

LOK SABHA DEBATES

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LOK SABHA

Friday, November 21, 1980/Kartika
30, 1902 (Saka)

The Lok Sabha met at Eleven of the
Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Duty-Free Import by Export- Oriented Units

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*61. SHRI VIJAY KUMAR YADAV:
SHRI C. CHINNASWAMY:

Will the Minister of COMMERCE be
pleased to state:

(a) whether Government have de-
cided to allow duty-free import of
capital goods, raw materials and com-
ponents to all exclusive export-orient-
ed units wherever they might be locat-
ed in the country;

(b) if so, the details thereof;

(c) whether this decision will affect
the indigenous capital goods manufac-
turers; and

(d) if so, the reasons for taking
such a decision?

THE MINISTER OF COMMERCE
AND STEEL AND MINES (SHRI PRA-
NAB MUKHERJEE): (a) Yes, Sir.

(b) to (d). A statement is laid on
the Table of the House.

Statement

(b) A scheme for 100 per cent ex-
port-oriented units has been initiated

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to be extended to industries manufac-
turing non-traditional items of exoprts
and particularly to industries shown
in the attached illustrative list. The
product concerned should not be sub-
ject to export control quota ceilings
which can be reached by existing units
in the industry. All such units will
be given the facility of duty free im-
ports of capital goods, raw materials
consumables and components. There
will be no Central Excise levy on these
items purchased indigenously. Such
units will be given clearance by an
interministerial Board to be set up in
the Ministry of Commerce and once
approval has been given, the unit will
be placed in bond for a period of 10
years ordinarily and 5 years in the
case of products having high degree of
technological change. The units will
have to give a minimum value added
of 20 per cent and for this purpose
domestically procured raw materials
will be treated as imports. Procedure
for licensing will be harmonised with
MRTP procedures as regards time
limits for clearing applications. On de-
bonding after the period of export
obligation, duties will be leviable.

(c) and (d). The concessions to 100
per cent export-oriented units have
been extended to enable them to meet
rigours of foreign demand in terms of
pricing quality, precision etc. These
basic factors will be kept in view in
deciding all imports including imports
of capital goods. The decision of the
Government to allow these facilities,
is extension of the concept of free
trade zones and in-bond factories, which
are already operating in the country
without affecting the indigenous capi-
tal goods manufacturers. There is,
therefore, no reason that the present
scheme initiated by the Government,
should have any adverse effect on the
indigenous capital goods manufac-
turers.

ANNEXURE

Illustrative list of products which would be eligible for special facilities on the ground of 100 per cent exports

1. *Engineering goods.*

1.1 Engineering goods (excluding prime and non-ferrous metals).

1.2 Electronics products including electronic software.

2. *Chemicals, Plastics and allied products, namely:—*

(a) Inorganic chemicals, organic chemicals & miscellaneous chemicals.

(b) Drugs and drugs intermediates including crude drugs.

(c) Dyes and dye intermediates.

(d) Toiletaries and perfumeries (excluding processed talc).

(e) Paints and allied products.

(f) Safety machines, fireworks, explosives and detonators.

(g) Ceramic products.

(h) Glass and glassware.

(i) Wood products and processed wood.

(j) Asbestos, cement including clinkers and cement products.

(k) Rubber manufactures.

(l) Paper, Paper products and stationery.

(m) Pesticides and preservatives.

(n) Agarbattis.

