

Impact of Tax Realisation Measures

875. SHRI S. KRISHNA KUMAR: Will the Minister of FINANCE be pleased to state:

(a) whether the measures undertaken last year to realise the tax arrears and increase the tax revenue have produced the desired result; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (PROF. MADHU DANDEVATE): (a) and (b). The revenue realisation from Customs and Central Excise duties during April, 1989 — February, 1990 has gone up by 15.42% (Provisional) and that of Direct Taxes have gone up by 13.92% (Provisional) as compared to the same period in the last year.

During January, 1989 to December, 1989 Central Excise Arrears amounted to Rs. 292 crores approximately were liquidated. The arrears of Income-tax upto the end of January, 1990 have also been reduced by 1898.38 crores as against Rs. 1258.27 crores reduced in the corresponding period of last financial year.

Sales Tax on Bulk Drugs

876. SHRI KHEMCHANDBHAI SOMABHAI CHAVDA: Will the Minister of FINANCE be pleased to state:

(a) whether Chavda Committee has recommended that the Central Sales Tax and Sales Tax on bulk drugs should be abolished;

(b) whether the then Finance Minister had written to the State Chief Ministers to abolish both the taxes on bulk drugs; and

(c) if so, the response of the Chief Ministers in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDEVATE): (a) to (c). The Chavda Committee was constituted on 2.1.1978 as sub-committee of the Consultative Committee attached to the then Ministry of Petroleum, Chemicals and Fertilizers. The Committee had, inter alia, recommended that sale of canalised bulk drugs should be exempted from Central Sales tax and all State Governments should be requested to exempt all such sales from the State sales tax. These recommendations were informal and advisory in nature. The Ministry of Finance (Department of Revenue) does not appear to have received the recommendations of the Chavda Committee pertaining to sales tax matters. Hence, the question of taking up of the matter with the State Govts. does not arise.

2. The levy of tax on sale or purchase taking place inside a State is a State subject of taxation under the Constitution. The administration of the Central Sales Tax Act under which Central Sales Tax is levied on inter-State sales is also vested by law in the State Governments. In view of the above legal position the State Governments alone have the powers to grant exemption/concession in respect of both these taxes and the Central Government has no powers in this regard.

Representation of Financial Institutions on Board of Directors of a Company

877. DR. Y.S. RAJA SEKHAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have laid down guidelines regarding representation of financial institutions on the Board of Directors of a company when shareholding of the financial institutions is more than ten per cent; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (b). The financial institutions appoint their nominees on all MRTP companies as per the existing guidelines in this behalf. As regards non-MRTP Companies, nominees are appointed *inter-alia* where institutional shareholdings is 26% or more and where institutional stake by way of term loan/investment exceeds Rs. 5.00 crores.

Limit on Borrowings

878. SHRI R. PRABHU: Will the Minister of FINANCE be pleased to state:

(a) the total internal debt owned by Union Government;

(b) whether the Government proposes to have moratorium on internal or external borrowings; and

(c) the remedial steps being contemplated to limit such borrowing?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) According to the provisional actuals for 1988-89, the total internal debt of the Central Government outstanding at the end of 31st March, 1989 amounted to Rs. 203726 crores.

(b) and (c). No, Sir. The borrowings are utilised for meeting developmental expenditure. Government is nevertheless taking steps to bring about improvements in revenue receipts and to eliminate inessential and low priority expenditure to minimise dependence on borrowings for financing developmental expenditure.

Transfer of Shares from NRIs fund to fund Created for Indians

879. SHRI R. PRABHU: Will the Minister of FINANCE be pleased to state:

(a) whether one of the financial institutions has recently switched a large amount of shares by book transfer from one fund relating to NRIs to another fund created for Indians;

(b) if so, the details of the amount of shares transferred and the losses incurred by the fund meant for resident Indians as a result thereof; and

(c) the justification of protecting the NRIs at the expense of resident Indians?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (c). The information is being collected.

Self Sufficiency in Pig Iron

880. SHRI YASHWANTRAOPATIL: Will the Minister of STEEL AND MINES be pleased to state:

(a) the gap between the production and demand of pig iron during 1989-90 and 1990-91 (estimated);

(b) the imports of pig iron in 1989-90 and proposed for 1990-91 and the foreign exchange expenditure involved therein; and

(c) the measures taken or proposed to be taken for doing away with the import of the pig iron?

THE MINISTER OF STEEL AND MINES AND MINISTER OF LAW AND JUSTICE (SHRI DINESH GOSWAMI): (a) The gap between the production and demand of pig iron during 1989-90 and 1990-91 is currently estimated at about 3.8 lakh tonnes and 5 lakh tonnes respectively.

(b) Minerals & Materials Trade Corporation, the canalising agency for pig iron, contracted for the import of about 3 lakh tonnes of foundry grade pig iron in 1989-90 valued