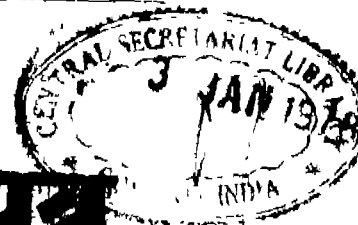


भारत का राजपत्र
The Gazette of India



असाधारण
EXTRAORDINARY

भाग II—खण्ड 2
PART II—Section 2

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bills were introduced in Lok Sabha on the 20th December, 1977:—

BILL No 151 OF 1977

A Bill further to amend the Electricity (Supply) Act, 1948.

BE it enacted by Parliament in the Twenty-eighth Year of the Republic of India as follows:—

1. This Act may be called the Electricity (Supply) Amendment Act, 1977.

Short
title.

54 of 1948,

2. In section 1 of the Electricity (Supply) Act, 1948 (hereinafter referred to as the principal Act), after sub-section (4), the following sub-section shall be inserted, namely:—

Amend-
ment of
section 1.

“(5) Notwithstanding anything contained in sub-section (4),—

(a) where any provision of this Act, to which sub-section (4) applies, is in force in any State immediately before the commencement of the Electricity (Supply) Amendment Act, 1977, that provision as amended by the Electricity (Supply) Amendment Act, 1977, shall, on and from such commencement, be in force in that State;

(b) the provisions of this Act, to which sub-section (4) applies, which are not in force in any State on the commencement of the Electricity (Supply) Amendment Act, 1977, shall come into force in that State on such date as the State Government may, with the concurrence of the Central Government, by notification in the Official Gazette, appoint.”

Amend-
ment of
section 3.

3. In section 3 of the principal Act, in sub-section (6), in the opening paragraph, for the word "servants", the word "employees" shall be substituted.

Insertion
of new
section
12A.

4. After section 12 of the principal Act, the following section shall be inserted, namely:—

Board
may
have
capital
structure.

"12A. (1) The State Government may, if it considers expedient so to do, by notification in the Official Gazette, direct that the Board shall, with effect from such date as may be specified in the notification, be a body corporate with such capital, not exceeding ten crores of rupees, as the State Government may specify from time to time.

(2) The State Government may, from time to time, with the approval of the State Legislature, increase the maximum limit of the capital referred to in sub-section (1) to such extent as that Government may deem fit, so, however, that the increased maximum limit of capital aforesaid shall not exceed the amount representing the aggregate of the outstanding loans of the Board.

(3) Such capital may be provided by the State Government, from time to time, after due appropriation made by the State Legislature by law for the purpose and subject to such terms and conditions as may be determined by that Government."

Amend-
ment of
section 15.

5. In section 15 of the principal Act, in the opening paragraph, for the word "servants", the word "employees" shall be substituted.

Amend-
ment of
section 57.

6 In section 57 of the principal Act,—

(a) the words "and the Seventh Schedule" shall be omitted;

(b) for the words "the said Schedules", in both the places where they occur, the words "the said Schedule" shall be substituted.

Amend-
ment of
section
57A.

7. In section 57A of the principal Act, in sub-section (1), the words "and the Seventh Schedule" shall be omitted.

Substitu-
tion
of new
section
for sec-
tion 59.

8. For section 59 of the principal Act, the following section shall be substituted, namely:—

General
principles
for
Board's
finance.

"59. (1) The Board shall, after taking credit for any subvention from the State Government under section 63, carry on its operations under this Act and adjust its tariffs so as to ensure that the total revenues in any year of account shall, after meeting all expenses properly chargeable to revenues, including operating maintenance and management expenses, taxes (if any) on income and profits, depreciation and interest payable on all debentures, bonds and loans, leave such surplus, as the State Government may, from time to time, specify.

(2) In specifying the surplus under sub-section (1), the State Government shall have due regard to the availability of amounts accrued by way of depreciation and the liability for loan amortization and leave—

(a) a reasonable sum to contribute towards the cost of capital works; and

(b) where in respect of the Board, a notification has been issued under sub-section (1) of section 12A, a reasonable sum by way of return on the capital provided by the State Government under sub-section (3) of that section and the amount of the loans (if any) converted by the State Government into capital under sub-section (1) of section 66A."

9. In section 60 of the principal Act, in sub-section (2),—

(a) for the words "two months", the words "one year" shall be substituted;

Amend-
ment of
section 60.

(b) the words, brackets and figures "before the issue of the notification under sub-section (4) of section 1" shall be omitted.

10. In section 61 of the principal Act, in sub-section (2), for the words "members, officers and servants", the words "members and officers and other employees" shall be substituted.

Amend-
ment of
section 61.

11. In section 62 of the principal Act, in sub-section (2), after the words "extreme urgency", the words " , it shall be expended in accordance with the regulations made by the Board with the previous approval of the State Government and" shall be inserted.

Amend-
ment of
section 62.

12. In section 65 of the principal Act,—

(a) in sub-section (2), for the words "issue of bonds or stock", the words "issue of debentures or bonds" shall be substituted;

Amend-
ment of
section 65.

(b) in sub-section (4), for the words "Stock issued", the words "Debentures or bonds issued" shall be substituted.

13. After section 66 of the principal Act, the following section shall be inserted, namely:—

Insertion
of new
section
66A.

"66A. (1) Notwithstanding anything contained in section 12A, where any loan has been obtained from the State Government by a Board, in respect of which Board a notification has been made under sub-section (1) of that section, or any loan is deemed to be advanced to such Board by the State Government under sub-section (2) of section 60, the State Government may, if in its opinion it is necessary in the public interest so to do, by order, direct that the amount of such loan or any part thereof shall be converted into capital provided to the Board on such terms and conditions as appear to that Government to be reasonable in the circumstances of the case, even if the terms of such loan do not include a term providing for an option for such conversion.

Conver-
sion of
amount of
loans
into
capital.

(2) In determining the terms and conditions of such conversion, the State Government shall have due regard to the following circumstances, that is to say, the financial position of the Board, the terms of the loan, the rate of interest payable on the loan, the capital of the Board, its loan liabilities and its reserves.

(3) Notwithstanding anything contained in this Act, where the State Government has, by an order made under sub-section (1), di-

rected that any loan or any part thereof shall be converted into capital, and such order has the effect of increasing the capital of the Board, the capital of the Board shall stand increased by the amount by which the conversion increases the capital of the Board in excess of the capital specified under sub-section (1) of section 12A:

Provided that the amount of the loan so converted together with the capital provided under sub-section (3) of section 12A shall not exceed the amount representing the aggregate of the outstanding loans of the Board after such conversion”.

Substitution of new section for section 67.

Priority of liabilities of Board.

