

Consolidated Fund of the State of Uttar Pradesh for the services of a part of the financial year 1997-98."

The motion was adopted.

SHRI P. CHIDAMBARAM : I introduce** the Bill.

SHRI P. CHIDAMBARAM : I beg to move :

"That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of a part of the financial year 1997-98, be taken into consideration."

MR. CHAIRMAN : The question is :

"That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of a part of the financial year 1997-98, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN : The House shall now take up clause-by-clause consideration.

The question is :

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

MR. CHAIRMAN : The question is :

"That schedule stand part of the Bill."

The motion was adopted.

The schedule was added to the Bill.

MR. CHAIRMAN : The question is :

"That clause 1, the Enacting Formula and the Long Title stand part of the Bill."

The motion was adopted.

Clause 1, the Enacting Formula and the Long Title were added to the Bill.

SHRI P. CHIDAMBARAM : I beg to move :

"That the Bill be passed."

MR. CHAIRMAN : The question is :

"That the Bill be passed."

The motion was adopted.

16.09 hrs.

[English]

UTTAR PRADESH APPROPRIATION BILL, 1997*

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : I beg to move for leave to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year 1996-97.

MR. CHAIRMAN : The question is :

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year 1996-97."

The motion was adopted.

SHRI P. CHIDAMBARAM : I introduce** the Bill.

SHRI P. CHIDAMBARAM : I beg to move :

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial 1996-97, be taken into consideration."

MR. CHAIRMAN : The question is :

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial 1996-97, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN : The House will now take up clause-by-clause consideration of the Bill.

The question is :

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

MR. CHAIRMAN : The question is :

"That schedule stand part of the Bill."

The motion was adopted.

The schedule was added to the Bill.

* Published in the Gazette of India Extraordinary, Part-II, Section-2 dated 15.3.97.

** Introduced with the recommendation of the President.

**Introduced with the recommendation of the President.

MR. CHAIRMAN : The question is :

"That clause 1, the Enacting Formula and the Long Title stand part of the Bill."

The motion was adopted.

Clause 1, the Enacting Formula and the Long Title were added to the Bill.

SHRI P. CHIDAMBARAM : I beg to move :

"That the Bill be passed."

MR. CHAIRMAN : The question is :

"That the Bill be passed."

The motion was adopted.

16.12 hrs.

STATUTORY RESOLUTION RE : DISAPPROVAL OF
INCOME-TAX (SECOND AMENDMENT) ORDINANCE

AND

INCOME-TAX (AMENDMENT) BILL, 1997*

[English]

MR. CHAIRMAN : Now we go to Item Nos. 14 and 15.

...(Interruptions)

MR. CHAIRMAN : There should be peace in the Treasury Benches.

[Translation]

SHRI AMAR PAL SINGH (Meerut) : Sir, I beg to move :

"That this House disapproves the Income Tax (Second Amendment) Ordinance, 1996 (No. 32 of 1996) promulgated by the President."

Mr. Chairman, Sir, in the Constitution of India, the Hon. President of India has got legal rights according to the ordinance. If a grave situation of an emergency arises, and the situation cannot be tackled according to the prevailing laws, in that condition the Central Cabinet can tackle the situation by getting the Ordinance issued by the President. But when the Lok Sabha session was to begin on 20th February about which the notice had been issued on 27th January, 1997, in this situation, issuance of this ordinance on 31 December, 1996 was a misuse of the rights mentioned in the Constitution. The changes which the government wanted to bring about in the Income Tax structure in the Income Tax Act 1961 could be brought about during the

Budget Session. As per the provision of the amendment to Income Tax Act 1961, if a person's house is raided a notice is issued within 15 days by the Officer who makes the assessment. This article is in fact, incomplete in itself. An addition has been made in this Article to the effect that the officer making an estimate is provided with 15 days minimum and 25 days maximum time period.

Mr. Chairman, Sir, in 158(b) the provision has been added that if somebody is raided under that Article, he is exempted from filing the return and his case can be finalised within two years, but 2% interest is charged on the tax that was levied till now. Now, instead of that new provision has been made for a fine of Rs. 300/- coupled with punishment. This is a big torture, because torture itself is the mother of corruption. Now-a-days the industrialists and businessmen of our country do not have black money. That has gone to big officers and the politicians. The proposed amendment in Income Tax is a hurdle in the implementation of schemes.

Many a time innocent people are caught up in this because of ignorance and the income tax officers torture these innocent people. I come across such an example even today in my constituency that a young man of 25 years has set up an industry and he is in the grip of blood-pressure problem when he attains the age of 30. He does not get it because of financial problems, but because of the torture he is subjected to at the hands of the Government. I oppose 158(b) and suggest that the provision of 10% is enough instead of 2% interest on undisclosed wealth and 300% fine and penalty. If this provision of punishment and 300% fine is not waived of, there will be such a hard assessment that the emergency situation of 1975 will be repeated.

An assurance has been given that sources of the wealth of the foreign companies which are coming into our country to establish their business here need not to be disclosed when the black money is with the corrupt officers and corrupt politicians instead of businessmen, the Minister has made a provision to save them in the sense that they can invest their black money in foreign companies. This way the businessman will be harassed if he wants to pay the tax. So, I would request an abatement in the provisions of 158 (b), 300% fine and punishments. Section 80-G of Income Tax Act, 1961 has been amended. Under this provision, only selected few establishments have been exempted from tax on the capital given to them, and there is a need to increase its ambit. Under this, some such institutions should also be provided with these exemptions which will serve the people in a big way at the time of emergency and which have some footing. I would like to cite an example. When Uttarakhand was hit by an earthquake the government agencies did not render that extent of service which the

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private and social institutions rendered. There should be a provision to provide some benefit to the institutions under 80-G for the money distributed by them and the relief given by them who did a good job and much before you.

With these words I oppose this Bill.

[English]

THE MINISTER OF FINANCE SHRI P. CHIDAMBARAM : I beg to move:

"That the Bill further to amend the Income-tax Act, 1961, be taken into consideration."

Mr. Chairman, Sir, I rise to present the Income Tax (Amendment) Bill, 1997. In Finance Act 1995, Chapter XIV B was introduced. I presume that the hon. Member who moved the Statutory Resolution has applied his mind to the provisions of Chapter XIVB. That Chapter provided a new scheme of assessment of undisclosed income determined as a result of searches initiated on or after the 1st day of July, 1995. Under the scheme, undisclosed income detected as a result of search initiated after 1st day of July, 1995, was assessed as the income of a block period. The undisclosed income was taxed at a flat rate of sixty per cent. No penalty, no interest was leviable. It was also provided that the order of assessment for the block period had to be passed within one year from the end of the month in which the search was executed. This provision was intended in order to quickly tax undisclosed income and earn a lot of revenue for the Government. In practice, these provisions have been hopelessly misused. Today, if this Bill is not passed or if this Ordinance is not there, anyone from whom undisclosed income was detected could simply say, 'go ahead, take 60 per cent and leave 40 per cent for me'. Is that what you want ?

