

(b) if so, whether the L.I.C. has refused to honour this policy condition in respect of bonuses declared after being taken over by the LIC; and

(c) if the answer to part (b) above be in the affirmative, under what provision of law does LIC claim to override the policy condition in such a manner?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT): (a) to (c) In exercise of the powers conferred by section 49 of the L.I.C. Act, 1956 and with the previous approval of the Central Government, the L.I.C. has formulated the Life Insurance Corporation (Classification of Policies for Differential Bonuses) Regulations, 1961. One effect of these regulations was that all bonuses, including bonuses to policy-holders of Sun Life Assurance Company of Canada and Crown Life Insurance Company were declared as reversionary additions to the sum assured. In view of this change, the options given by the two Canadian companies, in the context of a different system of declaration of bonus, namely, cash bonus, were no longer applicable or valid. However no hardship to the policy-holders resulted from this change.

"HANDLOOM YARN"

*228. SHRI NIREN GHOSH:
SHRI ARAVINDAKSHAN
KAIMAL:
SYED NAUSHER ALI:
SHRI KESAVAN (THA-
ZHAVA):

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the yarn used by handlooms is subjected to the levy of excise duties and sales tax both Central and State, while the yarn used up by composite mills is free from such levies; and

(b) if so, whether Government would consider abolishing the levy of

excise duties and Central Sales Tax on yarn used by handlooms, to meet the long-standing demand of the handloom weavers, that yarn should be made available to handloom weavers at prices at which it is available to the composite mills?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT): (a) and (b) A statement is laid on the Table of the House.

STATEMENT

(a) In so far as sales-tax is concerned, mills using yarn spun by them in the manufacture of textiles are not liable to pay sales-tax on such yarn as no sales transaction is involved. However, yarn purchased from outside, whether by a composite mill or by a handloom weaver is liable to State or Central Sales-tax depending upon the fact whether the purchase has been effected within the State or in the course of inter-State trade.

In so far as Central Excise duty is concerned, appropriate duty is leviable in respect of rayon and synthetic yarn, woollen yarn and cotton yarn produced with the aid of power and used by handlooms or composite mills. But in respect of composite mills manufacturing cotton textiles, there is a scheme of compounded levy enabling the mills to pay duty on yarn at the time of clearance of cloth, based on the square metre of the cloth and the count of yarn used. It is, therefore, not correct to say that the cotton yarn used by composite mills is free from duty.

(b) There is no proposal to abolish the levy of excise duty on yarn used by handlooms as such. But the cotton yarn in 'hank' form used largely by handlooms is exempt from duty up to less than 29 nf counts and subjected to concessional rates in respect of higher counts.

Central sales-tax levied on inter-State sales is complementary to local

sales-tax levied by States. If State Governments do not levy local sales-tax on yarn, it will automatically enjoy exemption from Central sales-tax. The States can also exempt it from Central sales-tax alone by issue of notification, if they consider it expedient in public interest to do so. Such a power is not available with Central Government under the Central Sales Tax Act, 1956.

UNIT TRUST OF INDIA

*229. SYED NAUSHER ALI:
SHRI NIREN GHOSH:
SHRI ARAVINDAKSHAN
KAIMAL:

Will the Minister of FINANCE be pleased to state:

(a) whether the re-purchase price of the units of the Unit Trust of India has gone down during 1967;

(b) if so, the reasons therefor;

(c) whether Government have assessed the working of the Unit Trust; and

(d) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT): (a) No, Sir.

(b) Does not arise.

(c) and (d) The Unit Trust was set up on 1st July 1964 and its growth over the last three years has not been unsatisfactory.

POST-GRADUATE MEDICAL INSTITUTES

*230. SHRI R. T. PARTHASARTHY: Will the Minister of HEALTH AND FAMILY PLANNING be pleased to state:

(a) whether it is a fact that he recently announced the sanction of Post-Graduate Medical Institutes for Bombay and Hyderabad; and

(b) whether it is also a fact that the Union Health Minister stated at a function, held in the General Hospital, Madras, on 19th April, 1967 that the Post-Graduate Medical Institute at Madras had the approval of the Union Finance Minister and of the Government of India; if so, when it is likely to be set up?

THE DEPUTY MINISTER IN THE MINISTRY OF HEALTH AND FAMILY PLANNING (SHRI B. S. MURTHY): (a) and (b) A statement is laid on the Table of the Sabha.

STATEMENT

(a) The Minister is not in India at present. A statement will be laid on the Table of the Sabha on his return.

(b) No. The Union Health Minister stated in Madras on the 19th April, 1967 that a Post-graduate Medical Institute would be set up in Madras, and that a beginning should be made by starting a few post-graduate departments at the General Hospital during the current year and adding to them next year. He further stated that the details would be studied by the officials of the Government of India and the State Government.

IRRIGATION PROJECTS OF MAHARASHTRA

*231. SHRI A. G. KULKARNI: Will the Minister of IRRIGATION AND POWER be pleased to state:

(a) the names of the medium and major irrigation projects received from the Government of Maharashtra still pending clearance with the Government of India; and

(b) when these schemes are likely to be approved?

THE MINISTER OF IRRIGATION AND POWER (DR. K. L. RAO): (a) None of the schemes included in the Plans is pending clearance by the Government of India.

(b) Does not arise.