

[Translation]

SHRI BRAJ MOHAN RAM: While presenting the Budget for the year 1994-95 the then Finance Minister had announced that tax holiday will be granted to such units which will be set up in backward districts during the period from October, 1994 till 31st March, 1999. Government have received all reports in this connection, yet nothing has been done so far. I want to know from the Government the names of the districts in Bihar where the benefit of tax holiday is likely to be extended to the industrial units.

[English]

SHRI P. CHIDAMBARAM: Sir, you would kindly pardon me for saying that I do not think it is proper now to give the districts of each State. It will only open the Pandora's box. Once the Government decides on which districts are included, I will place the list. But to say it now, will never lead to any consensus.

SHRI SONTOSH MOHAN DEV: Sir, the Minister has rightly said that the scheme was introduced in 1994-95.

Till now, it has gone through various difficulties. It has been gone through by the committees and sub-committees and now the Report has come. When it is implemented, are you going to start from that point of time of five years because four years are already over? Secondly, be very gracious and consider all the political parties on pro-rata basis instead of instead of going by your 13 constituents.

SHRI P. CHIDAMBARAM: Sir, I do not think we should change the year of commencement of the holiday period which is 1994. But we can consider extending the terminal period which is 1999. As it is, I have a difficulty persuading everyone to agree to the districts that have been identified. Now, you are adding to my difficulty. I will do my best to persuade everybody to agree to the districts that have been identified. ... (Interruptions)

[Translation]

MR. DEPUTY SPEAKER: I am calling. I will call one by one only.

(Interruptions)

[English]

SHRI SUNIL KHAN: Sir, may I know from the hon. Minister whether any proposal has been made by the United Front Government to set up an industrial unit at Bakura which is a very backward district in West Bengal?

SHRI P. CHIDAMBARAM: This question must be addressed to the hon. Minister of Industry.

SHRIMATI RAJANI PATIL: At first, identification was done on the basis of districts. In your answer, you have stated that some of the State Governments had requested that this must be done on the basis of small units like, *talukas and tehsils*. Sir, in the name of *talukas*, practically what has happened, is the same districts which were already industrially developed were given more facilities

again. For example, I can cite, Indapur, Baramati and Shirur areas in Pune district and Bhiwandi and Shahpur areas in Thane district. I would like to know whether Government has any specific plan for the totally undeveloped districts like Beed and Osmanabad areas of Marathwada?

SHRI P. CHIDAMBARAM: I would not be able to answer in respect of any particular district. ... (Interruptions) Sir, they should allow me two answer. If they interrupt me, how can I answer?

MR. DEPUTY-SPEAKER: Please allow him to answer.

[Translation]

SHRIMATI RAJANI PATIL: Give generalised reply.

[English]

SHRI P. CHIDAMBARAM: Yes, I am giving a generalised answer. There is no proposal to grant benefits to *talukas* and *tehsils*. The proposal is only to grant it to districts. I do not think it is possible at all to arrive at any kind of consensus if we go down to *talukas* and *tehsils*. It would be virtually an impossible task. We have got districts now. There are reports which have identified the districts. The hon. Member is right. The report has said that in a district which has been classified under certain criteria as 'no industry district', that district should be included. We are inclined to accept that suggestion.

SHRI G. G. SWELL: Sir, as I understand from the reply of the hon. Minister his problem is that he is not able to persuade the different State Governments and authorities concerned to agree to which should be the backward area and which should not be. I can understand that problem. You are faced with this problem. But there are certain areas in this country which have been accepted as industrially backward. There is no question and no controversy about it. The whole of North-East is known as industrially backward. I would like to know whether North-East has been exempted. If not, why not do this on a selective basis to begin with as advance action rather than delaying the whole thing.

SHRI P. CHIDAMBARAM: The whole of North-East has already been covered under the scheme. This scheme does not in any way touch the benefits of the North-East. All the States and Union Territories specified in eighth schedule are already getting this income-tax benefit. We are now talking about identifying districts in other States. The whole of North-East has already been covered.