We had discussed it in the House in the last Budget and I said, "I am going to bring a Bill." All of you supported me and said, 'bring a Bill.' I could not find legislative time in the Winter Session, therefore, I said, "If I do not get legislative time in the Winter Session, I will move the President for an Ordinance." Ordinance was made on 31st December so that new provisions come into force on the 1st of January.

What the person did was two things. First, he said, 'All right, you have taken three crores from me, keep 1.8 crores and leave 1.2 crore for me. 'No interest, no penalty, no prosecution and then when the Income Tax Officer said, 'file your returns for ten years'—the limitation for passing an Assessment Order was 12 months—for eleven months and 29 days, he will not file his return. He will file his return after the eleventh month on the 29th day and say, 'make an

Assessment Order tomorrow.' How is the Income Tax Officer to make an assessment?

I have, therefore, proposed to change the whole thing. What I am saying is that there are two categories of cases. If undisclosed income is detected from a person, if he admits the undisclosed income, files a return, pays the tax and does not go for an appeal, then I tell him, 'No interest, no penalty'. But if he, either does not admit the undisclosed income or does not file a return or does not pay the tax or goes for an appeal, I am going to penalise him with interest and penalty. I do not think, anybody can oppose this. This is the only way in which this chapter can be tightened. I have no doubt that my distinguished predecessor introduced this chapter with good intentions. But in practice, in the last one and a half years, this has been hopelessly misused and therefore, we are tightening the provision and I hope all of you will accept it. There is no need for much a debate, this Section is very clear. Anybody who is familiar with the Income Tax Law can read the Section. The Section makes it very clear.

The second provision is, I gave hundred per cent exemption to State Illness Assistance Fund. By oversight, we forgot to include the National Illness Assistance Fund under the Prime Minister. We have given one such fund to every Chief Minister with hundred per cent exemption. We are extending the same provision to the National Illness Assistance Fund. There is no controversy about that.

The third change I am making is Section 54E(A) of the Income Tax Act. Long term capital gains were exempt, if the whole or any part to the net sale consideration was invested in bonds, debentures or units of any mutual fund, the shares were not included in Section 54E(A). There is popular demand that if the long term capital gains are invested in bonds, mutual funds and debentures, they should be exempt. Equally they should be exempt, if they are invested in shares of public limited company, and investment, they should also qualify for exemption. In response to that demand, we are including shares also.

I would request the hon. Members to pass this with the briefest discussion, if necessary and without discussion, if possible.

MR. CHAIRMAN : Motions moved :

"That this House disapproves of the Income-Tax (Second Amendment) Ordinance, 1996 (No. 32 of 1996) promulgated by the President on December 31, 1996."

"That the Bill further to amend the Income-Tax Act, 1961, be taken into consideration."

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : Mr. Chairman, Sir, hon. Finance Minister has brought this Bill

*Moved with the recommendation of the President.

with several amendments. There is no doubt that Government of India cannot function without income and income-tax is the main source of Government's income. Thus Government cannot function without it. I agree with it but I would like to say that it will be better if he considers the opinion and suggestions of hon. Members in this regard. This law is quite different from the earlier one because in earlier law there was a ratio of 60 : 40 in which a person could convert his black money into white. But now in this new legislation provisions have been made to recover the amount of tax from the person who evades income-tax and who has not filed return of his actual income. As per this Legislation black money is not converted into white.

I feel that enactment of various new Legislations by your department is the result of the inefficiency of income tax officers and here you have to say that these legislations have been brought to remove lacunae in existing laws. But you have not been successful. This new legislation has been brought to prevent the black money from converting into white money. I support the provision of imposing more fine on black money holders. But in this new legislation period of filing returns has been increased.

[English]

The time for filing returns will not be more than 45 days now.

[Translation]

I congratulate you for making the provision of providing maximum 45 days' time for filing returns which will not be less than 15 days .

[English]

But there will be no provision for revising such returns.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : What revision ? I am searching his house. We are seizing money and we are saying, 'file a return'. Not less than Fifteen days' time should be given to him. Within 45 days, he will file the return. He knows money has been seized from his house. He has to file a return admitting or not admitting that money. What is the revised return that he will file ? He will only file one return. We are not asking him to file a revised return for any past period. I am seizing money in his house; it is on a search operation and it is not voluntary disclosure. He has to then admit that it is his money or he should say that it is not his money. How long does it take for that ? It should take 15 minutes. I am giving him 15 days. Either say, 'my money' or 'not my money'.

SHRI V. DHANANJAYA KUMAR (Mangalore) : It is because of Shri Sukh Ram.

SHRI P. CHIDAMBARAM : You are absolutely right. If this law had not come, that would have happened.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : I have praised you for extending the time limit. If you find money in someone's house that can be adjusted on the spot but if income tax officials find ornaments or three-four houses in name of one person then it is essential to give some time to him so that he could sell his jewellery or house to pay tax in a prescribed time. But I am against the provision of a two years time limit. This is a long period for a person under peribus. Even God afraids of income tax. I think that even Lord Rama and Krishna will also try to avoid officials of income tax department.

In the same way it has been provided for filing income tax return by persons who own telephones, cars or have undertaken journey to a foreign country. Perhaps M.Ps. are not covered under its jurisdiction because they allow a salary of Rs. 1500 only and they only get allowances.

SHRI BHAGWAN SHANKAR RAWAT (Agra) : MPs. have also been asked to file income-tax returns.

SHRI GIRDHARI LAL BHARGAVA : It is essential to file income tax returns. But I oppose the provision of a two years time limit for it because it is a long period for a person under uncertainty and fear. I think that a period of 6 months or at the most one year should be given. A person under such a pressure can suffer heart failure or any severe health problem. I therefore request you to reconsider it. In the same way I oppose the extending the time limit for self assessment. Income-tax department should be given additional staff for assessment of property confiscated during a raid. I can understand this delay but I hope that this delay will be removed so that innocent persons are not harassed. You have exempted share market for encouraging its business. The income earned by making investment in share-market will not be taxable. This amendment reveals that the Government intend to encourage share-market. I feel that Government is under pressure of people from share market because elections are round the corner and political parties will need donations. It is also because this Government cannot survive for more than an year. We hear radio daily. You have introduced Financial Bill today and as Shri Hanumatappaji has said that Cut Motions will be given tomorrow. This is a weak Government and may not last long. With the grace of God it did not fall in December. This is J.D. (Janata Dal) Government which means July or December. It can not function for long as leaders of congress party also repeated this ...*(Interruptions)* Please leave all these issues and try to save your Government. I mean to say that you all promoting share market and you will not impose tax on income from shares. Only a few persons invest small amount of money on industrial development. Most of the industrialists distribute it among their relatives. I request you to think over this aspect. You have only exempted share market from tax. Everyone knows today

that now-a-days Harshad Mehta and Share market are the two sides of the same coin and I would like to say that national production has declined during this period and problem of unemployment has increased. I hope that you will consider it and try to protect people from trapped in this net. As we all know that maximum share of income from share-market goes to the industrialists and their relatives. Hon. Prime Minister has constituted an organisation 'National Assistance Fund and Donations' and income can be made tax-free by donating money in it. Several organisations are engaged in social work like providing assistance during natural calamities. Such institutions set up under State governments should also be given loan and assistance for their functioning. You can authorise such institution like Keshav Vidyala of Jaipur and others for receiving donations to make the income tax free. I request you to think over it. As one of my colleague has also mentioned I would like to say that the provision of a punishment from 3 months to 3 years alongwith fine is too much. The fine can be imposed upto any extent but imprisonment should be limited to 5 months. Otherwise there is a lot of difference in 3 month or three years. It is a long period. Penalty can be upto ten thousand. The new provision of a three-time more penalty of the amount confiscated is quite unreasonable and it should be reconsidered.

