

# LOK SABHA DEBATES (English Version)

Fourteenth Session — Second Part  
(Eighth Lok Sabha)



सत्यमेव जयते

12  
2/3/90

*(Vol. LIII contains Nos. 1 to 3)*

LOK SABHA SECRETARIAT  
NEW DELHI

Price : Rs. 6.00

---

**[ORIGINAL ENGLISH PROCEEDINGS INCLUDED IN ENGLISH VERSION AND  
ORIGINAL HINDI PROCEEDINGS INCLUDED IN HINDI VERSION WILL BE  
TREATED AS AUTHORITATIVE AND NOT THE TRANSLATION THEREOF.]**

LOK SABHA DEBATES

VOL. LIII, NOS. 1-3

OCT. 11<sup>th</sup> — 13<sup>th</sup> OCT.

1989

P.L

## CONTENTS

*(Eighth Series, Vol. LIII, Fourteenth Session-Second Part, 1989/1911 (Saka)  
Wednesday, October 11, 1989/Asvina 19, 1911 (Saka)*

	COLUMNS
Obituary References	1-16
Papers Laid on the Table	17-19
Assent to Bills	19-20
Matters Under Rule 377	20-25
(i) Need for converting the Samastipur-Darbhanga metre gauge railway line into broad gauge line	20-21
Dr. G.S. Rajhans	
(ii) Need for increasing the capacity of the Kairana Telephone Exchange in U.P. for providing round the clock telephone service there	21-22
Shri Akhtar Hasan	
(iii) Need for Central Government's intervention in the Lay offs. or closure of weaving and processing units of textile mills in Gujarat particularly in Ahmedabad resulting in unemployment of workers	22
Shri Haroobhai Mehta	
(iv) Need for resumption of Vayudoot service between Hyderabad and Bhubaneswar	22
Shri K. Pradhani	
(v) Need for an Industrial Growth Centre in Palghat (Kerala)	23
Shri V. S. Vijayaraghavan	
(vi) Need for setting up sugar factories in Aska region of Orissa	23-24
Shri Somnath Rath	
(vii) Need for announcement of remunerative price for sugarcane	24-25
Shri Kali Prasad Pandey	

<b>(viii) Need for bringing the controlled cloth under Essential Commodities Act and making available yarn to weavers on 'no profit, no loss' basis</b>	<b>25</b>
<b>Dr. Phulrenu Guha</b>	
<b>Direct-Tax Laws (Second Amendment) Bill</b>	<b>25-47</b> <b>57-79</b>
<b>Motion to consider</b>	
Shri S.B. Chavan	25-32
Shri N. Tombi Singh	32-34
Dr. G.S. Rajhans	34-38
Shri Shantaram Naik	38-42
Shri Ram Bhagat Paswan	42-44
Shri Gopeshwar	44-47
Clauses 2 to 33 and 1	65-66 75-79
<b>Motion to pass</b>	
Shri S.B. Chavan	57-79
<b>Statement by the Prime Minister Nehru Rozgar Yojana</b>	<b>47-57</b>
Shri Rajiv Gandhi	
<b>Customs (Amendment) Bill</b>	<b>79-106</b>
<b>Motion to consider</b>	
Shri A.K. Panja	79-84
Shri Somnath Rath	84-86
Shri R. Jeevarathinam	86-87
Shri Ram Singh Yadav	87-90

(iii)

	<b>COLUMNS</b>
Shri Jagannath Pattnaik	91-93
Shri Sriballav Panigrahi	93-95
Shri Girdhari Lal Vyas	95-98
Shri U.H. Patel	98-99
Dr. Chandra Shekhar Tripathi	99-100
Dr. G.S. Rajhans	100-101
Clauses 2, 3 and 1	106
Motion to Pass	
Shri A.K. Panja	102-105
Supplementary Demands for Grants (General), 1989-90— <i>Statement presented</i>	102
Shri B.K. Gadhvi	102
Discussion under Rule 193	106-150
Communal situation in the country	
Prof. Saifuddin Soz	106-115
Shri R.L. Bhatia	115-120
Shri Uttam Rathod	120-125
Shri Ebrahim Sulaiman Sait	125-133
Shri Haroobhai Mehta	134-146
Shri Sultan Salahuddin Owaisi	146-150
Business Advisory Committee Seventy-fifth Report	150



## LOK SABHA DEBATES

---

### LOK SABHA

---

Wednesday October 11, 1989/Asvina 19,  
1911 (Saka)

---

*The Lok Sabha met at Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

[*English*]

#### OBITUARY REFERENCES

MR. SPEAKER: Hon. Members, as we meet today after an interval of more than one and a half months, it is my sad duty to inform the House of the demise to two sitting members, namely, Shri Anand Gopal Mukhopadhyay and Shrimati Chandra Tripathi and three of our former colleagues, i.e., Sarvashri Badlu Ram Shukla, Sarjoo Pandey and Shiv Kumar Shastri.

Shri Anand Gopal Mukhopadhyay was a sitting member of Lok Sabha representing Asansol constituency of West Bengal. He was also a member of the Seventh Lok Sabha during 1980-84. Earlier, he was a member of the West Bengal Legislative Assembly during 1952-67 and 1972-76.

A renowned trade unionist, Shri Mukhopadhyay was associated with several trade unions in various capacities. He also served as member of the Central Executive Committee of the Indian National Trade Union Congress. He was Director of the Durgapur Project Limited and Durgapur Chemicals

Limited during 1972-76. He evinced keen interest in child welfare work.

A widely travelled person, Shri Mukhopadhyay was recipient of "Bharat Samaj Unnyayan Ratna" and Samsad National professorship conferred by Viswa Unnyayan Samsad, Midnapore, West Bengal.

Shri Mukhopadhyay passed away at New Delhi on 20 August, 1989 at the age of 62.

Shrimati Chandra Tripathi was a sitting member of Lok Sabha representing Chandauli constituency of Uttar Pradesh.

An agriculturist and industrialist by profession, Shrimati Tripathi worked untiringly for the promotion of girls' education. She also evinced keen interest in sports for girls and served the All India Women's Cricket Association as its President.

An able parliamentarian, Shrimati Tripathi served on the Estimates Committee as its member from July to November, 1986 and later as Chairperson of the Committee from November, 1986 to April, 1988. She was also the Chairperson of the Parliamentary Pay Committee from November, 1986 to April, 1988.

Shrimati Chandra Tripathi passed away on 7 September 1989 at Varanasi at the age of 58.

Shri Badlu Ram Shukla was a member of the Fifth Lok Sabha during 1971-77 representing Bahraich constituency of Uttar Pradesh. Earlier, he was a member of the Uttar Pradesh Legislative Assembly during 1960-62.



An advocate by profession, Shri Shukla was a well known social worker and an educationist. He was associated with several social and educational institutions in various capacities. He worked untiringly for the welfare of students and teachers.

Shri Shukla passed away at Bahraich in Uttar Pradesh on 5 August, 1989 at the age of 73.

Shri Sarjoo Pandey represented the Basra constituency of Uttar Pradesh in the Second and Third Lok Sabha, i.e., from 1957 to 1967. Later he represented the Ghazipur constituency of Uttar Pradesh in the Fourth and Fifth Lok Sabha, i.e., from 1967 to 1977. He was a sitting member of the Uttar Pradesh Legislative Council.

A dynamic political worker and a veteran freedom fighter, Shri Pandey took active part in the freedom movement. His contribution to the Quit India Movement was notable as it was under his leadership that an independent Government was set up in Ballia district in 1942.

A renowned public worker, Shri Pandey was associated with active politics for about five decades and led various labour and farmers' movements in Uttar Pradesh and was imprisoned several times. He always championed the cause of the poor and the down-trodden.

Shri Pandey passed away at Moscow on 25 August, 1989 at the age of 70.

Shri Shiv Kumar Shastri was a member of the Fourth and Fifth Lok Sabha during 1967-77 representing Aligarh constituency of Uttar Pradesh.

A teacher and agriculturist by profession, Shri Shastri was a prominent Arya Samaj Leader and reformist. He worked untiringly for the upliftment of the weaker sections of the society. He was associated with several social and religious institutions in various capacities. He was a member of

the Agra University Executive Committee. He also served as member of the Estimates Committee.

He was a prolific writer and authored several books in Hindi.

Shri Shastri Passed away at New Delhi on 3 September, 1989 at the age of 74.

We deeply mourn the loss of these friends and I am sure the House will join me in conveying our condolences to the bereaved families.

The House may now stand in silence for a short while to express its sorrow.

*[The Members then stood in silence for a short while]*

—————  
(Interruptions)

MR. SPEAKER: One by one. I will listen to all of you one by one.

(Interruptions)\*\*

MR. SPEAKER: Nothing goes on record.

I listen to all one by one. I can listen to one problem at a time. How can I listen if all of you speak simultaneously? Why should you do like this? For what reason? One by one. Prof. Soz.

PROF. SAIFUDDIN SOZ (Baramulla): Sir, I have given an adjournment motion...(Interruptions)

SHRI G.M. BANATWALLA (Ponnani): Mr. Speaker, Sir...(Interruptions)

MR. SPEAKER: Shri Banatwalla has given me an adjournment motion.

PROF. SAIFUDDIN SOZ: I have also given an adjournment motion.

MR. SPEAKER: Yes, you have also given me an adjournment motion.

Shri Banatwalla, I agree with you.

*(Interruptions)*

PROF. SAIFUDDIN SOZ: I have been allowed.

MR. SPEAKER: Now, listen to me. What are you doing?

*(Interruptions)*

SHRIG.M. BANATWALLA: You please take up my adjournment motion on communal situation right now.

MR. SPEAKER: That is what I am referring to. I have given the fullest consideration and I agree with what you are saying. I fully sympathise with your sentiments.

SHRIG.M. BANATWALLA: Thank you very much.

*(Interruptions)*

MR. SPEAKER: Listen to me.

*(Interruptions)*

SHRI ABDUL RASHID KABULI (Srinagar): You should advise the Home Minister to come forward with a statement. How can the Government be a silent spectator when many people have been killed in various parts of the country?

SHRI G.M. BANATWALLA: There should be a statement by the Government...*(Interruptions)*

MR. SPEAKER: Listen to me now.

PROF SAIFUDDIN SOZ: I have given an adjournment motion and a calling attention motion. BJP is creating conditions of a civil war. I have with me a full bunch of newspapers...*(Interruptions)*

SHRIG.M. BANATWALLA: What about my adjournment motion?

MR. SPEAKER: That is what I am trying to explain to you.

PROF. SAIFUDDIN SOZ: Please give us a minute to explain...*(Interruptions)*

MR. SPEAKER: Please sit down; I will explain to you. If you do not listen to me, how can I guide you?

PROF SAIFUDDIN SOZ: I am bringing something to the notice of the hon. Speaker...*(Interruptions)*

SHRI G.M. BANATWALLA: My adjournment motion should be taken up right now. The House cannot be a silent spectator to this communal situation...*(Interruptions)*

PROF. SAIFUDDIN SOZ: We want the adjournment motion to be taken up on the communal situation, BJP's onslaught against the Constitution, against the Hindu-Muslim unity. They are spreading hatred and anarchy. That onslaught has to be checked. *(Interruptions)* Newspapers say that we should be prepared for the naked dance of death...*(Interruptions)*

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE (SHRIMATI SHEILA DIKSHIT): I would like to speak on behalf of the Members on this side also, that we should have a discussion on the communal situation. We are ready for a discussion. *(Interruptions)*

We can have a discussion any time, at the earliest possible.

SHRI HAROOBHAI MEHTA: (Ahmedabad): Other things can wait.

SHRI ABDUL RASHID KABULI: Why is the Government sitting silent?

SHRIMATI SHEILA DIKSHIT: Govern-

ment is not sitting silent. We are conscious about it. We can have a discussion.

PROF. SAIFUDDIN SOZ: Recently we amended the Representation of the People's Act. You wanted every party to be secular...*(Interruptions)*

We want to hear the hon. Speaker on this.

SHRIMATI SHEILA DIKSHIT: We are ready to have a discussion immediately.

SHRI ABDUL RASHID KABULI: Why is the Home Minister not here?

SHRI HAROOBHAI MEHTA: Let there be a discussion today. It is of great importance. Otherwise anything can happen in this nation if this process is not arrested. It will have disastrous consequences if Parliament does not intervene right now. *(Interruptions)*

The State Governments are throwing up their hands as if they are totally helpless. Parliament has to assert itself. *(Interruptions)*

PROF. SAIFUDDIN SOZ: If you cannot allow the adjournment motion, discussion under Rule 193 should be allowed. *(Interruptions)*

SHRI G.M. BANATWALLA: My adjournment motion on communal situation should be taken up right now.

PROF. SAIFUDDIN SOZ: It is not against the Government. *(Interruptions)*

MR. SPEAKER: Now will you listen? Have you got the patience to listen to me? We all agree on this subject and no sane thinking person will ever disagree that this is the worst kind of a threat to our national integrity, sovereignty, independence and whatever it is. Nothing can be worse. The only question is how we go about it.

*(Interruptions)*

MR. SPEAKER: Banatwallaji you are right. But how are you going to press it? I will not be able to pass it.

SHRI G.M. BANATWALLA: Are you giving a ruling that it will not be passed and therefore you are not allowing it? What a way!

MR. SPEAKER: No please. You do not listen. That is the problem.

*(Interruptions)*

MR. SPEAKER: Please just listen to me. The whole House is of the same opinion as you are and they all have agreed with me to have a discussion under Rule 193.

SHRI G.M. BANATWALLA: Adjournment motion has an element of censure.

MR. SPEAKER: No question of censure.

PROF. SAIFUDDIN SOZ: We want the discussion today.

MR. SPEAKER: That is upto the House to decide.

SHRI ABDUL RASHID KABULI: The Minister for Parliamentary Affairs has agreed to have a discussion. But the Home Minister has not cared to be here.

SHRI G.M. BANATWALLA: I want my adjournment motion to be taken up. *(Interruptions)*

MR. SPEAKER: Mr. Banatwalla, why are you getting agitated when we all are of the same opinion? There is no difference of opinion on this subject at least. Any sane thinking person will agree.

SHRI G.M. BANATWALLA: Seriousness of the situation requires an adjournment motion.

MR. SPEAKER: I say I have already agreed for a discussion and there is unani-

mous approval for discussion here. That is what I am saying.

*(Interruptions)*

MR. SPEAKER: Look here, there are certain things which are done unanimously. That is much more important. That is what I am saying. I will allow it under Rule 193.

PROF. SAIFUDDIN SOZ: Today itself Sir.

MR. SPEAKER: No problem.

SHRI G.M. BANATWALLA: I protest that my adjournment motion is not being allowed. Why is it not being allowed? What is the valid reason for not allowing it? *(Interruptions)*

MR. SPEAKER: I don't have to give reasons. I never give reasons.

*(Interruptions)*

MR. SPEAKER: The entire House agrees on this subject and there is complete unanimity of thought and action on this subject. There is complete unanimity, Mr. Banatwalla, on this subject.

SHRI G.M. BANATWALLA: But then looking to the seriousness of the situation...

MR. SPEAKER: That is what I am saying. The seriousness is implied in the unanimity of this whole House. This is the most important thing.

SHRI G.M. BANATWALLA: The censure contained in the Adjournment Motion, that is the seriousness.

THE MINISTER OF ENERGY (SHRI VASANT SATHE): Whom are you censuring?

SHRI G.M. BANATWALLA: We are here to censure you. *(Interruptions)*

*[Translation]*

MR. SPEAKER: If, I give ruling then you will object to it.

*[English]*

That is the only problem. Why don't you realise it?

SHRI G.M. BANATWALLA: If you are not allowing the Adjournment Motion, my serious protest may be recorded. *(Interruptions)*

PROF. SAIFUDDIN SOZ: Mr. Speaker, Sir, may I know whether the discussion under Rule 193 is coming up today?

MR. SPEAKER: Whenever you decide.

PROF. SAIFUDDIN SOZ: We want it today. That is much more important. The discussion under Rule 193 should take place today.

SHRIMATI SHEILA DIKSHIT: There is a debate going on in the Rajya Sabha also. We will find out the convenience of the Home Minister and personally if he can come... *(Interruptions)*

*[Translation]*

MR. SPEAKER: We will do it today.

*[English]*

SHRIMATI SHEILA DIKSHIT: We will take up at 4 o'clock today.

PROF. SAIFUDDIN SOZ: Please have a discussion today and not tomorrow.

SHRIMATI SHEILA DIKSHIT: Yes.

*[Translation]*

SHRI SYED SHAHABUDDIN (Kishanganj): Mr. Speaker, Sir, some newspapers have reported that there is a secret agreement between the Government and the

Vishwa Hindu Parishad, over the Ram Shila Pujan and the foundation laying ceremony of Sri Ram Shila Mandir. We would like the hon Minister of Home Affairs to make a statement in this regard.

[*English*]

There should be a discussion on that. We want a statement from the Government.

[*Translation*]

MR. SPEAKER: Mr. Shahabuddin, whenever there is a discussion in the House, it is always followed by a reply.

SHRI SYED SHAHABUDDIN: First we want a statement.

MR. SPEAKER: It will come today.

[*English*]

We are having it at 4 o'clock.

SHRI SYED SHAHABUDDIN: They should give a statement today.

...(Interruptions)...

[*Translation*]

MR. SPEAKER: What are you doing?

...(Interruptions)...

MR. SPEAKER: At 4 o'clock.

[*English*]

SHRI P. KOLANDAIVELU (Gobichettipalayam): I have got a personal grievance. My Party after unification of AIADMK I and II has got ten Members here. We have not been recognised so far. That is number one.

MR. SPEAKER: These things are not discussed here.

SHRI P. KOLANDAIVELU: I have already given a notice.

MR. SPEAKER: Mr. Kolandaivelu, these things are not discussed on the floor of the House.

SHRI P. KOLANDAIVELU: I have already given a notice in August itself.

MR. SPEAKER: Nothing doing.

(Interruptions)

SHRI P. KOLANDAIVELU: Why due representation has not been given?

MR. SPEAKER: We have taken every step regarding that. You come to us and listen. I am not going to allow it. I am not going to discuss my job here. You can come to my Chamber.

SHRI P. KOLANDAIVELU: I will come to your Chamber. I have already given a notice.

MR. SPEAKER: That is what I am saying. There would have been something improper or something like that. I would explain to you when you come to me.

SHRI P. KOLANDAIVELU: Due representation has not been given.

MR. SPEAKER: I am not going to allow you now. You come and I will reply.

SHRI P. KOLANDAIVELU: There is another thing. I have given a notice...

MR. SPEAKER: You cannot hold on like this

SHRI P. KOLANDAIVELU: I have given a notice for Adjournment Motion Please hear me. (Interruptions)

[*Translation*]

MR. SPEAKER: I will listen to you, why are you shouting. I promise.  
[*English*]

SHRI P. KOLANDAIVELU: Please hear

me. I have given a notice for Adjournment Motion.

MR. SPEAKER: That will be discussed in today's discussion. We will discuss it at 4 o'clock.

*(Interruptions)*

SHRIP. KOLANDAIVELU: With regard to another notice...

*(Interruptions)\**

MR. SPEAKER: Nothing doing. Mr. Kolandaivelu does not go on record.

[*Translation*]

SHRI RAM DHAN (Lalganj): Mr. Speaker, Sir, all over the country, Harijans are being massacred...*(Interruptions)*...

MR. SPEAKER: We are going to have a discussion on it and this matter will also be covered thereunder.

[*English*]

We are doing it.

[*Translation*]

SHRI RAM DHAN: Recently, Harijans were massacred in Uttar Pradesh. Both the Janata Dal and the U.P. Government there are inciting bad elements for these crimes...*(Interruptions)*...

MR. SPEAKER: You have been allotted time to speak at 4 o'clock. You may raise it then.

SHRI RAM DHAN: This is a very serious matter. Allow a separate discussion on it.

MR. SPEAKER: Both are clubbed together. Now let me listen to others. I have taken note of what you are saying.

[*English*]

SHRI SHANTARAM NAIK: The suit in the U.S. court where Mr. Morarji Desai stated that he was not a CIA agent having failed, it means that the Janata Government was a Government of the CIA. *(Interruptions)* It is now proved, the suit having failed. The implication of the suit having failed is that the rule of the Janata Party was virtually a rule by CIA—because it has been proved. Mr. Morarji Desai filed a suit saying that he was not a CIA agent. That suit having failed, what does it imply? *(Interruptions)*

MR. SPEAKER: What can I do about it; what have I got to do with it?

SHRI SHANTARAM NAIK: I would like to know the reaction of the Government. What action does the Government propose to take? *(Interruptions)* He was the head of the Executive during the Janata Party Government.

SHRI RAM PYARE PANIKA (Robertsganj): Can we take this lightly? *(Interruptions)*

MR. SPEAKER: How am I concerned?

SHRI SHANTARAM NAIK: You are concerned. You are very much concerned, Sir. He was the head of the Executive—the former Prime Minister of India, in the Janata Government. *(Interruptions)*

SHRI HAROOBHAI MEHTA: It has been proved. It is a serious matter. How can we take it lightly?

SHRI SHANTARAM NAIK: The U.S. Court has ruled that the observations of the writer were based on some documents—this was the observation of the court.

[*Translation*]

SHRI HAROOBHAI MEHTA: What action does the Government of India propose to take against Shri Morarji Desai?

[English]

SHRI SHANTARAM NAIK: The court has given authenticity, the court has given its seal of approval to the statement of the author.

SHRI HAROOBHAI MEHTA: There must be an enquiry into this matter.

SHRI SHANTARAM NAIK: It means, by implication, that the rule of the Janata Party Government was virtually a rule by CIA in this country. (*Interruptions*)

SHRI HAROOBHAI MEHTA: A Calling Attention notice on this subject has been given. (*Interruptions*)

MR. SPEAKER: It should have relevance.

SHRI HAROOBHAI MEHTA: It has relevance to Indian security. If the libel suit fails, what is the implication? I do not know what are the implications.

SHRI P.R. KUMARAMANGALAM (Salem): We want a statement from the Home Minister, as to what action they are going to take.

SHRI SHANTARAM NAIK: It is such a vital issue of national importance. He is a former Prime Minister of India during the Janata regime. Why don't you realize this? (*Interruptions*)

[Translation]

SHRI RAM DHAN: Do not talk about Janata days, but you tell me what are you doing now. It is you people who have pocketed the entire amount of commission from Bofors...(*Interruptions*)...

[English]

SHRI SHANTARAM NAIK: This is the same Janta Party, which is now know as the Janata Dal.

SHRI P. KOLANDAIVELU: I want to know whether you are taking up Sri Lanka at least. I think this session will be over by the 16th. You had promised me the other day, during August itself, about discussing the issue of withdrawal of IPKF.

MR. SPEAKER: We have got a Business Advisory Committee meeting at 3 O'clock.

Now Papers to be Laid on the Table. Mr. Rajesh Pilot.

(*Interruptions*)

11.24 hrs.

#### PAPERS LAID ON THE TABLE

[English]

#### **Review on and Annual Report etc. of Shipping Corporation of India, Ltd., Bombay for 1987-88 and a Statement Showing reasons for delay in laying these papers**

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI RAJESH PILOT): I beg to lay on the Table:-

- (1) A copy each of the following papers (Hindi and English versions) under sub-section (1) of section 619A of the Companies Act, 1956:-
  - (i) Review by the Government on the working of the Shipping Corporation of India Limited, Bombay, for the year 1987-88.
  - (ii) Annual Report of the Shipping Corporation of India Limited, Bombay, for the year 1987-88 along with Audited Accounts and Comments of the Comptroller and Auditor General thereon.

- (2) A statement (Hindi and English versions) showing reasons for delay in laying the papers mentioned at (1) above. [Placed in Library See No. LT-8344/89]

[*Translation*]

CH. RAM PRAKASH (Ambala): Sir, you have not listened to me.

MR. SPEAKER: You may speak.

CH. RAM PRAKASH: I have got a special submission to make. I regret to say that democracy is being denigrated day by day in our country. You may ask as to what is the reason for that. What Ch. Devi Lal has done in Haryana? In fact, Ch. Devi Lal is encouraging defection of MPs through resignation of their seats by offering them a big amount ranging from Rs. 10 lakh to Rs. 15 lakh and a jeep to each one of them.

[*English*]

MR. SPEAKER: What can I do about it?

[*Translation*]

CH. RAM PRAKASH: It means that he has ruined the entire country. As per my information, during the rally at Boat Club, people in Haryana were coerced and brought here in trucks for the rally. Now the coffers of the Government of Haryana are lying empty...(*Interruptions*)...

MR. SPEAKER: Governor is there to keep a watch.

CH. RAM PRAKASH: Even if it is outside your jurisdiction, please do listen to what I am saying.

MR. SPEAKER: Speak, what is permissible.

(*Interruptions*)

CH. RAM PRAKASH: Why are you permitting all this, there Government is coercing people and bringing them in trucks to Delhi...(*Interruptions*)... I have submitted on a number of occasions before you and the Government to dismiss the State Governments behaving like this.

MR. SPEAKER: Only Governor can do it, not I.

...(*Interruptions*)...

[*English*]

SHRI P.R. KUMARAMANGALAM (Salem): At Four O'clock we are going to have a discussion under Rule 193 on the communal situation. There was a very sad communal riot in Tamilnadu in Bodinaickanur. Can that be discussed also?

[*Translation*]

MR. SPEAKER: That will also be taken up simultaneously.

[*English*]

SHRI P.M. SAYEED (Lakshadweep): In this Session there is no Question Hour. The Zero Hour generally starts at 12 O'clock. Have you advanced it by one hour?

[*Translation*]

MR. SPEAKER: I do not do any illegal things. There is no Zero Hour as such.

[*English*]

There is nothing in the rules which says that there is a Zero Hour. It is a concoction which they have made. Our Hon. Members try to take advantage unnecessarily of certain things. What can I do about it? Now one by one you could have said the same thing very politely. I do not know why Members have to shout all the time and for what reasons.

SHRI P.M. SAYEED: I was disciplined.



MR. SPEAKER: You are disciplined. That is why your question was heard properly. You tell me what is the reason? If we do it properly with decorum and decency, I would have listened to all of you one by one within this time. There would be no problem at all.

[English]

PAPERS LAID ON THE TABLE —  
CONTD.

**Annual Assessment Report on the Programme and its Implementation for accelerating the spread and development of Hindi etc.**

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETROCHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI P. NAMGYAL) ON BEHALF OF SHRI SONTOSH MOHAN DEV: I beg to lay on the Table a copy of the Annual Assessment Report (Hindi and English versions) on the Programme and its implementation for accelerating the spread and development of Hindi and its progressive use for the various official purposes of the Union, for the year 1987-88. [Placed in Library See No. LT-8345/89]

11. 27 hrs.