22. Culinary aiseo resins.

2.3. Refractories.

2.4. Plastics and Linoleum products.

3. *Furniture*4. *Leaher and Sports Goods.*

4.1. Finished leather and leather manufactures including footwear and Paint brushes.

4.2 Sports goods.

5. *Food, Agriculture and forest products.*

5.1. Canned and frozen marine products.

5.2. Processed foods, fruits, vegetables and alcoholic and soft beverages.

5.3. Meat and allied products.

5.4. Packaged tea i.e. tea packed in consumer packs of a size upto 1 kg. and instant tea.

5.5. Instant and packaged ground coffee.

5.6. Tobacco manufactures.

5.7. Deoiled rice bran and cotton seed cakes. Sal seed fats and animal foods.

5.8. Mango Kernel Extaction and mango kernel oil.

6. *Textiles*

1. Carpets.

2. Readymade garments, knitwear, made-up articles.

3. Rubberised coir and curled coir.

4. Khadi.

5. Natural silk fabrics, garments and made-up articles.

6. Hosiery.

7. Handloom fabrics, made up articles and garments.

7. *Miscellaneous*

1. Handicrafts.

2. Silver and Gold Jewellery.

3. Fabricated mica.

श्री विजय कुमार यादव : अध्यक्ष महोदय, मैंने मंत्री जी द्वारा दी गयी स्टेटमेंट को पढ़ा है। इस में जो नयी व्यवस्था की गयी है, उसके बारे में कई तरह की सुविधाओं की चर्चा है। जहां तक मेरी जानकारी है, इस तरह की सुविधा शांताक्रुज और कांडला फ्री ट्रेड

जोन में है। अब जो नयी व्यवस्था की गयी है उस के मुताबिक इसका विस्तार पूरे देश के अन्दर ऐसे तमाम यूनिटों के लिए किया जा रहा है यह जो हण्ड्रेड परसेंट एक्सपोर्ट ओरियन्टेशन का काम हो रहा है, अध्यक्ष महोदय, मेरी समझ से यह सुविधा बड़े बड़े पूंजीपतियों के लिए की जा रही है और इस तरह की सुविधाओं का निश्चित तौर पर बुरा असर कैपिटल गुड्स मैन्युफैक्चरर्स पर पड़ेगा। मैं मंत्री महोदय से जानना चाहता हूँ कि देश के अन्दर इन दो जगहों के अतिरिक्त जिनका कि मने अभी जिक्र किया, इस हण्ड्रेड परसेंट एक्सपोर्ट ओरियन्टेशन के यूनिट कहां कहां हैं और उनकी संख्या क्या है ?

SHRI PRANAB MUKHERJEE: Sir, so far as the conclusion of the hon. Member that as a result of the new scheme indigenous manufacturing capacity of capital goods manufacturing industries will be affected is not correct. In fact, even within the existing scheme big houses if they establish their units in the free trade zone are entitled to have all these facilities because this is only to expedite our export efforts. That is why the concession is being given to those units which are 100 per cent export oriented units. Many other countries have done this and we are also doing it. The actual effect on the economy is yet to be seen as the scheme is just announced and no new unit has been established. As such the conclusion of the hon'ble Member is pre-mature.

श्री विजय कुमार यादव : अध्यक्ष महोदय, मैंने यह कहा था कि जहां तक मुझको जानकारी है और खुद मंत्री महोदय का बयान अखबारों में निकला है उसके मुताबिक यह सुविधा शांताक्रुज और कांडला फ्री ट्रेड जोन में अभी भी लागू है। अब आप इसका एक्सटेंशन करना चाहते हैं। जो यूनिट पहले से ही एग्जिस्ट कर रहे हैं और जो फेसिलिटीज अभी तक आपने दे रखी है उसका हमारे देश की इकोनोमी पर क्या असर पड़ा है, यह मैं जानना चाहता हूँ।

SHRI PRANAB MUKHERJEE: Sir, it has favourably affected the economy. In fact, the exports have picked up. For instance, in respect of the Kandla Free Trade Zone, the total quantum of export now is more than Rs. 11 crores in the first six months of this year. This is almost equal to that of the whole of last year. Therefore, Sir, it will be seen that our exports are picking up from these Trade Zones.

Abolition of Sales Tax

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*62. **SHRI MADHAVRAO SCINDIA:**

SHRI VILAS MUTTEMWAR:

Will the Minister of FINANCE be pleased to lay a statement showing:

(a) whether a Chief Ministers' | State Finance Ministers' Conference for abolition or gradual withdrawal of Sales Tax including Central Sales Tax and its replacement by excise duties was called in New Delhi in September this year in the light of the observations made by the Wanchoo Commission to the effect that Sales Tax was one of the major causes for growth of black money and running of a parallel black market;

(b) if so, the specific issues discussed therein; and

(c) the outcome of the Conference?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): (a) to (c). A statement is laid on the Table of the House.

Statement

(a) There has been a widespread and long standing demand by various Chambers of Commerce, Associations of Industry and trade, general public, etc., for basic reforms in the sales tax structure in the country. The Finance Commissions and various Committees had also occasion to go into and comment on various aspects of the sales