As far as appeal is concerned, you have made a provision that if someone appeals against it you will not entertain it. You have made provision with regard to appeal but it will adversely effect the poor people.

In the end, I would like to say that this Bill reminds us of the period of emergency I request you to assist the social institutions like Council for Social Welfare, Adarsh Vidya Mandir, Keshav Vidyapeeth and other such educational institutions with the help of this money.

Apart from this, I welcome the provision of 45 days in place of 15 days. But I demand that you would reduce time limit of two years. You will also reduce the tax penalty which you have increased by 300 percent.

In this Bill only one Organisation has been included, but I would like to request that other institutions mentioned by me should also be brought under the jurisdiction of this Bill.

We will welcome the Bill in this House if these amendments are carried out in it. But we are unable to welcome and support this Bill in its present form. Though your intentions seems to be honest in bringing this Bill. We have pointed out the Short Comings in the Bill. Hon. Finance Minister is a learned and intelligent person and is considered as an able and learned Minister like Shri Manmohan Singh. Your ideology and philosophy is similar to Congress (I) Party. Your party will also withdraw the support from United Front Government if Congress Party withdraws its support.

Then why are you working against this Government. I request you to accept the amendments suggested by me and give reply to these. We will welcome this Bill if it is brought here again with the proposed amendments. But it is difficult if you want to get it passed today itself under compulsion on the basis of majority and that too on Saturday and you may be aware of the fact that saturday is not considered good for money matters and this Government may fall for this Bill. With these words I conclude.

[English]

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : Sir, let me begin with by seeking one clarification. Is there a mistake here on Page 2, clause 4 ? In section 158BC, line 15, it is mentioned:

"but before the 1st day of January, 1996."

In sub para-(iii), it is mentioned :

"on or after the 1st day of January, 1997".

What happens to the interim period ? I think, there is some mistake.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Where is 1996 ?

SHRI NIRMAL KANTI CHATTERJEE : So, nobody has drawn your attention. It is mentioned :

"in respect of search initiated or books of accounts or other documents or any assets requisitioned after the 30th day of June, 1995 but before the 1st day of January, 1996, etc."

In other cases, it is all 1997 because the next period starts from the 1st day of January, 1997. I think, there seems to be some printing mistake or drafting mistake.

SHRI P. CHIDAMBARAM : We will find out.

SHRI NIRMAL KANTI CHATTERJEE : The other point that I want to make is that the Bill both tightens up and loosens up. It imposes penalty which distinguishes the present Minister of Finance from the previous one. *(Interruptions)*.

SHRI RAM NAIK (Mumbai North) : You are finding it difficult to support the Ordinance ...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : My voice is not well. Is that the reaction when I pointed out the mistake ? *(Interruptions)*.

SHRI KALPNATH RAI : He is supporting the Government.

About tightening up of the procedure, there is very little to say. It is a welcome procedure. Perhaps the feeling is

that by tightening up this procedure of search and seizure, the proposal for the amnesty scheme will be helped. I shall make my comments on the amnesty scheme when I participate in the Budget discussion.

The other point is the expectation that more will be collected through searches and seizures. A two-year period is provided for because in the course of a year it is not completed and, therefore, there is a problem. The story is a little more difficult than that. I have got the CAG's Report. It does not come up to that period. And here it seems that the search and seizure cases which are three-year old are not even completed. How he proposes to handle, I do not know. The Minister should have consulted the story as published by the CAG, being a former Chairman of PAC. Let me read out this. This is a very interesting reading. The total number of searches and seizures conducted in 1992-93 are 4,777; for 1993-94, the number is 5,026; and in 1994-95, it has come down a little to 4,830. The value of assets seized during these years is Rs. 384 crore, Rs. 396 crore and Rs. 381 crore respectively. This is the value of the assets seized. Income determined for 1992-93 when the value of assets seized was Rs. 384 crore, was Rs. 623.94 crore and even that amount is not yet collected. This is very peculiar. For 1993-94 and 1994-95, he is expecting more from this. Information was not furnished by the Ministry of Finance for both the years. With such a state of affairs, I submit that this tinkering with imposition of penalty would lead the Finance Ministry and the country nowhere. I do not want to go into the details of how many old cases even before three years are still pending. Why I call this tinkering is because if we look at it, it has been mentioned - I do not know whether today or some days ago - that if one is serious to collect the arrears for the country, then one should look elsewhere. The arrears have to be collected. It goes up to Rs. 22,000 crore or Rs. 23,000 crore and here the amount is Rs. 300 crore, part of which is even not collected. The real solution, instead of tinkering with this problem, would lie elsewhere.

I draw your attention - we have repeatedly drawn the attention in various fora and also in the House itself—to another problem. The arrears figures are fantastic and I do not want to get into them. But look at this problem. The Pay Commission was kind enough to pass a judgment that all unfilled up vacant posts should be abolished. In the Income-tax Department, the sanctioned strength of the officers is 1,804 and the filled up is 1,774. Don't you want to fill them up? You are extending the period because they cannot be adjudged in the course of one year. There could be another answer, that is, first fill up the post, and there is a second answer also. That second answer is that in terms of percentage of expenditure, the percentage of collection of direct taxes is 1.4, 1.5 and 1.6 - it is coming down really.

The most important way in which you can improve your collections is that you simply double the expenditure on the collecting machinery. You make it 2.8 from 1.4; not only filling up the posts but you employ more people in the revenue collecting offices. Unless you do that there will be so much of pressure of work and that will lead to more leakages than revenue collection. I earnestly appeal that you please look into this problem whether or not there will be a complete difference.

Yesterday only Shri Vajpayee took a position - I must say - very near to the Marxist position by suggesting that without any reforms in administration nothing can be done. Only Marx went just a few steps ahead and suggested that no revolution can be successful without destroying the present structure.

[*Translation*]

SHRI BHAGWAN SHANKAR RAWAT : You have left the Karl Marx...(*Interruptions*) You have forgotten him.

[*English*]

SHRI NIRMAL KANTI CHATTERJEE : That is why I congratulate your kind of understanding and the quality of understanding ...(*Interruptions*)

That is very important in this particular case. Why I am referring to that is that you have a completely different set of people for collecting revenue along with those who are there. It will be a new set. We sometimes, in statistics, call as two sample sets. By having another set you spend as much as you are spending now and you can collect more than tinkering with this kind of arrangements. I have nothing to object to. I have been present here. I am very glad that they should pay penalty. The other element in the Bill is and that is also interesting - to generate liquidity. Liquidity is an euphemistic term which really means to generate a little more of speculation in the share market. The share certificates also can be given tax exemption from capital gains tax if money is invested there. If there is a capital gain and that is invested in shares and not only in bonds etc., then, that money can flow into the share market and thus add to the speculating activities of the share market, a share market which, in my view, is a useless instrument for economic development of the country ...(*Interruptions*)

SHRI RAM NAIK : Shri Chatterjee, I just want to understand one thing. Does it mean that the funds which would have otherwise gone to the Government in the form of bonds or securities are going into the private funds? When it goes to shares it goes to private people ...(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE : The bonds and debentures can be of a kind ...(*Interruptions*) That is not the point. The point is that they are not speculative.