14. (1) For section 67 of the principal Act, the following section shall be substituted, namely:—

“67. (1) If in any year, the revenue receipts are not adequate to enable compliance with the requirements of section 59, the Board shall, after meeting its operating, maintenance and management expenses and after provision has been made for the payment of taxes (if any) on income and profits, distribute the revenue receipts, as far as they are available, in the following order, namely:—

(i) payment of interest on loans not guaranteed under section 66;

(ii) repayment of principal of any loan raised (including redemption of debentures or bonds issued) under section 65 which becomes due for payment in the year;

(iii) payment of interest on loans guaranteed under section 66;

(iv) payment of interest on sums paid by the State Government in pursuance of guarantees under section 66;

(v) payment of interest on loans advanced to the Board by the State Government under section 64 or deemed to be advanced under sub-section (2) of section 60;

(vi) repayment of principal of any loan guaranteed by the State Government under section 66 which becomes due for payment in the year;

(vii) repayment of principal of any loan advanced to the Board under section 64 which becomes due for payment in the year,

and if any balance amount is left thereafter, the same shall be utilised for the other purposes specified in section 59 in such manner as the Board may decide.

(2) If for any reason beyond the control of the Board, the revenue receipts in any year are not adequate to meet its operating, maintenance and management expenses, taxes (if any) on incomes and profits and the liabilities referred to in clauses (i) and (ii) of sub-section (1), the short fall shall, with the previous sanction of the State Government, be paid out of its capital.”.

15. For section 68 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 68.

“68. (1) Subject to the provisions of section 67, the Board shall provide each year for depreciation such sum calculated in accordance with such principles as the Central Government may, after consultation with the Authority, by notification in the Official Gazette, lay down from time to time.

Charging of depreciation by Board.

(2) Where in any particular year depreciation cannot be adjusted against revenues, the same may be carried over to subsequent years.

(3) The provisions of this section shall apply to the charging of depreciation for the year in which the Electricity (Supply) Amendment Act, 1977, comes into force.”.

16. In section 69 of the principal Act, in sub-section (4), for the words “forwarded annually to the State Government”, the words “forwarded to the Authority and to the State Government within six months of the close of the year to which the accounts and audit report relate” shall be substituted.

Amendment of section 69.

17. In section 74 of the principal Act, for the words “officer or servant”, the words “officer or other employee” shall be substituted.

Amendment of section 74.

18. In section 75A of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—

Amendment of section 75A.

“(3A) (a) The Generating Company shall carry on its operations under this Act and adjust its tariffs so as to ensure that the total revenues in any year of account shall, after meeting all the expenses properly chargeable to revenues including operating, maintenance and management expenses, taxes (if any) on income and profits, depreciation and interest payable on all debentures, bonds and loans, leave such surplus as the promoting government or promoting governments, as the case may be, may, from time to time, specify.

(b) In specifying the surplus under clause (a), the promoting government or promoting governments, as the case may be, shall have due regard to the availability of amounts accrued by way of depreciation and the liability for loan amortization and leave a reasonable amount to contribute towards the cost of capital works and for payment of dividend on shares.”.

19. In section 79 of the principal Act,—

(a) in clause (c), for the words “officers and servants”, the words “officers and other employees” shall be substituted;

Amendment of section 79.

(b) after clause (j), the following clause shall be inserted, namely:—

“(jj) expending sum not included in statement submitted under sub-section (1) or sub-section (5) of section 61, under sub-section (2) of section 62;”;

(c) in the proviso, for the word, brackets and letter “and (d)”, the brackets, letters and word “, (d) and (jj)” shall be substituted.

- Amendment of section 81. 20. In section 81 of the principal Act, for the words "members, officers and servants", the words "members and officers and other employees" shall be substituted.
- Amendment of section 82. 21. In section 82 of the principal Act, for the words "member, officer or servant", the words "member or officer or other employee" shall be substituted.
- Amendment of Fourth Schedule. 22. In the Fourth Schedule to the principal Act,—
 (a) in paragraph II, for the words and figure "on the scale set out in paragraph III", the words and figure "calculated in accordance with the provisions of paragraph VI of the Sixth Schedule", shall be substituted;
 (b) paragraph III shall be omitted.
- Amendment of Sixth Schedule. 23. In the Sixth Schedule to the principal Act,—
 (1) in paragraph VA,—
 (a) in sub-paragraph (1),—
 (i) for the words "amount of development rebate", the words "amount of investment allowance" shall be substituted;
 (ii) for the words, brackets, figures and letter "under clause (vib) of sub-section (2) of section 10 of the Indian Income-tax Act, 1922," the words, figures and letter "under section 32A of the Income-tax Act, 1961" shall be substituted;
 (b) in the proviso to sub-paragraph (4), after the words "amount of the Reserve", the brackets and words "(whether such amount is in the form of cash or other assets)" shall be inserted;
 (2) for paragraphs VI, VII, VIII, IX, X and XI, the following paragraph shall be substituted, namely:—
 "VI. (a) The licensee shall provide each year for depreciation such sum calculated in accordance with such principles as the Central Government may, after consultation with the Authority, by notification in the Official Gazette, lay down from time to time.
 (b) Where in any particular year depreciation cannot be adjusted against revenues, the same may be carried over to subsequent years.
 (c) The provisions of this paragraph shall apply to the charging of depreciation for the year in which the Electricity (Supply) Amendment Act, 1977, comes into force.";
 (3) in paragraph XVII, clause (8) shall be omitted.
- Omission of Seventh Schedule. 24. The Seventh Schedule to the principal Act shall be omitted.
- Amendment of Eighth Schedule and Ninth Schedule. 25. In clause (a) of paragraph 1 of the Eighth Schedule, and clause (f) of paragraph 1 of the Ninth Schedule to the principal Act, for the words "officers and servants", the words "officers and other employees" shall be substituted.

11 of 1922
43 of 1961.

STATEMENT OF OBJECTS AND REASONS

In order to ensure that the Electricity Boards are able to function on sound commercial principles, the financial provisions of the Electricity (Supply) Act, 1948, are proposed to be amended by the Bill. The main changes proposed to be made in that Act by the Bill are the following.

2. With a view to make the Electricity Boards financially viable, it is proposed that a State Government may provide funds to the State Electricity Board in the form of equity, if the State Government so desires. This is necessary because the interest liability devolving on the State Electricity Boards makes it difficult for them to present a picture of financial stability. For this purpose, a new section 12A is proposed to be inserted in the Act by clause 4 of the Bill.

3. Section 59 of the Electricity (Supply) Act is proposed to be amended by clause 8 of the Bill to give a positive direction to the Electricity Boards that after meeting all their expenses, there should be provision for a surplus for contribution towards immediate investment needs. A similar amendment is also proposed to be made in regard to the Generating Companies by inserting a new sub-section (3A) in section 75A by clause 18 of the Bill.

