

CENTRAL EXCISE DUTY ON FRENCH POLISH

*56. SHRIMATI LALITHA (RAJA-GOPALAN) :t

SHRIMATI TARA RAM-CHANDRA SATHE:

SHRI G. MURAHARI:

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Government have levied excise duty of 24 paise per litre on French Polish;

(b) whether it is also a fact that the manufacturers of French Polish who have started their business after the 6th July, 1963 have to pay the excise duty and not those manufacturers who have started their business earlier; and

(c) if so, what are the reasons therefor?

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

(c) This has been done to discourage deliberate fragmentation of old units and growth of uneconomical units.

STATEMENT

The standard rate of Central Excise duty including the special duty on French Polish is 42 paise per litre. But the effective rates of duty including special duty fixed by notification are :

(1) If the factory was owned by a manufacturer on the 6th July, 1963 :

Rate of duty (Paise per litre)

- (a) On the first 50 kilolitres .. Nil.
(b) On the next 50 kilolitres .. 24
(c) On the balance 33.60

fThe question was actually asked on the floor of the House by Shrimati Lalitha (Rajagopalan).

Provided the total quantity of varnishes and blacks taken together does not exceed 450 Kilolitres.

(2) If the factory was owned by a manufacturer after the 6th July, 1963 :

Rate of duty (Paise per litre)

- (a) On the first 50 kilolitres .. 24
(b) On the next 50 kilolitres .. 33.60
(c) On the balance 42

SHRIMATI LALITHA (RAJA-GOPALAN) : May I know, Sir, from the hon. Minister what are the reasons for discrimination between people manufacturing French Polish before and after the 6th July 1963 ? This will only help the people who had started manufacture before 6th July 1963 in making more profit than those who had started after that date.

SHRI B. R. BHAGAT: No, Sir. In October 1960 some relief was given to smaller units to help the small-scale industry. But it was found during the course of two or three years that it remained in operation that this was leading to fragmentation and establishment of more and more uneconomic units, or the same unit was bifurcated, the resulting units becoming uneconomical. The result is that at some later stage the whole industry will come to grief. Therefore, on 6th July, 1963, on the first fifty kilolitres a duty has been put as an anti-fragmentation measure for relief to small units. That was the main reason why this was done.

SHRIMATI TARA RAMCHANDRA SATHE : May I know, Sir, whether it was brought to the knowledge of these new industries that they will have to pay more excise duty than the older units ? Secondly, is it not true that the old units will naturally make more profit? Will the Government see to it that at least the newly-started industries also get that advantage?

SHRI B. R. BHAGAT : Sir, this amendment was effected through a notification. Prior information could not be given in such matters, and after notification everybody knew. As for the old units making more profit and not the new units, that depends upon the size and the economic position of the unit. It is true that on the first fifty kilolitres of production new units of that size will have a certain disadvantage. But that is deliberately done to see that new units of uneconomic size do not come up like mushroom growth.

SHRI SANTOKH SINGH : Sir, an industry is an industry whether it is small-scale or large-scale. We are unable to understand what does the hon'ble Minister mean by 'uneconomic unit'. An uneconomic unit can be of a very big unit. What does the Government mean by discriminating between the two, charging excise duty from one establishment and not charging from the other?

SHRI B. R. BHAGAT : Uneconomic within the small-scale industry.

SHRI K. DAMODARAN : May I know, Sir, if it is the Government's view that an increase in excise duty will make them more economic? Is it not a fact that the small manufacturers will suffer in competition and the new industry itself will suffer due to this discriminatory policy?

SHRI B. R. BHAGAT : This fiscal measure is applied against fragmentation into more and uneconomic units. Not only in this industry but in many other industries excise is one of the instruments that is being used.

SHRI BABUBHAT M. CHINAI : May I know, Sir, whether it is not a fact that when a new unit, whether it is uneconomic or economic, is established, in most of the cases the party has to approach the Government for a letter of intent and a licence? May I know, Sir, why it is not scrutinised at that stage whether it is uneconomic or economic and why the instrument of excise duty is being applied to such an

industry from the point of view only of uneconomic or economic unit? After all, when we say that we are wedded to the socialist pattern of society, is it not a fact that you should give equal treatment to both the old and the new unit and treat both the brothers, elder and the younger, on an equal footing, or if at all you have to treat them differently, it should be the younger brother who should be treated favourably.