ASSENT TO BILLS

[English]

SECRETARY-GENERAL: Sir, I lay on the Table the following three Bills passed by the Houses of Parliament during the first part of the current session and assented to since a report was last made to the House on the 11th August, 1989:-

- (1) The Karnataka Appropriation Bill, 1989
- (2) The Employees' State Insurance (Amendment) Bill, 1989
- (3) The High Court and Supreme Court Judges (Conditions of Service) Amendment Bill, 1989

2. Sir, I also lay on the Table copies, duly authenticated by the Secretary-General of Rajya Sabha of the following three Bills passed by the Houses of Parliament during the first part of the current session and assented to since a report was last made to the House on the 11th August, 1989:-

- (1) The Salary, Allowances and Pension of Members of Parliament (Amendment) Bill, 1989
- (2) The Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions (Amendment) Bill, 1989
- (3) The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Bill, 1989.

11.28 hrs.

MATTERS UNDER RULE 377

[English]

- (i) **Need for Converting the Samastipur-Darbhanga metre gauge railway line into broad gauge**

MR. SPEAKER: The House now shall take up matters under rule 377. Dr. Rajhans.

DR. G.S. RAJHANS (Jhanjharpur): People of Mithila region of North Bihar are deeply indebted to Prime Minister Shri Rajiv Gandhi for announcing a number of meas-

ures on June 15, 1989, at Gandhi Maidan, Patna to ameliorate their lot

According to those announcements, Mithila region will be free from recurring floods in near future. But the growth of this region has been adversely affected for want of broad-gauge railway line between Samastipur and Darbhanga. Due to non-existence of broad-gauge railway line, industrialists cannot carry raw materials and finished products to and from this region.

It is, therefore, earnestly requested that Samastipur-Darbhanga metre-gauge railway line be converted into broad-gauge in the Eighth Five Year Plan

- (ii) **Need for increasing the capacity of the Kairana Telephone Exchange in U.P. for providing round the clock telephone service there**

[*Translation*]

SHRI AKHTAR HASAN (Kairana): Mr. Speaker, Sir, I would like to draw the attention of the Government to the condition of telephone services in the Kairana town of my constituency. There are many such persons who are desirous of having their own telephones but they are not being given telephone connections because the capacity of the Telephone Exchange in that town is less than 100 lines. Secondly, in this city, telephone facilities are available only between 9 A.M. and 4 P.M., thereby denying the people the facility to convey their urgent messages after 4 p.m. in the evening till late in the morning.

Therefore, I would like to request the Government to augment the capacity of the Telephone Exchange at Kairana and also provide for round the clock telephone serv-

ices for the benefit of the public.

- (iii) **Need for Central Government's Intervention in the lay offs or closure of weaving and processing units of textile mills in Gujarat Particularly in Ahmedabad resulting in unemployment of workers**

[*English*]

SHRI HARPOBHAI MEHTA (Ahmedabad): A large number of textile workers have been rendered unemployed due to lay-offs or closure of several departments of weaving and processing units of textile mills in Gujarat, particularly in Ahmedabad. This is being done without obtaining prior permission from the authorities concerned under the Industrial Disputes Act, 1947 or without any other justification, whatsoever. This has not only aggravated the unemployment problem but also adversely affected the economy of the region.

I, therefore, request the Union Government to intervene in the matter and do the needful.

- (iv) **Need for resumption of Vayudoot service between Hyderabad and Bhubaneshwar**

SHRI K. PRADHANI (Nowrangpur): On 23-9-1989 the Vayudoot flight operating from Hyderabad to Bhubaneshwar and back met with an accident near Pune and since then the air service has been suspended for want of an aircraft. The air traffic on this route from Hyderabad to Bhubaneshwar via Rajahmundry, Visakhapatnam and Jeypore was always booked fully and some times passengers were kept waiting for want of seats in the aircraft.

I, therefore, request the Minister of Civil Aviation to provide aircraft for this route as early as possible for the convenience of the passengers.

[*Translation*]

**(v) Need for an Industrial Growth Centre in Palghat (Kerala)**

\*SHRI V.S. VIJAYARAGHAVAN (Palghat): Palghat district of Kerala is industrially backward. The growing literacy has pushed up the number of educated unemployed in this district. This district has not received adequate attention for its all-round development even after independence.

I welcome the decision taken by the Government of India to set up a few Industrial Growth Centres in Kerala. Undoubtedly, this step will help in the industrialisation of the State. These centres should be set up in those districts where industrialisation has not taken place and which have great potential for industrial development. The Palghat district on this ground richly deserves a growth centre.

I would, therefore, request that an Industrial Growth Centre may be set up in Palghat District.

[*English*]

**(vi) Need for setting up Sugar Factories in Aska region of Orissa**

SHRI SOMNATH RATH (Aska): Sugar industry is one of the major agro-based industries. It is necessary that new sugar factories should be started in the Southern region. In some areas of Aska parliamentary constituency, there is good production of sugar-cane. The starting of sugar factories in the proximity of such areas can help the sugar-cane cultivation to boost production. Taking into consideration the production of sugar-cane, three factories should be started, one at Sumandal, the second one in between Soroda and Badagada and the third one in between Purushotampur and Hinjilikatu. It has been admitted that the sugar-cane cultivated in the Southern region particularly in Aska parliamentary constitu-

ency contains more sucrose content. As such, the sugar production can be more in South on account of more sucrose content.

The establishment of three sugar factories in the three places as cited above, can help our country to augment sugar production to meet the rising needs of the country.

[*Translation*]

**(vii) Need for announcement of remunerative prices sugarcane**

SHRI KALI PRASAD PANDEY (Gopalganj): Mr. Speaker, Sir, the Government has been fixing the Statewise price of sugarcane every year on the basis of price of sugar in the open market. As per the agreement between the Minister of State of the Ministry of Food and Civil Supplies and the mill-owners on 14th September for the purpose of sale of sugar in the open market, sugar is being supplied to the traders at mills' godowns at the rate of Rs. 775/- and Rs. 800/- per quintal. Hence the present retail price of sugar that is Rs. 840/- and Rs. 900/- per quintal in the open market is in accordance with the Government announcement. Under the provisions of the dual sugar policy, the Government should have announced simultaneously the farmers' due share in the increased prices. The difference in the price of levy sugar and retail open market price of sugar for a common consumer has gone up to about Rs. 475/- per quintal. Earlier this margin did not exceed Rs. 150/-. The main reason for the recent price rise of sugar is the smuggling of sugar at higher prices from the border states to Bangladesh, Nepal, Burma and China. In view of this rise in price of sugar, the price of the sugarcane for the farmers should be about Rs. 55/- per quintal and the State Government should announce this price for the sugarcane before the beginning of the crushing season for the year 1989-90 without any further delay. Otherwise, in order to get their due, sugarcane growers would not allow any sugar mill to operate and it will give rise to a very tense

---

\*Translation of the speech originally delivered in Malayalam.

situation. Canegrowers find it very difficult to receive payment from Government sugar mills for the sugarcane supplied. Therefore, I would like to urge the Government to announce the remunerative price of Rs. 55/- per quintal for sugarcane and make immediate arrangement for the payment of this price to protect the sugarcane growers from exploitation.

[English]

(viii) **Need for bringing the controlled cloth under Essential commodities Act and making available yarn to weavers on no profit no loss basis**

DR. PHULRENU GUHA (Contai): The controlled cloth Janata Sari and Dhoti do not reach the poor people. The controlled cloth should be brought under the Essential Commodities Act.

Powerloom and handloom industries, which largely produce controlled cloth, are cottage industries. More than two crore workers are engaged in it. With the increase of yarn prices these industries are now on the verge of closure. The yarn should be made available to the weavers on 'no profit no loss basis'.

I also urge the Government to appoint a Committee to look into the yarn prices.

[English]

#### DIRECT-TAX LAWS (SECOND AMENDMENT) BILL

MR. SPEAKER: The House will now take up Direct-Tax Laws (second Amendment) Bill.

Shri S.B. Chavan.

THE MINISTER OF FINANCE (SHRI S.B. CHAVAN): Sir, I beg to move:\*

\*That the Bill further to amend the

Income-tax Act, 1961, the Wealth-tax Act, 1957 and the Gift-tax Act, 1958, be taken into consideration".

In the context of amendments to direct tax laws, it is often said that the Government is making too many changes in tax laws. While there cannot be two opinions that the tax laws should be stable, this cherished goal is not possible because of various other constraints in fiscal policies of which tax policy is one important component. The problem of tax policy are varied and difficult. Often, the effect and impact of various tax policy tools is not too precise and, therefore, while devising tax techniques, there cannot be absolute suvety about the likely effect of tax incentives to economic development, the use of tax techniques to spur 'production, consumption, investment, both internal and foreign, savings and in similar other directions'. Changes also become necessary to simplify and rationalize some provisions. Therefore, constant review of such laws becomes imperative.

The hon. Members would recollect that in order to achieve rationalisation and simplification of the direct tax laws, major changes were effected in the assessment procedure by amendments brought in through the Direct Tax Laws (Amendment) Act, 1987 and the Direct Tax Laws (Amendment) Act, 1989. After coming into force of these Acts, certain anomalies and difficulties relating to the new assessment procedure have come to light. Further, since the passing of the Direct Tax Laws (Amendment) Act, 1989 and the presentation of the Finance Bill, 1989, a number of suggestions for giving certain tax concessions for the benefit of the taxpayers, including the non-resident Indians, were received by the Government. The prime urgency for the introduction of this Bill is to help the taxpayers by removing the difficulties relating to the new assessment procedure as also to grant certain tax concessions, so that the taxpayers can avail of them during the current financial year. The proposed amendments are also meant to reduce litigation and to withdraw a few unintended tax benefits.

\*Moved with the recommendation of the President.

[Sh. S.B. Chavan]

One of the prime needs of the country is to encourage inflow of foreign exchange in the country. With a view to achieving this, it is proposed to amend section 48 of the Income-tax Act to provide for computation of the capital gains in the case of non-resident Indians by calculating the cost price and the sale price in the foreign currency in which the investment was made, instead of taking the value in Indian currency as at present. This is an adjustment mechanism in the context of the on-going international currency fluctuations. This will make investments in shares by non-resident Indians more attractive.

Section 6 of the Income-tax Act is proposed to be amended with the same objective. Presently, an individual who is a resident in India, is taxable on his global income. The test of residence for a citizen of India, who, being outside India, comes on a visit to India is that he must be in India for a period or periods amounting in all to 365 days or more in the past four preceding years and is in India for a period of 90 days in that year. Non-resident Indians have been representing that this period of 90 days is too short, specially for those who have to supervise their investments in India. It is, therefore, proposed to extend the period of 90 days to 150 days for non-resident Indians.

Section 195 of the Income-tax Act was amended by the Finance Act, 1987 to provide for deduction of tax at source on payment of certain sums to non-residents either at the time of credit of the same to their account or at the time of payment thereof in cash or by the issue of a cheque etc., whichever is earlier. Accordingly, the banks have to restructure the interest schedule and also the maturity period of the various deposit schemes relating to non-resident accounts, contrary to the contractual obligations. This, it was said, adversely affected the inflow of foreign exchange in the country. Hence, it is proposed to amend section 195 of the Income-tax Act to provide that tax will be deducted at source by the Government,

public sector banks and public financial institutions on interest payments to a non-resident, only at the time of payment.

Development of shipping industry is extremely important for our country. This is a capital-intensive industry and faces considerable competition from foreign shipping lines. Therefore, it needs governmental assistance for further expansion and growth. To achieve this, the following concessions have been proposed:

- (i) A new section 33 AC has been proposed which provides that in computing income from business of a shipping company, there shall be allowed a deduction of an amount credited to a reserve account limited to the profit of the relevant year and to the extent mentioned in the section. The reserve so created is required to be utilised for purchase of a new ship within a period of 8 years.
- (ii) Section 80 CC is proposed to be amended so as to bring the shares issued by shipping companies also within its purview. It is also proposed that in the case of shipping companies, deduction under section 80 C will also be available in respect of subsequent issue of share capital by an existing company.

During the debate on the Finance Bill, 1989, a statement was made on behalf of the Government that the present method of valuation of unquoted equity shares in the case of investment companies, which is causing hardship, would be examined and appropriate action would be taken to remove the hardship. Accordingly, Schedule III of the Wealth Tax Act, dealing with such matters, is proposed to be amended in order to bring the method of valuation of unquoted equity shares of investment companies at par with the method prescribed for valuing unquoted shares of non-investment companies.

It is also proposed to amend section 80C of the Income-tax Act so as to extend tax concessions provided thereunder in respect of—

- (i) such unit-linked Insurance Plan of the LIC Mutual Fund as may be notified by the Central Government in this behalf; and
- (ii) such savings certificates issued under the Government Saving Certificates Act, 1959 as may be notified by the Central Government in this behalf.

Under the existing law, non-resident sportsmen etc. are taxed at the same rate as is applicable to other persons. In some foreign countries, the income of visiting non-resident sportsmen or sports association is either taxed at a lower rate or is completely exempt from taxation. To rationalise and reciprocate, it is proposed that income of the non-resident sportsmen or sports associations will be charged to tax at the flat rate of 10 per cent of their gross receipts from sports activities including guarantee money or fees received by publication of articles, advertisements, etc. in newspapers, magazines.

At present, the value of quoted shares of companies is taken for wealth-tax purpose on the basis of their quoted value in the stock exchange as on the date of valuation. Representations have been received to the effect that in the case of shares of certain companies the quoted value is very high at certain points of time on account of speculative tendencies. It was pointed out that valuing the shares of such companies on the basis of their quoted value on a single date caused hardship in the case of shareholders of many companies. To remove this hardship, the Bill proposes to permit, in the case of the shareholder, an alternative method of valuation of such shares. Such shares can now be valued either on the basis of quoted prices or on the basis of average of the quoted prices of five years, that is, the year

in question and immediately preceding four years.

It has been noticed that the contributions made to the Jeevan Dhara Scheme of the LIC, a deferred annuity scheme, which are allowed as deduction under section 80CCA of the Income-tax Act are also being claimed as deduction under section 80C on account of the language of the latter section. While providing that the contributions to the Jeevan Dhara Scheme would be eligible for deduction under section 80CCA, it was not intended to confer the tax concession under section 80C also on them. Therefore, it is proposed to amend section 80C of the Income-tax Act to provide that subscriptions to annuity plans of the L.I.C. covered under section 80CCA of the Income-tax Act will not qualify for deduction under section 80C of the Income-tax Act. Section 115D provides that in computing investment income or income by way of long-term capital gains in the case of non-resident Indians, no deduction shall be allowed under Chapter VIA of the Income-tax Act. The deductions available under Chapter VIA for such income were specified in sections 80C, 80L and 80T. However, section 80T stands omitted by the Finance Act, 1987 with effect from 1st April, 1988. The deduction allowed under section 80T is incorporated in section 48(2) which does not fall under Chapter VIA. As a result, unintended benefit of deduction under section 48(2) can be claimed. It is, therefore, proposed that deduction under section 48(2) will not be allowed from income long-term capital gains in the case of non-resident Indians by amending section 115D of the Income-tax Act.

Certain amendments of clarificatory nature have also been proposed in the three Direct Tax Acts to remove some anomalies and operational difficulties in the implementation of the provisions relating to the new assessment procedure. The major changes proposed are:-

- (i) The date for filing the returns by the Partners in cases where firms' accounts are required to be

[Sh. S.B. Chavan]

audited has been made the same as is in the case of the firm, i.e., 31st October of the assessment year.

- (ii) Power has been taken under the proposed provisions for amending the assessment relating to share income or loss in the case of the partners of the firms or members of the associations of persons or body of individuals where there has been a change in the income or loss of such taxpayers as a result of subsequent adjustments made or order passed in case of these entities.
- (iii) Intimation will now also be sent to a taxpayer where, as a result of the adjustments made under section 143(1) (a), the loss shown by the taxpayer is varied.

Similar amendments are also proposed with regard to the provisions relating the exemption of leave travel concession in clause (5) of section 10 and exemption of certain allowances under sub-clause (ii) of clause (14) of section 10 of the Income-tax Act. Further, it is also proposed to insert a definition of the term 'security' in order to resolve problems of interpretation of the said term and to regularise the tax concessions hitherto enjoyed by the National Savings Certificates VIth and VIIth series under the provisions of section 80C and 80L of the Income-tax Act.

Some Government amendments are also proposed. These amendments are consequential in nature and are necessitate in order to incorporate appropriate and correct references and clarify the position regarding assessment of sportsmen, etc.

Sir, I trust, that this Bill will get unanimous support of the House.

MR. SPEAKER: Motion moved:

"That the Bill further to amend the Income-tax Act, 1961, the Wealth tax Act, 1957 and the Gift tax Act, 1958, be taken into consideration."

SHRIN. TOMBISINGH (Inner Manipur):  
Sir, I rise to support the amendments to the Income-tax Act, 1961, the Wealth Tax Act, 1957 and the Gift Tax Act, 1958.

This Act has been amended only in the beginning of this year and it has been very clearly mentioned that amendment to the Tax Laws has become an on-going process and to that extent it has been recognised that the Tax Laws are not merely for collection of Taxes.

11.51 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

Sir, it is really a very appropriate statement because the tax laws aim at certain socio-economic objectives. Now, over the years, we have been experiencing lapses here and there. We ourselves have not been able to convince ourselves that all the tax laws and the mechanism providing for the implementation of these tax laws have not been fool-proof. So, we can understand and appreciate the amendment which has been brought forward in this House now.

Sir, regarding the simplification of certain procedures and encouragement of NRIs for more investments and for their longer stay here by giving facilities in order to supervise their work, they are quite welcome. The recognition has been given to Shipping Industry, particularly in the Statement of Objects mentioned by the hon. Finance Minister that Shipping Industry has a lot of competition from outside. Likewise this also needs Government's assistance and investment from the individual companies which can be attracted on the basis of relaxation in taxes. Sir, I would like to draw the attention of the hon. Finance Minister to the fact that when we recognise an industry like the Shipping

Industry, we should also recognise certain areas of the country where general the developmental process has been very slow, particularly in the field of industries for which we need to attract big industrialists and individuals who can invest more against big concessions in terms of taxes. In spite of the attempts made by the State Government and in spite of the patronage made by the Central Government over the years through many projects and channels, we have not seen any significant development. We have not seen any big or industrial project coming up in the North Eastern Region. Therefore, small States in the North-Eastern region like Manipur, Nagaland, Arunachal Pradesh, Mizoram, Tripura and Meghalaya which are economically non-viable should be considered for these concession States like Sikkim, Jammu & Kashmir and Himachal Pradesh can be considered for concessional facilities because of their backwardness and poor communication facilities there. In view of the difficult terrain and poor communication facilities in these areas, either the NRIs or any other category of people who want to invest more in these areas should be considered for relaxation in taxes.

Sir, would the hon. Minister consider inclusion of this in the category of economically backward areas just as you have given concession to the Shipping Industry in the direct taxes? Sir, I remember that I had mentioned this proposal many a time on the floor of this House that we need the patronage and the assistance of bigger companies. This can be done only by relaxation in taxes by giving concessions and I do not know how far the concessions were given. I hope, the hon. Finance Minister himself would assure that steps would be taken to ensure development of big, medium and small-scale industries in these areas by giving relaxation in taxes. Now, I would like to know what action has actually been taken in this regard. Since the Government has very clearly mentioned that taxation laws are not merely for collection of taxes, but they also aim at achievement of socio-economic objectives. We are working for the development of the last villager to compete with any level of

individual in any part of the country. Till then we cannot think of any achievement at any level in the economic field. Sir, in order to achieve this end, I would like that when we consider tax policies tax policies, tax laws, we should consider to what extent our direct taxes and our tax policies have been able to play the necessary role required in pulling up the down-trodden people to match up all those who rise in wealth too rapidly at the cost of the people at the lowest level or society in every region, in every village. With these objectives, the tax laws are implemented and due recognition is given. Perhaps the speed with which the amendments are coming, I believe that more amendments are likely to come and we will not object and we will not criticise the Government for bringing amendments from time to time in this regard. Of course, it is an agreed fact that before amending the law due consideration should be made, due examination should be made so that within a few months the same amendments will not have to be amended. In other words, I would say that hasty amendments should not be brought inviting further hasty amendments.

In the present context, the amendments are very positive and very constructive and they will facilitate the development of the country and balance different economic levels of the people in different areas through direct taxation.

Sir, with these few words I would like to support this Bill and make a fervent suggestion once again that due recognition should be given to attracting companies, big houses, to invest more for the development of suitable industries in the backward areas particularly of the North-East.

[*Translation*]

DR. G.S. RAJHANS (Jhanjharpur): Mr. Deputy Speaker, Sir, I rise to support this Bill. I want to say a few things in this respect. It is correct that in view of the balance of payment, certain facilities have been provided to the Non-Resident Indians which should have been provided to them much



[Dr. G.S. Rajhans]

earlier. You have provided that for the purpose of computation of share of Non Resident Indians, the value of foreign exchange and not that of Indian currency should be taken into consideration. That is also correct because Indians living abroad know it very well that 5 dollars have no value in those countries but an amount of Rs. 75 has much more value in India. Hence, if they have made their investment in foreign exchange, they should get the return in the same currency. Money paid to them particularly capital gains tax levied on them in this country should also be calculated in terms of foreign exchange.

My second point relates to the extension of the existing period of stay to 150 days for the Non-Resident Indians. I think, this period of 150 days is too short, because a person who invests his hard earned money in this country, would like to have his money supervised by the Government at least for a period of 9 months. Therefore, my submission is that 9 months or 270 days stay should be allowed to Non-Resident Indians.

12.00 hrs.

The most important thing is that this year and even earlier i.e. the last year, when there was a discussion on the Direct taxes Bill, it was passed in a hurry though we had demanded a detailed discussion on the Bill and also rationalisation of direct taxes and indirect taxes. I beg pardon of the hon. Minister to say that there is a parallel economy in this country, it may be called black-money economy and we have not been able to check it in spite of our best efforts. The price-rise in the country is only due to this black-money i.e. unaccounted income. Some effective solution should be found out to check this menace of unaccounted money because the way of conducting raids and other measures has not proved very effective to control it. These devices have not unearthed a substantial amount of blackmoney. Hence, I would like to suggest that the Government should also adopt those

very measures as were adopted by some of the European countries during the Second World War when a large amount of black-money was in circulation in those countries. The Second World War had caused a major devastation in the European countries, resulting in the large scale destruction of houses. In order to combat this menace, the Governments in those countries had assured the people that if they invested their money in housing activities of their own accord, they would not be required to disclose the source of money. In response to that incentive offered by the Government, people came forward with their investment in housing activities. But here, in this country, people who invest their money in the construction of houses, know that they would not be getting an attractive return in this field and that is one of the reasons that housing activities are not gaining momentum in our country. In spite of the best efforts of the Government, people who have unaccounted money are not coming forward to invest their money in housing activities. Housing is one of our major problems. Hence, I would urge the Government to think over it with a cool mind and to give incentives for the large scale construction of houses whether for the weaker sections, or for those belonging to the middle income group or for their own employees and also to assure them that the Government would not ask them to indicate the source of money. As a result of it, the entire black money which is in circulation in the country would be properly utilised and it would also expedite the housing activities. It would also increase the consumption of cement and bricks with the increased employment opportunities for the people. My submission is that people do possess black money and they are using it for speculation, hoarding, black-marketing and thus causing destructive situations in the country.

Why the prices of sugar have gone up these days? The Government had repeatedly assured the House that they had sufficient stock of edible oils, then why the prices of these oils have risen suddenly? It was just because of those people who used their black money for speculation and hoarding.

But the Government cannot afford to conduct raids on a very large scale. They can conduct such raids only at 2-3 places. However, some assurances should be taken so that the people who are in possession of unaccounted money, may invest it in a productive manner or in backward areas for which the Government should provide all the required facilities to them. The Government should reassure such investors that they will not be required to indicate the source of money. It would increase employment opportunities for the unemployed youth in the rural areas who have become a burden on the society and the black money would also be utilised in a better way. I would like to urge the Government to have a second thought on the problem.

Much importance has been given to the Non-Resident Indians for collecting maximum amount of foreign exchange and efforts are still being made to raise more and more foreign exchange in the country. But the Government should pay attention to increasing prices in the country. Unless the price-rise is checked, all the developmental activities will come to a standstill and the people will not be able to realise it before it so happens.

I would like to mention one thing more about the Procedure of returns to be filed in respect of direct taxes, particularly the income tax which has been though simplified but even today it continues to be quite complicated. A layman has to seek the assistance of a chartered accountant or an income-tax lawyer for that purpose, and a phobia is created by these persons that if he does not file the return of this income even by mistake, he might be imprisoned for it. As it is advertised through newspapers and television, the Government should make further attempts to tell the people that they should not feel afraid of anything. Even if by chance, any entry has been missed or the return of income has not been filed last year, they could do it now. Tax will be charged on it and no penalty would be imposed if the tax is paid. I am of the opinion that it would enable the majority of the people to pay tax.

So far as rationalization and simplification is concerned, tax payer must feel that he is to pay the tax. A common man finds himself in a difficulty if he has to face an income tax officer or inspector. A man belonging to a middle class family or fixed income group gets worried if an ITO happens to visit him even if he has paid all his taxes sincerely. Even then he is harassed by the ITO who asks him to declare the source of money in respect of his flat and the notice issued to him directs him to present himself on a particular day in the income tax office and wait until he is called in. It being so, if the person moves from his seat he is forced to pay a fine of Rs. 10,000 for non-compliance of orders. However, when a man cancelling all his engagements goes to the income tax office, he finds that the ITOs have gone on strike. Thus a man has to run from pillar to post in order to avoid the penalty of Rs. 10,000/-. But there is none to listen to him. The Government must take some effective measures so that an honest tax payer gets relief and is not put to any difficulty. However, a lot needs to be done in respect of rationalisation and simplification of procedure with regard to the direct taxes. Some measures should be taken to provide relief to the fixed income group and award rigorous punishment for those who want to earn money through illegal ways.

[English]

SHRISHANTARAM NAIK (Panaji): Mr Deputy-Speaker, Sir, I rise to support the Direct-Tax Laws (Second Amendment) Bill, 1989. In fact, I would like to state that any simplification of laws, which is sought to be made by this legislation, is totally in tune with and rather supportive to the 20th point of the 20-point programme which has been placed before the nation by the Government. This 20th point stresses on a responsive administration. It stresses that all laws should be simplified for the purpose of proper implementation and to avoid any undue harassment with respect to whom it is sought to be implemented. I would therefore say that this Bill is totally to implement that point of the 20-

[Sh. Shantaram Naik]

Point Programme and, therefore, should be welcomed all the more.