4. A new section 66A is proposed to be inserted in the Electricity (Supply) Act by clause 13 of the Bill so as to enable the State Government to convert any loan advanced by it to the State Electricity Board into share capital.

5. The amount of capital provided by a State Government under section 12A(3) or that capital together with the amount converted into capital under section 66A should not exceed the aggregate of the outstanding loans of the Electricity Board.

6. Clause 14 of the Bill seeks to amend section 67 of the Act to rearrange the priorities for distribution of the revenues of the State Electricity Boards after meeting the operation, maintenance and management expenses and the liabilities, if in any year the revenue receipts are not adequate to enable compliance with the requirements of section 59. This is being done to ensure that the Boards discharge their liability towards interest on loans from financial institutions as well as repayment of principal amount before the operating surplus is appropriated towards depreciation and general reserve.

7. Section 68 of the Act is proposed to be amended by clause 15 of the Bill to provide that the method of calculating depreciation should be in accordance with the principles laid down by the Central Government in consultation with the Central Electricity Authority. A similar provision is proposed to be made in regard to licensees by the amendment of the Sixth Schedule by clause 23(2) of the Bill.

8. The Bill seeks to achieve the aforesaid objects.

NEW DELHI;
The 12th December, 1977.

P. RAMACHANDRAN.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (b) of clause 19 of the Bill seeks to insert a new clause (jj) in section 79 of the Electricity (Supply) Act, 1948, to enable the making of regulations to provide for the expending of sum not included in statement submitted under sub-section (1) or sub-section (5) of section 61. This is a matter of detail which cannot be provided in the Act itself. The delegation of legislative power is therefore of a normal character.

THE FOURTH SCHEDULE

(See sections 23 and 37 and First and Third Schedules)

PRICE FOR UNDERTAKINGS, GENERATING STATIONS AND MAIN TRANSMISSION
LINES PURCHASED BY THE BOARD

* * * * *

II. The price to be paid for any undertaking, generating station or main transmission line as the case may be purchased by the Board under this Act shall be such sum as may be certified by an auditor appointed by the State Government in this behalf to have been the amount properly incurred on and incidental to the establishment of the undertaking, station or main transmission line, as the case may be, less depreciation thereon on the scale set out in paragraph III:

Provided that there shall be added to such sum as aforesaid on account of such purchase of the generating station or main transmission line such reasonable compensation as may be determined by the Board having due regard to the fact that a portion of the undertaking is to be acquired:

Provided further that if the Board or the licensee is dissatisfied with the sum so certified, the matter shall, in default of agreement between them, be determined by arbitration as provided in section 76.

III. The scale of depreciation referred to in paragraph II shall be in respect of the portion of the prescribed period prior to the date of vesting,—

(a) for land owned under full title, including the cost of clearing the site, nil;

(b) for other assets specified in the Table appended to the Seventh Schedule, the amount which would be produced by the end of the said portion of the prescribed period if during that portion an allowance were made annually on account of depreciation in accordance with the provisions of paragraph VI of the Sixth Schedule.

* * * * *

THE SIXTH SCHEDULE

(See sections 57 and 57A)

FINANCIAL PRINCIPLES AND THEIR APPLICATION

* * * * *

VA. (1) There shall be created a reserve to be called the Development Reserve to which shall be appropriated in respect of each accounting year a sum equal to the amount of income-tax and super-tax calculated at rates applicable during the assessment year for which the accounting year of the licensee is the previous year, on the amount of development rebate to which the licensee is entitled for the accounting year under clause (vi) (b) of sub-section (2) of section 10 of the Indian Income-tax Act, 1922:

Provided that if any accounting year, the clear profit [excluding the special appropriation to be made under item (va) of clause (c) of sub-paragraph (2) of paragraph XVII] together with the accumulations, if any, in the Tariffs and Dividends Control Reserve less the sum calculated as aforesaid falls short of the reasonable return, the sum to be appropriated to the Development Reserve in respect of such accounting year shall be reduced by the amount of the shortfall.

* * * * *

(4) On the purchase of the undertaking, the Development Reserve shall be handed over to the purchaser and maintained as such Development Reserve:

Provided that where the undertaking is purchased by the Board or the State Government, the amount of the Reserve may be deducted from the price payable to the licensee.

VI. (1) There shall be allowed in each year in respect of depreciation of fixed assets employed in the business of electricity supply such an amount as would, if set aside annually throughout the prescribed period and accumulated at compound interest at 4 *per centum per annum*, produced by the end of the prescribed period an amount equal to 90 per cent. of the original cost of the asset after taking into account the sums already written off or set aside in the books of the undertaking. Annual interest on the accumulated balance will be allowed as an expense from revenue as well as the annual incremental deposit:

Provided that, within 3 months from the date upon which these principles are enacted, a licensee may elect to adopt the straight-line method of depreciation accounting in lieu of the compound interest method above prescribed. Straightline method of depreciation accounting means the method whereby an allowance is made in each year in respect of depreciation of fixed assets employed in the business of such an amount as is arrived at by dividing ninety per cent. of the original cost of the asset by the prescribed period in respect of such asset.

(2) The year in which any asset becomes available for use in the business and the relative cost thereof shall, in the absence of satisfactory record, be determined by the State Government. All sums credited to depreciation account shall be invested only in the business of

electricity supply of the undertaking or where it is not practicable to so invest them in investments approved by the State Government.

(3) Any sums invested in investments approved by the State Government under sub-paragraph (2) shall, as soon as practicable, be utilised in the business of electricity supply of the undertaking and if such sums are not so utilised they shall not form part of the capital base under clause (d) of sub-paragraph (1) of paragraph XVII

VII (1) Where any fixed asset ceases to be available for use through obsolescence, inadequacy, superfluity or for any other reason, it shall be described in the books of the licensee as no longer in use and no further depreciation in respect thereof shall be allowed as a charge against revenue.

(2) The written down cost of such fixed asset including expenses incurred on the dismantling thereof shall be charged against the Contingencies Reserve:

Provided that where the accumulations in the Contingencies Reserve are not sufficient to permit the charging of the entire written down cost of the asset and the dismantling expenses, the excess amount may be included in the capital base for the purpose of clause (a) of sub-paragraph (1) of paragraph XVII.

(3) The amount for which any such fixed asset is sold or the amount of its scrap value when actually realised shall be credited to the Contingencies Reserve.

VIII. When any asset has been written down in the books of the undertaking to 10 per cent. or less of its original cost, no further depreciation shall be allowed in respect of that asset.

IX. When any fixed asset is sold for an amount exceeding its written down cost the excess after deducting all taxes payable thereon shall be credited to the Contingencies Reserve.