SHRI RAM NAIK : The shares are speculative.

SHRI NIRMAL KANTI CHATTERJEE : It is the share certificates which are traded in the share market ...*(Interruptions)*

SHRI P. CHIDAMBARAM : You say that the capital market is useless. The problem is solved...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : It has one use presently for the Finance Minister because the Disinvestment Commission is suggesting selling of some shares to the public sector companies and, therefore, there has to be a boost in that market so that a good deal of funds can come. He is trying to activate the share market from its narrow sectarian interests.

SHRI P. CHIDAMBARAM : Sir, it is stoutly denied. The most active capital market today in the world is in Moscow ...*(Interruptions)*

MR. CHAIRMAN : It is after the dismantling of the socialistic system.

SHRI NIRMAL KANTI CHATTERJEE : Sir, history tells us today that the two countries which developed fastest in the history in terms of economic development - both Soviet Union and China - did not have to do anything with the share market. Only when they collapsed in the Soviet Union that they started with the share market on the advice from someone in the U.S.

SHRI P. CHIDAMBARAM : Why did they collapse in the first instance ?

SHRI NIRMAL KANTI CHATTERJEE : It was not because they had the share market. It was only after they degenerated that the market had to come.

Their adviser, as you all know, is a famous American who was caught trading inside the share market and convicted for two years, and probably, the condition of release was to go to Moscow and advise them on share market. However, I do not want to dilate on this point because I will have more time to speak when I speak on the General Budget. Right now, what I suggest is that you correct ...

SHRI P. CHIDAMBARAM : I am moving an amendment. I am grateful to you.

SHRI NIRMAL KANTI CHATTERJEE : Okay, you are moving an amendment.

SHRI P. CHIDAMBARAM : It is a printing mistake.

SHRI NIRMAL KANTI CHATTERJEE : This is the second time in the course of a week when you have

been caught unaware despite all the praises lavished on you.

SHRI P. CHIDAMBARAM : Only once, you have caught me on a printing mistake. You have not caught me on a substantive mistake.

MR. CHAIRMAN : It will come later on during discussion on the Budget.

SHRI NIRMAL KANTI CHATTERJEE : So, I am closing now. I am in a hurry also. You should do this, there is nothing objectionable. The most important thing is not what you have committed there but the most important thing is what you are omitting elsewhere. If you can pay attention to the areas like strengthening your staff and trying to collect the arrears, that would benefit the country and the Government Treasury much more than this Bill can.

SHRI RAMESH CHENNITHALA : Mr. Chairman, Sir, I rise to support the Amendment Bill which is introduced by the Finance Minister. Definitely, this Bill will strengthen the search and assessment and increase the revenue collection also. In the Finance Act, 1995, a new chapter was introduced under Section 14. In this new chapter, there was a scheme for the undisclosed income. As rightly pointed out by the Finance Minister, this scheme was converted into a lucrative method of converting black money into white and intelligent people were misusing it. In order to stop this, an amendment is brought before this House. This is a welcome step. The second thing is exempting investment in public sector shares from long-term capital gains. The third one is the amendment in Section 80 relating to contribution, donations to the National Illness Fund. This is a welcome step and will definitely strengthen the revenue collection. More revenue can be earned.

There will definitely be an enthusiasm in the capital market also which is already in the doldrums. We have to pay more interest. We have to take more steps to make the capital market more vibrant so that more enthusiasm could be seen there. In that direction, this is a welcome step.

This is for plugging the loopholes in the law and providing incentives for investment in the infrastructure. Regarding strengthening of search provisions of the law and denying tax evaders the opportunity to retain 40 per cent of the undisclosed income recovered from the tax raids, I would say that we have seen by our past experience that this provision was completely misutilised by some people. The tax evaders got undue advantage through loopholes in the law. The undisclosed income will now invite penalty up to 300 per cent. This will be a strong deterrent against evasion. The problem is not the law, the problem is implementation of the law.

Now, I will take the implementation part. As rightly pointed out by Shri Nirmal Kanti Chatterjee and other, when we were examining different revenue collection aspects in the Public Accounts Committee, we came to know about the shortage of staff and lack of periodical reviews. All these aspects have to be taken into account. If we look at the revenue collection in the first half of this current financial year, it is coming down. It is not at all encouraging. What are the reasons for that? The shortage of the staff is one of the main reasons. So, the periodical reviews and other strengthening measures should be taken by the Ministry of Finance to have more revenue collection. Influential people and tax dodgers are trying to find out the loopholes and are trying to evade tax.

The bigger question is widening the tax base and simplifying the procedure. There are a lot of problems because of the complicated procedure. So, two steps should be taken immediately, namely, widening the tax base and simplification of the procedure. Then only we can increase the tax revenues.

Sir, there is an apprehension so far as the growth of direct taxes is concerned. More serious efforts should be made for simplification of the procedure so that we could be able to collect more revenues. Both, the Minister of Finance and the Deputy-Chairman of the Planning Commission have stressed the need for widening the tax base. The income tax assesses constitute, as rightly pointed out by the hon. Minister of Finance, 0.8 per cent only in the country. In other countries where the same income level is there, the number is more than 40 per cent. So, why is it not possible in India? We have to increase the tax base and we have to earn more revenues. I think the time has come for a new income tax law. I think you have promised and you have announced it. There should be a national debate on this. People should understand it. The complicated procedures should be simplified. A new income tax law should be drafted. I think it is in the process. It should be debated all over the country so that people could express their opinion. With a national debate, I think, this august House can pass this income tax law. It should be a comprehensive one and it should be simple for better implementation. Then only we could be able to enhance our revenue collection. I do not want to take much of the time of the House. The amendment of the three sections will definitely help to strengthen the procedure and will enhance the revenue collections. The second one is only to enthrone the capital market. The third one is in respect of just an omission. It was for 100 per cent exemption for the donations made to the National Illness Fund. So, I think that a comprehensive legislation with more effectiveness should be brought forward. If we can pass this and make it simpler and effective, the revenue collection will go up. I do not want to take much of the time of the House. I welcome the amendment Bill which has been brought forward by the Finance Minister.

MR. CHAIRMAN : Shri Ram Naik.

SHRI RAM NAIK : Sir, I am giving my chance to Shri Bhagwan Shankar Rawat.

17.00

[Translation]

SHRI BHAGWAN SHANKAR RAWAT : Mr. Chairman, Sir, the bill has been brought with a very good intention to unearth blackmoney. Hon'ble Minister of Finance is trying his best in this regard. He is an advocate and has been practicing in the past too. I too belong to this profession.

