. The reason as to why this travel tax was imposed in 1992 was to discourage the foreign travel and atleast to some extent conserve the precious foreign exchange. Now, abolition of this tax will negate the objectives with which this was introduced. Now, the balance of payment's position has improved to some extent definitely from the situation which was there some time back, but still it can be taken as a temporary phenomenon and still we are not out of the woods. We have to make all-our efforts to increase our foreign exchange reserves. Even the targets for exports were not realised. There is some gap in the targets and the actual achievements. This year, unfortunately, the nature is not kind enough in different States and a drought situation is there in different parts of the country. I fear that we have to import food grains and some other agricultural products including edible oils. Because of the good results of the technology

- (ii) A copy of the Review (Hindi and English versions) by the Government on the working of the University Grants Commission, New Delhi, for the year 1990-91

- (3) / statement (Hindi and English versions) showing reasons for delay in laying the papers mentioned at (7) above

[Placed in Library See No LT -
2490 /92]

mission on oil seeds, in recent times our import bill has come down. But, still we may have to spend some money. So in these circumstances, I feel that abolition of this Foreign Exchange Conservation (Travel) Tax Bill is not taken at a right time.

Now, the Government is going ahead with the liberalisation programme. It has announced several policy measures in the economic, industrial and trade fronts. But, when we examine the experience of some other countries where this liberalisation process has already been attempted, one particular phenomenon that is observed is that their balance of payments position also has further worsened. There were some gains in some sectors. But at the same time, it is also a fact that their balance of payments position has further accentuated. We have to keep that also in mind.

As the hon. Members are well aware, from 1985 onwards because of certain policy measures that have been taken by the then Government and the subsequent Governments, our foreign exchange reserves have gone down to the lowest ebb. The value of the rupee also has gone down. In 1980-81, while the rupee per US dollar was Rs 7.89, by 1985-86 it has gone down to Rs 12. From 1986-87 to 1991-92, it came down to Rs 25/-, that means more than 100 per cent. So, I hope, the Government will keep all these factors in mind. The growth rate in foreign exchange earnings from export of goods and services by public sector undertakings was lower in 1991. It was 11.5 per cent as compared to 30 per cent and 17.1 per cent respectively in the two preceding years. Now, the foreign exchange reserves are nearly 6 billion. It can only give some consolation that it is better than earlier. But still a small country like Taiwan is now having eighteen billion dollars in foreign exchange reserves surpassing Japan and USA. Even our neighbour China is having a huge volume of foreign exchange reserves. The Government has some time back liberalised the Foreign Exchange Rules and may fear is that with this relaxation the authorised foreign exchange dealers can sell foreign exchange to the members of

various delegations of trade organisations, etc. going abroad. So there should be some restraint on this. The rule relating to the ceiling on release of foreign exchange for import of capital goods was also withdrawn by the necessary Bank of India on 17th March, 1992. All these measures which have been taken by the Government may lead to depletion of our foreign exchange reserves.

I urge upon the movement to take all possible steps to further increase our export earnings. No stone should be left unturned in that endeavour. The Government may contemplate abolishing this Foreign Exchange Conservation (Travel) Tax only at the point of time when we have reached the stage where we need not bother any more about the balance of payments and where we have enough of foreign exchange reserves with us.

With these words, I oppose the Ordinance that was promulgated as Ordinance No. 8 of 1992. Thank you.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) Sir, this is regarding abolition of Foreign Exchange Conservation (Travel) Tax Bill, 1992. The tax at the rate of fifteen per cent was introduced to the Finance Act, 1987 with a view to conserve foreign exchange and discourage foreign travel. This came into force with effect from 15th October, 1987. The tax was applicable to foreign exchange releases for all types of travel, except travel in connection with medical treatment, higher education and pilgrimage.

Government have been receiving representations from time to time for the abolition/exemption from the said levy in respect of foreign exchange releases for travel abroad under various schemes like Returning Indians Foreign Exchange Entitlement Scheme, Foreign Travel Scheme, as also foreign visits for export promotion etc. With the introduction of the Liberalised Exchange Rate Management System, the foreign exchange for travel abroad is now

[English]

required at market rate. The levy of fifteen per cent on foreign exchange obtained at market rate makes the effective cost of the foreign exchange so obtained quite high. It was, therefore, considered necessary in the general public interest and in line with the new economic policies of the Government to abolish the levy of fifteen per cent on foreign exchange releases for all types of travel with effect from 1st June, 1992.

As Parliament was not in session, the President promulgated the Ordinance abolishing the said Tax. The Foreign Exchange Conservation (Travel) Tax Abolition Bill, 1992 is to replace the said Ordinance.

I beg to move*

That the Bill further to amend the Finance Act, 1987 be taken into consideration."

MR DEPUTY SPEAKER: Motions moved.

That this House disapproves of the Foreign Exchange Conservation (Travel) Tax Abolition Ordinance, 1992 (Ordinance No. 8 of 1992) promulgated by the President on the 29th May 1992."

That the Bill further to amend the Finance Act, 1987 be taken into consideration."

There are amendments to the consideration motion. Shri Giridharlal Bhargava may move his amendment.

[Translation]

SHRI GIRIDHARI LAL BHARGAVA (Jaipur): Sir, I beg to move

That Bill be circulated to elicit public opinion thereon till November 4, 1992" (1)

MR DEPUTY SPEAKER: Shri Dayal Joshi is not here to move his amendment. Shri Prithviraj Chavan may speak now.

SHRI PRITHVIRAJ D CHAVAN (Karad): Mr Deputy Speaker, Sir, I rise to support this Bill which seeks to abolish the foreign exchange conservation travel tax. An ordinance was promulgated which had, in fact, abolished this tax with effect from 1st June, 1992.

This tax was introduced in the Finance Act, 1987 when late Shri Rajiv Gandhi presented the Budget. The tax sought to levy a charge of 15 per cent for all foreign exchange purchased for purposes of travel abroad. There were some exceptions and these were for persons going abroad for medical treatment including to an attendant if permitted by R B I for people going abroad for studies and for pilgrimage purposes, for people travelling for Haj pilgrimage, travel to Sikh shrines in Pakistan and Bangladesh and also for people travelling for visit to Mansarovar.

The purpose of this tax was two-fold. One was to discourage unnecessary travel abroad, discourage ostensible spending abroad and also to earn some revenue in the process. When the Finance Act was passed it was anticipated that a revenue of Rs. 60 crores would be earned. Actually in 1990-91 there was an earning of Rs. 73 crores from this tax and in 1991-92 the earning was Rs. 81 crores. In 1992-93 Budget the expected revenue from this source was Rs. 88 crores. Therefore, by abolishing this tax we stand to lose about Rs. 88 crores.

But if you look at the rationale for this tax which was to discourage travel abroad, we have to look at the present situation. In this year's Budget we adopted a system of partial convertibility of rupee and we brought in the system of liberalised exchange rate management system, where we have gone officially to a dual exchange rate mechanism.