X. Except with the previous consent of the State Government, no sums shall be carried forward to a reserve and no dividends in excess of 3 per cent shall be paid on share capital and no other distribution of profits shall be made to the shareholders in respect of any year of account so long as any of the following sums remain to be written off in the books of the undertaking, namely:—

(i) normal depreciation due for that year of account calculated in accordance with the provisions of paragraph VI;

(ii) equated instalment in respect of arrears of depreciation, computed in accordance with the provisions of paragraph XI, for that year of account;

(iii) arrears, if any, in respect of normal depreciation referred to in clause (i), accumulated after the date of application of the provisions of the Sixth Schedule to the licensee;

(iv) arrears, if any, in respect of equated instalments referred to in clause (ii)

XI Arrears of depreciation calculated in accordance with paragraph VI may be written off by equated payments over the remainder of the

prescribed period and the amount so set aside in the books of the undertaking may be taken into account in any year as a special appropriation for purposes of assessing the clear profit.

* * * *

XVII. For the purposes of this Schedule—

* * * *

(8) "Prescribed period" means—

in respect of each of the assets specified in the table appended to the Seventh Schedule, the number of years or period specified therein, in relation to such asset, running in each case from the beginning of the year of account next following that in which the particular asset became available for use in the business:

Provided that, on the application of the licensee, the State Government may vary the prescribed period in respect of any assets in use on the date when this Schedule comes into force if, having regard to the physical condition of such assets the application of the table to such assets would be unreasonable. Any question arising out of the decision of the State Government on any such application shall be referred to the Authority for arbitration.

* * * *

THE SEVENTH SCHEDULE

(See sections 57, 57A and 68 and the Fourth and the Sixth Schedules)

TABLE

Description of asset	Number of years or period
A. Land owned under full title	Infinity.
B. Land held under lease—	
(a) for investment in—	The period of the lease, or the period remaining unexpired on assignment of the lease.
(b) for cost of clearing site	The period of the lease remaining unexpired at the date of clearing the site
C. Assets purchased new—	
(a) Plant and machinery in generating stations, including plant foundations—	
(i) hydro-electric	Thirty-five.
(ii) steam-electric	Twenty-five.
(iii) diesel-electric	Fifteen.
(b) Cooling towers and circulating water systems	Thirty.
(c) Hydraulic works forming part of a hydro-electric system, including—	
(i) dams, spillways, weirs, canals, reinforced concrete flumes and syphons	One hundred.
(ii) reinforced concrete pipe-lines and surge tanks, steel pipe-lines, sluice gates, steel surge tanks, hydraulic control valves and other hydraulic works	Forty.
(d) Buildings and civil engineering works of a permanent character, not mentioned above—	
(i) Offices and showrooms	Fifty.
(ii) containing thermo-electric generating plant	Thirty
(iii) containing hydro-electric generating plant	Thirty-five.
(iv) temporary erections such as wooden structures	Five.
(iva) roads other than kutcha roads	One hundred
(v) others	Fifty.
(e) Transformers, transformer kiosks, sub-station equipment and other fixed apparatus (including plant foundations)—	
(i) transformers (including foundation) having a rating of 100 kilovolt amperes and over	Thirty-five,
(ii) others	Twenty-five.
(f) Switchgear, including cable connections	Twenty
(ff) Lightning arrestors—	
(i) station type	Twenty.
(ii) Pole type	Fifteen
(iii) synchronous condensers	Thirty-five

TABLE—*contd.*

Description of asset	Number of years or period
(g) Batteries	Ten.
(h) (1) Underground cables including joint boxes and disconnecting boxes	Forty.
(2) Cable duct system	Sixty.
(i) Overhead lines, including supports—	
(i) lines on fabricated steel supports operating at nominal voltages higher than 66 kilovolts	Thirty-five.
(ii) lines on steel supports operating at nominal voltages, higher than 13.2 kilovolts but not exceeding 66 kilovolts	Thirty
(iii) lines on steel or reinforced concrete supports	Twenty-five.
(iv) lines on treated wood supports	Twenty
(j) Meters	Fifteen
(k) Self-propelled vehicles	Seven.
(l) Static machine tools	Twenty.
(m) Air-conditioning plant—	
(i) static	Fifteen.
(ii) portable	Seven.
(n) (i) Office furniture and fittings	Twenty.
(ii) Office equipment	Ten.
(iii) internal wiring, including fittings and apparatus	Fifteen
(iv) street-light fittings	Fifteen.
(o) Apparatus let on hire—	
(i) other than motors	Seven.
(ii) motors	Twenty.
(p) Communication equipment—	
(i) Radio and high frequency carrier system	Fifteen.
(ii) Telephone lines and telephones	Twenty
D Assets purchased second hand and assets not otherwise provided for in this table	Such reasonable period as the State Government determines in each case having regard to the nature, age and condition of the asset at the time of its acquisition by the owner.

THE EIGHTH SCHEDULE

(See the First and Third Schedules)

DETERMINATION OF COST OF PRODUCTION OF ELECTRICITY AT GENERATING STATIONS

I. For the purposes of the First and Third Schedules, the cost of production of electricity at a generating station shall be ascertained by calculating and taking into account the following costs, charges and allowances in respect of the year of account, namely:—

(a) sums expended for fuel, oil, water and stores consumed, for salaries and wages, and any contribution by the licensee for pensions, provident fund, superannuation and insurance of officers and servants, for repairs and maintenance and for renewals not chargeable to capital account;

* * * * *

THE NINTH SCHEDULE

(See the First Schedule)

ALLOCATION OF COSTS OF PRODUCTION AT GENERATING STATIONS

I. For the purposes of this Schedule—

* * * * *

(f) "cost of repairs, maintenance and renewals" means the sums expended for repairs and maintenance and for renewals not chargeable to capital account, together with the proportion of salaries and wages and any contributions made by the owner of the station for pensions, provident fund, superannuation and insurance of officers and servants properly attributable to repairs, maintenance and renewals.

BILL No. 150 OF 1977

A Bill further to amend the Customs Tariff Act, 1975.

BE it enacted by Parliament in the Twenty-eighth Year of the Republic of India as follows:—

Short title
and com-
mence-
ment.

1. (1) This Act may be called the Customs Tariff (Amendment) Act, 1977.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Amend-
ment of
section 4.

2. In section 4 of the Customs Tariff Act, 1975 (hereinafter referred to as the principal Act),—

51 of 1975.

(a) in sub-section (1), for the words “the produce or manufacture of the United Kingdom or of such other preferential area”, the words “the produce or manufacture of such preferential area” shall be substituted;

(b) in sub-section (2), for the words “the produce or manufacture of the United Kingdom or of any other preferential area”, the words “the produce or manufacture of any preferential area” shall be substituted;

(c) in sub-section (3), for the words “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland and “other preferential area”, the words “preferential area” shall be substituted.

3. In section 7 of the principal Act, in sub-section (1), for the word, brackets and figure "column (6)", the word, brackets and figure "column (5)" shall be substituted.