#### Remuneration of Employees of Multinational Companies

\*283. SHRIMATI SUMITRA MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to remove the ceiling on managerial remunerations to the employees of multinational Companies; and

(b) if so, the details thereof and the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) There is no Government proposal to amend the provisions of the Companies Act relating to managerial remuneration. These provisions apply to all public companies registered in India (and also to private companies, which are subsidiaries of public companies).

[Translation]

SHRIMATI SUMITRA MAHAJAN: Mr. Speaker, Sir, you have replied well.

[English]

There is no proposal to remove the ceiling.

[Translation]

So, it is good. The Minister likes multinational companies, so he said that they ruled for 200 years. They will earn profit for more years than this period. We read much statement. So it created doubts. I want to know whether presently there is any proposal. Schedule-13 in companies Act provides for ceiling and multinational companies also have ten percent ceiling under this provision so whether the Government have received any other representation from the trans national companies or any other person for removing this ceiling on this remuneration and the issue of level playing field is being talked these days so whether the Government is considering it. Keeping in view this view point? ... (Interruptions)

[English]

SHRI P. CHIDAMBARAM: What is the question, Sir?

MR. DEPUTY-SPEAKER: Have you received any representation?

SHRIMATI SUMITRA MAHAJAN: Have you received any representation from any trans-national companies to remove this ceiling or whether you are thinking about this?

SHRI P. CHIDAMBARAM: I do not recall having received any representation. If a representation has come to the Ministry, I will look into it. But I do recall having received any representation.

[Translation]

SHRIMATI SUMITRA MAHAJAN: You don't know Hindi and I don't know English because I am a very simple lady so it will be difficult for you.

Sir, my second question is that generally it is seen the C.M.D. of most of the trans-national companies like Kirlosker, Seimens belongs to foreign country. I mean multinational companies generally have foreigners in their higher managerial posts. So whatever remuneration they get most of it will go abroad. But the share holders of these companies are Indian citizens. If, even ten percent goes abroad i.e. if a company earn profit of 100 crore Rupees than 10 crore out of it will go abroad as remuneration. I want to know whether the Government are considering

to constitute any expert committee keeping in view all these things and whether this committee will ascertain the extent of effect of out flow of foreign exchange on the dividend given to domestic investors as well as on the total foreign exchange reserves. Whether the Government have constituted or proposed to constitute such expert committee?

[Translation]

SHRI P. CHIDAMBARAM: There is no proposal to set up an expert committee. I think, the present laws are adequate and even the group which was set up to redraft the Companies Act has recommended that the present laws are adequate and no change is required.

SHRI V. DHANANJAYA KUMAR: May I know whether the Minister is aware that there is a tendency naturally to give more remuneration in the form of perquisites to make the provisions of the Companies Act redundant and whether any checks and balances are thought of by the Government to bring the entire remuneration including the perquisites within the limit prescribed under the Act? Part B of my question is whether the Government has observed the tendency which is there among the employees working in the public sector undertakings to keep an eye on the posts available with the multinational companies.

Immediately after the retirement or even taking a voluntary retirement from the public sector undertakings, the best of the employees are tending to go to multinational companies to secure very prime jobs. Is the Government thinking of taking steps to prevent such a tendency?

SHRI P. CHIDAMBARAM: Sir, the Act provides as to what will be included in the definition of remuneration and what will not be included in the definition of remuneration. Some perquisites are obviously outside the definition of remuneration. These include contributions to provident fund, superannuation fund, payment of gratuity, encashment of leave, education allowance for children of expatriates and leave travel concession. Usually, these are not included in the definition of remuneration.

SHRI V. DHANANJAYA KUMAR: What about rent free accommodation?

SHRI P. CHIDAMBARAM: I am coming to that. What the hon. Member wants to know is about rent free accommodation. I invite his attention to the explanation under Section 198 of the Companies Act which says:

"For the purpose of this Section and Section 309, etc., remuneration shall include any expenditure incurred by the company in providing any rent free accommodation or any other benefit on amenity in respect of accommodation free of charge."