In fact, I would say further, as Dr. G.S. Rajhans has said, that the Income-tax laws specially or, other similar Acts like the Gift Tax Act or the Wealth Tax Act should be so simplified that any average man without the help of a Chartered Accountant should be able to file his or her return. It has to be simplified in such form. It is possible provided it is simplified. No doubt, it is not possible for those who would like to have black-money or who like to cheat the Government. For them it is not possible. For them, some guidance will be required by experts. For an honest tax-payer, simplification is necessary and it can be done specially for middle income class people.

Secondly, the provision in the Bill which seeks to give incentives to non-resident Indians is very welcome specially with respect to the States because it is only when they are here, it is only when they can look after the business which they activist, it is only when they can stay properly for a sufficient number of days and monitor the investment that they have made, that they can get proper value and the Government also will be benefited by that.

Similarly, giving concessions to ship building industries is most welcome for the Government has shown interest with respect to ship building industry.

In the matter of simplification of other provisions which do not form part of the Bill, I would like to mention one such, which I have given in a detailed letter to the hon. Finance Minister in this connection.

There is a Section known as 32(A) in the Income-tax Act which says that:

"In respect of a ship or an aircraft or machinery by the plant specified in sub-Section (2) which is owned by the assessee and is wholly used for the

purposes of business carried on by him".

certain deductions are given. Here the condition is this. To get that investment allowance, the machinery should be owned by the assessee. You may be aware that in Goa the uniform civil code is in existence which is different from the law which is prevailing in the rest of the country where husband and wife are treated alike. That is, the husband and the wife are considered to be equal shareholders in property. Now it is contended on behalf of income-tax officers if an allowance is to be given with respect to a machinery in Goa, then the machinery belongs half to the husband and half to the wife. That means neither the husband nor the wife is the owner of the machinery and, therefore, no investment allowance can be given. This is virtually against a very good law which is prevailing in Goa, the uniform civil code which gives equal status to women saying that women also should be equal shareholders of property. What is the consequence? The consequence is this. Therefore, I would earnestly request the hon. Minister to examine the letter which I have written to him and see to it that some solution is found to this. I would say that since this is the last Session of Eighth Lok Sabha, some directions under the different provisions of this very Act can be issued for the purpose of rectification of this anomaly. No formal amendment to Section 32-A is required. Therefore, if some directions can cure the defect or cure the wrong impression which has been created, then it will be very nice.

Next, with respect to Income-tax raids which had been conducted, some people claim that only certain people were for it. In fact why should one of the former Finance Ministers, Shri V.P. Singh, take the credit for all the raids that were conducted. But in fact it was the decision of the Government of India and no single Finance Minister can take the credit. You will never say that it is Shankarrao Chavanji who has conducted the raids or something like that. It is the Government of India which has done that. It is the policy decision of the Government of India which is taken from time to time to

conduct raids. It is the Congress Government, during the last 20-30 years, which has issued instructions to raid several big houses, several individuals and sometimes decisions have been taken with respect to even those persons who were allegedly closer to the Government. This Government has taken this sort of decision and no single individual at any time has taken credit for these things. It is the policy of the Congress Party, it is the Congress Government which has taken such a policy decision Shri V.P. Singh is taking credit stating that it was only at his instance certain raids were conducted.

Now I would say—as Dr. Rajhans has stated—that with respect to sugar, it is because of the operation of blackmoney in the market which is also partly responsible for the crisis. I will not say totally but it is partly responsible for the increase in prices. It is also equally important. One fact has come to my knowledge. I would like to say that certain business tycoons close to Janata Dal have invested money in hoarding sugar. Their contention is that if only Rs. 20 or 30 crores are invested in hoarding sugar and if price of sugar increases, then this can be a lesson to the Congress (I) Government. Rather than giving hundred crores of rupees in cash to Janata Dal, to invest Rs. 20 or 30 crores in hoarding sugar is as good as giving hundred crores of rupees directly to Janata Dal. This is a chicanery which is being planted. They think that this money may make business for some people. This is one of the means by which the Congress (I) Government is sought to be maligned. I will not say that there was no default in our machinery. Maybe that we have also defaulted somewhere. Let us find a solution to it. But this is one of the reasons which has got to be enquired into.

Next, with respect to tax raids, certain officials have complained that whenever they go for the purpose of conducting raids, they are being harassed. To keep our momentum of normal tax raids, these complaints have to be enquired into so that just like the police machinery, wherever they go, they have also to face problems. They have got this machinery. The Income-tax officials have to

face bigger and powerful enemies. Monetarily, they are very powerful. These officers have to face such people. These officers do not have any guns; they do not carry anything. Therefore, it is required in the interest of our economy also that these sections of officers who go to conduct raids are fully protected. That is all I want to say.

[*Translation*]

SHRI RAM BHAGAT PASWAN (Rosera): Mr. Deputy Speaker, Sir, I rise to support the Direct-Taxes Laws (Amendment) Bill moved by the Finance Minister.

The object of the Finance Minister is very good. The facilities offered to attract investors to earn foreign exchange with a view to improving the balance of payment position and attracting investment from the non-resident Indians, are a welcome step. It will attract foreign investors to invest their money in our country. Besides, new industries will also be set up and especially the backward areas will be immensely benefited by it.

A number of Laws has been enacted in respect of Direct Taxes. But we see that the present system of realisation of taxes from the big capitalists is very defective. In the last session it was stated by the Minister in his reply that income tax arrears worth about Rs. 20 crores are outstanding against the big industrialists and these arrears cannot be easily recovered from them. Whenever officers try to recover the tax arrears, these people seek the protection of the courts. However, I would like to suggest that before these people take such a step the Government should bring in such a piece of legislation as may make it binding on all the big industrialists, against whom income tax and excise duty arrears worth billions of rupees are outstanding that they will have to pay their entire outstanding tax arrears before proceedings are initiated against them in the courts. Such a bill should be brought in by the Government. Otherwise what happens is that whenever Government initiates the

[Sh. Ram Bhagat Paswan]

proceedings in the Court, it loses in 90 per cent of the cases. Our Hon'ble Minister is aware that in most of the cases the Government has lost and that money is pocketed by the capitalists. You see the figures of income tax arrears outstanding against Tata, Birla, Dalmia and reliance, I do not remember the exact figures. However, according to the official figures, there are arrears of income tax against these industrial groups. Therefore, I would like to request the Government to bring such an amendment that the outstanding arrears of excise duty and income-tax may be paid up by the concerned parties and only after the payment of arrears they should be allowed to go in for the court proceedings and utilise their money to set up industries in other areas.

Sir, this amendment brought by the Government would definitely facilitate the tax-payers and industries would be set up in these backward areas where there is no industry. We hope that the pending schemes in North Bihar schemes of flood control, Railway-lines and the schemes of setting up industries and revival of sick-mills would be completed with the money recovered as tax arrears from these industrialists. Only capitalists have all the black-money. The people living below the poverty line have to face the pinch of price rise. You may see the condition of Rickshaw-pullers, poor landless labourers and earning labourers. Due to these black marketeers and hoarders, the economy of our country has gone into doldrums and resultantly prices are rising. In order to check this price-rise the Government should come out with most stringent laws so that hoarding could be completely checked and industries could be set up with that money and sick industries could be revived so as to ensure employment to the unemployed youths.

I would like to say a few words about the officers. The intention of the officers is not good. We see that these officers have colluded with the big capitalists who are to pay the large amount of money in the form of

taxes. It being so, inspite of a declared policy of the Government in this regard, arrears of income tax and excise duty are not being recovered from them. But when we ask the Government to take up various programmes, the Government comes out with a pet reply that they do not have funds for it. Since independence, a number of schemes of Bihar, particularly North Bihar, have not been cleared as yet, though these scheme could have helped to alleviate poverty in those areas. These schemes could have solved the problem of unemployment and helped to control floods in that State. We have requested the Minister of Finance and the Hon'ble Minister of Railways but we receive pet reply that there is shortage of money with them. However, I would like to urge the Government to recover the tax arrears from these people and get a Dam constructed on Kamlabalan river. The Government may utilise this money for laying new Railway lines. This money can be utilised for laying Darbhanga-Samastipur Broadgauge Railway Line may be. It may prove to be beneficial for the backward people of that area.

I would like to convey my thanks to the Hon'ble Minister for the steps he has taken to solve the problems of the tax-payers. The Government has brought this Bill in the House even in the absence of the opposition. It will help the people to set up more and more industries in the backward areas.

[*English*]

SHRIGOPESHWAR (Jamshedpur): Mr. Deputy Speaker Sir, amendment to the tax laws is an ever growing process because the tax laws are no longer mere instruments of tax collection, but are intended to achieve various other socio-economic objectives.

This Bill proposes to help the tax payers by removing certain anomalies and difficulties relating to the new assessment procedure which are already in force from 1st April. I would like to draw your attention to certain serious anomalies. To begin with, taxes are now taken on the final settlement of the worker—I am referring specially to the work-

ing class. The final settlement also includes provident fund and gratuity. Tax is also levied on the final settlement of provident fund which is accumulated over a period of 30 to 35 years; similarly on gratuity also which is the last payment.

12.26 hrs.

[MR. SPEAKER *in the Chair*]

Those who are opting for voluntary retirement also face an anomaly. In the case of Government employees, they may be exempted from tax. But in the case of non-government employees in the private sector, they have to pay tax on that. Tax should not be like this, that it is for the Central Government employees, or for public sector or non-public sector employees. Tax is a tax and it should have the same feature as for a worker or anyone else who is working anywhere in the country, in any plant or unit. Similarly the tax in the case of retrenchment.

Then the question of leave travel concession comes. On the leave travel concession, there was previously exemption. But now this exemption has been limited to only two journeys in a block of four years. This would give a handle to the employers to restrict this payment to only twice in four years instead of once every year and negate the gains which have been achieved by the trade unions for its members all over the country. This is bound to lead to agitation and dissatisfaction among the members. Therefore I would suggest that this exemption should be available for one journey every year to any place in India. The exemption will cover not only travel expenses, but also lodging and incidental expenditure subject to some monetary limits. The new rules should come into effect only for the year 1989-90 and not from 1986 as has been done under certain rules.

The Government of India had announced that any allowance to meet the expenditure incurred on conveyance in the performance of duties of an office or employ-

ment of profits shall be covered under Section 19 (14) of the Income Tax Act. But those who are using it are few. Practically not all the employees are getting this exemption on conveyance allowance in organised sector as well as public and private sector enterprises. It is necessary that conveyance allowance should be exempted from assessment under Income Tax Act. It has not been clarified here. It is necessary that concession which is extended for utilisation of company's transport for the purpose of commuting its employees from their residence to the place of work and back, should be allowed to all those employees also for whom conveyance allowance is paid for the same purpose where they are utilising their own transport. This is a serious matter and this has to be looked into.

According to this, savings in fixed deposits and all such savings should be exempted from income tax, because it is a promotional effort. In the case of dearness allowance people get some compensation; but that also is subjected to income tax. This is a surprise, because there is a serious agitation in the country regarding full neutralisation of the cost of living index. But whatever is there, in that also income tax is to be paid. This is a very serious anomaly.

Then, in the case of annual bonus and productivity bonus, where workers get money on productivity of certain standards, or certain performance, they are also subject to income tax, after a certain limit. There should be no limit in such cases. It is a very important point.

Lastly, the question of capital, that has been said here. The definition of capital is peculiar. It is defined as equity capital. Now we have capital paid in cash and capital paid as bonus shares. In all the private sector industries, the bonus shares are at least five times more than the cash paid shares. That has now become a rule. There should be a limitation on a share-holder, getting hundred per cent of a dividend taking together all the income earned through the ordinary shares, which he has purchased in cash.

[Sh. Gopeshwar]

There should be a certain definition, in this case, where a certain work is performed. Moreover, the money which one gets after retirement on superannuation, is not exempted from income tax. I think, the Government is going in for too much of fineness trying to collect money. It seems that they are straining their nerves on this. The rich people, rich persons, big enterprises are having a lot of exemptions and lot of incentives. But the working class, the wage-earners, and those who live by their own sweat of labour are penalised in so many methods. This is a very depressing and demoralising thing.

I suggest that the hon. Finance Minister should consider this. We have taken up this matter. The INTUC has raised the issue with the hon. Finance Minister and he has assured that this will be considered and taken care of.

It is necessary that there should be proper appreciation of the position: where a worker works and gets some money. That money should not be taken away through the back-door by way of taxes. Taking away the productivity money through the back-door by way of taxes is irrelevant and not helpful. So, I request that the Government should consider these matters. With these words, I conclude.

12.33 hrs.

#### STATEMENT BY THE PRIME MINISTER

##### **Nehru Rozgar Yojana**

THE PRIME MINISTER (SHRI RAJIV GANDHI): Mr. Speaker, Sir, the Jawahar Rozgar Yojana addresses itself to the need for employment guarantee in rural India. A programme with similar objectives is required for urban India. I am happy to place before the House the Nehru Rozgar Yojana as the urban counterpart of the Jawahar Rozgar Yojana. Already, more than a quarter of our population lives in urban settlements. The

incidence of poverty in our towns and cities is not very much lower than the incidence of poverty in the countryside. Indeed, the problem of unemployment is as pervasive in urban settlements as in rural areas, and in many ways more complicated.

The complications arise on account of a number of factors. We have to strike a balance between providing wage employment in urban settlements and provoking a flood of unskilled labour from rural to urban areas. Fortunately, the Jawahar Rozgar Yojana is so effectively tackling the problem of unemployment for unskilled labour in the countryside that it has now become feasible to plan for employment guarantee programmes in urban settlements while striking the right balance between the rural employment programme and the urban employment programme. Second, we have to structure urban employment programme in ways that deal with the reality of urban conditions. For example, earthwork, which is undertaken on a large scale in rural employment programmes, is neither feasible in urban settlements nor as beneficial as, say, the construction of percolation tanks or 'bunds' are to economic activity in the farm and field. Therefore, the prescribed ratio between the materials component and labour has to reflect the urban reality. At the same time, there must be harmony between the two sets of programmes so that neither is run to the detriment of the other. Therefore, the realistic ratio for urban programmes must complement rather than conflict with the ratio laid down for the rural programme.

Third, within urban areas, our Nehru Rozgar Yojana is so conceived as to contribute to rational urbanisation without further skewing present distortions in our existing pattern of organisation. As I said in this House while introducing the Nagarpalika Bill, it is not urbanisation in itself which is to be discouraged but the kind of urbanisation which has sucked in more than a quarter of our total urban population into a handful of large megapolises, leading to a cruel overcrowding of the cities while depriving most of our districts of the benefits of the rural-urban

continuum. For rational urbanisation, we need many magnets of urbanisation distributed as evenly as possible through virtually every district in the country. The Nehru Rozgar Yojana constitutes an initial contribution to his endeavour.

Fourth, we will have to bear in mind that while the urban poor are, indeed, very poor, a significantly high proportion of them are imbued with the enterprise, initiative and dynamism required to take the risk of leaving their ancestral villages in quest of new opportunities. In other words, it is not only poverty that pushes people from the village to the town or city; it is also opportunity which pulls into the town and the city from the villages those with the self-confidence and self-reliance to chance their hand in a new setting. The Nehru Rozgar Yojana, therefore, combines guarantees for wage employment with opportunities for self-employment.

The Nehru Rozgar Yojana is a programme aimed at spending Rs. 650 crore a year on both generating wage employment in urban areas for those in acute need and on opening up opportunities for enterprising talent which has the self-confidence, initiative and dynamism to set itself up in self-employment. Through this programme, we expect to generate about a million jobs a year. The programme will be implemented with immediate effect and, in the light of the experience gained, suitably incorporated into the Eighth Plan.

The Nehru Rozgar Yojana has three components. The first component is an urban wage employment programme for settlements ranging in population from 10,000 to one lakh. In other words, this component covers the Nagar Panchayats and the smaller Municipal Councils envisaged in the Nagarpalika Bill. Rs. 81.25 crores have been set aside on an annual basis for financing this component of the Nehru Rozgar Yojana. The programme is, in a sense, an extension of the Jawahar Rozgar Yojana to nascent urban settlements lying at the interface between the rural and the urban areas. It is at

this interface that mutual links are strong and economic activity in the one or the other strong and palpably mutually reinforcing. The wage rates will be marginally higher than under the Jawahar Rozgar Yojana so as to be in harmony with the minimum wage rates prescribed for urban areas. The materials: labour ratio will be raised to 50:50 for Nagar Panchayats (that is, urban settlements of 10,000—20,000) and to 60:40 for the Municipal Councils (that is, urban settlements of 20,000—100,000).

As in the case of the Jawahar Rozgar Yojana, the Centre will bear 80% of the cost of the programme. To begin with, this contribution will be channelled to the Nagarpalikas through the District Rural Development Agencies (DRDA), who are already established in the field. Later, it may be necessary to establish a separate agency for this purpose. The State Government will be invited to channel its share of 20 per cent through the same route. Allocations between States of the Centre's share will be made in proportion to the urban population and the incidence of urban poverty in any given State living in settlements with a population of between 10,000 and a lakh.

The programme will be administered by the Nagarpalikas who, as in the case of panchayats under the Jawahar Rozgar Yojana, will be left free to choose what schemes to execute, to identify the beneficiaries, and to organise labour cooperatives of the urban poor to undertake the programme. Guidelines will, of course, be prescribed regarding the types of projects from amongst which the Nagarpalikas might make their choice, as also in regard to the financial and technical norms to be observed, and the methods to be adopted for hiring labour. We shall make it indubitably clear that neither contractors nor Public Works Departments shall be involved in this work. We hope the Nagarpalikas will pay particular attention to identifying projects that are useful to the community as a whole and, in particular, to the disadvantaged and weaker sections of society. We are instructing them to specially target at Scheduled Caste and Scheduled



[Sh. Rajiv Gandhi]

Tribe beneficiaries in proportion to their population and also to facilitate 30 per cent employment opportunities for women seeking employment. For larger urban settlements, there would be difficulty in merely replicating the Jawahar Rozgar Yojana model. For one thing, the materials component would rise too high for the accent to be placed firmly on employment generations *per se*. For another, minimum wage rates in larger towns and cities are so much higher than in rural areas that the same amount of money would generate far fewer jobs while, at the same time, attracting large numbers of job-seekers from distant rural and mofussil areas who should really be looked after in their homes or in the vicinity of their homes. Also, fewer jobs for the same amount of money would mean that the spread is thin in precisely those urban concentrations where the numbers looking for jobs are much higher and, moreover, charged with higher expectations.

We have, therefore, decided that the second component of the Nehru Rozgar Yojana should comprise a scheme of generating the required employment through a special thrust to housing and shelter upgradation in all towns and cities with a population in excess of one lakh. We are, however, excluding from this scheme the four super-metros, Bombay, Calcutta, Delhi and Madras, not because these super-metros do not need housing-related employment but because there are already in operation in these cities similar programmes with investment running into hundreds of crores of rupees, including funding by World Bank and other external sources. Thus, the Nehru Rozgar Yojana component for the urban employment through housing and shelter upgradation might be seen as the extension of the concept of employment through house-building and shelter-upgradation to the hitherto somewhat neglected smaller metropolitan and non-metropolitan cities and towns of our country.

Under this component, we have fo-

cussed on the most labour-intensive activity available in urban areas, namely, the construction and upgradation of dwelling units. Besides, the shortage of housing in these areas is so acute that the fruits of intensified construction activity will directly reach those most in need of it, that is, the urban poor. Apart from a large amount of manual labour, housing also requires so many different skilled trades, such as plumbers and carpenters, brick layers, masons, stone-cutters and also many micro-manufacturing units, such as for bricks, for roofing tiles, for tiles and for furniture, as also services, such as transport and wayside *dhabas* and tea shops and the employment generated is not only direct employment in construction but also secondary and tertiary employment closely associated with construction activity. Also, some of the house-building and much of the shelter-upgradation will be undertaken by family labour. The family is given the opportunity of doing so by being given access to institutional finance.

There are two segments to this component of the Nehru Rozgar Yojana. We envisage the first segment as a joint enterprise of the Union Government, the State Governments, the Nagarpalikas and HUDCO. The bulk of the work here will involve identified families being assisted in shelter upgradation and marginal additions to existing dwelling units. Each identified family will have access to Rs. 4000 from HUDCO, including a subsidy of 25 per cent. In addition, bank loans at a concessional rate of interest of 6 per cent are available for those in need of further funds. Past experience has shown that nearly 40 per cent of expenditure on shelter upgradation and marginal new construction goes on hiring labour, especially skilled labour for such specialised tasks as carpentry, joinery, wiring etc. Therefore, a very large generation of employment might be anticipated from such activity. Under this segment, the Central share of the non-institutional finance will be 80 per cent and will be divided among the States in proportion to the share of urban population in excess of one lakh, excluding, however, the four super-metros, for the reasons already given. We

look to the State Governments and Nagarpalikas to share the remaining 20 per cent among themselves in such proportion as they might mutually decide. Institutional finance in the shape of loans from HUDCO will be available up to three times the level of the subsidy provided by the Central Government, the State Governments and the Nagarpalikas together. We propose that the element of subsidy for Scheduled Caste and Scheduled Tribe beneficiaries be higher than for others.

In addition, the Centre proposes to directly finance the training schemes and infrastructure support that will be required to make this component of the programme fully operational. All this put together will amount Rs. 130 crores in a full year. The role of Nagarpalikas in this programme will be crucial. We would wish them to identify the beneficiaries in consultation with the Neighbourhood Committees which should be established for this purpose in relevant localities. Names of the beneficiaries selected should be a matter of widespread public knowledge, readily available to anybody interested, through notices posted at a prominent, easily accessible part of the building housing the Nagarpalika. We would also want the Nagarpalikas to identify trainees in a similar manner for the training programmes that will be run. The Nagarpalikas should have a decisive say in determining which are the construction-related trades for which training is required in any given locality. Funds will be channelised to the Nagarpalikas through Housing Boards, Slum Boards and similar specialised agencies. It will be the Nagarpalikas' responsibility to sponsor beneficiaries and liaise with the banks so as to ensure the smooth, speedy and, we hope, corruption-free processing of applications. It will also be for the Nagarpalikas to put in place the required infrastructural support with the funds made available for this purpose by the Union Government.

The second segment constitutes the continuation of an existing programme of institutional finance for housing but modified under the Nehru Rozgar Yojana to establish

operational links with the Nagarpalikas, particularly with a view to optimising the employment potential of such construction activity and ensuring that the pattern of skills training and infrastructural support conforms to the requirements generated by the particular housing schemes being financed. As these housing schemes are not designed for those living below the poverty line, we do not propose a role for the Nagarpalikas in the identification of beneficiaries. The Nagarpalikas might come in on the question of assisting in decisions relating to the location of such housing schemes. More importantly, however, the key role of the Nagarpalikas would lie in assessing, enhancing and then catering to the employment implications, in all their dimensions, of the housing construction activity and related infrastructure. We would particularly hope that they would identify, train, counsel and place young men and women from poor families in jobs directly related to, as well as secondary and tertiary employment associated with, such housing construction activity. Taken together, expenditure on the two segments of the second component of the Nehru Rozgar Yojana would amount to Rs. 200 crores in a full year, with Rs. 130 crore being earmarked for the first segment and Rs. 70 crores being the funds available through the banking system for the second segment. I now turn to the third component of the Nehru Rozgar Yojana—Urban Micro Enterprises. We propose to make this component available across the board to all urban settlements. It will be in essential aspects, the urban counterpart of the Integrated Rural Development Programme (IRDP).

This component of our programme is targetted at the urban poor living below the poverty line. In urban settlements, the poverty line is defined as a household income of Rs. 7300 per annum at 1983-84 prices. Higher subsidies are proposed for Scheduled Caste and Scheduled Tribe and women beneficiaries, and we hope every effort will be made to encourage them to take advantage of our programme. We would wish to entrust to the Nagarpalikas the identification of the micro-enterprises to be encouraged

[Sh. Rajiv Gandhi]

within their respective areas. To guide them in this direction, we have proposed three illustrative lists; first, of city services requiring no special training such as vending—rehdiwallas, the lawallas, dhobis, stone crushers—and minor repairs; second, of city services requiring some specialised training such as building workers, barbers, tongawallas, cycle-rickshaw pullers, tempo drivers, three-wheeler scooter and taxi drivers, cycle, scooter and car-repairing workshop mechanics and such other categories including furniture making, baking and blacksmithy. But these are just illustrations.

We look to the Nagarpalikas to identify beneficiaries, in consultation with Neighbourhood Committees. We would also want them to widely publicise the list of beneficiaries so that the selection process is—and is seen to be—transparent, based on general consensus, and freed of any taints. It would be the task of the Nagarpalikas to identify the city-based services and micro-manufacturing that appears to have the best potential so as to counsel intending applicants about the possibilities. The Nagarpalikas would further have the responsibility of liaising with training institutions for the placement of trainees and with the banks for the processing of loan applications. Subsidies would, of course, be disbursed through them. After the training is over and loans secured, the Nagarpalikas must assist in the issue of licences, the provision of space and the location of sites and kiosks as well as the supply of raw materials. We also hope the banks will get some assistance from the Nagarpalikas in recovering loans.

In sum, the Nagarpalika is envisaged as the fulcrum of the system for the administration of this component of the programme. We are putting aside Rs. 370 crores in a full year for this component of the Nehru Rozgar Yojana. As our present pattern of urbanisation is drastically skewed in the direction of the super-metros, and as in any case there are similar programmes already in operation in these cities, we have decided to limit the

Central contribution under this component of the Yojana to these four cities to Rs. one crore each for the loan and subsidy scheme and to Rs. 50 lakhs each for the training and infrastructure support segment. The rest of the Central contribution will be shared between the States in proportion to the incidence of poverty in urban settlements in these States, excluding the four super-metros. We would expect the States to further allocate funds among the districts in proportion to the incidence of poverty in each district, figures for which are readily available. Below the district level, disbursement should be made on the basis of the share of population of different urban settlement within the district.

The expenditure on training and infrastructure support will be borne entirely by the Union Government. Half the expenditure on subsidies will be picked up by the Centre. The remaining 50 per cent may be shared between State Governments and Nagarpalikas in such proportion as they might mutually decide. The banks have been instructed to extend loans to the extent of three times the subsidy.

We hope through the urban micro-enterprises component of the Nehru Rozgar Yojana to see a burgeoning of enterprise and initiative in urban India, a trend away from the hopeless search for secure, dull jobs which deaden the mind and spirit, and towards a regeneration of self-confidence and self-reliance in our society through the encouragement of self-employment.