Amend-
ment of
section 7.

4. The First Schedule to the principal Act shall be amended in the manner specified in the Schedule.

Amend-
ment of
the First
Schedule.

THE SCHEDULE

(See section 4)

PART I

In the First Schedule to the principal Act,—

(A) in the Rules for the interpretation,—

(i) in rule 3, for clause (c), the following clause shall be substituted, namely:—

"(c) When goods cannot be classified by reference to (a) or (b), they shall be classified under the Heading which occurs latest among those which equally merit consideration.";

(ii) under the heading "*General Explanatory Note*", the words, brackets and figure "or column (5)" shall be omitted;

(B) in each Chapter,—

(i) column (4) and the sub-heading "U.K." occurring above that column shall be omitted;

(ii) columns (5) and (6) shall be renumbered respectively as columns (4) and (5);

(iii) for the sub-heading "Other Preferential Areas" occurring above column (4), as so renumbered, the sub-heading "Preferential Areas" shall be substituted;

(C) (1) in Chapter 4, for Note 1, the following Note shall be substituted, namely:—

'1. The expression "milk" means full cream or skimmed milk, butter milk, whey, curdled milk, kephir, yoghurt and other fermented or acidified milk.';

(2) in Heading No. 09 04/10, in column (2), for the words and brackets "Spices (including mixed spices)", the words and brackets "Spices (including mixed spices, thyme, saffron and bay leaves)" shall be substituted;

(3) in Chapter 10, for the Note, the following Note shall be substituted, namely:—

"This Chapter only covers those grains which have been neither hulled nor otherwise worked. However rice, husked, milled, polished, glazed, parboiled, converted or broken remains classified in this Chapter.";

(4) in Heading No. 11.02, in column (2), for the words "except husked, glazed, polished or broken rice", the words and figures "except rice falling within Chapter 10" shall be substituted;

(5) in Chapter 12,—

(i) in Note 2, after the words "seeds of vetches", the brackets and words "(other than those of the species *Vicia Faba*)" shall be inserted;

(ii) in Note 3, in item (d), for the word "weed-killers", the word "herbicides" shall be substituted;

(6) in Heading No. 12.04/06, in column (2), for the words "chicory roots, fresh or dried, whole or cut, unroasted; hops", the words "hop cones and lupulin" shall be substituted;

(7) in Heading No. 12.07, in column (2),—

(i) in the opening paragraph, the word ", betel-nuts" shall be omitted;

(ii) sub-heading No. (3) and the entries relating thereto shall be omitted;

(8) in Heading No. 12.08, in column (2), for the words "Locust beans", the words "Chicory roots, fresh or dried, whole or cut, unroasted; locust beans" shall be substituted;

(9) in Chapter 13, for the title, the title "*Lacs; gums, resins and other vegetable saps and extracts*" shall be substituted;

(10) Heading No. 13 01 and the entries relating thereto shall be omitted;

(11) for Heading No. "13.02" in column (1), the Heading No. "13 01/02" shall be substituted;

(12) in Chapter 14, in the title, the words "*and carving*" shall be omitted;

(13) in Chapter 15,—

(i) in Note 1, for item (b), the following item shall be substituted, namely:—

"(b) cocoa butter (fat or oil) (Chapter 18);";

(ii) in Note 2, for the word "drugs", the word "dregs" shall be substituted;

(14) in Heading No 15.08/13, in column (2),—

(i) for the words "animal or vegetable oils", the words "animal or vegetable oils and fats" shall be substituted;

(ii) the word "degras," shall be omitted;

(iii) for the words "animal fats", the words "edible fats" shall be substituted;

(15) in Heading No 15.14/17, in column (2), after the words "not coloured;", the word "degras;" shall be inserted;

(16) in Heading No. 16.01/05, in column (2), for the words "Prepared or preserved meat", the words "Sausages and the like, of meat, meat offal or animal blood; other prepared or preserved meat" shall be substituted;

(17) in Heading No. 17.02, for the entry in column (2), the entry "Other sugars in solid form including glucose and lactose; sugar syrups, not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel" shall be substituted;

(18) in Heading No. 17.04/05, in column (2), the words "; flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion" shall be omitted;

(19) in Heading No. 18.01/06, in column (2), for the words "cocoa butter", the words and brackets "cocoa butter (fat or oil)" shall be substituted;

(20) in Heading No. 19.01/08, in column (2), for the words "ordinary and fine bakers' wares", the words "communion wafers, cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products; ordinary and fine bakers' wares" shall be substituted;

(21) in Chapter 21, in Note 1,—

(i) in item (c), the word "or" occurring at the end shall be omitted;

(ii) in item (d), the word "or" shall be inserted at the end;

(iii) after item (d), as so amended, the following item shall be inserted, namely:—

"(e) Prepared enzymes (Chapter 35).";

(22) in Chapter 25,—

(i) in Note 2, for item (g), the following item shall be substituted, namely:—

"(g) cultured crystals (other than optical elements) weighing not less than two and a half grams each, of sodium chloride or of magnesium oxide, of Chapter 38; optical elements of sodium chloride or of magnesium oxide (Heading No. 90.01); or";

(ii) in Note 3,—

(a) for item (e), the following item shall be substituted, namely:—

"(e) natural magnesium carbonate (magnesite); fused magnesia; dead-burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not chemically pure";

(b) in item (k), after the words "after moulding", the words "; natural micaceous iron oxides; jet" shall be inserted;

(23) in Chapter 28,—

(i) in Note 1, in the opening paragraph, for the words "Except where their context or these Notes otherwise require", the words "Except where the context or these Notes otherwise requires or require" shall be substituted;

(ii) in Note 2, in item (a),—

(a) in sub-item (xv), the word "and" occurring at the end shall be omitted;

(b) after sub-item (xiii) as so amended, the following sub-items shall be inserted, namely:—

"(xiv) phosphides, carbides, hydrides, nitrides, azides, silicides and borides, whether or not chemically defined;

(xv) phosphorus pentoxide and phosphoric acids;

(xvi) red lead and orange lead;

(xvii) polysulphides;

(xviii) commercial ammonium carbonate containing ammonium carbamate; and

(xix) commercial sodium and potassium silicates.";

(iii) in Note 3,—

(a) for item (a), the following item shall be substituted, namely:—

"(a) Sodium chloride and magnesium oxide, whether or not chemically pure, and other products falling within Section V;"

(b) in item (e), the words "of magnesium oxide or" shall be omitted;

(c) in item (f), after the words "and precious metals", the words "and precious metal alloys" shall be inserted;

(d) in item (g), after the words "chemically pure", the words "and metal alloys" shall be inserted;

(e) in item (h), the words "of magnesium oxide or" shall be omitted;

