

The representations received by the Government are being considered. However, since the accounting years for some of the partnership firms have already started and the new law has become applicable in respect of some of them or would apply in all cases with effect from 1.4.1988, and since some changes in this regard are contemplated, it is only fair that the taxpayers are not required to make a switchover from the old system to the new one and then again make further changes in conformity with the scheme that may be formulated after taking into account the various points raised for Government's consideration. It is, therefore, proposed to move suitable Government amendment to provide that the new scheme relating to assessment of partnership firms will come into operation with effect from 1.4.1990, *i.e.* from the assessment year 1990-91. Till that date, the existing provisions, before these were amended by the Direct Tax Laws (Amendment) Act, 1987 will continue to operate. In respect of other matters, where the date of application is 1.4.1989, no postponement is considered necessary as the new Bill proposing amendment to the Income-tax Act, 1961 (as amended) is expected to be placed before this House shortly.

Some criticism has been voiced regarding the proposal in the Finance Bill that public sector bonds notified by the Central Government under section 5(1) (xvii) of the Wealth-tax Act will be exempt to the extent of Rs. 5 lakhs only along with other assets such as one house or part of the house. While earlier commitment had been made that such bonds would be exempt from wealth-tax upto an unlimited extent. It is not the Government's intention to take away the benefit which has already accrued to the taxpayers. By Government amendment, all bonds sold on or after 1.6.1988 by public sector companies only will be brought within the limit of Rs. 5 lakhs. Consequently, all bonds sold before 1.6.1988 by the public sector companies and notified by the Central Government as exempt upto an unlimited extent would continue to enjoy this benefit.

12.15 hrs.

**STATEMENT RE : IMPORT OF BUS
AND TRUCK TYRES ON OGL**

[English]

**THE MINISTER OF STATE IN THE
DEPARTMENT OF INDUSTRIAL
DEVELOPMENT IN THE MINISTRY OF
INDUSTRY (SHRI M. ARUNACHALAM) :**
I rise to make a statement on the decision taken by the Government with regard to import of bus and truck tyres.

There has been a persistent increase in the prices of truck and bus tyres over the last three years. Despite the increase in the production of bus and truck tyres, the market prices of the tyres have shown a rising trend.

The rising trend in the prices of bus and truck tyres has also been the subject matter of many Parliament Questions and Members have voiced their concern over it. The Government have also stated that the import of tyres will be considered if the need arises.

Having reviewed the situation carefully, Government have taken the following decisions :

- (i) The following categories of consumers will be allowed to import bus and truck tyres on OGL :
 - (a) Original Equipment Manufacturers (as it exists today)
 - (b) State Road Transport Undertakings
 - (c) Association of State Road Transport Undertakings
 - (d) Recognised State Level associations of bus and truck operators as may be approved by the Department of Industrial Development
 - (e) Agencies of State Government's as may be approved by the Department of Industrial Development.

- (ii) The bus and truck tyres allowed for import on OGL will be the following categories :

1000 × 20—16 PR

1000 × 20—14 PR

900 × 20—16 PR

900 × 20—14 PR

900 × 20—12 PR

Nylon tyres in ribbed, lug and semi-lug varieties.

- (iii) The total import duty on such tyres will be 100% (excluding the 5% drought surcharge). In addition there will be the applicable countervailing duty.

Simultaneously, Government will be encouraging maximisation of production by tyre manufacturers. It is hoped that these measures will stimulate competition in the market and thereby benefit the consumers and the industry.

STATEMENT RE : SCHEME FOR
MAXIMISATION OF INDUSTRIAL
PRODUCTION DURING SEVENTH
PLAN PERIOD

[English]

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM : I rise to make a statement on the decision of the Government to introduce a scheme for maximisation of industrial production during the 7th Plan Period.

In order to encourage industrial units to maximise their production, Government have from time to time been allowing re-endorsement of licensed capacities on the basis of the capacity utilisation or modernisation achieved by them. The latest of such re-endorsement schemes are contained in the Press Notes No. 1 and 2 of January, 1986. While these schemes take cognisance of the production achieved by an industrial undertaking in the past, it is considered desirable

to introduce a scheme that would give advance intimation to industrial undertakings and recognise the best production achieved by them in the future.

Accordingly, Government have decided to introduce a new scheme w.e.f. 1st April, 1988. The main objective of the scheme is to maximise industrial production from existing installed capacity of plant, machinery and equipment so that the assets already installed could be put to the utmost use. The salient features of the scheme are as follows :

- (i) The industrial licences/registrations with technical authorities will automatically be re-endorsed with maximum production actually achieved by the industrial undertakings in any of the financial years between 1st April, 1988 and 31st March, 1990.
- (ii) There will be no restrictions on such re-endorsement of capacities except the following :
 - (a) The undertaking should have a valid industrial licence/registration for the item concerned.
 - (b) The item should not be reserved for the small scale sector nor should it form a part of Scheduled IV and V of the exemption notification of 16th February 1973 issued under the IDR Act, as amended from time to time.
 - (c) Additional investment, if any, in plant, machinery and equipment shall not exceed 10% of the existing book value of investment in plant, machinery and equipment related to that particular item of production.

The scheme will apply to all industrial undertakings including MRTP/FERA companies as also to all items regardless of whether or not they are covered by the First Schedule to the IDR Act. Location₁ restrictions will also not apply to thi_s