As far as the provisions the Constitution of India are concerned, I am of the view that Mr. Chidambaram is speaking like a Minister and not as a common man. Therefore he has made much a harsh provisions in the bill and sought special provisions therein. It seem to me that he had acted as a Policeman. I, therefore, feel that with this the fundamental rights and principle of equal opportunity before law enshrined in the Constitution of India are being violated.

17.02 hrs.

[PROF. RITA VERMA *in the chair*]

In the executive, an S.H.O. and every officer speak the language of judiciary. Influenced by the executive he think that he can lock-up a man in the Police Station whereas judiciary can grant him bail. But Mr. Chidambaram thinks otherwise, he might be aware that in our Constitution it has been provided that anybody can go to court for justice. If something is wrong in the executive, then one should not be obstructed and may be granted the right to appeal.

Secondly, Income Tax officials have been given vast powers like Police department. They can search anybody's house. It would promote corruption in the I.T. department. Even the house of a telephone subscriber can searched by this department. Everybody loses something in the court, whether he wins the case or loses. The loser is totally ruined. If we provide such powers to I.T. officers, they will become corrupt like Police department. That is, what is happening today.

I will conclude my speech by saying two points. I think there is some paradox in this regard. I have read and heard his budget speech. One can convert his black money into white by giving thirty per cent tax on it. He was telling something else, when he was reading his budget speech. He was speaking like reformist in the guise of a politician. The sense of Bureaucracy was overpowering him. I do not have any doubt that the assests shown in the provisions made therein are paradox in nature. What is their philosophy. I have read comments in the Newspapers. Why should one disclose his black-money? One can pay 30 per cent on 1st

April and convert his black money into white money. Such provisions have been made. These will encourage black-money. Therefore, I say that I.T. officers should not be allowed to behave like Police inspector.

It has been suggested to create a National Illness Assistance Fund, wherein hundred percent relief has been provided in income tax. I welcome this step. But I will like to draw the attention towards the demands being raised for electoral reforms and to check corruption. If funds provided to the national level political parties are also exempted from income tax, it would have been a historical step. Election system in the country would have been improved. I would like to add that Govt. should work in this regard so that corruption can be checked in political life also. When corruption is checked in the political life, the I.T.O. or Police department will work on the instruction of honourable politicians and bureaucracy will also function in a more respectable way.

The I.T.O. and S.I.T.O. now a days caution a politician that he too had won with the help of black money. I.T. department are issuing notice to elected M.Ps. Although Election Commission had sent its observer. The D.C. rank official of I.T. department had already checked our records. Even after that the misuse of I.T. department is a thing of concern for all of us. It is heading in the same way as C.B.I. is being misused. I am concerned about this trend. I would say that I.T.O. should not be allowed to behave like a police inspector. It is correct to impose harsh provisions on the persons having black money. No sympathy should be shown to him. But you said two different things on two times. I support the arrest, wherever it is necessary. But during course of an enquiry I.T.O. should not be allowed to behave like police inspector and harass anybody. Our Police and Income Tax departments should have some ethical norms. These provisions would help in increase of corruption and exploitation.

An ordinary policeman, posted on road crossing harass a 'Riksha puller' and ask for money. If he gives money he allows him to ply Rikshaw. Now that rikshaw is no more obstinate to the traffic. I will call this Bill as Income Tax officers Paradise Bill. Therefore, I appeal you not to behave like this and respect the spirits of Constitution. If the Hon. Minister wants to provide a penal clause in the Bill, he can do so. But if anybody files an appeal he would be punished. It would create a feeling among the people that if the course of law is adopted then executive would be crushed. It will create panic. Therefor, I appeal to you, to reconsider the Bill. It should be reviewed so that its misuse can be checked. With these words, I thank you very much.

SHRI P. NAMGYAL (Ladkah) : Hon. Chairman, Sir, I support the Bill, moved by Shri Chidambaram, to amend the Income Tax Bill, 1961.

Section 14(b) is being amended. It relates to search of premises. It can be done in a more effective way under this provision. Section 8(a) is also being amended. The Union government has set up a National Illness Assistance Fund in which cent per cent exemption will be provided. Also section 54(e)(a) of Income Tax Act is being amended. Previously there was no provision to invest in shares of Public companies. Now it has been allowed. I think these are all good steps. This will result in accruing good income of the Government exchequer. I support this Bill.

Hon. Minister has recently introduced the budget in the House, in which he had announced many exemptions. He has provided relief for upper classes. He had also given some relief to the higher income group people. But relief has not been provided in the deserving cases. Mr. Chidambaram is aware about my area which I am mentioning. I met him many times in this connection. I am telling you about Ladakh. You might be aware that when the Income Tax Act was enacted in 1961, the people of Ladakh was exempted from the purview of I.T. provision from 1962 to 1988-89. The relief was available only to the permanent residents of the region and not to out siders who went there for business purposes. This relief was given because prior to Chinas' aggression in 1962, we have trade link with Tibbet and Singliang. After the emergence of communist regime in China in 1949, the trade route from Tibet to Tse-kiang was closed. Due to that the income that accrued to them from business and trade on that route was badly affected and people were ruined. The relief on income tax was provided on this basis. In 1988-89 the Congress Party lost the elections and Janta Dal came to power at the Centre. Perhaps they were not aware of the position and imposed income tax on the people of Ladakh. And above all there was no elected representative from J & K State in this House. As the militant activities were at its peak in the State, no election was held there since 1989. Because there was no representative of the State here the House, this position remained there and this provision was not deleted. Income tax people harass the people of Ladakh region. I am of the firm opinion that Income Tax should be imposed on those people who can pay it but such type of persons are not there in the Ladakh region. You have made common, I.T. law for the entire country, but has not taken into consideration the cost of living of a particular area. Cost of living is very high in the Ladakh region. The area remains cut off for 7 to 8 months from the country. The ration and other eatables are provided thereof via Jammu, Srinagar, Delhi route. If someone earns in the business for 4 months, the income cannot be reused for the remaining 7-8 months. That money remains blocked. The route is opened for 3-4 months for traffic. Therefor essential commodities are sold at very high prices. It is a great injustice to the region to impose income tax on the people. I want to give you a statistics. I had asked a USQ No. 3269 dated 14th March. The reply is that only Rs. 50,000/- had been collected as

Income Tax in the two districts of Ladakh during 1994-95. Rs. 51,000/- was collected in 1995-96 and Rs. 38,000/- was collected in 1996-97. How much money was spent therein to collect this revenue ? 8 to 10 officer fly by air to collect this much Income Tax from that area every year. One way Air ticket for a person costs about Rs. 3,000/-. No team was sent for Srinagar, after 1982, because Farooq Sahib and his friends gave good thrashing to the I.T. officials and hence no team member is ready to visit there. Two airbus loaded with I.Tax officials was sent to conduct raids. At that time Mr. Farooq was an opposition M.P. and raids were to be conducted on Mattoo Brothers. But the team members received beatings from the people there.

[English]

SHRI P. CHIDAMBARAM : How can you support someone beating up a Government officer ? You seem to be saying that it is right to beat up a Government officer. You have said that it was right to beat up the Income Tax Officers. You should condemn that.