(24) in Heading No. 28.01/58, in Sub-heading No. (13), in column (2), after the words "Magnesium compounds", the brackets and words "(other than magnesium oxide, whether or not chemically pure)" shall be inserted;

(25) in Chapter 29,—

(i) in Note 1,—

(a) in item (c), sub-item (ii) shall be omitted and sub-items (iii) to (vii) shall be renumbered respectively as sub-items (vi) to (x);

(b) for item (h), the following item shall be substituted, namely:—

“(h) the following products, diluted to standard strengths, for the production of azo dyes; diazonium salts, couplers used for these salts and diazotisable amines and their salts.”;

(ii) in Note 3,—

(a) after item (f), the following item shall be inserted, namely:—

“(g) Enzymes (Chapter 35);”;

(b) existing item (g) shall be relettered as item (h);

(c) existing item (h) shall be relettered as item (i);

(d) existing item (i) shall be relettered as item (k);

(26) in Heading No. 29 01/45, in column (2), in the opening paragraph, the word “enzymes,” shall be omitted;

(27) in Chapter 32, for Note 2, the following Note shall be substituted, namely.—

“2. Heading No. 32 04/12 is to be taken to include mixtures of stabilised diazonium salts and couplers for the production of azo dyes.”;

(28) in Heading No. 32.04/12, in column (2), for the words “prepared pigments”, the words “prepared pigments and prepared opacifiers” shall be substituted;

(29) in Chapter 35,—

(i) for the title, the following title shall be substituted, namely:—

“Albuminoidal substances; glues; enzymes”;

(ii) for Note 1, the following Note shall be substituted, namely:—

“1. This Chapter does not cover:

(a) Yeasts (Chapter 21);

(b) Medicaments (Heading No. 30.03);

(c) Enzymatic preparations for pre-tanning (Heading No. 32.01/03);

(d) Enzymatic soaking or washing preparations and other products of Chapter 34; or

(e) Gelatin products of the printing industry (Chapter 49).”;

(iii) after Note 2, the following Note shall be inserted, namely:—

“3. This Chapter also covers products suitable for use as glues put up for sale by retail as glues in packages not exceeding a net weight of 1 kilogram.”;

(30) for Heading No. “35.01/06” in column (1), the Heading No. “35.01/07” shall be substituted, and in Heading No. 35.01/07, as so amended, in column (2), for the words “glues not elsewhere specified or included”, the words “enzymes, prepared enzymes and glues not elsewhere specified or included” shall be substituted;

(31) in Chapter 36, in Note 2, for the words “Other combustible products” applies only to the following articles’, the words ‘The expression “articles of combustible materials” in this Chapter is to be taken to apply only to’ shall be substituted;

(32) in Heading No. 36 01/08, in column (2),—

(i) for the words “Explosives including detonators and blasting fuses”, the words “Explosives including percussion and detonating caps; igniters; detonators; detonating and safety fuses” shall be substituted;

(ii) for the words “other combustible products”, the words “articles of combustible materials” shall be substituted;

(33) in Chapter 38, in Note 1, in item (a), in sub-item (2),—

(i) for the word “weed-killers”, the word “herbicides” shall be substituted;

(ii) after the word “rat-poisons”, the words “, plant-growth regulators” shall be inserted;

(34) in Chapter 39, in Note 1, in item (g), for the words “riding-crops, fans or parts thereof”, the words “riding-crops or parts thereof” shall be substituted;

(35) in Heading No. 40.05/16, in column (2), after the words “vulcanised or hardened, not elsewhere specified;”, the words “vulcanised rubber thread and cord, whether or not textile covered, and textile thread covered or impregnated with vulcanised rubber;” shall be inserted;

(36) in Chapter 44,—

(i) in Note 1, in item (b), for the brackets, word, letters and figures “(Heading No. 13.01)”, the brackets, word and figures “(Chapter 14)” shall be substituted;

(ii) in Note 3, for the words “descriptions of plywood”, the words “descriptions of fibre building board, plywood” shall be substituted;

(37) in Heading No 48 01/21, in column (2), the words "building board of wood pulp or vegetable fibre whether or not bonded with natural or artificial resins or similar binders;" shall be omitted;

(38) in Section XI,—

(i) in Note 2, for paragraphs (A) and (B), the following paragraphs shall be substituted, namely:—

"(A) Goods classifiable in any Heading in Chapters 50 to 57 and of a mixture of two or more textile materials are to be classified as if consisting wholly of that one textile material which predominates in weight over any other single textile material.

(B) For the purposes of the above rule:

(a) metallised yarn is to be treated as a single textile material and its weight is to be taken as the aggregate of the weight of the textile and metal components; for the classification of woven fabrics, metal thread is to be regarded as a textile material;

(b) where a Heading refers to goods of different textile materials [for example: (i) silk and waste silk, (ii) carded sheep's or lambs' wool and combed sheep's or lambs' wool], such materials are to be treated as a single textile material.";

(ii) after Note 5, the following Note shall be inserted, namely:—

"6. The woven fabrics of Chapters 50 to 57 are to be taken to include fabrics consisting of layers of parallel textile yarns superimposed on each other at acute or right angles. These layers are bonded at the intersections of the yarns by an adhesive or by thermal bonding.";

(39) in Heading No. 50.09/10, for Sub-heading No (2) in column (2), the following Sub-heading shall be substituted, namely:—

"(2) Fabrics, not elsewhere specified";

(40) in Heading No. 57 05/08, in column (2), the words "of hemp," shall be omitted;

(41) in Heading No. 57 09/12, in column (2), the words "of hemp," shall be omitted;

(42) in Chapter 59,—

(i) Note 1 shall be lettered as paragraph (A) of that Note and after paragraph (A) as so lettered, the following paragraph shall be inserted, namely:—

"(B) Throughout this Schedule, the term "felt" is to be taken to include fabrics consisting of a web of textile fibres the cohesion of which has been enhanced by a stitch-bonding process using fibres from the web itself";

(ii) in Note 4, in item (a). in sub-item (v), for the words "felts, whether or not", the words "fabrics, whether or not felted," shall be substituted;

(43) in Chapter 60, after Note 4, the following Note shall be inserted, namely:—

“5. Throughout this Schedule, any reference to knitted goods shall be taken to include a reference to stitch-bonded goods in which the chain stitches are formed of textile yarn.”;

(44) in Section XII, in the title, the word “; FANS” shall be omitted;

(45) in Heading No. 66.01/03, in column (2), for the words “walking-sticks and the like”, the words “walking-sticks, canes, whips, riding-crops and the like” shall be substituted;

(46) in Chapter 67,—

(i) in the title, the word “; fans” shall be omitted;

(ii) in the Note, in item (e), the words “feather dusters,” shall be omitted;

(47) in Heading No. 67.01/05, in column (2),—

(i) after the words “wigs and the like and animal hair”, the words “and other textile materials” shall be inserted;

