

[Shri P. Shanmugam]

Act passed. The Supreme Court also indicted the Society for mismanagement.

The Central Government appointed as Administrator a retired High Court Judge. Under Justice L. P. Nigam an international advisory Council was formed and during the past three years, this Council has been efficiently discharging the onerous task of management of this township. During the past three years, there has been significant progress in Auroville. There are no charges of malpractices. Law and order are prevailing. Many developmental schemes have been undertaken successfully. In February 1985 an International Seminar was organised with 200 delegates from 55 countries participating in this Seminar.

The first two years after the Act was passed could not be utilised for such developmental activities. Hence the Government brought forward this amending Bill seeking the approval of the House for extension of enforcement of this Act by two more years, as was originally intended. At the same time I would like to say that some permanent solution should be found for this problem. Besides the international advisory council, the Centre should constitute a high level committee comprising representatives of local residents. The task of running the affairs of this Committee should be entrusted to this Committee. The Members of this Committee should be given administrative training because ultimately they can take over the management of this township from the international advisory council. The local people should be enthused to participate in the affairs of this township. Then only Auroville will truly become the centre of international culture and a place for realising the divinity propounded in all religions of the world. With these words I conclude my speech.

15.35 hrs.

**STATEMENT RE: "REVIEW OF FISCAL LEVIES ON TEXTILES"**

[English]

**THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH**

PRATAP SINGH) : As the House is aware, the Textile Policy Statement of 1985 aims, *inter-alia*, to increase the production of cloth of acceptable quality at reasonable prices. While cotton would continue to enjoy the role of predominant fibre, it has also been considered necessary to reduce fiscal levies on man-made fibres/yarn in such a manner that benefit flows to the consumer in the form of lower prices of synthetics and blended fabrics. The fiscal package that I am going to announce represents the first instalment of the reforms proposed to be carried out in the indirect tax structure and covers the steps which I thought could be taken at this stage without waiting for the next Budget.

2. Government have been consistently encouraging the production of blended fabrics with certain proportion of polyester fibre through progressive reduction of duties on blended yarns and fabrics following the 1981 Textile Policy Statement. Having regard to the broad objective of making cloth of acceptable quality available at low prices, as a measure of further relief in this area, I propose to reduce excise duty on polyester fibre from Rs. 45 to Rs. 25 per kg. I also propose to reduce the excise duty on polyester cotton blended yarns containing more than 40% but less than 70% by weight of polyester fibre from Rs. 5 to Rs. 2 per kg. On similar blends of polyester viscose blended yarn, the duty is proposed to be reduced from Rs. 10 to Rs. 4 per kg. As regards polyester cotton blended fabrics, a concessional rate of 2% is already available. However, concessional rates are not available for polyester viscose blended fabrics. I propose to reduce the excise duty on polyester viscose blended fabrics with certain polyester content to 5% ad valorem from existing rates, which vary upto a maximum of 13.2%. However, to ensure that the benefits of reduction of duty go mainly to cheaper fabrics, I propose to increase the incidence of duty on cotton and man-made fabrics, of assessable value exceeding Rs. 25 per square metre, containing polyester fibre by Rs. 2 per sq. metre. The increase is being effected mainly through increase in the component of additional duty in lieu of sales tax so that interests of the States are protected. The reduction in the duties for low priced fabrics are expected to bring down retail prices by about 10 to 15%.

3. A scheme for larger production of low priced blended fabrics is also being formulated for which polyester fibre would be made available without payment of excise duty or additional (countervailing) duty of customs, which at present is Rs. 45 per kg., subject to production and supply of such low priced fabrics as per programme approved by the Department of Textiles. Such a programme has been worked out by the Department of Textiles for the Units of the N.T.C.

4. Acrylic fibre has become quite popular and has been supplementing the production of raw wool. As a measure of relief to this industry, I propose to reduce the excise duty on acrylic fibre from Rs. 17.50 to Rs. 10.00 per kg.

5. These proposals are estimated to result in revenue loss of about Rs. 131 crores in a full year, and about Rs. 77 crores for the rest of the year 1985-86.

6. Notifications giving effect to the above proposals are being laid on the Table of the House.

7. The fiscal package has been formulated with the objective of increasing the availability of such reasonably priced fabrics to the consumers. It is proposed to carry out a review after some time whether this objective has been sub-served on which will depend the continuation of this scheme.

15.39 hrs.

PAPERS LAID ON THE TABLE—Contd.

[English]

Notification under Central Excise Rule,  
1944 and Customs Act, 1962

THE MINISTER OF FINANCE AND  
COMMERCE (SHRI VISHWANATH  
PRATAP SINGH) : Sir, I beg to lay on the  
Table—

- (i) A copy each of Notification Nos. 190/85-CE to 198/85-CE (Hindi and English versions) published in Gazette of India dated the 28th

August, 1985 together with an explanatory memorandum issued in the context of the Textile Policy Statement of 1985, issued under the Central Excise Rules, 1944.

[Placed in Library. See No. LT-1419/85].

- (ii) A copy of Notification No. 276/85-Customs (Hindi and English versions) published in Gazette of India dated the 28th August, 1985, together with an explanatory memorandum regarding exemption to polyester fibre from the whole of the countervailing duty of Rupees 45 per kg. subject, *inter-alia*, to the condition that such polyester fibre is used in the manufacture of low priced fabrics containing more than 40 per cent but less than 70 per cent by weight of polyester fibre, as per manufacturing programme duly approved by the Department of Textiles, under section 159 of the Customs Act, 1962.

[Placed in Library. See No. LT-1420/85].

15.40 hrs.

STATEMENT RE: "APPROVED PROGRAMME FOR PRODUCTION AND SUPPLY OF LOW PRICED BLENDS"

[English]

THE MINISTER OF STATE OF THE MINISTRY OF SUPPLY AND TEXTILES (SHRI CHANDRASHEKHAR SINGH) : The main objective of the new Textile Policy, 1985, is to "increase the production of cloth of acceptable quality at reasonable prices to meet the clothing requirements of a growing population". For achieving this objective there is a provision in the policy which, *inter-alia*, states that "adequate availability of man-made fibres and yarn at reasonable prices shall be ensured" and that "fiscal levies on man-made fibres/yarn shall be progressively reduced in such a manner as to facilitate absorption of increased domestic production so that the benefit flows to the consumer in the form of lower prices of synthetic and blended fabrics".