SHRI P. NAMGYAL : Sir, we have been condemning that.

SHRI P. CHIDAMBARAM : No, you are not condemning that.

SHRI KALPNATH RAI : He is not condemning now.

SHRI P. NAMGYAL : We have been condemning that. But the only point that I wish to make is that you are not getting anything from the Kashmir Valley. Of course, you may be getting something from the Jammu area; and then, straightway bypassing the Kashmir Valley, all the Officers come to Ladakh for the purpose of harassing our people.

My humble submission is this. Kindly reconsider your decision to impose income tax in that area. This is my request.

[Translation]

Sir, I want to draw your attention towards the reply given to another question. In reply to part 'c' of U.S.Q. No. 3192 dated 14th March, it was said :

[English]

"Income-tax exemption which was intended to benefit the poor section of the people of Ladakh was benefiting the affluent and was being misused by unscrupulous businessmen for laundering their black money through the residents of Ladakh".

[Translation]

If you have any instance about any person of Ladakh region, then tell in the House, I will resign my membership
...(Interruptions)

SHRI GIRDHARI LAL BHARGAVA : Don't do this. You tell your say while remaining an M.P.

SHRI P. NAMGYAL : Our misfortune is that many officers do not know the geography of our country. We know that some such incidents do take place in Sikkim . Sikkim route is a all weather route. It has been reported in the Press. Your officers create confusion in respect of Sikkim and Ladakh. If Sikkim people had done activities than why we are penalised for it. I request you to guide your officers which direction Ladakh lies.

[English]

I do not want to note the name of the officers.

[Translation]

I want to tell you an incident. One of our delegation visited an office of Central Government. Many officers were sitting there. They asked the members of the deputation from where they have come from. When they told that they have come from Ladakh, then an officer asked :

[English]

Where is Ladakh ? Another officer says, 'yes, I know Ladakh. It is in North-East.

[Translation]

I am stating the facts. I want to say that our officers do not know about the geography of our country. I want to submit that no such incident was occurred in Ladakh. We will co-operate, if such people are there. We have been protecting our border since long. Even today our people are posted at border. Ladakh is a region, where one cannot find any anti-national or secessionist activities. You are forcing the nationalists people to revolt. You are imposing Tax on them and are harassing them. Please review this state of affairs. They are patriots. It is your duty to help them. Ladakh is in the Central Asia region. One has to cross Himalayas to reach there. We are ready to protect our borders from across the country and are ready to shed our blood for this cause. No secessionist activities will take place from this region. I request and appeal review this situation and amend the Finance Bill in this regard. We do not want this arrangement permanently. You can do this for 5 to 10 years. By that time the situation will improve there.

I want to tell another point. The Ladakh region was declared scheduled tribe area under J & K order of 1989 because 90 per cent population is scheduled tribe. Their economic condition is poor, people are poor; that is why, you had given them the benefits of scheduled tribes in 1989. But on the other hand you have imposed income tax on them. It means on the one hand you have given some benefits and side-by-side you have withdrawn them. It is not fair.

In the question, whose reply I have quoted just now, I wanted to get information regarding the total number of tribals in Jammu and Kashmir. But Ministry of Finance told that the figures in this regard were not available with them because census was not conducted in Jammu and Kashmir during 1991. For your information I would like to tell that a mini census was done there during 1987-1989 on the basis of which some tribals were identified by the Registrar-general of India. I admit the fact that due to militancy census was not done there in 1991 but the figures of mini census can be given instead which are available with you. I am sorry to say that inspite of having the census report how in reply to my question it was said that Government did not have any record. Due to militancy we have to suffer so many difficulties because after 1989, Srinagar which was the base of supply for information for us was an affected area. Due to militancy in Jammu and Kashmir, supply of everything was adversely affected. We were unable to visit the valley and centre of our information and communication was Srinagar, as a result of it we had to face several economic difficulties. In view of all these points, exemption from tax has become essential for the State. With these words, I whole-heartedly support the amendments moved by the hon. Finance Minister in this Bill. I request you to reconsider the points, mentioned by me and amend the Finance Bill to give some concessions to us for a five years. We will voluntarily refuse that later on. With this expectation, I thank you for allowing me to speak.

[English]

SHRI P. CHIDAMBARAM : Madam Chairperson, I am grateful to the hon. Members for the broad support that they have extended to this Bill.

Firstly, I must thank Shri Nirmal Kanti Chatterjee for pointing out an obvious error in the printing. I admit the error and I am sorry for it. I would crave Chairperson's kind leave to introduce an official amendment to replace the number '1996' by '1997', at page no. 2 in clause no. 4, in line 16. I have given a notice of the official amendment.

Let me briefly deal with some points made by the hon. Members from the BJP. Shri Bhargava, of course, thought that I was introducing a police State. I am doing no such thing. Every single provision that is here, is already there in some other parts of the Income-Tax Act. For example, he has referred to the 300 per cent penalty. The 300 per cent penalty is not a new provision. It is already there in Section 271 (1) (c) of the Income-Tax Act. When we find undisclosed income, the maximum penalty that can be imposed is three times the undisclosed income. It is not a new provision. 271 (1)(c) has been in the Income-Tax Act for as many as 30 years or so.

Then, he referred to Section 276CCC and said that we are going to punish somebody as much as for three years. That is again not a new provision. If you look at the previous

Section 276CC, you will find that the minimum punishment is three months and the maximum punishment is three years. It is a provision which is already there in the Statute Book. It is being applied to the offence that will be committed by someone under new Chapter XIV (B).

Then someone raised a question as to why do we need two years' time. We need two years' time for the following reason. A return has to be filed within 45 days. After the return has been filed, the officer has to issue notice, summon documents and examine witnesses. If the case is contested, the assessee will also produce his evidence and also engage a counsel or income tax practitioner to argue his case. We find that one year is not sufficient for making such an assessment, particularly because this is an assessment for a block period of ten years. He will make block assessment for ten years. In actual practice, we have found that one year is not sufficient. In fact, one year that was introduced on 1st July, 1995 is an exception to the normal rule. The normal rule is in Section 153(1)(a) where the assessing officer has two years to make the assessment. What was done in 1995 was an exception to that two year rule by making it one year. All I am now doing is restoring the normal rule by saying that the assessing officer will have two years' time. Therefore, I am not introducing anything new. Punishment, penalty, time for assessment, etc., are all borrowed from the existing provisions of Income Tax Act and I am doing nothing new. So, I respectfully reject the argument that a police state is being introduced by these Sections.

Madam, some reference was made to political parties. I would like you to kindly read Section 13A of Income Tax Act. Section 13A exempts political parties from income tax Act subject to three conditions. The first condition is that they shall maintain accounts. Nobody can have a complaint about that. The second condition is if you receive a donation of more than Rs. 10,000 you shall record the name and address of the donor. And the third condition is they shall have their accounts audited. Now, what is wrong with these three conditions? I certainly do not think that the BJP is objecting to any of these three conditions.

