

(e) whether Government are considering any formula to link the foreign exchange earnings of approved hotels with the facilities available to them at par with foreign exchange earning industries?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAWAISINGH SISODIA): (a) to (e) Under the existing provisions of the Income-tax Act, hotels are entitled to the following specific tax concessions, namely:—

(i) Under section 32(1)(v) of the Income-tax Act, an initial depreciation allowance of 25 per cent of actual cost of a building of an approved hotel owned by a company is allowed as deduction in the computation of the taxable profits.

(ii) Under section 80HH of the Income-tax Act, an assessee deriving profits and gains from the business of a hotel set up in a backward area is entitled to a deduction of 20 per cent of such profits or gains for ten initial assessment years.

(iii) Under section 80-I of the Income-tax Act, an assessee being a company owning an approved hotel is entitled to a deduction of 25 per cent of the profits and gains in the computation of its taxable income for eight initial assessment years.

(iv) An assessee is entitled to an additional depreciation allowance of 50 per cent of the normal allowance on machinery or plant installed in an approved hotel during the relevant previous year.

(v) An assessee is entitled to a depreciation allowance on furniture and fittings used in a hotel at a

higher rate of 15 per cent as against 10 per cent in other cases.

In view of the large number of tax concessions already available in the case of hotels, some of which have been devised to meet their specific needs, there is no proposal under consideration of the Government at present to extend any further tax concessions in the case of hotels. However, the Malhotra Committee has made certain recommendations regarding non-resident Indian investment in hotel industry. The Report of this Committee is still under consideration of the Government.

New export strategy for 1980

7237. SHRIMATI MADHURI SINGH: Will the Minister of COMMERCE be pleased to state:

(a) the broad features of the new export strategy for 1980's;

(b) steps being taken to create specific export surpluses;

(c) whether the present fiscal and non-fiscal incentives are considered adequate to guarantee such surpluses without compulsory export obligations; and

(d) if not, the changes contemplated in the present policies?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KHURSHED ALAM KHAN):

(a) to (d) Export promotion, which has been assigned one of the highest national priorities, is sought to be achieved by removal of domestic constraints on production for exports, liberal imports of latest technology, raw materials and components for exports, enlarging the provision of finance for exports simplification of procedures, improvement in competitive strength of exports, introduction of new products and exploration of new markets etc.

Some of the important export promotion measures already taken include the following:—

(i) Exclusion of production for export for the purpose of "licensed capacity" and "Dominance.

(ii) Permission to allow production of new articles for export where there is a variation of the article, an industrial unit is licensed to manufacture.

(iii) Favourable treatment to technology imports for export production which involved lumpsum payment of royalty.

(iv) Free trade zone like—treatment of all 100 per cent export oriented units.

(v) To allow automatic expansion to an expanded list of industries for the purpose of increasing production for exports.

(vi) Selective relaxation in restrictions imposed on new industrial undertakings in metropolitan cities to such units which produce for exports.

(vii) Pre-shipment credit at a concessional rate has been extended to a number of engineering and other export oriented industries for a period of 180 days. The EXIM BANK which is being set so shortly, is expected to enlarge the provision of export finance.

In addition, the Ministry of Commerce is also exploring the possibility of increasing exports of Public Sector Undertakings.

Action is also being taken to reduce delays in disbursement of draw back and simplification of procedures. The export duty on coffee and semi-finished leather has been reduced and that on hessian jute goods abolished completely.

The following measures have been announced in the Budget for 1981-82 to give fiscal support to export promotion:—

(1) 14 groups of export oriented industries have been brought within the purview of industries to which investment allowance or tax holiday is admissible.

(2) Export oriented industries in the free trade zones have been allowed complete tax holiday for an initial period of five years, in lieu of other fiscal concessions.

(3) The scope of activities under Section 35B of the Income Tax Act which allows weighted deduction in the computation of the taxable profits, is being widened.

(4) In the case of electronics, which is both a labour intensive and export oriented industry dividend derived by domestic company from an Indian company engaged exclusively in the manufacture of electronic components is completely exempt from Income tax.

Export-Import Policy for 1981-82, announced by the Government recently has been designed to meet the following objectives:—(1) to provide essential inputs for strengthening the production base, and enabling fuller utilisation of available capacities, (2) to further reduce dependence on imports, (3) to provide greater impetus to exports and (4) to further simplify and streamline procedures.

Linking of Places by Third Air Service in North Eastern Region

7238. SHRI D. L. BAITHA:

SHRI SONTOSH MOHAN
DEV:

Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether Government have commissioned third line air service for the North Eastern region of the country;

(b) whether it is a fact that the North Eastern region of the country is very much neglected in respect of aviation facilities; if so, whether Government would like to consider