(ii) the words and brackets “; fans (non-mechanical)” shall be omitted;

(48) in Chapter 68, in the Note, in item (k), after the word and figures “Chapter 95”, the words, figures, brackets and letter “, if made of materials specified in Note 2(b) to Chapter 95” shall be inserted;

(49) in Chapter 71,—

(i) in Note 2,—

(a) item (ij) shall be omitted;

(b) item (k) shall be relettered as item (ij);

(c) items (l) to (q) shall be relettered respectively as items (k) to (p);

(ii) in Note 4, in the opening paragraph, after the words “sintered mixture”, the words “and an intermetallic compound” shall be inserted;

(50) in Section XV,—

(i) in Note 1, in item (d), for the words “walking-sticks and the like”, the words “walking-sticks, canes, whips, riding-crops and the like” shall be substituted;

(ii) for Note 3, the following Note shall be substituted, namely:—

“3. Classification of alloys (other than ferro-alloys and master alloys as defined in Chapters 73 and 74):

(a) An alloy of base metals is to be classified as an alloy of the metal which predominates by weight over each of the other metals;

(b) An alloy composed of base metals of this Section and of elements not falling within this Section is to be treated as an alloy of base metals of this Section if the total weight of such metals equals or exceeds the total weight of the other elements present;

(c) In this Section, the term "alloys" is to be taken to include sintered mixtures of metal powders, heterogeneous intimate mixtures obtained by melting (other than cermets) and intermetallic compounds.";

(51) in Heading No. 74.09/19, in column (2), for the words "Other articles of copper", the words "Other articles of copper including nails, tacks, staples, hook-nails, spiked cramps, studs, spikes and drawing pins of iron or steel with heads of copper" shall be substituted;

(52) in Chapter 76, in Note 1, in item (c), for the figures and word "0.15 millimetre", the figures and word "0.20 millimetre" shall be substituted;

(53) in Heading No. 81.01/04, in column (2), for the words "other base metals, wrought or unwrought", the words "other base metals and cermets, wrought or unwrought" shall be substituted;

(54) in Section XVI, in Note 1,—

(i) in item (a), after the words "electrical appliances", the words "or for other industrial purposes" shall be inserted;

(ii) in item (b), for the words "for industrial purposes", the words "for other industrial purposes" shall be substituted;

(55) in Heading No. 84.04/05, in column (2), for the words "steam and other vapour power units, not incorporating boilers", the words "steam or other vapour power units, whether or not incorporating boilers" shall be substituted;

(56) in Heading No. 84.59, in sub-heading No. (2), in column (2), the words ", such as oil, soap or edible fats, artificial plastics, rubber or other similar products, electric wires and cables, ropes, baskets and brushes, cigars and cigarettes" shall be omitted;

(57) in Heading No. 85.11, in column (2), for the words "electric welding, brazing and soldering machines and apparatus and similar electric machines and apparatus for cutting", the words "electric or laser-operated welding, brazing, soldering or cutting machines and apparatus" shall be substituted;

(58) in Heading No. 85.18/27, in column (2),—

(i) in the opening paragraph,—

(a) the words "and electrically ignited photographic flash bulbs" shall be omitted;

(b) after the words "semi-conductor devices;", the words "light emitting diodes;" shall be inserted;

(ii) in Sub-heading No. (4), the words "; electrically ignited photographic flash bulbs" shall be omitted;

(59) in Heading No. 87.09/12, in column (2),—

(i) in the opening paragraph, for the words and brackets “invalid carriages fitted with means of mechanical propulsion (motorised or not)”, the words “invalid carriages, whether or not motorised or otherwise mechanically propelled” shall be substituted;

(ii) for Sub-heading No. (3), the following Sub-heading shall be substituted, namely:—

“(3) Invalid carriages, whether or not motorised or otherwise mechanically propelled”;

(60) for Heading No. 87.13/14 and the entry in column (2), the following shall be substituted, namely:—

“87.13/14 Other vehicles (including trailers and baby carriages), not mechanically propelled and parts thereof”;

(61) in Heading No. 89.01/03, in column (2), after the words “floating docks”, the words “; floating or submersible drilling or production platforms” shall be inserted;

(62) in Section XVIII, in the title, for the words “SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, MAGNETIC”, the words “SOUND RECORDERS OR REPRODUCERS; TELEVISION IMAGE AND SOUND RECORDERS OR REPRODUCERS” shall be substituted;

(63) in Heading No. 90.07, in column (2), after the words “flash-light apparatus”, the words and figures “and flash bulbs other than discharge lamps of Heading No. 85.18/27” shall be inserted;

(64) in Heading No. 90.13, in column (2), after the words “this Chapter”, the words “; lasers, other than laser diodes” shall be inserted;

(65) in Chapter 92, in the title, for the words “*sound recorders and reproducers; television image and sound recorders and reproducers, magnetic*”, the words “*sound recorders or reproducers; television image and sound recorders or reproducers*” shall be substituted;

(66) in Heading No. 92.01/13, in column (2), for the words “*recorders and reproducers, magnetic*”, the words “*recorders or reproducers*” shall be substituted;

(67) in Chapter 95,—

(i) for the word “NOTE”, the word “NOTES” shall be substituted;

(ii) the existing Note shall be numbered as Note 1, and in Note 1 as so numbered,—

(a) item (b) shall be omitted;

(b) items (c) to (i) shall be relettered respectively as items (b) to (h);

(c) item (k) shall be relettered as item (ij);

(d) items (l) to (n) shall be relettered respectively as items (k) to (m);

(ui) after Note 1 as so numbered, the following Note shall be inserted, namely:—

“2. This Chapter covers “worked vegetable or mineral carving material” and this expression is to be taken to apply to:

(a) hard seeds, pips, hulls and nuts and similar vegetable materials of a kind used for carving (for example, corozo and dom),

(b) jet (and mineral substitutes for jet), amber, meerschaum, agglomerated amber and agglomerated meerschaum.”;

(68) in Heading No. 95 01/08, for the words “worked unhardened gelatin, the words “worked vegetable or mineral carving material and worked unhardened gelatin” shall be substituted;

(69) in Chapter 96, in the title, the words “feather dusters,” shall be omitted;

(70) in Heading No. 96 01/06, in column (2), the words “feather dusters;” shall be omitted;

(71) in Heading No. 98.12/14, in column (2), the words “corset busks and similar supports for articles of apparel or clothing accessories;” shall be omitted.