The flower of our youth must not be left to wilt upon the stem. Nothing so destroys the vivacity of our young men and women as the fruitless trudging in search of work from home to employment exchanges and back, from home to work sites and back. We must give opportunity to our youth. Our youth is full of talent. Our people are our richest resource. All they seek is opportunity. In return they are ready to give their all for their motherland. In this centenary year of the birth of the founder-architect of modern India, we launch the JRY and the NRY, to-

gether reflecting those initials—JN—which brought so much hope and pride and confidence to our country.

12.57 1/2 hrs.

**DIRECT-TAX LAWS (SECOND AMENDMENT) BILL—*CONTD.***

**MR. SPEAKER:** Mr. Chavan may reply now.

**THE MINISTER OF FINANCE (SHRI S.B. CHAVAN):** Sir, I must express my gratitude to all the hon. Members who have participated in the discussion on the Income Tax (Amendment) Bill and very valuable suggestions which have been given—through not very relevant so far as the Bill is concerned. A number of suggestions have been offered by hon. Members which in fact are not within the scope of the Bill which has been introduced in this House.

**MR. SPEAKER:** Let us have lunch. Then we will re-assemble at 1400 hrs.

**SHRI S.B. CHAVAN:** Okay.

12.58 hrs.

*The Lok Sabha then adjourned for Lunch till Fourteen of the Clock*

14.06 hrs.

*The Lok Sabha re-assembled after Lunch at six Minutes past Fourteen of the Clock*

[**MR. DEPUTY SPEAKER** *in the Chair*]

**DIRECT TAX LAWS (SECOND AMENDMENT) BILL—*CONTD.***

**MR. DEPUTY SPEAKER:** Shri S.B. Chavan to continue his speech.

**THE MINISTER OF FINANCE (SHRI S.B. CHAVAN):** Mr. Deputy Speaker, Sir, I would like to express my grateful thanks to

all the hon. members who have participated in the discussion. Some of them have made very valuable suggestion; though not strictly covered under the purview of the Bill as it is introduced. But they are important suggestions, which, in fact, can be considered at a proper stage.

There are two or three common points about which all the hon. Members have expressed their satisfaction. I don't think that any hon. Member, who spoke, has opposed the Bill as a whole. Every one of them has supported the Bill with a proviso that this also needs to be done. So, what has been brought before the House, in fact, gets concurrence of the House excepting the new ideas which the hon. Members have put forward.

I am in full agreement with the hon. Member, Dr. Rajhans when he says that there is a case for having some sort of rationalisation in the Direct Taxes Laws. We have different Laws on direct taxes, but each one of them has become so complicated that there is not a single statute where all the Acts can be brought together. The Government is thinking in terms of appointing a Committee of Experts who will examine this question and thereafter try to rationalise them to the extent possible so that the botheration which the people are facing today for making reference to different laws and getting advice from different experts in this field, can be removed. Getting advice of the experts cannot be ruled out even if they have been brought together. There is no denying the fact. They will have to consult experts in this particular field.

Another issue was raised by the hon. Members about which I have consulted all my officers in order to find out what is fact that in the notice itself it is mentioned that if you do not attach Rs, 25,000/- or Rs, 10,000 or whatever be the amount, then you will be liable to pay it. Actually, there is no such thing in the notice. But in the substantive portion of the Act, it is there; there is no denying the fact. In the legislation which was passed, it has been incorporated that the minimum will be Rs.1000 and the maximum will be

[Sh. S.B. Chavan]

Rs.25,000/-, but this can be levied only when the Income Tax Officer or the Deputy Commissioner, whosoever is the Enquiring Authority, comes to the conclusion that he is deliberately not appearing before the Authority so that his case may not be finalised. If such a conclusion is drawn, only at that stage, this can be resorted to in very exceptional cases.

I do not think that the intention is to make it very rigid; some reason or the other, if the Income-tax Officer himself is on strike or if some such circumstance is there then in that case such a kind of liability is imposed on the person. That is not the correct interpretation of that particular section.

We can assure you that we do not propose to do that at all. But one more point I want to mention. I think it was Mr. Shantaram Naik who most probably raised this question about the Income-tax form. The Income-tax form is a complicated document and it has become all the more complicated because of the fact that both English and Hindi have to be taken together. I just enquired whether we can separate the two so that the form becomes a smaller document. But the Department of Official Languages was insisting that every document has to be in two languages; and that is why it has become a bulky form. But I can assure the hon. Members that we will definitely consult experts in the field so that the relevant information, which is very important, is only asked for from the assessee and all other irrelevant things may be removed. For this, we propose to consult some tax experts. I think that they would be able to advise as to how we can simplify the form.

SHRI P. KOLANDAIVELU (Gobichettipalayam): We can simplify it by using one language, English.

SHRI S.B. CHAVAN: Yes, that is AIADMK view, Sir. *(Interruptions)* This House itself has made this provision in the Official Languages Act, that we have to have the

forms and other things in two languages; and they have to be taken together. They cannot be separated. That is why the form looks rather bulky.

I was talking about the assessment form also. We propose to simplify the form. Why are the people afraid of the Income-tax Officer? This is a matter which hon. Members are quite aware of. I need not say anything. I wish they were more afraid of them. The honest people, who are paying the taxes, need not be afraid at all. They have nothing to hide. But those who are interested in hiding some thing, creating black money and taking advantage of the situation, only such people have to be afraid of them. But I cannot deny the fact that there are some black-sheep among the officers also and only two or three per cent or less—not even three per cent, a very negligible percentage—may indulge in some kind of a thing which is not very desirable, and then the total hierarchy also gets a bad name. And, that is why we are interested in seeing that we educate the people properly so that they know how to fill the forms.

Now, in 90 per cent of cases self-assessment is accepted. It is only in about three per cent of cases, that too where large sums are involved, that self-assessment is not accepted. About small amounts nobody bothers. But that does not mean that you should not give correct information. Correct information is very essential. From the returns which you file, if the Income-tax officer were to come to a conclusion that there is something wrong, which *prima facie* comes out from the return, then he has got a right to make a scrutiny in a thorough manner and ask for additional information. But, by and large in 97 per cent of cases self-assessment is accepted by the Department and only in the case of the remaining three per cent the detailed scrutiny is being resorted to.

I do not think that I will be able to say anything on the point raised by Mr. Tombi Singh about having some kind of a concession in the case of backward areas taking

themselves as a category. I can say that when the Central subsidy of 25 per cent, 15 per cent of 10 per cent was available to all the backward areas, the first category was the North-Eastern States, the hilly areas, and inaccessible areas. They, in fact, were entitled to 'A' class subsidy, that is 25 per cent almost. There was another category, which in fact was entitled to 15 per cent. And this was a subsidy which was available. Concessional finance was made available from the Banks. But it has nothing to do with the tax structure. Even in the backward area, if somebody were to make money, I do not think the hon. Member is interested in telling us, that even though he makes some money, he should not be taxed. I do not think that such a thing is possibly accepted by the Government. About other things, I do not think that we can possibly help.

About the period of the Non Resident Indians, who used to stay only for 90 days, we have made it 150 days. Now Dr. Rajhans, I believe, comes out saying, why only 150 days, why not 270 days. For 365 days, very little is left. So, he becomes almost a citizen of India and he will thereby not be entitled to all the concessions, which in fact have been numerous. I do not think that you are pleading the cause of NRIs by asking for additional stay in India.

Sir, Mr. Shantaram Naik made one very important point and that was about 32 (a), depreciation allowance and investment allowance, which in fact is available throughout India. But in Goa being a peculiar territory because of the then prevailing Act, they are still enjoying those concessions. The husband and wife, if they were to be both taxpayers, then the question will not arise. But if one is the taxpayer and another is not, then of course the depreciation allowance which is allowable under this Section will not be available to them. We are looking into the matter. We will try to find out a solution. But I do not think it will be possible for the Government to send any directions to the Government of Goa or all the Income-tax Officers in Goa to adopt a particular kind of practice only for Goa. I do not think that

without the necessary amendment in the Act, we can possibly send any directions. But so far as the Government is concerned, we will try to examine this properly and try to find a solution for the same and amend the Act. Without amending the Act, I do not think that merely giving direction to any income-tax officer is going to be of any use to them....(Interruptions)

SHRI SHANTARAM NAIK (Panaji):  
Please examine it.

SHRI S.B. CHAVAN: Of course, I am examining it. I have asked the officers to examine this aspect and find an amicable solution to this.

One of the points which was raised was about income-tax raids and the kind of protection which needs to be giving to income-tax officers. Of late, there have been a few cases in Uttar Pradesh, Rajasthan, might be in one or two other areas also, there were people who in fact created a huge amount of black money. Might be this information was available to the income-tax officers and when they wanted to raid that area, somehow goondas were utilised by these people and the income-tax officers were badly man-handled. This is the information that I got. I have personally written to all the Chief Ministers to kindly see that police protection is given in such matters. ... (Interruptions)

DR. G.S. RAJHANS (Jhanjharpur): It should be ensured that they get police protection.

SHRI S.B. CHAVAN: They will certainly get. I do not think that there can be any question of non-cooperation from the State Governments. Ultimately the State Governments themselves are the beneficiaries of the Income-tax Act. Almost eighty to eighty five per cent of the income-tax will be available to the State Governments and it is a very small amount which in fact remains with the Centre. So one is that. The other is, officers are supposed to discharge their duties. If any obstruction is created by any section in the discharge of the official duties

[Sh. S. B. Chavan]

of any officer, certainly it becomes the responsibility of the State Government as well as the Central Government to help each other to see that they are allowed to do their work properly. If there are any complaints, by all means resort to that complain to the higher authorities if you have any grudge against them, but at the same time, you cannot obstruct any of the officers from discharging their duties. So, we can assure all the officers that they need not be afraid of such people and they should not desist from having some kind of raid if it is absolutely essential.

Another point was also raised that one of my predecessors most probably was boasting that raids were being conducted at his instance. So far as my experience is concerned, I have never indulged into it. It is left to the officers. Ultimately it depends upon the information. If the information is available, by all means, you can go to any place and raid. But the only restriction is that if any raid is to be conducted, it should be done in such a manner that very few people come to know as to what exactly is being done. First you must make sure that the kind of information which is made available to you is in fact reliable. If it is merely with some other motive i.e. the people are asked to raid a particular person in order to harass him, then, of course, it would be going out of the way and it is not a correct proposition. Income tax raid is not a method of harassment. You cannot harass a particular person merely because you do not like him. Whether he belongs to a particular party or not, it is totally a different thing and not relevant at all. But if you have hard information, irrespective of which party he belongs to, here is a man who is trying to conceal his income, he is trying to amass wealth, he is not filing his returns and he is not giving tax to the Government, by all means, it is a fit case where the raid should be conducted irrespective of who the person is.

I wish Mr. Paswan's contention were correct that if any party files an appeal in a

court, we can possibly insist that it should pay the amount first and then try to get the remedy from the court. Whether court is right or wrong in granting the stay order, ultimately we are not the judges. It is the judge who, in fact, has to decide. Whether it has been properly done or not, it is for the judiciary itself to consider. In the executive if you have to pass the judgement on the basis of certain information that we get from all our officers, I do not think, that is a very correct proposition. We have to have a system of having respect for the judiciary. In fact, unless we amend the Act and there is some kind of a provision in the statute, I donot think it will be correct to insist that the party should pay the amount first and thereafter it should try to get the stay order. There is no denying the fact that there are a large number of people who argue the case in such a manner that they get so many stay orders and ultimately it takes about 10 to 12 years to take a final view of the entire matter and thereby Government loses money. An amount of Rs. 10,000 crores to Rs. 15,000 crores is involved in such a stay orders. Sometimes, stay orders are also given by higher authorities in the Income Tax Department itself. The stay order cannot be considered as a matter of right. If there is a prima facie case that the party can succeed, then, of course, they will be within their rights to grant a stay. But there are courts and there are officers who have been enjoying this right. I cannot possibly criticise them merely by saying that they are not right in granting stay in a particular case. It is their judgement.

Mr. Gopeswar seems to be mis-informed on a number of issues like leave travel concession, retrenchment benefits and conveyance allowance which is given. These exemptions are already existing. I do not think anything new needs to be done. But somehow he thought it necessary that he should make a mention of it. He was also saying that there should be no limit on saving instruments and exemption should be granted for some kind of a small savings scheme. At this rate, I do not think, any Government possibly can function. I cannot possibly agree to such a kind of concession being available irre-

spective of the limit upto which you can enjoy this concession and beyond that it becomes taxable.

I think these were the main points which the hon. Members have raised and I tried to explain the implications of that and the stand of the Government in the matter.

With these words, I request the hon. Members to pass the Bill unanimously.

MR. DEPUTY SPEAKER: The question is:

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957 and the gift-tax Act, 1958, be taken into consideration."

*The motion was adopted*

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

#### Clauses 2, 3 and 4

MR. DEPUTY SPEAKER: There are no amendments to these clauses 2, 3 and 4. The question is:

"That clauses 2 to 4 stand part of the Bill."

*The motion was adopted*

*Clauses 2 to 4 were added to the Bill*

14.26 hrs.

[MR. SPEAKER in the Chair]

Clause 5 (Insertion of new section 33 AC)

SHRI S.B. CHAVAN: Sir, I beg to move:

Page 4, in line 18—

Omit 'clause (a) of'— (1)

MR. SPEAKER: Shri Sitaram J. Gavali—Absent.

The question is:

Page 4, in line 18—

Omit "clause (a) of"— (1)

*The motion was adopted*

MR. SPEAKER: The question is:

"That clause 5, as amended, stand part of the Bill."

*The motion was adopted*

*Clause 5, as amended, was added to the Bill*

Clause 6—(Amendment of section 48)

SHRIP. KOLANDAIVELU (GOBICHETTIPALAYAM): Sir, I beg to move.

Page 4,—

for Clause 6 substitute—

"6. In section 48 of the Income-tax Act, in sub-section (1) of clause (a), the following proviso and the Explanation thereto shall be added, namely:-

"Provided that in the case of an assessee, who is a non-resident Indian, or an overseas body corporate, capital gains arising from the transfer of a capital asset being shares and debentures in an Indian company shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilised in the purchase of the shares and debentures, and the capital gains so computed in such foreign currency shall be reconverted into Indian currency, so however, that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing or arising from every re-



[Sh. P. Kolandaivelu]

investment thereafter in, and sale of, shares and debentures in an Indian company.

Explanation—For the purposes of this clause, —

- (i) "non-resident Indian" shall have the same meaning as in clause (e) of section 115C;
- (ii) "an overseas body corporate" means overseas companies partnership firms, societies and other corporate bodies which are owned directly or indirectly to the extent of at least sixty per cent by non-resident Indians as also overseas trust in which at least sixty per cent of the beneficial interest is irrevocably held by non-resident Indians, and is so certified in such form and manner as may be prescribed;
- (iii) "foreign currency" and "Indian currency" shall have meanings respectively assigned to them in section 2 of the Foreign Exchange Regulation Act, 1973;
- (iv) the conversion of Indian currency into foreign currency and the reconversion of foreign currency into Indian currency shall be at the rate of exchange prescribed in this behalf;
- (v) any amount utilised by a non-resident Indian in the purchase of the shares and debentures from his non-resident (External) account in any Bank in India shall be deemed as foreign currency so utilised."— (8)

Sir, my amendment is with regard to clause 6 pertaining to section 48(1)(a) of the Income-Tax Act. We know fully well that the

balance of payments position of the Government of India is very bad. Actually we are in a crisis. Even the Planning Minister has also warned the Government and expressed his unhappiness over India's record of inflation control and also the balance of payments position. As far as India is concerned, we are now one of the heavily indebted countries in terms of the absolute amount of external debt which is less than only a few countries like Mexico and Brazil. Mexico and Brazil are very small as compared to India. But India is worst affected as far as balance of payments position is concerned. Unless foreign money comes to India, we may not be able to have more industries and we may not be able to build our country. That is why I am insisting upon my amendment to clause 6 regarding section 48 (1) (a). In fact, I am very happy that as far as the NRI individual are concerned, the hon. Finance Minister has come forward and brought the amendment, but as far as NRI companies are concerned, there are no amendments with regard to corporate bodies. I have noted with concern that the amendment of section 48 (1) (a), as per the proposed Direct Tax Laws (Amendment) Bill, seeks to confine the benefits to NRI individuals only. It is a matter of common knowledge that most of the NRIs would necessarily like to keep surplus funds in their individual names but would invest such funds through closely held overseas companies, partnership firms, trusts, societies and entities like that. If such is the case, why not we include corporate bodies also along with these? The criteria for determining such predominant ownership is that at least sixty per cent of the ownership of these entities should be with non-residents of Indian origin. So, this has been the common practice and Indian Government's policy since 1982 is also to attract the investment of NRI's surplus funds in India. This is the policy being followed for the last seven or eight years. The object behind the Government's proposal will, therefore, be defeated if we are excluding the corporate bodies. In this regard, I want to draw the attention of this House and also the hon. Finance Minister to the R.B.I. Circular wherein it has been clearly stated with regard to the investment by

overseas companies and other corporate bodies and, Sir, with your permission I would like to quote the following:

"Another significant relaxation in the existing policy is that the entire gamut of the facilities of direct and portfolio investments as outlined in paragraphs 3 and 4 will now be extended to overseas companies, partnership firms, trusts, societies and other corporate bodies owned predominantly by non-resident individuals of Indian nationality/origin. The criteria for determining such predominant ownership is that at least 60% of the ownership of these entities should be with non-residents of Indian nationality/origin. It would be necessary of such entities to submit a certificate in this regard in the prescribed form DAC from the overseas Auditor/Chartered Accountant/Certified Public Accountant, along with their applications for investment in shares, to the Reserve Bank of India either through the designated banks authorised to deal in foreign exchange or the Indian companies offering new issues, as the case may be."

So, Sir, it is very abundantly clear from the R.B.I. Circular that the Corporate bodies are also included in these facilities. Then, in such cases, why do you exclude the Corporate Bodies? When you include individuals, you should also consider including the corporate bodies, trusts and other bodies.

Sir, the country is facing severe foreign exchange crisis and we need to improve our Current Account deficit. Most NRIs living in Africa, European countries and North America, prefer to invest their hard earned funds through overseas corporate bodies and the bulk of direct present investment is channelled through such companies. Our hon. Prime Minister in his message to the nation on 15th August, 1989, had said that our country had the pride in the past, has the pride in the present and hope to have the pride in the future also. So, the nation must go on even though there may be some gloom and doom temporarily. When such is

the case, we have to take some measures for planning and programme so that foreign money may flow into our country and we may be able to take up so many industries. But we are not doing it. You are restricting this only to the individuals. But you may not be able to achieve what you want to by passing this amending Bill. Therefore, I would request the hon. Finance Minister to include the corporate bodies also along with the trusts and companies for getting these facilities.

Sir, the amendment that the Government is bringing is of no consequence if it does not include overseas corporate bodies from where the main source of financial investment is coming. If Government's main objective is to promote a significantly higher inflow of NRI funds into the country, which is believed to be the case, that objective is not likely to be fully achieved if overseas corporate bodies owned and controlled by NRIs are excluded from the scope of this Amendment. For, it is common knowledge that, in general, NRIs do not keep their surplus funds in the name of individuals, but in the name of corporate bodies.

It should be noted that such investments are cheaper than the FCNR and NRE deposits, which attract exuberant rate of interest. The cost of direct investments by both individuals and OBCs varies between 2% and 3% per annum and when we are having transactions running into several thousands of crores of rupees, we have to pay a lot of interest. I would therefore request the hon. Finance Minister, once again, to look into this matter and consider including the corporate bodies also. The current provisions benefit only the individuals whereas in the past seven years many investment benefits have been given the NRI individuals as well as overseas corporate bodies. But by this Bill you are excluding overseas corporate bodies. Why such a view has been taken by the Government, I do not know. It is for the hon. Minister to see again whether to include them or not. I urge upon the Government to make these benefits available to all NRIs, both individuals and overseas corporate bodies. A suitable amendment giving an

[Sh. P. Kolandaivelu]

explanation for the purpose of clause 6 would be necessary. Therefore, I have submitted an appropriate amendment here, as well as the explanation of an overseas body corporate.

The second concern of mine is with regard to the shares and debentures. They have included shares, but not debentures. Shares and debentures always go hand in hand and when such is the case, why are you excluding debentures here? So it is quite normal that both shares and debentures to be included together in the NRIs policy generally. I am advised that this was a serious omission when the drafting of the Bill was completed. Actually, this has been deleted. Hence my further second amendment is that along with shares, debentures also must be included.

My third concern is with regard to the amounts invested by a non-resident Indian from his NRE account which would qualify for such a benefit. In this respect, your attention is drawn to circular No. 473 (F. No. 478/33/86-FTD) dated 29-10-1986 reported in *Taxman Direct Tax circulars*, Vol. 2, 1988 edition, page 1115, where it has been said that if investment in NRE and FCNR account is made by way of remittance in foreign currency, then the provisions of Section 115A (1) (1a) will apply.

Taking a cue from this, it could be argued that the amount utilised from the NRE account of a non-resident Indian for purchase of shares is 'foreign currency' so the benefit of the proviso and the explanation to Section 48 (1) (a) should be available to the non-resident Indian. I am, therefore, proposing an addition of sub-clause to the explanation to clause 6 of the *Direct Tax Laws (Second Amendment) Bill, 1989*.

I would, therefore, like to move this amendment and I have moved this amendment and it is there already. I need not again go through the amendment.

Finally, I want to state that India's internal and external debts were officially stated in Parliament to be Rs. 2,03,000 crores and you are earning another Rs. 68,800 crores by March 1989. This is the position. When such is the position, how you are going to pay? You have already made so many promises.

SHRI S.B. CHAVAN: What is this figure of Rs. 2,03,000 crores?

SHRI P. KOLANDAIVELU: Internal and external debts—Rs. 2,03,000 crores.

SHRI S.B. CHAVAN: Are you asking for the foreign indebtedness or the total indebtedness?

SHRI P. KOLANDAIVELU: We are in a financial crisis when we are facing an adverse balance of payments position. When the situation is very bad, why not invite the corporate bodies also to invest money here? That is my submission. That is why I press this amendment.

SHRI S.B. CHAVAN: Sir, so far as the amendment moved by my hon. friend, Mr. Kolandaivelu is concerned, I can very well understand his anxiety that all the three amendments which the hon. Member has moved should be accepted by the Government.

Sir, as a first step, the Government thought it necessary that in order to attract more foreign exchange we should allow this concession to individuals to have their own experience as to what problems are thrown out. It is not that simple as the hon. Member is trying to point out. In fact, even for individuals also, there are going to be a large number of problems which are going to crop up. We will have to find a solution for the same and how far we will succeed in this, is a matter which I cannot immediately give my reaction. But, I can assure the hon. Member that we are, in fact, very much interested in attracting foreign exchange deposits, foreign equity deposits and equity participation. This is the question about the capital gains and concessions available under the capital

gains. Certain amounts have been invested by them and they were making this kind of a suggestion so that the depreciation of the rupee should not have an adverse effect on the total investment that they have been making so far because if the rupee value depreciates in the case of foreign investments, then, of course there will be flight of capital. That is why we thought it necessary that in order to work out the entire details to have their investment and thereafter the sale, it is converted into rupees so that those who are investing in foreign exchange are not deprived of any particular benefit.

SHRI P. KOLANDAIVELU: Sir, even in the Statement of Objects and Reasons also, you have stated in para 2 that "one of the prime needs of the country is to ensure proper balance of payment and encourage inflow of foreign exchange in the country."

SHRI S.B. CHAVAN: Yes; I am not denying that.

SHRI P. KOLANDAIVELU: When you want to have more foreign exchange and when you want to have so much of money from the NRIs, you have to invite the corporate bodies also. Then only you can get it.

SHRI S.B. CHAVAN: You had your say in the matter and that is why I am trying to explain as to why it is not necessary. Now, we are starting with the individuals. This is a new kind of experiment that we are trying to do so far as the capital gains are concerned. Nobody is aware of the fact about what problems are going to be thrown out and how many currencies are supposed to be related with the Indian rupee. These are the different aspects which will have to be gone into. I cannot, at this stage, concede this point and this concession which is now given to the individuals should be available to overseas corporate bodies also. It is a matter which will have to be thoroughly gone into. All the implications will have to be understood and thereafter if the Government comes to the conclusion that we have succeeded in the case of individuals, there should be no rea-

son as to why we should not extend the same to overseas corporate bodies also.

SHRI P. KOLANDAIVELU: For the last eight years this concession has been availed of by the NRIs and you have succeeded in it.

SHRI S.B. CHAVAN: If the concession was available, there is not question of this amendment at all. This amendment is being brought up because we wanted to give this concession in the capital gains.

MR. SPEAKER: What Mr. Kolandaivelu wants is that, it should be available in one whole lot, not piecemeal.

SHRI S.B. CHAVAN: Sir, I can well appreciate his sentiments because he is equally concerned about the foreign exchange also.

SHRI P. KOLANDAIVELU: Sir, I am concerned about Tamil Nadu, because we will get more funds for Tamil Nadu. That is why I am pressing it.

SHRI S.B. CHAVAN: I thought that you were interested about the NRIs as a whole. I can well appreciate your point of view, but at the same time, I request you to kindly appreciate the Government's difficulty in the matter. We would like to improve our balance of payment position and attract huge amount of foreign exchange investment in the country. All other concessions we have been giving them. It is only about the capital gains, we say, let us make a cautious beginning with the individuals. If we succeed in it, then of course, there should be no reason as to why this should not be extended to others also. We can do that and there is no difficulty about it.

About the other part of the amendment, I am in full agreement with the hon. Member. Let not the hon. Member have a feeling that merely because the hon. Member sitting on the Opposition is suggesting those amendments and that is why, we do not see to be acceding to them. That kind of impression should not be there. I do accept the amend-

[Sh. S.B. Chavan]

ment because there is hardly very little difference between shares and debentures. In fact, there is no reason as to why we should try to make a distinction between "shares" and "debentures". That is why, I am prepared to accept that part of amendment, that kind of amendment. I think, with this kind of compromise, the hon. Member will not press for the amendment.\* But the amendment has to be in this shape. After the word "share" or "shares" wherever occurring in clause 6, the word "debentures" shall be added.

I beg to move:

Page 4, in line 33,

for "shares in"

substitute "shares in, or debentures of."—(9)

Page 4, in line 38, —

for "shares"

substitute "shares or debentures"—(10)

Page 4, in line 42,—

for "shares in"

substitute "shares in or debentures of,"—  
(11)

MR. SPEAKER: The question is:

Page 4, in line 33,

for "shares in"

substitute "share in, or debentures of,"—  
(9)

Page 4, in line 38,—

for "shares"

substitute "shares or debentures"—(10)

Page 4, in line 42,—

for "shares in"

substitute "shares in, or debentures of,"—(11)

*The motion was adopted*

MR. SPEAKER: The question is:

"That clause 6, as amended, stand part of the Bill."

