

is largely below 7 per cent in developed countries while in India they have remained 10 to 20 times higher over a long time; and

(h) what is the comparable import duties in Indian and developed countries?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) A selected group of industrialists met the Finance Minister on 10th November, 1993. The Group, while expressing their full agreement with trade liberalisation policies of the Government, made the following suggestions;

- (i) Restriction imposed by RBI on banks on lending against pledge of shares be removed;
- (ii) Removal of constraints imposed by Section 370 and 372 of the Companies Act;
- (iii) Indian Companies be allowed to issue non-voting shares;
- (iv) Reduction of share holdings of the financial institutions in the Indian Companies;
- (v) Access to low-cost funds abroad for investment in Indian companies; and
- (vi) High-cost in terms of stamp duty and capital gains tax be brought down.

(b) to (d) Foreign Institutional Investors are subject to 10 per cent and 20 per cent tax on their income by way of long-term capital gains and short-term capital gains respectively. The long term capital gains in the case of non-resident individuals are subject to 20 per cent tax, whereas short term capital gains are subject to tax at 20 per cent to 40 per cent. Concessional tax rates have been provided to FIIs in accordance with the practice generally prevailing in other countries.

Foreign multinationals as such have not been given any favourable treatment under the Income Tax Act.

(c) and (f) Labour Costs and profits vary from firm to firm, sector to sector

and country to country. It is difficult to draw a general conclusion about these.

(g) and (h) Import duties of developed countries are not strictly comparable with those in India due to differences in levels of industrialisation and overall development. However, customs duties in India have been reduced significantly by stages since July 1991. Presently the maximum customs duty stands at 65 per cent for general goods and 25 per cent for capital goods with certain exceptions.

Evasion of Excise Duty of M/s I.T.C. Limited

6473. **SHRI J.S. RAJU:**
SHRI K. MOHAMMED
KHAN:

Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 3762 given in the Rajya Sabha on the 19th April, 1994 and state:

(a) whether there is any stay of proceedings granted by CEGAT in the matter relating to evasion of Excise Duty of M/s. ITC limited being adjudicated by Director Central Excise;

(b) if so, the details thereof;

(c) what steps have been taken by Government to get the stay vacated; and

(d) if no steps are taken, the reasons therefore?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b) Nine show Cause Notices, relating to alleged evasion of Central Excise duty by M/s. ITC Limited and their job workers, were under adjudication by the Collector of Central Excise, Delhi The CEGAT, vide their Misc. Order No. 179/92-A dated 13.7.1992, directed the Collector of Central Excise, Delhi not to proceed with hearings in the said nine Show Cause Notices till the disposal of a similar matter before the Tribunal. The said matter has since been disposed of by

CEGAT vide their Order No. 61-65/94-A dated 18.3.1994. Therefore, the stay granted by CEGAT is no longer in operation.

(c) and (d) Does not arise in view of (a) and (b) above.

Services to Small Scale Industries

6474. SHRI G. SWAMINATHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact the financial institutions are not allowing "without recourse factoring" services to Small Scale Industries in so far as their scale to the Government departments; and

(b) if so, the action proposed to be taken to allow this facility to SSI units as payment by Government departments to companies/firms for the goods supplied by them?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b) The information is being collected and will be laid on the Table of the House to the extent available and permissible under the Rules.

Measures to Lighten Monetary Policy

6475. SHRI SURINDER KUMAR SINGLA: Will the Minister of FINANCE be pleased to state:

(a) what are the specific measures undertaken to lighten monetary policy;

(b) whether due to these measures the aggregate demand in general was restrained and also the import demand; and

(c) what is the time period for continuance of this tightened monetary policy?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) With the easing of

inflationary situation in 1992-93 the stance of the monetary policy in 1993-94 shifted to the objective of the growth of production by liberalising the flow of bank credit to agriculture, industry and exports. Money supply (M3) growth during 1993-94 was higher at 17.8 per cent as against 15.7 per cent during 1992-93.

(b) and (c) Does not arise

Norms For Calculating Income Tax

6476. SHRI SYED SIBTEY RAZI: Will the Minister of FINANCE be pleased to state:

(a) Whether some norms exist for calculation of Income Tax from the salaries of working class;

(b) if so, details thereof;

(c) whether these norms also provide some standard deductions while calculating the Income Tax;

(d) whether these norms also provide certain ways to get exemption from the provisions of Income Tax ceilings at different levels; and

(e) if so, details thereof; and if not, reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b) Income-Tax is charged at the rates specified in the relevant Finance Act, in accordance with and subject to the provisions of Income-Tax Act, 1961, in respect of the total income of the previous year of every person. The provisions relating to income chargeable to tax under the head "Salaries" are contained in section 15 to 17 of the above referred Act.

(c) Under section 16(i) of the Income-tax Act, a standard deduction, subject to conditions therein specified, is allowed in computing the income under the head "Salaries".

(d) and (e) The slab of income of an assessee and the consequent rate of tax