MR. CHAIRMAN : You need not say anything about the younger or the elder brother. You may reply about the industry.

SHRI B. R. BHAGAT : The affection has been misplaced. As I explained, if a new unit of a very small size and uneconomic size comes up, basically it is not in the interest of the industry itself that it should be encouraged. As for the licensing authorities scrutinising these units, well, before each small unit is licensed they have to find out the proportion of foreign raw materials, imported raw materials or imported components they apply for.

SHRI B. K. P. SINHA : Sir, I do not understand what is the Government's conception of an uneconomic unit. If a unit is uneconomic, economic forces will push it out of production; it will become non-existent. Because it is operating it is clear that it is not uneconomic in the economic sense that economists understand the word "uneconomic". May I know, Sir, whether the Government deliberately want to discriminate against small units by imposing additional excise on them, because how could they be uneconomic when they are functioning properly, in what sense?

SHRI B. R. BHAGAT : An economic unit can always be in relation to the particular size or structure of the trade. As I said within the small-scale industry there can be uneconomic units which are very small and that has to be judged in relation to the person operating in that particular trade. The main

reason is, in order to prevent a bigger catastrophe happening to many more larger units bringing about the crash of that industry, such measure is taken so that a bigger crash is avoided.

SHRI I. K. GUJRAL : I hope the Minister himself is convinced of the hollowness of his argument. The main question I ask is, is there any other industry also in existence where excise duty has been used as an instrument for stopping uneconomic industries from coming up and secondly, does he not feel that using this discrimination in matters of excise is giving undue protection to some units ?

SHRI B. R. BHAGAT : As I said, tab instrument is used not only in this but in many others and that is a well-known instrument.

SHRI DEOKINANDAN NARAYAN : May I know if the Government is aware that this French Polish is being used as liquor in the dry areas and the licensees are making a lot of money ?

SHRI B. R. BHAGAT : I am not aware of that.

♦ 557. [The questioner (Shri T. V. Attandan) was absent. For answer, vide col. 3326 infra.]

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* S58. [The questioner (Shri S. N. Mishra) was absent. For answer, vide col. 3327 infra.]

• 559. [Transferred to the 28* March, 1966.]

जन स्वास्थ्य विधेयक

*560. श्री भगवत नारायण भार्गव : क्या स्वास्थ्य तथा परिवार नियोजन मंत्री यह बताने की कृपा करेंगी कि देश में जन-स्वास्थ्य के समान प्रशासन के लिये क्या सरकार संसद् के समक्ष एक व्यापक विधेयक लाने का विचार कर रही है; और यदि हां तो इस विधेयक के संसद् के समक्ष कब लाये जाने की संभावना है ?

†[PUBLIC HEALTH BILL

*560. SHRI B. N. BHARGAVA : Will the Minister of HEALTH AND FAMILY PLANNING be pleased to state whether Government are considering the question of bringing a comprehensive Bill before Parliament for the uniform administration of public health in the country; and if so, when the Bill is likely to be brought before Parliament ?]

स्वास्थ्य तथा परिवार नियोजन मंत्री (डा० सुशीला नायर) : देश में जन स्वास्थ्य के समान प्रशासन के लिये संसद् के समक्ष एक व्यापक विधेयक लाने के प्रश्न पर केन्द्रीय सरकार विचार कर रही है। संविधान के प्रावधानों के अनुसार ऐसा विधान केन्द्र प्रशासित क्षेत्रों तथा ऐसे राज्यों पर लागू होगा जिनके विधानमण्डलों में उन राज्यों पर ऐसे विधान के लागू करने के पक्ष में प्रस्ताव पारित किये जायेंगे।

* चूंकि इस विधान के अन्तर्गत व्यापक क्षेत्र आयेगा तथा अलग अलग अवस्थाओं में राज्य सरकारों से परामर्श करना पड़ेगा। अतः अभी यह कहना सम्भव नहीं है कि इस विधेयक के संसद् के समक्ष कब लाये जाने की सम्भावना है।

†THE MINISTER OF HEALTH AND FAMILY PLANNING (DR. SUSHILA NAYAR) : The Central Government has been considering the question of bringing a comprehensive Bill before Parliament for the uniform administration of public health in the country. Under the provisions of the Constitution, such legislation will be applicable to the Centrally administered territories and to such of the States the Legislatures of which would pass a resolution in favour of applying such legislation to those States.

As the legislation will cover a wide field and the State Governments will

†[] English translation.