*The motion was adopted*

*Clause 6, as amended, was added to the Bill*

**Clause 7—(Amendment of Section 80C)**

*Amendment made:*

Page 5, in lines 26-27,—

for "Life Insurance Corporation"

substitute—"LIC"—(2)

(Shri S.B. Chavan)

MR. SPEAKER: The question is:

"That clause 7, as amended, stand part of the Bill,"

*The motion was adopted*

*Clause 7, as amended, was added to the Bill*

MR. SPEAKER: The question is:

*"Clause 8 and 9 stand part of the Bill"*  
*The motion was adopted*

*Clauses 8 and 9 were added to the Bill.*

---

\*Amendment No. 8 moved by Shri P. Kolandaivelu was deemed to have been negated by the House, vide Direction 43 of the Direction by the speaker, Lok Sabha (Third Edition, 1988)

**Clause 10**—(Insertion of new section 115  
BBA)

*Amendment made*

Page 7,—

after line 24, insert—

“Provided that no deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the income referred to in clause (a) or clause (b).”—(3)

(Shri S.B. Chavan)

MR. SPEAKER: The question is:

“That clause 10, as amended, stand part of the Bill.”

*The motion was adopted*

*Clause 10, as amended, was added to the Bill*

MR. SPEAKER: The question is

“That clauses 11 to 21 stand part of the Bill”.

*The motion was adopted*

*Clauses 11 to 21 were added to the Bill.*

**Clause 22**—(Insertion of new section 194  
E)

*Amendments made:*

Page 11, in line 31,—

for ‘September’ Substitute “November”—(4)

Page 11, in line 34,—

for “non-resident sportsman or sports association or institution”

substitute—

“non-resident sportsman (including an athlete) who is not a citizen of India or a non-resident sports association or institution”.—(5)

(Shri S.B. Chavan)

MR. SPEAKER: The question is:

“That clause 22, as amended, stand part of the Bill,”

*The motion was adopted*

*Clause 22, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

“That clause 23 stand part of the Bill”

*The motion was adopted*

*Clause 23 was added to the Bill.*

**Clause 24**—(Amendment of Section 198  
to 200 and 202 to 205)

*Amendment made:*

Page 12, in line 7,—

for “September” substitute “November”—(6)

(Shri S.B. Chavan)

MR. SPEAKER: The question is:

“That Clause 24, as amended, stand part of the Bill.”

*The motion was adopted*

*Clause 24, as amended, was added to the Bill*

MR. SPEAKER: The question is:

“That Clauses 25 to 33 stand part of the Bill.”

*The motion was adopted*

*Clauses 25 to 33 were added to the Bill*

MR. SPEAKER: The question is:

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

*The motion was adopted*

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

SHRI S.B. CHAVAN: Sir, I beg to move:

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

MR. SPEAKER: The question is:

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

*The motion was adopted*

14.51 hrs.

#### CUSTOMS (AMENDMENT) BILL

[*English*]

MR. SPEAKER: Now, the House will take up the next item. Shri A.K. Panja.

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): Sir, I beg to move:

"That the Bill further to amend the Customs Act, 1962, be taken into consideration."

This Bill propose to amend Sections 123 and 135 of the Customs Act, 1962.

The first proposal is for amendment of the provisions of Section 123 (2) of the Customs Act, 1962 to omit diamonds and

manufactures of diamonds therefrom. Normally when contraband goods are seized by a proper officer under the Customs Act, 1962 in the reasonable belief that the same are liable for confiscation under said Act, the burden or onus to prove that such goods are smuggled goods lies on the Department and not on the possessor or the owner of such goods. However, in respect of such high valued and sensitive goods, such burden or onus is shifted on to the possessor or owner of such seized goods. Some of these goods namely, gold diamonds, manufactures of gold or diamonds, watches are specified in sub-Section (2) of Section 123 of the Customs Act, 1962.

14.52 hrs.

[MR. DEPUTY SPEAKER in the Chair]

Section 123 of the Customs Act, 1962 reads as under:—

"Section 123: Burden of proof in certain cases:—

Where any goods to which this Section applies are seized under this Act in the reasonable belief that they are smuggled goods, the burden of proving that they are not smuggled goods shall be:

- (a) In case where such seizure is made from the possession of any person,
  - (i) On the person from whose possession the goods were seized; and
  - (ii) If any person other than the person from whose possession the goods seized claims to be the owner thereof, on such other person.
- (b) In any other case, on the person, if any, who claims to be the owner of the goods so seized."

(2) This Section shall apply to gold, diamonds, manufactures of gold or diamonds, watches and any other class of goods which the Central Government may by notification in the official gazette, specify.

(3) Inclusion of diamonds and manufactures of diamonds in the above provision has outlived its utility. In spite of the fact that the burden or onus or proof is on the possessor or owner and not on the Department, no seizure of significant nature in relation to these goods has been made in recent years. As such, the Enforcement Agencies have not found it necessary to invoke the said provisions in respect of these commodities.

On the other hand, "diamonds" and "manufactures of diamonds" have emerged as a major component of our exports. There is substantial increase in the licit imports of rough diamonds. The Import Policy in respect of this commodity has been considerably relaxed and import thereof is also free from fiscal levies. Further, the process of cutting and polishing of rough diamonds has been exempted from Central Excise duty. All these measures have been taken in respect of the diamond processing industry because "diamonds" and "manufactures of diamonds" constitute a very important constituent of our exports, earning substantial free foreign exchange for the country by way of added value on the re-export of cut and polished diamonds as well as manufactures of diamonds.

There is no dearth of supply of rough diamonds imported under the liberal Import Policy which also permits transfer of rough diamonds to job workers for cutting and polishing as well as producing manufactures of diamonds for re-export. The rough diamonds and the cut and polished diamonds obtained therefrom change many hands while these travel from the point of import to the point of export. In the nature of things, it is not practicable to expect the thousand of small and medium artisans, generally illiterate, working in this trade to be able to bear the burden of proving that the "roughs" found in their possession are licitly imported and not

smuggled into the country. Similar is the position in respect of cut and polished diamonds and manufactures of diamonds produced from such rough diamonds.

In order, therefore, to encourage the diamond industry which is generating both foreign exchange as well as considerable employment, it is proposed that "diamonds" and "manufactures of diamonds" be omitted from sub-section (2) of Section 123 of the Customs Act, 1962, so that the burden or onus to prove that these goods, when seized, have been smuggled into the country is transferred to the enforcement agencies.

The proposed amendment is not expected to come in the way of combating the smuggling of these goods in future, because the general power to specify any class of goods to which Section 123 would apply is already there in sub-Section (2) of that Section and the Central Government can invoke these powers as and when considered necessary.

The second proposal in this Bill for amendment is to amend the provisions of Clause (i) of sub-Section (1) of Section 135 of the Customs Act, 1962. Section 135 of the Customs Act, 1962 reads as under:—

**"135. EVASION OF DUTY PROHIBITIONS**

- (1) Without prejudice to any action that may be taken under this Act, if any person—
  - (a) is in relation to any goods in any way knowingly concerned in any fraudulent evasion or attempt at evasion of any duty chargeable thereon or of any prohibition for the time being imposed under this Act or any other law for the time being in force with respect to such goods; or
  - (b) acquires possession of or is



[Sh. A.K. Panja]

in any way concerned in carrying, removing depositing, harbouring, keeping, concealing, selling or purchasing or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under Section 111,

he shall be punishable,

- (i) in the case of an offence relating to any of the goods to which Section 123 applies and the market price whereof exceeds one lakh of rupees, with imprisonment for a term which may extend to seven years and with fine:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgement of the Court, such imprisonment shall not be less than one year.

- (ii) in any other case, with imprisonment for a term which may extend to three years, or with fine, or with both."

Sir, the trend in seizures of smuggled gold shows an increase in its smuggling into India. The figures of seizures of gold in the last three years were: In 1986, it was Rs. 46.66 crores; in 1987, it was Rs. 65.78 crores and in 1988, it was Rs. 200.51 crores. The weight of the gold seized in 1986 was 2.174 metric tonnes; in 1987, it was 2.255 metric tonnes and in 1988, it was 6.094 metric tonnes.

**15.00 hrs.**

It is also seen that profitability in smuggling of gold into India has remained constantly high during 1988. On the assumption

that foreign exchange to pay for purchase of gold is acquired in the illicit market, the profit per ten grams of gold remained around Rs. 500 throughout 1988, sometimes exceeded to Rs. 600. In other words, the profit from smuggling one gold biscuit of ten tolas was above Rs. 5,000. Further, a large number of seizures which were effected during the year 1988 often individually involved substantial quantity, which would show that smugglers find it profitable to send large shipments even at the risk of detection.

In terms of the existing provisions of Clause (i) of sub-section (1) of Section 135, the minimum punishment in the cases of offences relating to goods covered by section 123 of the Customs Act, 1962 and exceeding Rs. 1 lakh in value, is one year. In order to curb the increasing trend in smuggling of high-valued sensitive items, it is proposed to increase the minimum punishment from "one year" to "three years."

It is proposed to effect the aforesaid amendments by introducing a Bill in the ensuing of Parliament.

With these words, I move this Bill.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Customs Act, 1962, be taken into consideration."

Shri Somnath Rath to speak.

SHRI SOMNATH RATH (Aska): Sir, I rise to support the Bill. I feel this has been brought with an intention to give protection to small and medium artisans as far as the diamond is concerned. These medium artisans are generally illiterate. They are engaged in cutting the diamonds. But the burden of proof lies on the person who possesses the diamond so that it is not smuggled. It is difficult to give relief to these artisans and as such, this amendment has been brought forward.

At the same time, in the Bill, in other parts, while amending Section 135, the minimum quantum of punishment is raised from one year to three years so that the smuggling of gold, manufacture of gold watches into India is cut. But the fact remains that many times where the smugglers who are master smugglers engage their agents to smuggle these gold into India and the main culprit who is the master mind in smuggling is not arrested, is not punished. It is only the side links if caught, are punished. So, the effort should be made to see that the real culprits the persons who can afford to invest crores of rupees in smuggling are caught and the whole racket is investigated and rooted out and not only by punishing some servants or some persons who are found in possession of the smuggled goods. The goods are being smuggled by the persons who remain outside the net; but they create the net and get the benefit and profit. Many times we have seen that when the goods are confiscated or seized for confiscation, courts intervene. If the hon. Minister from Bengal takes a little pain and goes into the cases pending in the West Bengal High Court—he may just consult the Customs Officers there also—he will find that by way of writ petitions, even by way of civil suits, making the Commissioner of Customs a party in name, these goods seized for confiscation are released to the persons from whom they are confiscated and they are allowed to sell them also. By the unnecessary intervention of courts, the purpose is frustrated. I would like to know from the hon. Minister what steps the Government is going to take so that the courts will not interfere in the action of the Customs Officers. That must be strictly prohibited. There must be separate tribunals and the tribunals should decide it. We have got tribunals; but they are not functioning. Rules have not been framed in many cases and they are not functioning as they are expected to function.

In India, specially in villages, the poor people, specially the ladies have a love for gold because they preserve the gold as a

protection in old age. When you go to South, necessarily you will find that every lady would be wearing a gold ear-ring. She thinks that after her death also, if she possesses some gold, the funeral ceremony or the *Shradha* ceremony will be done by her children. You know Sir, better than myself that in the southern parts of India it is a common phenomenon that gold is possessed by everybody, even by poor people for the same reason. I would like to know whether the Government will come forward to make provisions to give some quantity of gold to such people by selling it through Government agencies. If this is done, smuggling can be curbed to some extent because the people who need gold for protection in their old age can purchase it from the Government agencies. It is just like, to put an end to smuggling of opium, opium is being now supplied by the Government to persons who need it as a medicine. Similarly, an effort should be made to see that small quantity of gold is made available to the common man, specially the ladies.

We are reading in the newspapers that large quantities of smuggled goods are being seized. But our enforcement is not strengthened to the extent to face the smugglers in the ocean and in the land also. The smugglers possess more powerful things than what the Government Officers have. So, steps should be taken to provide the Officers with all equipments to fight the mischief. Sometimes, the Officers also receive threatening letters from the smugglers. At times, they are afraid of them, for the simple reason that they may lose their lives. So, the Government should give sufficient protection to the Officers to enable them to fight this evil.

[*Translation*]

\*SHRI R. JEEVARATHINAM (Arakkonam): Hon'ble Deputy Speaker, Sir, I welcome the Customs (Amendment) Bill, 1989 brought forward by our Hon'ble finance Minister.

I request the Hon'ble Minister to give

---

\*Translation of the speech originally delivered in Tamil.

[Sh. R. Jeevarathinam]

customs exemption to gold and silver ornaments which are studded with costly stones like diamonds, sapphire, lapis lazuli and other precious stones. I also request the Hon'ble Minister to encourage the artisans engaged in gold and silver ornaments by giving them customs exemptions. Today 10 Gms. of gold cost Rs. 3000/-. If customs exemptions are given to gold smiths, their employment potential will be increased. Such exemptions should cover gold watches also.

For the past two years we have earned a lot of foreign exchange by exporting diamonds. Gold is scarce in this country. To make up the scarcity, individuals should be allowed to bring gold upto 100 gms. either in solid condition or in ornaments from other countries. Hon'ble Minister may kindly consider the suggestion. This would help common man to have the gold jewellery. This would also increase employment opportunities among the gold-smiths. Goldsmiths should be included in the backward community list and extended social benefits. When Hon'ble Shri Morariji Desai was Finance Minister here, he introduced the gold control policy which rendered the goldsmiths unemployed. Hon'ble Prime Minister, Shri Rajiv Gandhi knows the attachment of Indian motherhood on gold and diamond jewels. Hon'ble Minister also knows this. I, therefore, request the Minister to review the gold import policy.

Gold is not adequately mined in India. Gold therefore should be imported in sufficient quantities from other countries and distributed to goldsmiths at less cost with a view to providing employment to them. I urge upon the Hon'ble Minister to examine this proposal. With these words I conclude.

[English]

SHRI RAM SINGH YADAV (Alwar): Sir, I rise to support the Customs (Amendment) Bill moved by the hon. Minister, Shri A.K. Panja. Really it was the imperative need to bring forward this amendment as the arti-

sans who are engaged in cutting and polishing of the diamonds were feeling lot of difficulty as they were not in a position to carry on their work in an healthy atmosphere. They were subjected to many harassments by the Customs Department.

Sir, I know the cases of the artisans who are engaged in this trade in Jaipur, Jodhpur and Udaipur. They are very poor people. They, as a matter of fact, cannot afford to compete with the persons who are dealing in gold and diamonds. These artisans who cut and polish the diamonds take them from the wealthy persons who are the owners of the diamonds. Now it is very difficult to prove that they are cutting and polishing the diamonds for the purpose of their labour and they are not in a position to be owner of it. Now that difficulty will get solved. Here I would like to point out that it is because of these artisans in Jaipur that Jaipur is one of the Centre for cutting and polishing of diamonds and is able to compete with cities like Bombay and others. Those artisans who are engaged in this trade are there since long. They have got the best expertise in this field. Now, I think, by amending Section 123 of the Customs Act those artisans shall get proper relief which they wanted since long.

I would like to point out that from this diamond trade we are earning a very huge foreign exchange. In foreign countries the rough diamonds cannot be polished and cut at such a lower level of wages as it happens in India. Therefore, the rough diamonds are purchased from outside, brought to India and after polishing and cutting them they are being exported and in that process we are earning lot of foreign exchange.

Now I would like to give a suggestion to the hon. Minister. He should have good rapport with the Commerce Ministry. There should be a Regional Commissioner's office for imports and exports at Udaipur and Jodhpur. At present there is one such office at Jaipur. This alone cannot meet the requirements of imports and exports so far as Rajasthan is concerned. From Rajasthan goods like handicrafts, garments and clothe are

also being exported. Therefore, I suggest to the Ministry of Commerce that they should set-up two more offices at Udaipur and Jodhpur.

The hon. Minister has taken proper steps to curb smuggling in gold. We find especially in the districts of Barmer, Jaisalmer and Jodhpur smuggling activity in gold is going on. The smugglers have got a racket there. They employ both Pakistan and Indian nationals. This punishment of one year was not sufficient for them because sometimes they hired so many persons. One person may go to prison while another can carry on the smuggling activities. So, you have taken a very appropriate step that the punishment of one year is being substituted for three years. After experiencing this three-year position; you may consider it even for more number of years because especially on the western part of Rajasthan, the activity of smuggling of gold goes on frequently. It should be curbed. It even corrupts the officials who are posted there. They may be belonging to any department. So, to curb the smuggling activities, it is very necessary that deterrent punishment should be provided for in the relevant Act.

In section 135 of the Customs Act, you have said that:

"in the case of an offence relating to any of the goods to which section 123 applies and the market price whereof exceeds one lakh of rupees, with imprisonment for a term which may extend to seven years and with fine."

Now you have provided imprisonment for seven years in case the value of the smuggled goods exceeds Rs. 1 lakh. Uptill now, it was only one year punishment which was taken to be very easy punishment for the gold smugglers.

SHRI A.K. PANJA: The punishment was for seven years but the minimum punishment was for one year. The judge is there. The judge shall have to give reasons if he wants to give that minimum punishment. We are raising that one year to three years.

SHRI RAM SINGH YADAV: When the smuggled goods are of a value of more than Rs. 1 lakh, then it would be seven years. But I think that the usual practice in the courts is that always the minimum punishment is given and not the maximum one. The maximum punishment is awarded in very rare cases. Now you have provided that the minimum punishment would be for three years. Naturally, the judge will have to give at least for three years. For such smuggling activities, the punishment of even three years is not harsh. It is not more. The smuggling activities have to be curbed.

You have just acknowledged in your statement that because of the smuggling of gold, there has been a great loss to the economy of the country and parallel economy of black-money is going on because of the smuggling activities. Therefore, the step which has been taken is the appropriate one.

One thing, which has been mentioned by the speakers earlier also, is that the number of enforcement agencies is not sufficient on the borders. These should be provided with vehicles. We have experienced that they have not got the mobility as the smugglers are having. You have to check the activities of these smugglers. That can be possible only when you provide better vehicles to the officials than those possessed by the smugglers. The smugglers at present have up-to-date vehicles in the border areas whereas our officers are lacking all these facilities. As a result, they cannot check them. They cannot apprehend them efficiently. Therefore, I would suggest to the hon. Minister that appropriate steps should be taken to provide upto-date vehicles to the enforcing agencies. The number of the officials posted at the border should also be increased. Then and then only, the smuggling activities can be controlled, especially at the customs border of Rajasthan.

With these suggestions, I will say that this is the most appropriate amendment which the hon. Minister has introduced and I support it.

**SHRI JAGANNATH PATTNAIK** (Kalahandi): Sir, I rise to support the Bill. Its object has been stated in the Statement of Objects and Reasons of the Bill. I need not repeat it. The diamonds and manufactures of diamonds are a major component of our foreign exchange earnings for the country. It has been noticed that no seizures of significant nature in relation to these goods have been made in the recent year.

15.25 hrs.

[**SHRI SHARAD DIGHE** *in the Chair*]

Government has come forward with this Bill in order to give some protection to our small and medium artisans who are engaged in the manufacture of diamonds. So, this Bill will solve the unemployment in our country to a great extent both in rural and urban areas. There are various programmes brought forward by the Government to eradicate unemployment. The Nehru Rozgar Yojana has been introduced today in order to solve the urban unemployment. The scheme which has been introduced by our hon. Prime Minister is a part of the great effort to fight against unemployment. So, keeping all three points in view, Government has come forward with a specific and categorical assurance that it will help to a great extent in earning foreign exchange because manufacture of diamonds has become a major component of our export earnings. One of our hon. friends has said that there is a great deal of appreciation for diamonds and other goods.

It is also proposed to amend Section 135 of the Customs Act, 1962 to increase the quantum of minimum punishment from one year to three years in relation to smuggling of gold, manufactures of gold, watches, etc., so as to curb the smuggling of these items into India. All of us do agree that smuggling has created a parallel economy in our country. The progress and prosperity of our country is facing a challenge with the smugglers in many fields of our life. Government is trying its best to see that smuggling and other activities are stopped. But unfortunately,

although we have introduced so many laws, anti-smuggling and other enforcement agencies, smuggling, as per the records and statistics, has not decreased to the extent which we intend to. One of the reasons for this is that the people who are engaged in these activities are working hand-in-glove with persons who are in charge of smuggling activities and enforcement agencies. They are being given protection by those people who are virtually in charge of the law and order situation of our country which is because of the money power and muscle power of the smugglers. Many times, it has been observed that the persons who are engaged in these smuggling activities are using more sophisticated weapons, arms and vehicles in land, air and also in ocean. In order to fight against them in the same manner, we have also to increase our enforcement sections and anti-smuggling should be provided with more sophisticated weapons and vehicles. If necessary helicopters and other modern equipments should also be provided so that the attitude of the smugglers can be changed. Also, certain officers in the Department who are brave, dynamic and are risking their lives sometimes while chasing the smugglers are being harassed instead of being given some reward or incentive. That is not fair. They need to be taken care of, they should be given all protection and all other amenities. Protection should also be given to their families. That would help in stopping smuggling activities.

I would like to mention another thing from our practical experience. In front of the Customs Office at Madras, there is a row of shops, a market, where all sorts of smuggled goods are easily available. When we asked about this from a Customs Officer, he said that though it was an eye-sore to them, there was very little that they could do. That is how our Customs Officers are working.

Further, awareness needs to be created in the minds of the people of this country how dangerous it is to purchase smuggled goods or being involved in these activities and by doing so, they would be serving the anti-national cause, which will lead to total

collapse of the economy at some point of time. Therefore, a very strong action is need to curb these activities.

With these words, I support the Bill.

**SHRI SRIBALLAV PANIGRAHI (Deogarh):** Mr. Chairman, Sir, I rise to support this Bill, Customs (Amendment) Bill. As you know, this Bill is intended to amend two sections, that is Section 123 and 135 of the Customs Act, 1962. By the proposed amendment to Section 123, we want to liberalise the provisions and by the other amendment, amendment to Section 135, we want to make it more stiff. Both the two things were the need of the hour and as such, they are welcome.

From 1962 onwards, it appears that there was no significant seizure of gold and diamonds from the small and medium artisans. But before this amendment, at present, the onus lies on these people, the poor and illiterate people, who are earning their livelihood by cutting and polishing the diamonds. Diamond is an export oriented industry and it is earning substantial foreign exchange. The intention of our Government has always been to help the poor people, working class people and that they should not be subjected to any kind of undue harassment. With the present provisions, there was always an apprehension of undue harassment to the small and neglected class of people, the small and medium artisans. Therefore, it was necessary that they be saved from such harassment. They are being brought outside the purview of the section and therefore, the purpose would be achieved.

At the same time, I would like to congratulate the Government, and specially the Finance Ministry, that they want to give sharper teeth to the provisions of Section 135, whereby the quantum of minimum punishment which was one year earlier, has been raised to three years for smuggling of gold and other items. This is also quite welcome. So, just by one stroke of the pen, by one amendment it has been liberalised where it is necessary and punishment is made

harsher where needed. Both these steps are very necessary.

Before I conclude, I would like to make only one or two observations. In spite of all the precautionary measures being taken by the Government to check smuggling, it is going on unabated on a large scale. Probably it is on the increase. Officers in charge of Customs and Central Excise cannot give satisfactory answers to queries of the Parliament any Committees about the quantum of smuggling in our country. They say that they are checking it to a sizeable or considerable extent. But everybody knows the fact that there is a parallel economy run in our country by unscrupulous traders and smugglers. This also poses a challenge, rather a threat to our economy. We want to build up a socialist economy. But a parallel economy run by smugglers and black-marketeers is posing a threat to it. How do we curb it and how do we meet this challenge? Of course, I do have a word of praise for our enforcement machinery. Some of the officers are very brave and they are doing their best. But there are also some officers who are hand in glove with the black-marketeers and smugglers. So, our effort should be to encourage honest officers by giving them incentives. Incentive scheme is there but it should be properly implemented. Those who are taking risk and those who are determined to stop smuggling should be duly awarded. The blacksheep in the enforcement agencies should be taken to task. At the same time, the organisation concerned should also be well equipped. We find that they are not in a position to cope with the changing situation. With the change of times, smugglers are in possession of quite upto date, modern and sophisticated instruments, power boats, vehicles, etc. But on the other hand, our officers lack all such modern equipment. So, all these things should be supplied to them on a priority basis.

Now I would like to say a word or two about legal interference. I do not want to name any particular court but there are some Benches in some High Court which are very famous for their interference. They are even

[Sh. Sriballav Panigrahi]

giving injunctions and issuing stay orders before the charge-sheets are drawn up at the investigation stage. For instance, I can name the Calcutta High Court. When there were some seizures, when they were preparing the list, even before the chargesheet was drawn up, they found to their surprise that there was a stay order before them. How could all this happen? With all seriousness, a fresh look should be given to it. Our gold policy should be reviewed. The possession of huge quantity of gold by the corrupt officers is also giving a discussion to this drama of corruption which is going on in our country. That also poses a threat to our democracy. The corruption is on the increase at a galloping speed.

The two Sections which are being amended is quite welcome. Therefore, I wholeheartedly support this Bill with a request to the Government to give a fresh look at the whole problem so that we can effectively check smuggling and the parallel economy which is running in the country.

[*Translation*]

SHRIGIRDHARILAL VYAS (Bhilwara):  
Mr. Chairman, Sir, I rise to support the Customs Amendment Bill, 1989. Following amendment has been moved under Section 2 of the Act:—

[*English*]

"for the words" diamonds manufactures of gold or diamonds", the words "and manufactures thereof" shall be substituted.

[*Translation*]

It means that in clause (i) of section 123 which reads as under:—

[*English*]

"This Section shall apply to gold, diamonds, manufactures of gold or diamonds, watches, and any other class

of goods which the Central Government may by notification in the official Gazette specify."

[*Translation*]

All these things have been omitted and kept out of the purview of this section. 'Diamonds and watches' have been retained under this section which provides:—

[*English*]

"This Section shall apply to gold, diamonds, manufactures of gold or diamonds, watches, and any other class of goods which the Central Government may by notification in the official Gazette specify."

[*Translation*]

It means that the Government have fully exempted the diamonds from the application of this provision. Diamonds have been exempted from customs duty because the Government is earning substantial amount of foreign exchange from diamonds and that is the reason that the Government has extended this facility to them.