[Translation]

SHRI BHAGWAN SHANKAR RAWAT : Madam chairperson, perhaps hon. Chidambaramji has mistook me. I said that donations given to political parties should be exempted. It would be in the interest of both.

[English]

SHRI P. CHIDAMBARAM : Should the donor or donee be exempted ?

[Translation]

SHRI BHAGWAN SHANKAR RAWAT : Donor should be exempted.

[English]

SHRI P. CHIDAMBARAM : Why should the donor be exempted for donations made to political parties ? Already the political party is exempted. The donor will pay out of his taxed income. Why should the donor be exempted ? I do not think that there is any popular support for exempting the donor from making donations. I think the present position is quite all right.

SHRI RAM NAIK : It is a new idea.

SHRI P. CHIDAMBARAM : Are you preparing for an election? I am afraid there is no election coming. We will see after four years.

SHRI BHAGWAN SHANKAR RAWAT : I am not afraid of elections ...*(Interruptions)*

SHRI P. CHIDAMBARAM : As far as new Income Tax Act is concerned, I have already said in my Budget speech that the Report has been placed in the Parliament Library. I hope my dear friend, Shri Ramesh Chennithala will visit the Parliament Library occasionally. The Report has already been made available and it has been published widely in the newspapers. We are now holding symposia and workshop by Association of Chartered Accountants, Company Secretaries, FICCI, ASSOCHAM and CII.

SHRI RAMESH CHENNITHALA : When will it come to the House ?

SHRI P. CHIDAMBARAM : It may come in the Winter Session because we need to have a debate for at least six months in the country. We need to go around the country and gather opinion. So, it will take at least six months. I hope to bring it after six months. In the meanwhile, I want all of you to kindly read the Report and make your comments.

Madam, about Ladakh, this was an emotional issue for my friend, Shri Namgyal.

But what do I do? I have not imposed the income-tax. The income-tax was imposed in 1989. From 1991 to 1996, there was the Congress Government. I am afraid, you could not persuade the Congress Government to lift income-tax...*(Interruptions)* We are now in 1997.

SHRI P. NAMGYAL : No, no. There was no one in the House ...*(Interruptions)* Unfortunately we had no representation in this House for the last seven years.

SHRI P. CHIDAMBARAM : There is no income-tax office in Ladakh. Therefore, who is harassing them ? There is no tax office in Ladakh. There is only the Commissioner of Income-Tax in Amritsar who occasionally visits Ladakh. He is collecting Rs. 50,000. Who is being harassed ? Nobody is being harassed.

SHRI RAM NAIK : We were told that the expenditure of that officer is more than the revenue earned.

SHRI P. CHIDAMBARAM : I am not denying that. It is quite possible that the expense that is incurred is not commensurate with the revenue. But, I think, one should look into the more fundamental question. Is it wise or is it correct to exempt any part of India from a national law ? That is the real question. We can take care of the problems. If you want, I will even take it away from the Commissioner of Income-Tax, Amritsar and make the Commissioner from Chennai in charge. He will not visit Ladakh at all.

I think, the fundamental question is : should a part of India be exempted from a national law ? I think, that is a more serious question. Let us look into it. I have an open mind. I will look into it.

SHRI P. NAMGYAL : Kindly consider it sympathetically.

SHRI P. CHIDAMBARAM : Nobody is being harassed. If anyone is being harassed, you please let me know. I can also get a chance to "harass" the officer who is harassing you. Nobody is being harassed.

SHRI P. NAMGYAL : You have the proposals to impose tax four-wheelers.

SHRI P. CHIDAMBARAM : No, no. Again, there is a misconception. I will answer that.

SHRI P. NAMGYAL : I own a two-wheeler. If you want to tax it, I am happy to pay tax on the two-wheeler owned by me.

SHRI P. CHIDAMBARAM : It is again a misconception. Nobody is being taxed for owning a two-wheeler. Nobody will be taxed for owning a telephone. It is a popular misconception. In my Budget speech, what I said was that if you satisfied two of those four items in a year, you would be required to file a return. You may file a 'nil' return. You may file a return saying, "I do not have to pay income-tax." You may file a return saying, "I am liable to pay only Rs. 100 towards income-tax." We will accept the return.

The point is being asked about tax. Do not distort a provision. We are trying to widen the base. I thought, you would agree with me that the base must be widened and each one must pay a smaller tax rather than these should be a narrow base and a high tax. I think, the correct principle both in direct taxation and indirect taxation is a wider base and each one paying a smaller tax.

I think, by and large, everybody has supported the Bill. I am grateful to hon. Members for the broad support. I request them to pass this Bill. I want to move the official amendment.

MR. CHAIRMAN : Shri Amar Pal Singh, are you withdrawing your Resolution ?

SHRI AMAR PAL SINGH (Meerut) : Yes. I am withdrawing my Resolution.

MR. CHAIRMAN : Has the hon. Member leave of the House to withdraw his Resolution ?

SEVERAL HON. MEMBERS : Yes.

The Resolution was, by leave, withdrawn.

MR. CHAIRMAN : The question is :

"That the Bill further to amend the Income-tax Act, 1961, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN : The House will now take up clause-by-clause consideration of the Bill.

The question is :

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 4

Amendment made :

That at page 2, line 16,

for "1996" read "1997". (1)

(SHRI P. CHIDAMBARAM)

MR. CHAIRMAN : The question is :

"That clause 4, as amended, stand part of the Bill".

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clauses 5 to 11

MR. CHAIRMAN : The question is :

"That clauses 5 to 11 stand part of the Bill".

The motion was adopted

Clauses 5 to 11 were added to the Bill.

Clause 1, Enacting Formula and Long Title

MR. CHAIRMAN : The question is :

"That clause 1, the Enacting formula and the Long Title stand part of the Bill."

The motion was adopted.

Clause 1, the Enacting formula and the Long Title were added to the Bill

SHRI P. CHIDAMBARAM : Sir, I beg to move :

"That the Bill, as amended, be passed".

MR. CHAIRMAN : The question is :

"That the Bill, as amended, be passed".

The motion was adopted.

[English]

MR. CHAIRMAN : The House would now take up item Nos. 16 and 17 together.

[Translation]

SHRI RAM NAIK : Madam, this List of Business is different than the List of Business which was circulated yesterday. There were three Bills in that and the Electricity Bill was not included therein. One, which has been passed just now, Second the Bill for Constituting an Appellate Authority for Environment and the third about the National Highways. Now suddenly that order has been changed. I have raised the issue in the morning when debate started we are co-operating with the Government and we decided the Members who are to speak on these different Bills and others were given leave to go. It is 5.45 now and it will be a wrong precedent if Bill is introduced. I request you that this Bill should not be debated and it has already been discussed in detail. ...*(Interruptions)*

SHRI RAMESH CHENNITHALA : It is not so ...*(Interruptions)*

MR. CHAIRMAN : Please speak one by one.

SHRI RAM NAIK : In this regard I would like to say that this Bill should not be debated at this moment.

[English]

SHRI BASU DEB ACHARIA : Madam, I am also of the same opinion.