These are all provided in the Act.

[Translation]

SHRI BANWARI LAL PUROHIT (NAGPUR): Mr. Deputy Speaker, he is not observing. They are giving houses in, one lakh Rupees each.

[English]

SHRI P. CHIDAMBARAM: How can I answer you? I have to answer him first ...*(Interruptions)* If you quote in Hindi, I have to use my head gear. At least, you must quote in English ...*(Interruptions)*

MR. DEPUTY-SPEAKER: I wanted to give you a chance for supplementary.

[Translation]

DR. MURLI MANOHAR JOSHI (ALLAHABAD): Mr. Deputy Speaker. Their investment policy is such that Finance Minister can understand without using headgear.

[English]

SHRI P. CHIDAMBARAM: Did Dr. Joshi say something about my Hindi?

DR. MURLI MANOHAR JOSHI: I said that you look like the former Minister Dr. Manmohan Singh minus the turban.

SHRI P. CHIDAMBARAM: You have said that many times.

DR. MURLI MANOHAR JOSHI: So, keep your head gear intact so that you understand what the hon. Members say and you remain as Chidambaram and not as Dr. Manmohan Singh minus turban.

SHRI P. CHIDAMBARAM: I understand Hindi which is spoken in simple terms. But how can I understand Panditji's Hindi?

DR. MURLI MANOHAR JOSHI: I speak Hindi which is very akin to Tamil.

[Translation]

SHRI P. CHIDAMBARAM: I will try. It is very difficult.

SHRI ANANTH KUMAR: He is coming on the right track after trying.

[English]

MR. DEPUTY-SPEAKER: Now, please come to the question.

SHRI P. CHIDAMBARAM: Sir, let me answer the question about public sector employees after retirement.

SHRI NITISH KUMAR (BARH): At least, you may try to talk in Hindi.

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM): In the meantime, you may take the assistance of the translators and reply in Tamil ...*(Interruptions)*

MR. DEPUTY-SPEAKER: Let good atmosphere prevail.

[Translation]

SHRI MUKHTAR ANIS (SITAPUR): I suggest that Shri

Nitish Kumar should speak in Tamil and he should speak in Hindi then it will be good for the unity of the country.

[English]

MR. DEPUTY-SPEAKER: Please conclude now.

SHRI P. CHIDAMBARAM: As regards public sector employees seeking retirement, I do not think it is proper or correct to impose a complete ban on public sector employees seeking employment after retirement. But there is a rule for Government servants. I believe there is a rule in the public sector also that for two years after retirement, he must seek permission and that is the period during which Government keeps a watch over it after his retirement.

SHRI V. DHANANJAYA KUMAR: That condition applies only in case he will be taken there as a Director and not for any other job.

SHRI P. CHIDAMBARAM: There are rules. You put a separate question and I think the Minister of Industry will answer your question.

MR. DEPUTY-SPEAKER: Please let him ask the question.

*(Interruptions)*

SHRI SUBRAHMANYAM NELAVALA: I would like to know from the hon. Minister whether there is any proposal that the RRBs should merge with the commercial banks or form a separate bank?

SHRI P. CHIDAMBARAM: It has nothing to do with this question. It requires a separate notice.

[Translation]

SHRI BANWARI LAL PUROHIT: Mr. Deputy Speaker, Sir there are Head offices of big companies in Mumbai. Suppose the executives of those companies get salaries to the tune of Rs. 10-15 thousand, but the rent of big houses is Rs. 70-80 thousand per month and the demand of the companies is yet very much. You have replied that House rent has not been included in the salary. It is not true. Would you get an inquiry conducted in this regard? Inquiry in this regard be conducted by the department of Income Tax. Everybody knows about the commercial rate of Mumbai. Rs. 70-80 thousand is given as rent to them. There is discrepancy in your reply or your reply is wrong because we know the factual position.

[English]

We know the reality. This is happening in Mumbai itself.

[Translation]

SHRI SAIYAD MASUDAL HUSSAIN: Hon'ble Member may face the case of privilege. We would have to tell the Member of Maharashtra that he should say 'Mumbai' instead of 'Bombay'.