I would like to submit that the small artisans, who are engaged for cutting and polishing of diamonds, are working there as labourers. How has the Government concluded that diamonds are their own property? In fact, they are working there just as labourers. All the facilities have been provided to the capitalists by the Government in the name of these artisans. All this has been done at the instance of some officers and this facility has been provided to the capitalists. You may go and see it in Jaipur. Finance Minister has also come. He may go there and see that in Jaipur, thousands of people are engaged in the work of diamond cutting and after that, these diamonds are exported by the big capitalists. The concessions in excise duty and other facilities given to small artisans engaged in the diamond trade are of no use because the only beneficiaries would be the capitalists who control the diamond

trade. So the concessions in collusion with the officers have really been granted to the capitalists. The Government should definitely pay attention to the way in which these concessions have been granted.

The Government has increased the punishment of imprisonment from one to three years under Section 135. Smugglers of gold and other items are smuggling goods worth thousands of crores. Although the punishment has been increased to a minimum of three years whereas a provision for seven years imprisonment already exists as per law. Why should gold smugglers be punished for any less a period than seven years? There are countries where such people are either shot dead or hanged till death. A mere three year term of imprisonment is certainly not enough. For a man who smuggles gold worth thousands of crores, three years to imprisonment is hardly deterrent. He may well revert to playing his old game once he is released. The Government will be left with a damaged economy in the bargain. How is this problem going to be solved? Three years are an inadequate period of imprisonment. It should be for life or the culprits should be sentenced to death so that they cannot indulge in such anti-national activity again. This leads to devaluation of currency and the present value of the Rupee is down to just 0.13 paise. Strict action should be taken against smugglers in order to strengthen the economy. Today many smugglers have become national leaders. They are forming political parties like the Insaaf Party to counter the Government's attitude towards them. They want to install their people in influential positions so that they are free to do as they wish. The laws should be made stricter and no effort should be spared to bring such criminals to book. Such a measure would instill fear in the hearts of would be criminals and refrain them from indulging in smuggling lest they be caught and sentenced to death. This will lead to a decline in smuggling activities in the country. I would like to tell you what I feel are the lacunae in both these Amendments. Some concessions are sought to be given under clause 23 to artisans. Artisans are labourers

who earn their wages by working. They are not involved in export. It is the capitalists who export goods worth thousands of crores and earn high profits. So this will benefit those capitalists. Increasing the level of exports to earn more foreign exchange is of course quite welcome but this will not benefit the artisans in any way. In places like Jaipur where the diamond trade is carried on it is evident as to who runs this trade. Artisans who are sought to be given concessions are not engaged in the trade of diamond export. My suggestion is that the period of imprisonment recently increased from one to three years be increased to life imprisonment or a death sentence. Minor punishment will not solve the problem. Strict action is the need of the hour. Only then will we be getting rid of these smugglers who are running a parallel economy in this country. If we keep on giving concessions to capitalists how are we going to get rid of the black money circulating in our economy, estimated at Rs. 30,000 crores to Rs. 40,000 crores. Strict action should be taken against smugglers in order to strengthen the country's economy.

SHRI U.H. PATEL (Bulsar): I express my support for this Bill. Strict action should be taken against smugglers in order to protect and strengthen the country's economy. Large-scale smuggling is done through the sea-coasts. As the hon. Member just said, apprehended smugglers should be sentenced to death. For years, our economy has faced the on slaught of their misdeeds. Even though laws were modified to check smuggling but still it is an uphill task. Officers who risk their lives to apprehend smugglers should be honoured. Capable officers should be assigned the task of apprehending smugglers so that the latter may realise the might of the people they have to face. While welcoming the Bill I reiterate the need to take strict steps against smugglers and to provide the death sentence for them.

[English]

MR. CHAIRMAN: If the Bill is to be passed before Four O' clock, then the hon. Minister has to reply now. But then there are



some hon. Members who want to speak on this subject.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): It cannot be passed today.

SHRI A.K. PANJA: It the hon. Members want to speak, I cannot naturally stop them.

MR. CHAIRMAN: But if you want to see that it must be passed today, then what is the alternative?

SHRI A.K. PANJA: If possible, it may be passed today.

MR. CHAIRMAN: Dr Tripathi.

[*Translation*]

DR. CHANDRA SHEKHAR TRIPATHI (Khalilabad): Hon. Mr. Chairman, Sir, I rise to support the Customs (Amendment) Bill, 1989 which has been presented in this House. The Statement of Objects and Reasons attached with the bill is full of contradictions. Hon. Shri Vyas has expressed his feelings very well. There is one point that is incomprehensible. The Government's intention is to provide facilities to small and medium artisans. Legal intricacies definitely come in the way of smooth implementation of laws. So it becomes difficult to understand how artisans and poor labourers will stand to gain. This is because the Customs Act passed in 1962 imposed a ban on the cutting of diamonds with a view to check the smuggling of diamonds. It is true that smuggling of diamonds has declined somewhat. Large-scale or small-scale, by any yardstick smuggling is an anti-national activity which generates black-money. This should not be tolerated at any cost. If the intention of the law is to benefit small and medium artisans it will not achieve its objective because artisans are wage-earning labourers. The big trades engaged in the diamond trade will stand to benefit while there does not seem to be any scope of benefits to the artisans. But the provisions made for stringent punishment

under section 135 of the Customs Act, 1962 is commendable. The question is not of how good the law is or how stringent punishment is provided. The question is whether the culprit can be punished under this stringent law or not. The machinery responsible for checking this smuggling should be encouraged and given incentives. But inspite of it, there may be cases where these executing agencies, machineries may be involved in smuggling or deliberately encouraging smuggling. In such cases there is no provision in this law or relevent existing laws or any customs and excise law, to deal with them. It is a regrettable aspect.

Today, the whole economy of the country is in shambles due to black money and smuggling; it is crumbling. I would submit that punishment should be made more stringent. Three years imprisonment is very meagre for these people who indulge in anti-national activities. Hon. Minister must categorically state how small and medium artisans will be benefited after diamond is taken out of its purview? It appears that big dealers will get undue benefit. Therefore, I would like to say that there is still scope for reconsideration. Hon. Minister much have second look before the bill is passed so that big dealers do not get benefit in the name of small artisans.

DR. G.S. RAJHANS (Jhanjharpur): Mr. Chairman, Sir, I would like to make two-three points. I have studied the Rajasthan Chambers of Commerce and found that more than half of them are gem and jewellery exporters. The concession being given in the name of artisans, will not be available to non-artisans, it will go to big people and you are going to legalise it. My submission is that you may contact diamond artisans and find out from them the source of procurement of rough diamond and the country to which it is exported. We know that we are earning a lot of foreign exchange from the export of diamond and gem-jewellery. Perhaps hon. Ministry may be aware, and if not, he may find out from the Commerce Ministry, that there is a great demand of gold jewellery also specially in the countries where Indians

have settled. There is a great demand of it in Canada, U.S.A. and other countries. How would you apprehend artisans of gold? How would you say that they have smuggled gold? You cannot have double standards. You should have a second thought on it. Gold is considered to be an essential item for marriages in this country. A minimum of 10 grams of gold is necessary for a 'mangal sutra'. Therefore, you will have to consider the gold-policy with a cool mind. I do not plead for encouraging smuggling of gold, but arrangements must be made to make available to common man a minimum of 10 gram of gold either from Government treasury or from other source which he can preserve. It is very essential. Last 5,000 years, of history of this country shows that gold was found in this country and the people possessed it. You may think over this policy again so that gold is available to the people at reasonable rates. Even today huge quantity of gold is smuggled into the country through Nepal.

Narcotics do not come under the purview of this Act in this country. They are being smuggled into this country and youth of this country is being ruined. You talk of smuggling but electronic goods of every type are freely available in Palika Bazar. You will have to do something. You take strict action against smugglers. You should award stringent punishment to gold smugglers as well but make arrangements to make available a little quantity of gold to the people at the time of marriages under Government certificate.

16.00 hrs.

[English]

MR. CHAIRMAN: Shall we take ten minutes more and finish this Bill before taking up the next item? If the hon. Members agrees.....

SEVERAL HON. MEMBERS: Yes.

MR. CHAIRMAN: We shall take up the next item at 1610 hours.

THE MINISTER OF STATE IN THE

DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): Mr. Chairman, will you please permit me to lay a statement regarding the Supplementary Demand for Grants? After that, I have to go to Rajya Sabha and present it there.

MR. CHAIRMAN: All right, you can do it.

16.0 1/2 hrs.

#### SUPPLEMENTARY DEMANDS FOR GRANTS—GENERAL, 1989-90

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): Sir, I beg to lay on the Table of the House a statement regarding the second batch of Supplementary Demands for Grants for the year 1989-90.

16.01 hrs.

#### CUSTOMS (AMENDMENT) BILL— CONTD.

[English]

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): Sir, about the main point that has been mooted in the debate by the hon. Members, the first portion of this amendment is meant for the benefit... (*Interruptions*)

[Translation]

SHRI RAMESHWAR NEEKHRA (Hoshangabad): Mr. Chairman, Sir, Government should make a statement in the Ajeya Singh's case. Today he has made a statement that Win Chadha and Ajitabh Bachchan should be treated at par with him. We treat Win

[Sh. Rameshwar Neekhra]

Chadha at par with him. When his father imprisoned big industrialists neither he reacted to it nor did he write any letter to the President. The Government should make a statement about it.

[English]

MR. CHAIRMAN: I cannot take that item now.

[Translation]

SHRI RAMESHWAR NEEKHRA: Mr. Chairman, Sir, through you I want to draw the Government's attention (*Interruptions*)..... to the fact that he had bank balance in 17 banks after his father became Commerce Minister and Finance Minister and he bought a lot of property in London and New York. His father had to go to the extent of saying that he had no connection with all this. (*Interruptions*)

SHRI SALAHUDDIN (Godda): Mr. Chairman, this is very important question. The Government must make a statement on this. (*Interruptions*)

[English]

MR. CHAIRMAN: We are in the midst of a Bill. As the Bill is going on, you cannot raise any other issue now.

(*Interruptions*)

[Translation]

SHRI RAMESHWAR NEEKHRA: The Government should make statement to clarify the position.

SHRI GIRDHARILAL VYAS (Bhilwara): Mr. Chairman, it is more important than your Bill. It concerns the entire country. Action should be taken against wrong people and the Government must make a statement.

SHRI RAMESHWAR NEEKHRA: Law

is the same for every one whether he is the son of a Finance Minister or he is the son of the leader of Janata Dal or of Shri Rameshwar Neekhra. No body should be spared. The Government must make a statement in this regard.

(*Interruptions*)

[English]

SHRI A.K. PANJA: The points made by the hon. Members have been noted. If there is a formal placing of papers made and if it is allowed by the Chair, we shall certainly come out with all the facts. (*Interruptions*)

MR. CHAIRMAN: Mr. Minister, please reply to the debate on the amendment Bill.

SHRI A.K. PANJA: So far as the points raised by the hon. Members regarding this amendment Bill are concerned, if the hon. Members closely look at the provisions made, it will be clear that the benefits are to be given to the small artisans. It is true that the rich people are dealing in diamond trade. But what happens is, the onus of proof as at present without this amendment is on the person possessing the rough diamond. When my officer goes there and finds some rough diamond in the hands of an artisan, he has to prove that it is not smuggled—it became an onus on a person and a heavy onus to discharge. Therefore, this provision has been made. After this provision is introduced the officer who goes there and seizes those goods shall have to first establish *prima facie* that these goods are smuggled goods. That is why, it is for the benefit of the owner. It is not true that the rich people are exempted by that. I cannot make a distinction under the law of the land between the rich and the poor. But the main persons, who really possess these things at the time of cutting or polishing or making some art objects, are the poor artisans. They should not be harassed by any officers by asking them to produce the receipt which is something impossible for them to comply with.

It is true that the Act was framed in 1962

and we are coming with this amendment in 1989. The reason is that the import of diamonds has increased. That is why we have given some liberalisation. After it is cut here by the deft hands of our own goods artisans it has a very good demand in the world market and the value is added. That is why, this is being given.

So far as the period of sentence is concerned, the provision is that the punishment is for seven years. But there was a provision that the judge who is dealing with the case, can, by giving reasons in his judgement, give a minimum punishment of one year. It appears from various judgements that in many cases one year punishment is being given. So what is being sought by this proposed amendment is to make the minimum punishment for three years instead of one year. But the maximum punishment of seven years is still there. The House has provided death sentence in the case of drug offenders. At this stage, it is not advisable to make death sentence for all smugglers and it has to be done according to the reality of the situation.

So far as the gold policy is concerned, many suggestions have been made. As the hon. Member are aware, two committees were constituted and they have given their reports. One is on the procedural aspect and the other one is on the substantive aspect. Both the reports were given to a group of Ministers. They have gone into it. They have also completed the report. Now any time, Government will declare its final decision regarding gold policy.

These are the points which were raised by the hon. Members. With these words, I request the hon. Members to pass the Bill.

MR. CHAIRMAN: The question is:

"That the Bill further to amend the Customs Act, 1962, be taken into consideration."

*The motion was adopted*

MR. CHAIRMAN: Now we 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. SPEAKER: The question is:

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

*The motion was adopted*

*Clauses 1, the Enacting Formula and the Title were added to the Bill*

SHRI A.K. PANJA: 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.

DISCUSSION UNDER RULE 193

[English]

**Communal Situation In the Country**

PROF. SAIFUDDIN SOZ (Baramulla): I rise with a great amount of anguish in my heart and mind to talk about the widespread communalism in my country. In fact, as I see the situation now, it has become an all-pervading phenomenon. It is no use taking about the communal riots that took place during the last decade. We have vivid memories of what happened in Jamshedpur,

[Prof. Saifuddin Soz]

Murshidabad, Ahmedabad, Bhiwandi, Moradabad and more recently in Meerut.

16.10 hrs.

[SHRI SOMNATH RATH *in the Chair*]

But we are talking about this year because communal riots that took place in recent past have a different dimension. Perhaps you know, Sir, that in Rajasthan and Gujarat alone, riots took place at fifty places... (*Interruptions*)

SHRI G.M. BANATWALLA (Ponnani): Fifty-four places in thirty days.

PROF. SAIFUDDIN SOZ: So, he has added four. Perhaps he has included Badaun also. Now, Sir, this situation is different from the earlier situation. It is a grim situation. This situation is detrimental to the interests of the nation. I feel concerned about Muslim community because it is a matter of pride for me to belong to that community, but I feel primarily for my country because in the comity of nations, India has respect because it is a socialist country, it is a secular country and the very basis of socialism and secularism is at stake. Outside India now the image of my country is getting tarnished because of this onslaught of communalism

What is most painful to me is that now one of the political parties at the national level is in the forefront of the disruptive forces fomenting communal trouble. I studied the BJP's game of obtaining political clout with the Hindu community rather minutely during the past two years. It organised complete fraternal rapport with RSS, gave policy and programme to Akhil Bhartiya Vidyarthi Parishad and responded with affection and love and support to Shiv Sena in full measure. I have observed very minutely how BJP used and exploited the Hedgegar Centenary celebrations, and it was infinitely the BJP cadre that was engaged in poster bonanza around railway platforms, post offices and all public places—

*desh main rehna hoga, Hindu ban ke rehna hoga.* I saw it. I do not know Hindi but since it was a concerted effort, they have taken care to produce these posters in all regional languages. I saw posters in Urdu also and I made people to tell me what was in Hindi. And it was in English also. It was again BJP's aim to terrorise the largest minority community—the Muslims—because it thought that it could hardly build its huge vote bank without terrorising Muslim community. BJP is not playing any religious drams because we know what is *Shila Pooja*. It is nothing religious. I will come to that later. It is all political game and BJP's political analysts were conscious that by terrorising Muslims, they could impair Congress party also.

BJP also exploited Babri Mosque dispute and that also to the hilt. Unfortunately, Government's inaction lent support to its mischievous stance. What is the dispute about Babri Mosque? I raise a question—again not only for Muslims, it is a question in the national interest—who was in 1949 the person who went to the Inspector of Police telling him that in the dead of night, somebody came with an idol, broke the door or entered the mosque and placed idol there? It was a Hindu. Who was the person who went on hunger strike? Again in 1949 it was Akshaya Pundit who was inviting the nation's attention that the mosque was being converted into a temple. And on the 11th day, on the intervention of the great soul, Shri Lal Bahadur Sastri and on the assurance that we shall not allow the growth of communalism in this country, he broke his fast and he told them "we have been witnessing from the childhood the mosque and I do not want its conversion into a temple because it will not be any glory for Hinduism". He was a true Hindu and he continued to be a true Hindu. Mr. Chairman, who was it who went to the District Judge with the revenue records giving evidence before the District Magistrate of Ayodhya, showing the revenue records and giving evidence before the Sessions Judge that this was a vacant plot of land and a mosque was built and there was no dispute over centuries and it belongs to the Muslims? It was Pundit Vogra. He was

the Kashmiri Pundit who was the District Magistrate around that time. This is an overwhelming evidence that this belongs to Muslims.

Sir, we have to live in this country amicably in a harmonious way, in a peaceful manner. Therefore, when there is a dispute, you go to the Court and now the Muslims of this country are waiting for the verdict of the court. They expect that the court will do justice. But I say the disruptive forces whose leadership is now in BJP's hands are fomenting troubles. They are now saying that they are not going by the verdict of the Court. This is a very important thing. This is before the House that BJP which is now in the forefront of these communalists is not prepared to go by the verdict of the court. Sir, we have graph picture to show, we have figures and facts and I must tell you at this stage that the press is doing its duty. In the morning also I got so many news papers and I went through them. Even the Indian Express—it is a class by itself—and all the national press have alerted us. They have done their duty so far as the growth of communalism is concerned. They are telling us that the BJP is misrepresenting Hindus. I cannot agree to that. In the rural sector all Hindus and Muslims live amicably. There is no hatred. But they are trying to create a situation and I can say that they will be defeated by Hindus because they misrepresent them. They create a situation that all Hindus are against Muslims and this is not at all the situation and the Press has alerted us on the BJP drama. I am very happy, Sir, because there are so many stories. I am not placing them on the Table of the House. But they have alerted us and we do not get alerted. That is the situation. Now, the BJP has taken the leadership of all these communal forces and the 'Shila Puja' or the 'Samaroh' is being organised. I had a question, as an Indian, in the national interest and now I ask this question. Probably the Home Minister may find an answer. He can consult those people who know 'Vedas' but not Hindu religion. What is the sanction behind these 'Shila' processions. They are not religious. They are all political. Can anybody convince me through books,

through literature that are available that 'Shila Puja' has sanction behind the Hindu scriptures? This is all political drama and how BJP is doing it nakedly is known to us. Only two days ago in the Khan Market area when they held the 'Shila Puja' Shri Advani who happens to be the President of the Party performed the ceremony and he was the 'guru' of that function and then this 'Shila' was taken around the localities, which was being watched very quietly, I do not know, may be the Government is clear on this, but the drama was being watched very quietly and there is going to be a research on this from village to village. And I salute the press because they keep us informed. We cannot go only by electronic media, we cannot sit in the Lok Sabha and watch the drama. There are so many stories in the press. 3,50,000 Shila processionists will be there, from villages these shilas are taken and they are marching towards Ayodhya. By 10th of November there will be this foundation laying ceremony. And then, Sir, how can the Magistrate do it? How can they allow the land because they will have to wait for the verdict of the court? Muslims and Hindus and all people who are concerned must accept the judgment whatever it is. Muslims don't say, 'You give us the Mosque', although there is overwhelming evidence that this belongs to Muslims. They will never say that because that will not be just on their part. They must wait and accept the court verdict. But BJP is not going to do that. How will the Government allow the samaroh to continue, I do not understand. This is what Buta Singhji tried to give his utmost attention to Babri Masjid issue. I will say that because I had personal knowledge of how hard he worked after he had meeting for six hours or seven hours at a stretch, meeting leaders of both sides. But as of now they will have to rise to the occasion, they will have to respond to the situation which they are not doing. In Khan Market as also in Ayodhya, as in different parts of the country they are saying when they have this shila samaroh:

"Saugandh Ram ki khate hain, hum mandir wahin banaenge."

[Prof. Saifuddin Soz]

How? It is here I want to inform this House that BJP wants total anarchy. Will you allow it?

Sir, I do not know what is the strategy of the Central Government, how they will allow this Shila Puja to continue like that and how they will want it in the days to come, what will happen till November 10th, will they be silent spectators. Well, I do not want them to be silent spectators. That is the trust of my argument. We had alerted the Government around this Hedgewear's celebration and Government did not play even the defensive role at that time. Now, the Congress Party has a responsibility, Sir. Government is one thing, the Party is supreme because the party gives some power in the hands of some people. I have a question for the Congress Party. You are the largest party. Then you should do your duty. You have support from the Communist parties—CPI, CPI (M) and Forward Block, at least they are not divided on this issue. You invite those parties. As for Janata Dal, I think V.P. Singh is on two stools. On the one hand he wants, under the advice of his Muslim colleagues, to have Muslim votes. He had often been told, 'Go immediately and have a dharna and ask for a holiday on the Birthday of Hazarat Mohammad.' Government should do it on its own. But they also want to play something, some part. But otherwise if V.P. Singh wants no politics, he must reject BJP outright. He is not doing that. He wants to have the best of both the worlds. He cannot do it. But the Congress Party, which is the largest party, which is wedded to the principle of secularism, has to rise to the occasion. Invite people who are nationalistic in their outlook. At least Communists are with you. You invite them and organise a powerful national debate.

Now, I want the Government to take notice of what BJP is doing very recently. It is a new stance altogether. Their earlier stance was totally against Muslims. But I will give you now the dimensions of BJP's new stance. First of all, I must say that BJP wants to exploit every situation wherever they can

go. You give a status to Urdu. They feel it is an appeasement of Muslims. Urdu is not the language of Muslims alone. It is Hindus and Sikhs who made it their language. They forget it in this drama of getting the Hindu vote or organising a Hindu vote bank—Ratan Nath Pershad, Brij Narain Chakbast, Trilok Chand Mehboob, Sapru, Dattatreya Kashi and then so many people, Prem Chand, Kishan Chand and even now, Gopal Mittal and Dr. Gopi Chand Narang and others are there. This is the language which cemented the bonds of unity between the Hindus and the Muslims. Urdu was the language which was the medium of expression during the freedom struggle. This is the drama of organising the Hindu vote. Why should they organise communal riot in Baduan? They say minorities commission should be abolished. They say article 370 should be abolished. It is only to organise unrest in Kashmir and they go even to distant Ladakh to add fuel to the fire. Very recently, a couple of days ago, Advaniji went to Bombay and said that Mahatma Gandhi is not the Father of the Nation. It is something shameful. I want to say in this forum, if Ghotse finished Mahatma Gandhi physically it is people like Advaniji who are finishing all the *paramparas* which were built around the personality of Mahatma Gandhi. This should not be tolerated. This is all the same whether in Maharashtra or in Delhi or in Ladakh, the BJP is upto some mischief. It wants a clout with the Hindus. BJP is not doing it for Hindu Rashtra. You cannot have a Hindu Rashtra. The Constitution has given us a sovereign, socialist, secular country. They are also not interested in Hindustan, because they know they cannot have it. My information is that in their closed door meetings, they say by brow-beating Mr. V.P. Singh and by organising this communal drama, they can come to Lok Sabha atleast on 50 seats. I do not think Hindu community will oblige them. But their ambition is to come here on 50 seats. It is a broader question for the ruling party now. If they come on the basis of politics, we welcome them. We may or may not be here, but they want to ruin the peace in the country; they want to have anarchy in this country. All this drama is not only a simple anarchy but

they are organising a civil war and therefore the Home Minister will have to take notice of it. Can they be allowed to do it. This is my question.

Sir, recently we amended the People's Representation Act and that amendment enjoins on all political parties to be secular and socialist. We have to remain socialist; we have to remain secular. It is because of these things, in the comity or nations, India has respect. We do not have respect just because we are self-sufficient or we have ONGC or so many public sector undertakings. We have nothing to do more than to show that we are truly secular. We are socialist and we are the largest democracy in the world and it is this image they are trying to topple.

Therefore, the People's Representations Act binds them to some philosophy, but they are refusing to do it on the eve of election. Will the Home Minister take up this matter with the Election Commission of India because you cannot allow anybody to do anything in this country. You have to put a halt to this onslaught. Therefore, this question is before the hon. Home Minister. He must tell us whether he is going to get the BJP de-registered. Will he approach the Election Commission of India? Is there any court where we can get justice against this onslaught? Will the hon. Home Minister and the Central Government look into the question that I have raised.

Sir, I want to say something about the Muslim community because BJP is trying to brow-beat them. It is not easy to kill 50 crore people; it is not easy to brow-beat this community. I hope that the Muslim community would remain in discipline. In some lane, some leaders can say anything.

But I know, the Muslim community is disciplined. They know there is guarantee in this Constitution. They are not in this country at the mercy of Advaniji or Vajpayeeji. This Constitution gives them equal status with all the citizens of this country. So, they will

exhibit restraint and discipline. They cannot look to any power beyond the boundaries of India. It is here that we have to live and it is here that we have to die. It is here in this country that we have to live with honour. This Constitution of India is a Bible. I have the privilege of talking for millions of people that they consider the Constitution of India as the Bible of their social and political existence and they will salute the Constitution because it gives them equal status, with all other citizens.

No doubt, the hon. Home Minister will answer to my questions. But I want to finish my speech with one quotation. In this darkness which has been created through organised effort by communal organisations, particularly BJP, I want to quote Jan-e-Saar Akhtar because he is a nationalist, patriot. In his poetry, he gives you indication of how you can cement your ranks and rise like a rock, one nation, without any division.

[*Translation*]

His couplet is in Urdu, I recite two-three lines from it. The B.J.P. has created darkness in the country.

[*English*]

They think, they can brow beat Congress—I. They have already brow beaten Janata Dal. But the Government must rise, the Congress Party must do its duty. You get the Communists, get the like-minded people, organise a dialogue and reject that philosophy and make this country great and live for a future with dignity and honour.

[*Translation*]

There is something like it. Jaan-Nisar Akhtar says:

“Ae ar ze vatan magmoon na ho.....”

[*English*]

Future is very bright, despite these divisive efforts. The Urdu poet says:



[Prof. Saifuddin Soz]

"Aai ar ze vatan magmoon na ho, phir pyar ke chashme phootenge.  
Ya naslo nasab ke paimane, ye jaat ke daman tootenge.  
Jahnnon ki ghutan mit jayegi, insaan main tafakur jagega.  
Kal ek mukammal vahdat ka, bebak tasvvur jagega.  
Tameer nai vahdat hogi, manavta ki buniyad par.  
Ae ar ze vatan vishwas to kar ek bar hamare vadon par."