SHRI RAMESH CHENNITHALA : Madam, he is correct. Yesterday we got the list of business. In the Order Paper there was something else. Today, those Bills which were not mentioned in the Order Paper yesterday, have been listed here. I am not against it. We know about the Bills that are coming. But the Order Paper is important. We could even start the discussion now. There are still 15 minutes left ...*(Interruptions)*

SHRI BASU DEB ACHARIA : Sir, we were not aware of such an important and controversial Bill. It is because yesterday when the list of business for today was circulated, this Bill was not listed for discussion. Now, all of a sudden it has been included in the revised list of business. Moreover, it is the most controversial Bill and so this Bill should not be

brought at the fag end of the day. More discussion is required for passing this Bill. So, I request that this should not be taken up today. It could be taken up on Monday or Tuesday or sometime in the next week ...

MR. CHAIRMAN : I think, the Statutory Resolutions could be moved.

...(Interruptions)

SHRI BASU DEB ACHARIA : There could be some discussion with representatives of different political parties ... (Interruptions)

[Translation]

SHRI RAMENDRA KUMAR (Begusarai): I would like to say that this Bill should be referred to the Standing Committee because it is a technical subject and transmission service is being privatised. Transmission lines are already installed. Even the hon. Minister may be unaware of pros and cons of privatisation of transmission.

SHRI KALPNATH RAI (Ghosi) : This cannot be debated today ... (Interruptions) It should not be taken up today as its various aspects are to be studied.

[English]

MR. CHAIRMAN : Please do not speak all at once.

SHRI BASU DEB ACHARIA : The Bill should be referred to the Standing Committee.

MR. CHAIRMAN : What does the Minister have to say ?

...(Interruptions)

SHRI BASU DEB ACHARIA : Transmission is being handed over to the private company ... (Interruptions) Let the Bill be referred to the Standing Committee.

MR. CHAIRMAN : Mr. Minister, do you want to say something ?

SHRI SRIKANTA JENA : At this stage we are not going into the merits of the Bill ... (Interruptions)

[Translation]

You have raised your point. Now there should be no objection in listening to the hon. minister.

[English]

SHRI SRIKANTA JENA : We can skip this Bill today. The Government has no objection. We can certainly discuss the merits of the Bill. The Bill seeks to replace an Ordinance. The hon. Speaker and the Leaders of different Parties decided in the BAC that we will sit today. We can skip it today and go to the next item.

SHRI RAM NAIK : The next Bill on Environment has not been shown in the Business List ... (Interruptions)

SHRI SRIKANTA JENA : We are now taking up National Highways Laws (Amendment) Bill.

SHRI RAM NAIK : That was the last Bill.

SHRI SRIKANTA JENA : The problem is, we are taking this Bill in both the Houses ... (Interruptions)

[Translation]

MR. CHAIRMAN : What is the objection in listening to the hon. Minister ?

SHRI KALPNATH RAI : He is not the Minister of Energy. Such an important issue can not be discussed in this way.

SHRI SRIKANTA JENA : Please listen to me. It was decided in the meeting of B.A.C. that all the Bills which have been brought here to replace ordinances should be taken up before starting discussion on the general budget. Therefore some Bills have been introduced in Rajya Sabha and some here in Lok Sabha.

[English]

SHRI RAM NAIK : Do you expect that we come here without preparation.

[Translation]

SHRI SRIKANTA JENA : Yesterday, you were not present. This issue was taken up before the hon. Speaker who said that ordinances will be taken up after U.P. Budget.

SHRI RAM NAIK : Then, it is up to you, you can do if you want to do so.

[English]

I have nothing to say ... (Interruptions) If you want to change the order, you may change it. There is no quorum in the House ... (Interruptions) You are just playing with the Agenda. It appears, you do not want the cooperation of the Opposition Members. (Interruptions)

SHRI SRIKANTA JENA : The Environment Minister has taken the permission from the Chair.

SHRI RAM NAIK : He might have taken the permission but we must know what has happened.

SHRI SRIKANTA JENA : Since the Minister will not be present today, he has requested the hon. Speaker not to take it up today.

SHRI RAM NAIK : We have read the advertisement that he has gone to Jammu and Kashmir. We have no objection. But as a Minister you should have ensured that it was not shown yesterday. You are just playing with the Agenda. I am sorry, I normally do not say like this.

SHRI SRIKANTA JENA : It was agreed that UP Budget will not be discussed. Subsequently it was decided to have a discussion ...*(Interruptions)*

SHRI RAM NAIK : We are unhappy.

SHRI SRIKANTA JENA : This is a thing where we can accommodate. We do not quarrel on a technical matter ...*(Interruptions)* I agree that the Electricity Laws (Amendment) Bill can be skipped today. Next Monday or Tuesday, whenever we find time, we will take it up.

SHRI BASU DEB ACHARIA : Why do you not send it to the Standing Committee? ...*(Interruptions)*

SHRI SRIKANTA JENA : It cannot go to the Standing Committee. This is a Bill to replace the Ordinance. *(Interruptions)*

SHRI AMAR ROY PRADHAN : At this stage, it is for the House to decide it ...*(Interruptions)*

SHRI SRIKANTA JENA : We will discuss that ...*(Interruptions)*

SHRI RAM NAIK : Madam, Chairperson, it looks as if the Minister of Parliamentary Affairs would not agree if we ask for it; and if Shri Basu Deb Acharia says, he will agree.

SHRI SRIKANTA JENA : Ram Naikji, I agree with you. I am just requesting the Chair to take up the next item on the agenda.

[Translation]

SHRI KALPNATH RAI : We will not accept it ...*(Interruptions)* only five minutes are left ...*(Interruptions)*

[English]

SHRI RAM NAIK : It is almost six o'clock.

SHRI SRIKANTA JENA : It is known to you. We can sit for another half hour.

SHRI KALPNATH RAI : Not on a Saturday.

SHRI SRIKANTA JENA : Please listen to me. General Discussion on the Budget will take place on 17th, 18th and

19th. On 20th we have discussion under Rule 184. ...*(Interruptions)* My problem is that the General Discussion on the Budget will be cut short ...*(Interruptions)* So, I was just requesting the Chair to take it up today ...*(Interruptions)* ... Everybody agrees with it and we can pass it.

[Translation]

SHRI KALPNATH RAI : I would like to make a submission whether all the decisions of the Business Advisory Committee are binding? It is 6'clock now. Why we will admit it now. Please adjourn the House...*(Interruptions)*

SHRI RAM NAIK : Jenaji, it is enough now. *(Interruptions)*

SHRI SRIKANTA JENA : Ram Naikji, you can see that the next Bill pertaining to National Highway Authority is small one. Please consider it.

[English]

SHRI RAM NAIK : The next item could have been only Environment Appellate Authority Bill. But that is not there on the agenda.

[Translation]

SHRI KALPNATH RAI : We will not let it pass ...*(Interruptions)* It will not be passed today ...*(Interruptions)* Mr. Chairman, Sir, there is no quorum in the House. *(Interruptions)*

[English]

MR. CHAIRMAN : The bell is being rung

Since there is no quorum, the House stands adjourned to meet at 11 a.m. on Monday, the 17th March, 1997.

17.57 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, March 17, 1997/Phalguna 26, 1918 (Saka)