PART II

Heading No	Sub-heading No. and description of article	Rate of duty		Duration when rates of duty are protective
		Standard	Preferential Areas	
(1)	(2)	(3)	(4)	(5)

In the First Schedule to the principal Act,—

(i) in Heading No. 08.01/13, after sub-heading No. (5), the following sub-heading shall be inserted, namely:—

“08.01/13	(6) Betel-nuts	Rs. 3.07 per Kilogram	Rs. 3.00 per Kilogram
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(ii) for Heading No. 14 01/05, the following heading shall be substituted, namely:—

(1)	(2)	(3)	(4)	(5)
"14·01/05	Vegetable materials of a kind used primarily for planting, stuffing or in brushes or in brooms; vegetable products not elsewhere specified or included :			
	(1) Not elsewhere specified	60%	..	..
	(2) Raw vegetable materials of a kind used primarily in dyeing or in tanning	40%	..	.. "

(iii) for Heading No. 17.01, the following Heading shall be substituted, namely:—

"17·01	Beet Sugar and Cane Sugar, in solid form:			
	(1) Not elsewhere specified	60%	..	..
	(2) Flavoured or coloured	100%	..	.. "

(iv) for Heading No. 17.03, the following Heading shall be substituted, namely:—

"17·03	Molasses :			
	(1) Not elsewhere specified	60%	..	..
	(2) Flavoured or coloured	100%	..	.. "

(v) for Heading Nos. 32.01 and 32.02/03, the following Heading shall be substituted, namely:—

"32·01/03	Tanning extracts of vegetable origin, tanning (tannic acids) and their derivatives, synthetic organic tanning substances and inorganic tanning substances; tanning preparations, whether or not containing natural tanning materials:			
	Enzymatic preparations for pre-tanning (for example, of enzymatic, pancreatic or bacterial origin):			
	(1) Not elsewhere specified	60%	..	..
	(2) Gambier	60%	50%	..
	(3) Mineral tanning and tanning extracts of vegetable origin other than Gambier.	40%		

(vi) for Heading No. 59.01/06, the following Heading shall be substituted, namely:—

"39·01/06	Condensation, polycondensation and polyaddition products, whether or not modified or polymerised, and whether or not linear (for example, phenoplasts, aminoplasts, alkyds, polyallyl esters and other unsaturated polyesters, silicones); polymerisation and co-poly-			
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(1)	(2)	(3)	(4)	(5)
	merisation products (for example, polyethylene, polytetrahaloethylenes, polyisobutylene, polystyrene, polyvinyl chloride, polyvinyl acetate, polyvinyl chloroacetate and other polyvinyl derivatives, polyacrylic and polymethacrylic derivatives, coumarone-indene resins); regenerated cellulose; cellulose nitrate, cellulose acetate and other cellulose esters, cellulose ethers and other chemical derivatives of cellulose, plasticised or not (for example, collodions, celluloid); vulcanised fibre, hardened proteins (for example, hardened casein and hardened gelatin); natural resins modified by fusion (run gums), artificial resins obtained by esterification of natural resins or of resinic acids (ester gums); chemical derivatives of natural rubber (for example, chlorinated rubber, rubber hydrochloride, oxidised rubber, cyclised rubber); other high polymers, artificial resins and artificial plastic materials, including alginic acid, its salts and esters, linoxyn . . .	100%	..	.. ”;

(vii) for Heading No. 40.01/28, the following Heading shall be substituted, namely:—

“44.01/28 Wood in the rough, fuel wood, wood waste and wood charcoal wood flour and wood wool; sawn and dressed timber; veneered wood, plywood, cellular wood, improved wood and reconstituted wood; fibre, building board of wood or other vegetable material, whether or not bonded with natural or artificial resins or with other organic binders; spools, bobbins and the like of turned wood; articles of wood, not elsewhere specified:

(1) Not elsewhere specified .	60%	..	..
(2) Fibre building board of wood or other vegetable material, whether or not bonded with natural or artificial resins or with other organic binders . . .	100%	..	.. ”;

(viii) for Heading Nos. 50.03/07 and 50.08, the following Heading shall be substituted, namely:—

“50.03/08 Silk waste (including cocoons unsuitable for reeling silk noils and pulled or garnetted rags); silk yarn; silk worm gut and imitation catgut of silk

(1) Not elsewhere specified	50% plus Rs. 8 80 per Kilogram	..	December 31st, 1979
(2) Silk worm gut and imitation catgut of silk . . .	100%	..	.. ”;

STATEMENT OF OBJECTS AND REASONS

The Customs Tariff Act, 1975 (51 of 1975) which came into force on the 2nd August, 1976 contains a new Customs Tariff Nomenclature based on the Customs Co-operation Council Nomenclature (hereinafter referred to as the CCCN) The Act, however, is not a complete adoption of the CCCN but only an adaptation, through suitable contraction and expansion as specified in the Headings to the First Schedule to the Act, to suit our own requirements. Such of the adjacent Headings of the CCCN as related to articles of negligible significance in our import trade were merged into one or more Headings to simplify the scheme of our tariff and to make it better suited to our conditions and pattern of trade. The adoption of contracted version of the CCCN by the Government of India was examined in consultation with the Customs Co-operation Council and they had pointed out that adaptation in the manner indicated above had resulted in departure from the scheme of that Nomenclature in some cases. While in some instances the departure was deliberate and desirable, there were few instances where there was no purpose or advantage in making a departure from the CCCN. It is, therefore, considered desirable to make necessary changes in the Act to align our tariff better with CCCN.

2. Recently, the Customs Co-operation Council had also recommended to its Members the adoption of certain amendments to take effect from the 1st January, 1978. The changes are mostly of technical nature seeking to define or re-define clearly the scope of some of the Headings. It has been decided to incorporate the changes in the Act except the amendments which are not necessary in view of the contraction of Headings in our tariff and those which are contrary to the provisions of the Customs Act, 1962 (52 of 1962).

3. Section 4 of the Customs Tariff Act relates to levy of preferential rates of duty in respect of articles which are the produce or manufacture of the United Kingdom or of any other preferential area. Sub-section (4) of this section provides for amending the First Schedule to the Act so as to discontinue the preferential rates if the Central Government is satisfied that in the interest of trade, including promotion of exports, it is necessary so to do. Accordingly, with effect from the 1st July, 1977, preferential rates for goods of United Kingdom origin were discontinued. Opportunity is being taken to omit column (4) in the Table below every Chapter of the First Schedule to the Act which relates to preferential rates of duty on goods of United Kingdom origin and to carry out consequential amendments.

4. The Bill seeks to give effect to the above objects.

NEW DELHI;

SATISH AGARWAL

The 12th December, 1977.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 527/11/77-CUS (TU), dated the 15th December, 1977 from Shri Satish Agarwal, Minister of State in the Ministry of Finance to the Secretary, Lok Sabha.]

The President, having been informed of the subject matter of the Bill further to amend the Customs Tariff Act, 1975, recommends under clause (1) of article 117 of the Constitution of India, the introduction of the Bill in Lok Sabha.

AVTAR SINGH RIKHY,
Secretary