[*Translation*]

SHRI R.L. BHATIA (Amritsar): Mr. Chairman, Sir, we all made united efforts for the independence of the country and it was only through our joint sacrifices that the country became independent. Even after independence, we all the Hindus, Muslims, Sikhs and Christians, made united efforts for building up our nation and irrespective of the religion we belong to, we worked together for the progress of the country. It is as a result thereof that India has emerged as a major power in the world today. Whenever there has been an outside attack, we have combated it unitedly. You may recall the 1965 war or the 1971 war and you will realise that the blood which was shed at our borders was not of any particular religious group but was of the Indians who defended the borders of the country. Attempts are being made to destroy these feelings of secularism and fraternity which have existed since centuries in this country. The Indian State is founded on this concept and all of us have contributed in framing the constitution as Shri Saifuddin Soz was referring to it just now. It is clearly given in the constitution that the rights of every citizens living in India is protected by the State. It is mentioned in clear terms in the constitution but, as I had submitted, some parties want to destroy peace and unity of this country for their own vested interests. They want that the efforts which we are making together for the development of the country should fail. Thus a very serious situation has been created. A new type of

communalism has emerged. Communal riots is not a novel phenomenon but the way they are taking place in a planned manner these days is unprecedented. Therefore, I would like to draw the attention of the hon. Minister in this direction and submit that if such things increase, the country will have to suffer much damage and the responsibility of breaking the country into pieces will rest on these forces which are trying to incite communal riots.

Sir, when the B.J.P. was formed it had raised the slogan 'Hindu, Hindi and Hindustan' but it proved to be ineffective because the people did not accept it. It was on this account that this party could give dismal performance in the last elections. Thereafter, it wanted to turn towards secularism but this also did not work because the people of this country are aware that BJP is a communal party howsoever much it might try to put the mask of secularism. This fact is known to the people of this country. These people want to mislead them but it will not be possible to do so. Once again they are upholding the same communal policy of 'Hindu, Hindi and Hindustan'. They made it clear in their Bombay Session that they represent this school to thought.

Mr. Chairman, Sir, a conspiracy has been hatched in the country which has given rise to a very dangerous situation. The B.J.P. is provoking the people with new slogans everyday about which my hon. friend Shri Soz has made a mention of. Apart from this the slogans given to the processions carried out in connection with the 'Shila Poojan' or the foundation stone laying ceremony also create provocation. Such processions are being carried out in every village and in such areas which are free of communal tensions. It is a part of their elections strategy to provoke the masses in order to corner the Hindu votes. The second objective is to intimidate the minorities. When the majority community unites and intends to establish its own hegemony, this is bound to happen. Under such circumstances, it is natural for the minorities to feel frightened and if out of

their panic they take any steps, the situation is bound to deteriorate.

Sir, the Janata party which came to power in 1977, also included the B.J.P. At that time these people visited the Gandhi Samadhi and paid their homage to the great leader. They also called him the 'Father of the Nation' but today Shri L.K. Advani is propagating that Mahatma Gandhi was not the 'Father of the Nation'. This change in their attitude is before us. This will also aggravate the situation.

Sir, the Babri Masjid-Ramjanam bhoomi dispute has been raised in which Vishwa Hindu Parishad and other organisations are involved and through which an attempt has been made to create a new kind of atmosphere so that confusion and differences may prevail and mutual hatred between communities may spread. This is not the first time that they have acted on these lines. This is the strategy which they have always adopted at the time of elections. Once the cow was made into an election issue but it did not work. Thereafter, the Ganga water was made into an issue. They would tell the people to carry Ganga water on their heads and would go to the houses of the people and make them swear by the holy Ramayana that they would vote for the B.J.P. They attempted to misuse religion in this way. But I would like to congratulate the people of India for the fact that they were not taken in and their complete faith in secularism remained intact. But the situation which they have created of late is very dangerous. Not only the Government but all the political parties also need to give a serious thought to it because it has developed into a grave crisis and it has given rise to a delicate situation. It is necessary to understand the genesis of the whole matter which exists in the attitude of the B.J.P. Therefore, it is the responsibility of all the political parties to make concerted efforts for combating it. The Government is already doing so and will continue to do so in the future. I expect that the Government will tackle this problem with a strong hand, but at the same time it is the duty of all of us and particularly of the Congress Party to com-

bate this problem in every street. The Government should play its due role, the political parties should also play their parts and it is only then that we will be able to combat this problem. Therefore, so far as the Janata Party is concerned, I am surprised that they are trying to keep the B.J.P. in their fold. It seems Shri V.P. Singh is making much efforts and in fact he has made a statement that they have no electoral alliance with the B.J.P. in Maharashtra. Is the B.J.P. of Maharashtra different from the B.J.P. of U.P. or Rajasthan? The party is the same everywhere. Its mentality and its attitudes are the same and this is why Shri V.P. Singh cannot mislead the people. He has to clarify as to whether he is with the nationalist forces which are committed to protecting the freedom of the country and strengthen its integrity or is he with those forces which intend to disintegrate it? I can claim that this policy of the B.J.P. will threaten the unity of the country and may cause considerable damage and therefore, in order to combat it we shall have to work unitedly. Apart from this, I would like to inform the hon. Minister of Home Affairs that it is very much the policy of the B.J.P. These riots are not taking place uniformly in the whole country but they are continued to the areas where the Congress Government is in power. Why have there not been any communal flare up in Calcutta? Is it not so that both Hindus and Muslims live there? These riots have not occurred in Andhra Pradesh, Karnataka and Tamil Nadu. It has been their policy to raise problems wherever the Congress is in power and defame it by saying that the Congress Government has been incompetent and has failed in protecting the interests of the minorities. Their real policy on one hand is to corner Hindu votes and play the Hindu card and on the other hand to insist that the Congress Government has failed to protect the minorities. Therefore, we must understand this point. I would like to inform the hon. Minister of Home Affairs that the Chief Ministers of all States should be cautioned that the incidence of riots will increase. Their intentions have been highlighted in the Press and it has been provide that this is a part of their election strategy. Why did they not occur 3 or 4

[Sh. R.L. Bhatia]

years ago? Why were there no communal flare-ups immediately after the last elections? I would like to warn you that there will be many incidents of riots till the election take place. Therefore, you must direct the Chief Minister of your State to make the administration more vigilant and ensure against the outbreak of communal riots.

Besides, I would like to submit that the Government should set up peace committees consisting of Hindus and Muslims in each district. The Hindus and Muslims should sit together in the peace committees to consider the question of local *rath yatras* or other related acts. The secular parties like the C.P.I., the C.P.I. (M). The Congress and other national forces should be given representation so that they may take decisions locally in these committees by resolving the dispute at local level and not allow it to become an all India issue.

I would also like to submit that the Babri Masjid dispute is not a recent development. It is fairly old one. We did not recognise its seriousness. It has a dangerous potential. However, the issue will be decided by the court. We do not know how long it will take to give the decision. You should make a request to the court and impress upon it that delay in deciding this case can cause heavy loss and riots. Some political parties are taking political advantage of this issue. So, my only submission is that you should move the court to expedite this matter. If any party or individual disagrees with the decision of the court, it should be the responsibility of the Government to see that it is implemented. I would like to point out that their intention is to incite riots and disintegrate the nation. Therefore, Government should strengthen the administration and send central forces to the States where they are required. The Government should set up peace-committees at the district level and made foolproof anti-riot arrangements in vulnerable places like U.P. where the anti-social elements will be active, so that they are not allowed to play any mischief. The anti-social elements take

advantage of such opportunities. The Government should deal with them a strong-hand. They should be arrested, otherwise the B.J.P. is bent upon breaking the country.

They can take any step to win votes and are not at all bothered about the welfare of the country, its unity or independence. Their sole concern is to win votes. Therefore, they may use communal card to come to power. It is now the responsibility of the Government to find way to deal with this problem. The Government should deal with the situation with a heavy hand so that the morale of the people is boosted. I would like to impress upon the hon. Home Minister that majority of the people in the country are secular and only a few people are interested in creating such trouble. If you fail to deal with them strongly, the country will be put in a grave situation. If you deal with this matter strongly, everyone whether he is a Hindu or a Muslim will support you. Therefore, you will have to deal with this situation with a firm hand.

SHRI UTTAM RATHOD (Hingoli): Mr. Chairman, Sir, even during the present term I have had to speak twice or thrice on the situation arising out of communal riots and for the establishment of communal harmony. It is a great misfortune of our country that two of our great leaders had to sacrifice their lives for maintaining the unity of our country during these 40 years. In 1948 Mahatma Gandhi gave his life for the unity of Hindus and Muslims and in 1984 Shrimati Indira Gandhi sacrificed her life for the same cause. I am referring to this because when the late Shrimati Indira Gandhi had asked the Sardodaya workers who had visited Punjab, to narrate their experience and to give suggestions for solution of the problem, Shrimati Nirmala Deshpandey had replied that this question was not all that easy. This situation would normalise only after a great sacrifice. Therefore, I want to ask whether we have not been able to learn a lesson even after making two sacrifices. In a human being the wisdom tooth grows at the age of 35 years but our country has failed to learn, even after 40 years of Independence. I want to ask those people who are now supporting the

B.J.P. as to why do they not talk about the riots that have taken place in Srinagar valley? Why is it that we speak only about our own caste, religion and the people of our own community? Last time, I asked Shri Syed as to why he talked about Bhiwandi only. Had a situation, like communal riots not arisen between the Hindus and the Christians in Kerala? What steps had he taken in that direction? If we are true Indians, then Muslims will have to protect Hindus and Hindus will have to protect Muslims and the Hindus and Muslims will together have to protect sikhs and christians. If this does not happen, the people who today want to build India will once again see it disintegrating. I want to ask Shri Adwani whether his mother tongue, sindhi was not once written in the Persian script and whether the script of Sindhi newspapers published from Bombay is not Urdu even today

SHRI SYED SHAHABUDDIN (Kishanganj): They are written in Arabian script.

SHRI UTTAM RATHOD: Perhaps you are right. I may be knowing less. I agree with you. But why should we quarrel over Urdu being giving its legitimate status? I want to tell you that Hindi story writing started with Munshi Premchand and he initially wrote stories in Urdu script. It is the same Premchand who is revered by us. Once it happened that I could not follow the meaning of a Hindi word. I asked Shri Chiranjilal Sharma, who has been elected from Haryana and is 'Sharma', to explain the meaning of the word to me. He begged pardon and said that he knew Urdu only. He studied Urdu and still remains an Indians. Why are you against Urdu being taught to Muslim? The Karnataka Government made Kannada compulsory for all the people of the State which later resulted in violence, but facilities were also given to persons speaking other languages. I do know how many people here hail from Karnataka. When we permitted them to have their mother tongue as medium of instruction, why can't this be done in case of urdu?

Sir, this game has been played in our

country all the times. Violence on such games were p'ayed even during pre-partition day, which led to the division of our country. Today, we are going to repeat the same thing. Therefore, I want to ask all of you whether you want to divide the country once again? The forces which are fighting against Khalistanis, include Hindus, Muslims, Christians and people from other communities. Why then should we quarrel with one another? I would like to ask those Hindus who are today speaking against Muslims as to why are these discords among harijans, girijans, adivasis or backward classes, who all are Hindus. Why don't you give them their rights? Do you also want to bathe the status of Babu Jagjivan Ram with *gomutra*? If that is so, I am sorry, I will feel ashamed of being called a Hindu from today.

I belong to the tribal community but I do not believe in conversion at all. My wife is a Christian and goes to church but neither has she ever forced me to visit the church nor have I ever forced her to visit the temple. We should develop such a feeling. We should say our prayers in our houses, temples, mosques and gurudwaras and not outside them. The slogans raised there are very strange. All right this is your right. Several other things like building a temple at the site of Lord Ram's birth place are being raised. I shall come to these points later. But now a slogan is being raised. I don't have its English translation with me, otherwise I would have told you that. The slogan is: *Jo swapna dekhate Babar ke, Arman mitakar manege*. Who do they want to wipe out and whose aspiration do they want to crush? Aspirations of a person can be crushed only when he is finished. These persons suffer from certain misunderstandings and these misunderstanding must be removed. The other slogan I came across is: *'Yachana nahin ab ran hoga, Sangram bada bhishan hoga.'* Who do they want to fight with the Muslims, with their own brethren who have been given an assurance in the constitution that there will be no division of the country on the basis of religion? We want to unite both the communities. I am afraid my using the term community might lead to unnecessary mis-

[Sh. Uttam Rathod]

understanding. Have we forgotten the promises that we made? Oath taken at the Gandhi Samadhi in 1977 has, of course, been forgotten but do they also want to forget the promises made in our constitution which was signed by our big leaders. If it is so, then we shall land ourselves in a very difficult position. It will lead to disintegration of the country.

A few days back, I read a very interesting article in the National Herald. Some Chaturvedi has submitted a paper in Madras in which he has claimed that the word 'Hindu' was used much later. According to him, there was no religion as Hindu. I tried to bring all the papers, but I could not find the particular article here. If you give me time I shall read out the same next time. We have to see all these things. External forces want to create rifts among us. Have we not come of age during the last 40 years? Are we still children whom anybody can mislead? We fall victim to their designs and start saying things against each other. My submission is that no useful purpose will be served by blaming the B.J.P. alone for this. We have to take care of the B.J.P. and its cadre. We have to make their followers understand that they do have a right to worship but if you allow yourselves to be misled by the other things they say, then country will be disintegrated again. Similarly, the people who disrupt their rallies and create troubles for the minorities should be advised to refrain from all these things as these things have its reaction in other parts of the country and incite the feeling of the people there. In such a situation, it will be difficult for you to blame anybody for this.

We have accepted democracy and the secret of democracy is 'dialogue'. If you forget dialogue, democracy will be wiped out from this country. So it is high time for us to tell our people that Hindu are free to high follow that own religion and worship their Gods and Goddesses. Similarly, Muslims can worships Allah, the Sikhs Guru Nanak and the other can choose to worship Gautam

Buddha and the Christ. But while doing this, we should not indulge in mud slinging at others. We will have to take a little bit of precaution in this regard. Unless it is done, danger will continue to loom large on the country. Now that we have given voting rights even to our 18 years old children, I through this august House, would appeal to my countrymen to realise their responsibilities towards them and make them realise their obligations towards the nation. The media also owes such a responsibility to these young people. We should tell these young people that the country has already been divided once and attempts are afoot to divide it again. They should remain vigilant against these divisive forces and save the country from disintegration. Today I would like to submit here that even if these divisive forces go to every nook and corner of the country, I am fully confident that our people will not be misled by them and do a wrong thing but would stand solidly behind you. I would like to request the Government to take every possible measure to check such forces. The Government should take suitable measures to protect the sacred places of worship and assure people that it would not allow any wrong thing to happen.

One thing more. As Shri Bhatia also stated, whenever riots take place, the goonda elements, whether they are Hindus or Muslims, manage to get away with impunity. I request all the State Government to bring these elements to book. It will reduce tension to some extent and reduce the chances of Hindu-Muslim riots. It will restore peace and tranquillity in the country. The people of this country are very sensible. There is a small poem in Marathi, the central idea of which is that if the paddy plant bows down when floods come, it can stand up again when the floods have gone. Floods will continue to come and go. You need not bother. Nothing is going to happen now. Before I conclude I would like to recite the following couplet. Perhaps Iqbal had composed these lines. Religion is intoxication:—

'Nasha pila kar ke girana to sab ko aata hai,

Maza to tab hai ki girte ko tham le sakee'

[English]

SHRI EBRAHIM SULAIMAN SAIT (Manjari): Mr. Chairman, Sir, it is very very unfortunate that the situation in our country today is most disturbing, agonising and worst ever since the days of Independence. There is no sense of security at all existing in this country today and the confidence of the people, particularly the minorities, has been very badly shaken.

This matter of Babri Masjid—Ram Janak Bhoomi is not a recent one. It is not just one or two months old. You know full well this matter of Babri mosque—Ram Janam Bhoomi started with the unlocking of the Babri mosque on 1st February, 1986 and then it has developed today as the most explosive problem facing the entire country. It is the most sensitive problem that we are facing today. It is very unfortunate that for the last four years no serious attention was given for the solution of this problem swiftly and effectively. The locks were unlocked on 1st February, 1986. We wanted a peaceful settlement. We approached the Prime Minister. We approached the Home Minister. We made representation and carried on agitation but everything failed because the Government continued to be lethargic and insensitive then. Government woke up only a year or two back, that is, after the Allahabad election. I am happy Government finally agreed for negotiation and we have responded favourably. We welcome negotiations. We have said we are ready to consider any proposal which is just and fair for the solution of this issue but it is unfortunate the other party is not cooperating. We agreed but the opposite party, that is the Vishwa Hindu Parishad, did not cooperate. But then the matter was referred to the Special Bench of the High Court of Allahabad. That is what we demanded. We demanded that when negotiation failed, the matter should be referred to a Special Bench of the Allahabad High Court for a judicial decision. It is natural that when parties don't agree, the ultimate method to be

adopted is to refer the matter for a judicial decision. This was done. We said we would wait for a judicial decision. We still have some confidence left in the judiciary. In spite of a decision in the Shahbanu case by the Supreme Court or a decision again by that Court about the minority character of the Aligarh Muslim University in Aziz Basha's case, we still have some confidence in the judiciary. We said, "We shall wait for a decision of the judiciary." But what is the attitude of the other party? It is adamant and arrogant. They say, "We are not prepared to agree to anything. We are not prepared to agree to any judicial decision." They felt that they have got the possession of the mosque. Who is responsible for this situation? You know it full well. The mosque was locked in 1949. The mosque was locked because, you know, an affidavit was filed in the court by the Government of Uttar Pradesh that the idols were placed wrongfully and surreptitiously in the dead of night. The idols were placed surreptitiously and wrongfully inside the Babri Mosque in the night between 22nd and 23rd of December, 1949. The mosque was locked. The matter went to court. Then, Pandit Nehru was there. Sardar Patel was there. Pandit Pant was the Chief Minister and Shri Lal Bahadur Shastri was the Home Minister in the State. They all took the decision of taking the matter to the court for a judicial decision. We did not take the path of violence. We did not break the law. We did not resort to forced occupation. We said: "We shall wait." But what is the reward? Somebody went to the district court of Faizabad and a decision was taken *ex parte* without hearing and without going into the records and the locks were ordered to be broken. This is the result. The country has faced lawlessness and anarchy. Now there will be blood-bath in the country if the explosive problem is not solved soon. That is the situation. The unity and integrity of the country will be jeopardised. If the communal harmony is shattered, it is very unfortunate. There is a situation of a civil war. The Government should take strong steps. You know full well that today the aggressive, fascist, communal and chauvinistic forces, like the Vishwa Hindu Parishad, RSS, Shiv Sena, have been stronger and

[Sh. Ebrahimsulaiman Sait]

stronger. They are actually being supported by the BJP. They have become militant.

We talk of secularism today. We have got a secular character of our Constitution. We say that protection has been guaranteed for the minorities in the country. We respect this Constitution. We consider this Constitution sacrosanct. But is this being implemented? What about its implementation? You say that the secular forces are very strong. Where are they? We want secular forces to be strong but secular forces are not strong in the country. On the other hand, the fascist, chauvinistic, communal and aggressive forces are becoming stronger and stronger because Government has not taken effective steps to put down such forces in time. Today, we are facing a difficult situation. Now I want to understand what the Government is going to do.

We have got a civilised Government in the country. We have got a secular and democratic Government in the country. But still what happens? Riots are going on for the last 42 years continuously. During the last six months, the situation has become worse. I understand that there have been 54 riots in 30 days. That means, two riots a day. What is happening today? Rajasthan is burning. Today Madhya Pradesh is burning. Today Uttar Pradesh is burning. What for? In UP, we cannot get the Government there which can declare Urdu as second official language, a national language of India. It is a language which brings about integration between two communities in the country, namely, Hindus and Muslims. This is national integration. Such a language is not made as the second official language. For that what happened was Muslims were murdered and dragged out. Such a thing happened 42 years before and never after that. They were dragged out and butchered in open day light. This was in the presence of a civilised Government in the country, in the presence of military and police in the country. What is happening now? Everywhere Ram-Shila Pooja is going on. And wherever

Ram-Shila Pooja goes on, there is a communal riot. Muslims are being murdered. I know that Government machinery is there but the interest is not there. They know fully well that idols are burnt and desecrated. Temples were broken by these fascist communal forces. Processions pass and stones are thrown at the processions by some mischievous elements and we are blamed for that. Sir, we are not mad. As Members of this august House, we are sensible enough to understand this. Armed processions pass and thousands and thousands of people attend them. We will not stone them to seek revenge because we know that we will suffer, we will be killed and butchered. We are not mad to do so. Some mischievous fascist elements are doing this. They are inciting people to indulge in violence. We must detect these elements. You know what happened in Kota. They had some indications that there was going to be some kind of a disturbance when the processions go on, there are not even 200 police men. There is not enough police to take care of them. If the situation becomes worse tomorrow, will the Government take the plea that they did not have enough police? Therefore, such a situation has to be dealt with. What do the minorities desire? The minorities want complete communal harmony. We want everybody to live in peace. That has been our attitude for the last 40 years. But in spite of that, what is happening today? You know fully well that the minorities are facing humiliation after humiliation, suppression and oppression. Then the riots are there to demoralise us and to economically annihilate us. That is what is happening today. We still say that secular forces are getting stronger and stronger and communal forces are getting weaker. How? That is wrong. Today secular forces are not able to assert themselves. If secular forces are able to assert themselves, such a situation will never be there. That is what we want to tell you. What do these fascist and communal forces speak about? They speak about 'Hindu Rashtra'. They want to destroy the very base of secularism. 'Hindu Rashtra' is the slogan raised by them. That has been written on the walls. Has the Government taken any steps in this

regard? They do not erase the slogan from the walls. If very much remains there and they demonstrate the communal feelings of the majority people of this country. The other slogan that they raised at one time was 'Hindi, Hindu, Raho Hindustan Mulla Bhago Pakistan'. What does it mean? We have decided to live in this country and die in this country as Muslims. This is our country. Nobody can ask us to leave India. We have given our blood for this country and we have every right to live in this country. Nobody can drive us from here. What is this slogan? Has the Government no duty to stop such things? What action have you taken against those who gave the slogan—either leave Quran or leave Hindustan. I replied to this when Shri-mati Indira Gandhi was there that neither we would leave India nor we would leave Quran. We would live in this country as Musalman and die as Musalman in this country. What has been done by the Government in this regard? Nothing. We see what is happening today.

The Babri Masjid issue, as I have told you, is getting out of hand today. Solution should have been found about four years ago when locks were broken, but that was not done. Who is responsible? I do not want to go into the details, but yours own people were responsible then. They were with you then, today they are against you. Yesterday they were sitting in your lap, they are now sitting in Janata Dal's lap. The then Chief Minister—I do not want to speak about him, he is dead and gone—was responsible for the riots in Merrut. He was rewarded and a Cabinet seat was given to him in the Centre. You say that secularism is getting stronger and stronger. Is this the way?

17.17 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

One thing has been said here that the Government is having negotiations; they have come to an agreed settlement with the Hindu Vishwa Parishad. They say that Ram Shila processions will go on and bricks will be taken from various parts of the country;

mosque will not be demolished and a foundation laid for a temple there. It must be made very clear that we are not opposed to the construction of temples anywhere in India. I have respect for every place of workshop, but our position has been that you should not demolish a mosque to construct a temple at that place. According to the newspaper reports, the Government have come to an understanding with the Hindu Vishwa Parishad that the mosque would not be demolished and that foundation would be laid for the temple.

Now, elections are fast approaching. Please do not play with the sentiments of the people like this. Priorities should be decided. I want to know whether your priority, first and foremost, is protection of the integrity of the country, maintenance of communal harmony and implementation of the secular character of our Constitution, or play with the sentiments of the people to secure votes of both the communities in the coming elections. We call ourselves a secular and democratic country. For God's sake, do not have such a policy. They say you are going to please Musalmans, by not allowing the mosque to be demolished and play with the sentiments of the Hindus by allowing them to lay the foundation of the temple. The question remains where you are going to allow them to lay the foundation. Is it very near the mosque? Are they going to lay the foundation on the Wakf land, or on any land given by the Government? In that case, the Government will become a party. How much is the distance from the mosque?

Sir, we want this matter to be settled amicably for ever. That is our desire. My friend, Shri Banatwalla, who is here, presented a Bill in this House. What did he say? He said, let all the place of workshop, whether a mosque, a church, a temple or a Gurudwara remain at the same place as they were in 1947. That *status quo* should continue. You did not accept this. I can reveal that Sardar Buta Singh had accepted in private talks that it was a very good suggestion. He appreciated it. This is what Akshya Brahmachari said in 1949-50.



**SHRI SYED SHAHABUDDIN:** Not merely in private talk. All political parties agreed.

**SHRI EBRAHIM SULAIMAN SAIT:** Mr. Banatwalla introduced a Bill. Then the Government came forward and asked him to withdraw the Bill so that they could come up with an official Bill. But did the Government come forward with such a Bill? Shri Banatwalla's Bill was to maintain the status quo of all places of worship as it was on 15th August, 1947. He felt that there should be no change. If the Government had come forward and if such a Bill was passed in this House immediately, such a situation would not have arisen.

**SHRI G.M. BANATWALLA:** Even now, the Government can come forward with such a Bill. The whole nation wants such a Bill. You come forward with an official Bill and you may as well take the credit for it. But please solve the problem. It is not merely a matter of Babri Masjid alone. Today they are talking of Mathura. They are talking about Benaras. There is a long list.

**SHRI SYED SHAHABUDDIN:** They are talking about 300 mosques!

**SHRI EBRAHIM SULAIMAN SAIT:** The whole situation has assumed volcanic dimensions. If the matter is not settled, the country will burn. National integrity will be broken. Communal harmony will go to pieces. You have got to act. You have a great responsibility. Particularly, I would like to remind you about the injunction given by the Allahabad High Court. The court said that there should not be any structural change in an existing place of worship and the status quo of the building should be maintained. That was the decision of the Allahabad High Court. Now who has got the responsibility to see that the decision is implemented? It is the Government of India's responsibility and the Government should come forward and act. The entire responsibility today rests with the Congress Government, the Government of Shri Rajiv Gandhi and the Government were Shri Buta Singh is the Home Minister.