SHRI BANWARI LAL PUROHIT: I am sorry. Will the Minister look into the information given by me?

[English]

SHRI P. CHIDAMBARAM: Sir, there is no need to look into the information. It is well known that rents in Mumbai are very high. But that is not a function of the Company or the Director. It is due to several other factors like the scarcity of land, the meagre stock of housing and the failure to add to the existing housing stock in Mumbai. That has nothing to do with the Company or the Director. I am reading the explanation to Section 198 of the Companies Act in answering my hon. friend's question: 'What is included in the definition of remuneration?' But the question, 'Who pays the tax?' is between the Director and the Company.

SHRI A.C. JOS: The situation is very difficult. Because of the influx of the multinationals, they are paying very heavily to the young engineers. The hon. Minister said that an Officer or a Director can go for an employment in another company only two years after his retirement. That is at the higher level. But at the middle level management, all the public sector industries are starving now, because the middle-level managers are flying, or rather speedily migrating away speedily to the multinationals because of the embargoes and curbs put by the Companies Act. May I request the Minister that in exceptional cases, in the public sector companies, if they apply, whether the Government cannot think about making some exceptions—in emergency cases and special cases—to accept and give more salaries to the middle level managers who are very intelligent and are flying away from the public sector to the private sector and to the multinationals? They are attracting them with very many perquisites and other fringe benefits. May I request the hon. Minister whether he is ready to do this? The Companies Act is being amended now. Some provision is to be made by the Government by which the public sector companies can waive certain provisions and give enough remuneration to retain these exceptionally good people in the public sector.

SHRI P. CHIDAMBARAM: Sir, the provisions of the Companies Act merely set the limit within which the remuneration should be paid. It is a fact that the salaries of the public sector executives are far less than comparable private sector salaries. One of the reasons why the public sector is unable to attract or retain high quality personnel is the poor salaries. The Minister of Industry has already appointed a committee under a retired Judge of the Supreme Court to look into the salary and compensation package of the public sector executives. ...*(Interruptions)*

MR. DEPUTY-SPEAKER: The next question is yours.

[Translation]

KUMARI UMA BHARATI: I was not here, I am not prepared for the question.

[English]

PROF. P.J. KURIEN: Sir, the next question is mine.

MR. DEPUTY SPEAKER: I am sorry, Shri Kurien.

[Translation]

KUMARI UMA BHARATI: Mr. Deputy Speaker, adjourn the question hour. Students are being sent to prison in my district ...*(Interruptions)*

[English]

MR. DEPUTY SPEAKER: I have called Shri P.J. Kurien.

PROF. P.J. KURIEN: Sir, I do not mind giving some consideration to the fair sex but not during the Question Hour.

#### LIC Agents

\*284. PROF. P.J. KURIEN: Will the Minister of FINANCE be pleased to state:

- (a) the total number of working LIC agents in the country;
- (b) whether there is inordinate delay in paying commission to these agents;
- (c) if so, the steps taken/proposed to be taken to curtail this delay; and
- (d) the total amount of commission payable to these agents during the last three years and the amount of commission actually paid?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A statement is laid on the Table of the House.

#### STATEMENT

(a) to (d) The Life Insurance Corporation of India (LIC) have reported that there are about 5.14 lakh active agents in the country as on 31.3.1996 and there is no undue delay in settlement of their claims.

2. The following table gives the total commissions payable and paid by the LIC in the last three financial years:-

Item	1995-96	1994-95	1993-94
	(Rs. Crs.)	(Rs. Crs.)	(Rs. Crs.)
(1) Total Estimated Commission due and payable	1073	960	851
(2) Estimated Commission released	1073	948	845

PROF. P.J. KURIEN: Sir, in part (d) of the question I wanted to know as to what is the amount of commission payable to the agents and what is the amount actually paid to them. I think, the hon. Minister has resorted to some jugglery of words. Instead of giving the amount of commission actually paid to the agents, he has given the