The entire responsibility is theirs. We have tried our best. We have cooperated with the Government to the maximum extent at every level and at every stage. Buta Singhji will bear witness to it. We have at all times cooperated with the Government for a settlement of this basic problem. We have cooperated but the other party has not! Therefore your responsibility is very great particularly after the injunction passed by the High Court.

I do not want to talk about all those riots that had taken place during these 42 years. Today the situation is very explosive. The matter is, I should say. It is a highly sentimental, sensitive and emotional issue and it is assuming volcanic dimensions. I hope the Government will understand I hope it will come to an understanding. Therefore, it is demanded that the Ram Shila procession should be banned. It should be banned at the stage where it began, that is at the village level itself. You cannot first allow people to gather in lakhs and lakhs and then think how to solve the problem. It is simply not possible. When people gather in lakhs you cannot stop. You must also see to it that the entire city of Ayodhya is handed over to the military in case your police is not able to meet the situation. Anybody coming with a bad intention should be shot down without any discrimination whether he is a Hindu or a Muslim. I say this because we have to save the places of worship. That should be the main objective and idea. You have to save the country. You have to save the integrity of the country and the communal harmony in the country. Never before in these 42 years, had arisen such a situation in our country. It is not enough to talk in sweet words. You say our Constitution is there. Yes, our constitution is there and I do not dispute the fact. You say our Constitution is secular. Yes, I do not dispute this too. But where is the implementation? The very fact that we are secular and that we have a secular Constitution will be established only when you safeguard the Babri Mosque. Because that is the safest way of setting an example. We want to save Babri Mosque as a principle of secularism. If you save Babri Mosque, then you can establish secularism in the country. Once a mosque

is destroyed that will have an international repercussion. Moreover some people come and say that this mosque may be shifted to some other place. This mosque may be dugged out. I think Mr. Vajpayee had come out with this suggestion. He said that you dig out this mosque and shift it to another place. No, that cannot be done. Once a mosque is established, it becomes the property of Allah. Mr. Z.R. Ansari a senior Cabinet Minister who spoke in Shah Bano's case can give a *fatwa*. Sanctity is not of stones and bricks of the mosque but the sanctity is of the place where the mosque has been constructed. This has to be understood. So, the mosque when it is constructed, becomes the property of the Allah—the God. We are just the managers, custodians, nothing more than that. That suggestion is also wrong. It cannot be implemented. Because it will be rejected *in toto* by the Muslim community. What we have to do is that, the mosque should be protected. If you brothers want to construct one more Shri Ram temple, they can do it in a far away place. We have no objection. There are so many such temples existing in the country. You have one more. We have no objection. But the situation should not be allowed to develop where tomorrow there will be again a communal rivalry, communal violence, civil war, destruction of integrity and communal harmony in the country.

Therefore, as I told you, the situation is very-very serious, very-very grave and very-very disturbing. When I speak with pain and anguish. I want a settlement should be there and settlement should be there before the 9th of November. You must announce now itself what your plans are, how you are going to solve the situation so that we can have some piece of mind. Otherwise, we are having sleepless nights. We want a decision which should come from the Government as to how they are going to act. Then alone we can have a piece of mind. I hope, the Government will realise the responsibility and will tackle this very grave and sensitive situation in a manner that will be amicable and peaceful by protecting the mosque and also the rights of prayers over there. Tomorrow Muslims are going to pray over there.

SHRI HAROOBHAI MEHTA (Ahmedabad): It is really a painful moment in our national life that we are called upon to discuss the communal disturbance in India.

Recently, there has been a spurt in communal violence in several parts of India, in U.P., M.P. and Gujarat. In Gujarat itself, in the last six weeks, there has been 50 places which are engulfed or which have witnessed communal violence and more unfortunate position is that this communal violence centres around abodes of God—Ram Janmabhoomi and Babri Mosque. They are supposed to be abodes of God. They are the subject matters of communal discord. That is the irony of fate. We never knew that Ram Bhakti would be of this type. Even Ram would not have approved of or would not approve or any day that in his holy name, there should be communal riots; in his holy name there should be butchering of citizens belonging to the other community; in his holy name, there should be arsons of shops belonging to minorities and retaliations resulting in arson.

This Ram *Bhakti* in a distorted fashion taught to Indian citizens is not acceptable to us. What was worse and most painful for me in Gujarat was that the Vishwa Hindu Parishad, Bharatiya Vidya Parishad and the BJP activities also wanted to spread communal poison among the students; generation. They called for a students' strike on 15th September. Fortunately, the student did not respond. It is rightly said that BJP does not represent the Hindus.

I should assure my good friend Mr. Sulaiman Sait that it is not the Muslim League which is the custodian of Muslim interests. There are more Muslims in the Congress than in the Muslim League; and there are more Hindus in the Congress than in the Bharatiya Janata Party. Therefore, it is very good for this country. Hindu workers are represented by trade unions, and not by BJP or the Bharatiya Vidyarthi Parishad or, for that matter, by the Vishwa Hindu Parishad. Muslim workers are represented by the trade unions, and not by Muslim League or the

[Sh. Haroobhai Mehta]

Jamat-e-Islami. It is a happy sign for us that the average Hindu remains secular today, and the average Muslim remains secular today. A majority of the Hindus and a majority of the Muslims are secular, and they are not to be misguided by the communal forces who want to set India on communal fire.

However, it is an unfortunate augury that after more than 40 years of independence, we see communal violence getting spread in various parts of India. The reason is this: I must, in all humility, address the Government on this point. We only act as a fire brigade. We have not been able to curb communal propaganda from the very inception. If we had been able to nip communal propaganda or communal virus in the bud and if we had not allowed the situation to deteriorate like this, the position would not have become so uncontrollable as is found in some parts of the country.

We should be able to put our foot down strongly against any communal propaganda; and this communal propaganda, as has been rightly pointed out by my good friend Mr. Bhatia, is politically oriented. Every time before the elections, some or the other irrational religious issue is being set up in order to divide the people on religious grounds, and then utilize it for politics. Unfortunately, such things get credibility, because playing religions for the sake of politics gets credibility in this country. It is, therefore, that they are utilizing this weapon. If it was cow slaughter before one election another election was preceded by the movement of Hindu Ekatnata Yagna where in Ganga Jal was sold for money. What happened to that money? I think C&AG should have been asked to give a detailed report on the money that was collected by such communal organizations, rather than spending time on something which was already discussed, debated and tackled by the Joint Parliamentary Committee.

So, the students and the younger generation are the main targets of these Fascist

forces. They are aware of the lessons of history. They know that Hitler did. Irrational things appeal faster to the younger generation like the questions—whether it is German blood or non-German blood, whether it is Aryan blood or non-Aryan blood. Those irrational things appeal to this generation and, therefore, they want to utilize things of worship or religious sanctity to play their political game.

Something we are also not free from it. Our media is also not free. Speaking about the role of the Press, my good friend Prof. Soz was appreciative of the Press; but there is the other side also. In Gujarat certain newspapers regularly publish, in their City Diary column, programmes of *Shila Poojan*: 'Today, in Ahmedabad, there will be so many *Shila Poojans* at so many places, and so-and-so of the BJP will attend as the chief guest.' Similarly, the programmes of *Shila Poojans*, whether it is Advani Ji who participates in the *Poojan* or anybody else, are highlighted by the language Press, particularly. This really helps communal propaganda.

We had expected the Press not to give credence to these communal programmes. So, highlighting such programmes, giving credibility to them, even entering them in the city Diary columns by various newspapers, give a spurt to this type of propaganda. Unfortunately, our T.V. is also not free. The unlocking of Ram Janma Bhoomi on 2nd February 1986 and the other demonstrative programmes given on the screen of T.V. also played a part in this. Apart from this, every day our T.V. goes on encouraging Hindu revivalism in this country. I have been telling, from the floor of this House and elsewhere, that Government should not utilize the T.V. to be used for religious propaganda. But this remains a Swan Sang.

This is against secular ethics of our Constitution. But my appeal remains unheard unfortunately. Nobody listens to it. The revivalism of whatever type of religion should not be encouraged by public media. Fortunately, there are secular forces in India

which are stronger than communal forces. It is not only Congress. Congress, of course, has a duty as a Ruling Party and as Government and as Chief Manager of the Society of India, we are responsible to the people and it is our duty to explain to them why we have not been able to counter communal propaganda and why these things are taking place. But there are other forces also.

Recently on 2nd October, I read a joint statement by the General Secretary of the CPM, Mr. E.M.S. Namboodiripad, GS of CPI, Shri Rajeswara Rao, GS of Forward Block, Shri Chitta Basu and the GS of RSP, Shri Tridib Choudhury. They exposed the role of the BJP. They say that this has come in the background of the BJP open alliance with Shiv Sena in Maharashtra. What happened in their National Council held at Bombay? Mr. Bal Thackeray was there, who is known to be fanatic, who is known to be assailing the reputation of Mahatma Gandhi also, who refuses to accept Mahatma Gandhi as the Father of the Nation. He was there rubbing shoulders with Advaniji and Vajpayeeji. Similarly, RSS people were also officially there at the National Council meeting of the BJP. The National Council meeting was held in Bombay and it clearly exposed the role of the BJP. They want to rouse communal passion and communal poison, which was an integral part of their electoral strategy; that is what the Leftist Leaders say in the joint statement. I whole heartedly welcome this statement and think that all the secular forces in India should be united and they should expose the pernicious game of these people who divide the people on communal lines in order to fan their political frenzies. Luckily, the leadership of the nation is with a secular party, the Congress. I want to inform my good friend, Shri. Saitji and others that there is no reason for disappointment; there is no reason for despair. India is led by a party which is secular and which is led by a leader who will go all out and who will be prepared to sacrifice his life for the protection of the integrity of country. His mother had done it. He is also ready for it. At Palanpur on 5th October he made a frontal attack on the communal politics of the BJP. We all

know what Panditji said. He said, "Jan Sangh is an illegitimate child of RSS."

Shri Rajiv Gandhi says that those people whose hands still smell of blood of Mahatma Gandhi have no business to speak in the name of Mahatma Gandhi and Gandhian socialism. The communal politics of BJP was nailed by Shri Rajiv Gandhi in his Palanpur speech. I wish all of us to take this issue in a very strong manner and we unitedly try to fight all communal forces. Luckily there are other secular rank and file in other parties also. The Janata Dal Leadership may be trying to take political advantage due to various reasons by giving opportunistic and inconsistent statements from time to time, but the rank and file is not communal with the result that even one of their leaders namely Shri Devi Lal had to say at the meeting of the political affairs, committee of their party that if BJP remained communal like this, then there might be some difficulty in seat adjustment. Similarly, Shri V.P. Singh also says in one of the well-known series of inconsistent statements that they might not join hands with the BJP. But the communal policy of the BJP and such other communal forces compel even the Janata Dal Leaders to make some statement which might endanger their alliance with BJP. They should come out more forthrightly. I expect Shri V.P. Singh and other friends to be more consistent and stick to this stand even during election. Let not the quest of political benefit distort their behaviour in the context of protection of secular ideas of this country.

Not only this Ramjanam Bhoomi issue, even at the time of RJB Rath also, in Gujarat, for the first time, saw communal riots in the rural areas, when the Rath proceeded from Banaskantha onwards to various parts of Gujarat. Every opportunity is being utilized in order to fan communal violence.

"Shila Poojan" itself may be innocuous. We do not mind anybody worshipping any object. In fact, the freedom of worship is guaranteed to Hindus and Muslims equally. The Hindus are equally entitled to worship whomsoever they want and there cannot be

[Sh. Harobhai Mehta]

any exception, or to their resorting to any worship. But if that worship or if the public demonstration of that worship or the provocative projection thereof is going to affect the communal harmony, then I think we should be able to tell them that if they cannot stop communal violence from emerging from such programmes they should better stop it. We should be able to this to them. Therefore, public demonstration of this programme, or processions etc. in a manner so as to lead to communal violence or generate communal disharmony should be prohibited. The States should come out boldly. I expect the States to be more forthright and more bold and to act in an effective manner. If they act to curb communalism the people will always support them. The people will choose and support those who dare and act and not to those who drag their feet and approach the problem with any idea of hesitation or reluctance.

This of course pinpoints the fact that it will not be possible for the Opposition to oppose the Congress with one candidate against one candidate with the BJP policy of communal divide. Let us ask them now. If any alternative Government comes to power, will the BJP be able to and pursue the idea of throwing away the Babri Mosque and establishing a Janmabhoomi temple there? No; no Government will like to do it. Therefore, their so-called artificial unity has vanished, or will vanish by the time the elections arrive. But I am not on that point. To me elections and election prospects and similar things are of secondary importance. We want to see that secularism is protected in this country and for that no price is high. We should be ready to pay any price.

It has been rightly said that judicial decision will be accepted good. My friend, Shri Ebrahim Sulaiman Sait has said that the Government has agreed to certain things in the content of arrangements of Ram Shila Poojan collection of bricks etc. at Ayoodhya. As far as my information goes, it is not that the Government has agreed on any point or has given any undertaking. It is the undertak-

ing given by the Vishwa Hindu Parishad to the Government on certain matters. As for example, these are the five points on which the undertaking has been given by the Vishwa Hindu Parishad to the Government:

“(a) The VHP will give prior intimation to the concerned District authorities of the Shila Procession route and agree to change in routes in case the District authorities so desire in public interest.”

That is about regulation of the routes.

“(b) The VHP and its followers would not raise any provocative slogans which may endanger communal harmony.”

That is the second point.

This undertaking is being observed in Gujarat at least in its breach. I do not know the position in the other States. But this is the undertaking given by them.

“(c) As far as possible, the ‘sanctified’ bricks will be carried in trucks on the routes determined beforehand in consultation with concerned District authorities.

(d) Senior and responsible VHP functionaries would take the responsibility of guiding the procession and will extend full cooperation to the District authorities.

(e) The spot in Ayodhya where the “sanctified” bricks will be collected will be decided in consultation with the District authorities.”

My good friends will kindly note that the District Magistrate the district authorities have been entrusted with the responsibility of determining the spot, where the bricks will be collected and I am sure that the District Magistrate will not falter in his duty. There should be no doubt in ensuring that the place where the bricks will be collected is at a safe

distance from the place in dispute.

SHRI G.M. BANATWALLA: So, every thing will be done under your patronage, under the patronage of the Government!

SHRI HAROOBHAI MEHTA: This is VHP understanding.

SHRI G.M. BANATWALLA: The foundation would be laid so that it will be encompassing or demolishing the mosque later on. (*Interruptions*)

SHRI HAROOBHAI MEHTA: I on my part. I am only telling you that it is their undertaking. (*Interruptions*)

SHRI G.M. BANATWALLA: Do you support it? (*Interruptions*) It is the Government which has brought about it.

SHRI HAROOBHAI MEHTA: The Government has not agreed to anything.

SHRI G.M. BANATWALLA: Under your patronage the things are being done. That is what I say.

SHRI HAROOBHAI MEHTA: It is an undertaking. This is their undertaking. The Government has not agreed to anything. Let us go by that. Now, the VHP's undertaking, in (f) says:

"(f) The VHP undertakes to abide by the directives..." (*Interruptions*)

THE MINISTER OF HOME AFFAIRS (S. BUTA SINGH): Mr. Deputy-Speaker, Sir, I take serious notice of what the hon. Members are trying to throw at me... (*Interruptions*) I will deal with these points when I reply to the debate. But I think it is very necessary for me to stand up here now and repudiate what they have said. The Government has not entered into any kind of an agreement with Vishwa Hindu Parishad and it is wrong on anybody's part to say that... (*Interruptions*) Either you are mistaken by some press reports or you have something in your minds. Therefore, I cannot be re-

sponsible for that. But let us be very clear. The factual position is... (*Interruptions*)

MR. DEPUTY-SPEAKER: Order, please.

S. BUTA SINGH: I do not want to be misquoted. Let me go on record. I have explained to Shri Shahabuddinji and his colleagues. Soon after I came back from Lucknow, I explained to them that this is what we have tried to avoid confrontation in every village and in every street.... (*Interruptions*) You are a senior Member. You must give me a chance now for having said that. This is an arrangement which they had proposed. You have seen three-four times now that they have done. The Government authorities will see to it that no confrontation is built up. There is no mounting of tensions among the various communities and sections of our society. They will not carry the processions. Only a few bricks will come and at the pre-determined place by the District authorities, the bricks will be collected there. Over the question of Shila Nivas, it is baseless to say that the Government has given any land. I repudiate it. No Government land has been given. No Government land is going to be given. If they do it in some of their temples, how can I prevent it?... (*Interruptions*)

SHRI SYED SHAHABUDDIN: Are you sure that the Government of Uttar Pradesh has not granted land for the project where Shila Niyas can be done?... (*Interruptions*)

S. BUTA SINGH: Why is he cross examining me when I am saying it categorically? I said it categorically on the same day. Shri Shahabuddinji. I do not know, he might have changed his mind now... (*Interruptions*)

SHRI G.M. BANATWALLA: Was he satisfied with you then?

S. BUTA SINGH: After a detailed discussion, I explained to him the arrangement which the Vishwa Hindu Parishad for the first time has given in writing that they will abide

[S. Buta Singh]

by the court verdict. I do not know what else you want. After that, Mr. Shahabuddin has gone on record to say that this is the step in the right direction... (*Interruptions*)

SHRI G.M. BANATWALLA: Is that so? I am shocked... (*Interruptions*)

S. BUTA SINGH: Yes. If he says that this is the step in the right direction, then am I not to be satisfied? I do not know what else will satisfy me... (*Interruptions*)

I want to put the record very straight. There is no Government collusion in it. There is no Government hand in that. All that I am trying to do is to save the country from the catastrophe. For Heaven's sake, do not raise these sentimental issues. We are very clear. And I have said that the Government is duty-bound to maintain law and order under all circumstances. I want cooperation from all the hon. Members... (*Interruptions*)

SHRI SYED SHAHABUDDIN: It is also your duty to protect the Mosque... (*Interruptions*)

SHRI HAROOBHAI MEHTA: Mr Deputy-Speaker, Sir, I quote the last point of the undertaking given by the VHP

"(f) The VHP undertakes to abide by the directives of the Lucknow Bench of Allahabad High Court given on 14.8.89 to the effect that the parties to the suits shall maintain the status quo and shall not change the nature of the property in question and ensure that the peace and communal harmony are maintained"

In order to ensure that no part of the undertaking is allowed to be violated..... (*Interruptions*)

PROF. SAIFUDDIN SOZ (Baramulla): What is the hurry in building a temple of Shila Nivas before the verdict of the Court? You

give your personal reaction... (*Interruptions*)

SHRI HAROOBHAI MEHTA: You address this question to the communal forces which want to build it.

I want to say that the units of VHP and other communal elements do not want to abide by this undertaking. Their behaviour in my State at least shows that. VHP consider this Ram Janam Bhoomi as a 'wailing wall' to Hindus like the one in Jerusalem. Therefore, we have to see that no communal propaganda is allowed to take place. We should nip the communal propaganda in the bud. Unless you do that, you will not be able to extinguish the fire once it breaks out. We have to move right in time and prevent communal provocation from the inception itself.

I was telling that there has been a spurt in communal violence in Gujarat. I have got the figures. They are as follows:

Year	Major incidents	Minor incidents
1980	18	40
1981	15	53
1982	19	70
1983	10	73
1984	13	51
1985	32	53
1986	32	177
1987	15	225
1988	3	180
1989 (upto 31.7.89)	1	183

In the second fortnight of August, 1989 14 minor incidents took place. In the first fortnight of September 30 incidents took

place—twice as much as in the previous fortnight. 50 places have been affected in the communal incidents in the last six weeks. I request the Home Minister to give a special attention to the Gujarat situation. Unfortunately, Gujarat requires special attention because of many reasons. The administration is not as alert to the communal situation as it should be.

It has been rightly said that judicial decision should be accepted. After all, I will not like to be a witness of the situation wherein citizens belonging to a particular religion have to quit their place of worship because the citizens belonging to other religion insist on that. To be very precise, I will not like Muslims to quit Babri Mosque merely because the Hindu organisations want them to do so. Disputes like this should be solved through judicial decisions. The secular political parties and even some religious leaders have accepted this position. The Shankaracharya of Dwarka has accepted that we should abide by the judicial verdict and we should not disturb the status quo so long as the judicial verdict does not settle the matter. I want to ask my B.J.P. friends who are conspicuous by their absence here; who knows more about the Bhakti or Religion—The BJP leaders or the Shankaracharya? Why do you not allow the religious leaders to lead people in so far as religious matters are concerned rather than poke ugly political nose in religious affairs? Those who do not want the judicial process to decide the situation, are afraid of facts. We should, therefore, insist that only a decision by adjudication should decide the situation. Subject to that, even the All India Sampradaike Virodhi Samiti, with which I am associated as President of Gujarat Unit, has proposed to the Government that 15th August, 1947 should be accepted as a cut off line. Upto that date, we were not free. If Hindu rulers were there, there were Hindu temples coming over there. When Muslim rulers were there, there were mosques over there. Buddhist rulers had built their temples. All these things which had happened until 15th August, 1947 we should not disturb. After that, we have free India. Therefore, status quo of temples and mosques and

other religious places as existed on 15th August, 1947 should be accepted wherever since in the Ayodhya issue, the dispute has already arisen we should await the judicial decision. Otherwise, according to the RSS and VHP propagandists the Jama Masjid in Ahmedabad is a place where there once used to be Bhadra Kali temple. Why is it that every where the mosques and the temple are utilised to this divide the people?

I suggest that this House should pass a resolution unanimously appealing to all sections of society not to respond to communal appeals and fight for preservation and protection of communal harmony.

[*Translation*]

SHRI SULTAN SALAHUDDIN OWAISI (Hyderabad): Mr. Deputy Speaker, Sir, for want of time, I would not be able to dwell at length on this subject. This topic has been discussed a number of times during the last five years. Government should tell us what steps have been taken in this regard. The position continues to be the same for the last 40 years despite all the discussion in the Parliament. It appears that the Government does not want to solve the problems of the people. It does not want to take strict action to prevent communal riots.

When the Babri-Masjid issue comes up, complacency is shown in the beginning and when it takes an ugly turn, efforts are made to arrive at some sort of agreement. The Government wants to keep the pot boiling as it suits its interest.

The Hindu fundamentalists were given a long rope at the time at Allahabad elections. But it is surprising that the Muslims, though disenchanted with them, voted in their favour and the Hindu fundamentalists also cast their votes in favour of them. The Government is so far not prepared to realise this thing. In this context, I would like to submit that such feelings are gaining ground throughout the length and breadth of the country. Earlier, it was confined to north only, but now it has started spreading to south



[Sh. Sultan Salahuddin Owaisi]

also. Shila Pujan (worshipping of sacred bricks) has been performed in Andhra Pradesh also. If the Government sincerely wants to put an end to these things, it should firmly ban such pujas. Then only we will be convinced that the Government really means business. If such a thing is not done, then we will take it that the Government is interested only in making rhetorical speeches in Parliament so that people may listen to such speeches and also express their own views in this regard.

Today, the people of India have come to realise that we only indulge in rhetoric and make tall claims of being secular and sing our own priase. A person is judged in that light and his policies and programmes are not taken note of. It is the implementation aspect that counts. What have you done upto now? I have no hesitations to say that in no other part of the world has so much Muslim blood been spilled as in India. \*\* It is indeed a matter of great regret. (*Interruptions*) But the Government is not prepared to accept it. (*Interruptions*)

Today, anarchy prevails in every village in the country. But the Government is doing nothing in this regard. What I feel is that you have no sympathy with the Muslims otherwise you could have checked it. They are announcing that the date has been fixed for 9th November. If you have any sympathy for the Muslims, you could have checked such a move are their part, particularly when the case is sub-judice. These people are going there. I came to know that the site is located at a distance of 20 yards and the map prepared for this purpose indicates that it is not possible to build a temple at the place without demolishing the Bahri-masjid.

Lakhs of temples are being built in the country and we, the Muslims have no objection to it. But we certainly take exception to building a temple by demolishing a mosque. How long shall we tolerate it?

You are aware of the law and order situation prevailing in the country. Riots take place very frequently at different places. In the newspapers, news on riots are predominantly reported. How long shall we continue to tolerate this state of affairs like a mute spectator?

Finally, I would advise such of my friends who dub us as non-secular and communal, to have a look at their own history. You people are in the Congress. There are a number of examples in your party. Shri Chintamani Desmukh who used to be the Union Finance Minister resigned his post when he differed with them. Shri Mahavir Tyagi resigned in protest against Taskent Accord. Shri Lal Bahadur Shastri had resigned as a sequel to a railway accident. But I have not come across anywhere in the history when a Muslim Minister had resigned as a protest to riots taking place in the country. Our heads hang in shame when we find you people sitting there smiling and delivering speeches claiming yourselves to be secular.

I am deeply pained to note the events taking place in the country. The situation is explosive and is crying for attention. Does not your conscience prick you? Why should these riots take place? Why should such things at all take place?

In view of all these things I request you to issue suitable order to stop 'Shila Pujan'. I also request you to dismiss the State Governments wherever riots have erupted. What are the reasons that riots are prolonging? Why is the Government silent over the matter?

You are ringing the bell and we are facing a very dangerous situation. Please have some pity on us and take some stringent measures to dispel the fears engulfing us.

[*English*]

THE MINISTER OF HOME AFFAIRS  
(S. BUTA SINGH): Mr. Deputy-Speaker,

---

\*\*Expunged as ordered by the Chair

Sir, I just want to make a submission to the hon. members on the Opposite and on this side. Shri Owaisi has made a statement which is factually wrong, which is not borne by the facts in the country and it is likely to give a wrong impression inside and outside the country that...

Sir, it is likely to create a lot of fear and a lot of misunderstanding among the people in this country. Either I would like him to withdraw his statement or I would request you kindly to expunge those remarks from the proceedings.

[Translation]

SHRISULTAN SALAHUDDIN OWAIISI: I would also like to ask you certain things and, in fact, I am prepared for that. But could you please let me know as to how many people were killed after independence? Let me have these figures. The truth will come to light then. 'Pravda' the official news agency of the U.S.S.R. has reported that as many as 16,000 riots took place in India after independence till 1966. If you give the figures pertaining to post-independence period, everything will be clear to you.

[English]

S. BUTA SINGH: In the national inter-

est, I will request you kindly to expunge those remarks from the proceedings of this House.

MR. DEPUTY-SPEAKER: Okay. I will do it. It is expunged.

18.02 hrs.

#### BUSINESS ADVISORY COMMITTEE

[English]

#### Seventy-fifth Report

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETROCHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI P. NAMGYAL): On behalf of Shri H.K.L. Bhagat, I beg to present the Seventy-fifth Report of the Business Advisory Committee.

18.03 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, October 12, 1989/Asvina 20, 1911 (Saka)*