

transportation cost and damage of goods in handling and delay in reaching of goods at the destination. The distance between Nizamabad and Mudkhed is only about 70 kilometres which can be converted into broad gauge.

I would, therefore, urge upon the hon. Minister of Railways to order for starting the work of gauge conversion from Nizamabad to Mudkhed (about 70 kilometres) in this financial year itself, without any further delay, as it is the long-standing demand of the people of Nizamabad.

13.25 hrs.

FINANCE (NO. 2) BILL, 1996

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Mr. Speaker, Sir, yesterday we had a long but a very peaceful discussion on the Finance Bill. Some very valuable suggestions were made by a number of Members.

SHRI MADHUKAR SARPOTDAR (MUMBAI NORTH-WEST) : Sir, yesterday we were given an assurance.

MR. SPEAKER : No, please. We cannot complete it. Yesterday it was a clear-cut decision that the debate would be completed and that the Finance Minister would reply today. I cannot make an exception now.

SHRI MADHUKAR SARPOTDAR : Yesterday, it was decided that I would be allowed.

MR. SPEAKER : Sarpotdarji, please take your seat.

SHRI MADHUKAR SARPOTDAR : I leave it to the Chair ... (*Interruptions*)

MR. SPEAKER : The second stage and third stage of the Bill are coming. I do not know whether you can raise some point after the second or third reading. Let the Finance Minister reply.

SHRI P. CHIDAMBARAM : Yesterday, Sir, I had the opportunity and privilege to intervene briefly and clarify some points as and when they were made by the hon. Members who participated in the discussion. Therefore, there are no major issues which I need to discuss today. There are no major issues on which a reply is expected, but I wish to assure the hon. Members that the Finance Bill, as I said, carries forward the philosophy of a low tax rate, simpler procedures. And I promise strict enforcement of the laws in order to raise more revenues.

13.27 hrs.

(PROF. RITA VERMA *in the Chair*)

Sir, hon. Member, Shri Jaswant Singh made a number of suggestions. I wish to respond to one on corporate governance. I think this is extremely important. Sir, all over the world, the corporate governance and good corporate behaviour is now insisted upon as a requirement by law and by regulatory agencies. We

are on the threshold of reorganising our corporate sector. I agree that a number of bad practices and wrong practices crept into the corporates and the behaviour of some corporates has not been exemplary or even satisfactory.

We are aware of the Cadbury Committee Report. We have asked some of our financial institutions to interact with corporates to draw up a Code of Corporate Governance. I do not think that it is easy to draw up a Code, but we are engaged in that exercise. I am confident that in due course I will be able to come forward with a Code of Corporate Governance.

I have also looked into the role of nominee directors. Government officers are nominated as directors on the boards of a number of companies. Then, there are other avenues through which the directors are nominated. Public financial institutions nominate directors, LIC and GIC nominate directors. Sometimes, it is an instrument of the Company Law Board to nominate directors on the Board. I was given a set of papers which contain what are called the do's and don'ts for nominee directors. Well, if they did all that they were supposed to do and did not do all that they were not supposed to do, I think their role would be more effective. But I think all this has now become a routine and routine is the enemy of change, routine is the enemy of efficiency and quality. I think we must try to break this routine and impress upon the nominee directors that they have a much larger role to play and more active role to play, particularly in banks. I think the nominee directors exercise greater vigil and ask more questions. Even a Socratic method of simply asking questions, would have put Chief Executives and Chief Operating Officers on more guard and would have improved the quality of performance of these companies.

Again I am looking at the role of nominee directors and I intend to revise the guidelines to nominee directors, particularly those who are appointed by the Government.

Madam, I accept Shri Nirmal Kanti Chatterjee's very correct formulation—which I requested him to repeat and I noted it down—that in the draft income-tax law that we are now in the process of drafting exemptions should be given only to four broad categories, namely to research and development, exports, some identified backward areas and in order to promote savings. You will find that this is reflected when the new Bill is drafted.

I also accept his rather radical suggestion for him that direct income-tax rate should be reduced. I asked my people to do a quick back-of-the-envelope calculation as to what will happen if the slab rates were reduced to, what appears to be a good ideal rates, 10 per cent, 20 per cent and 30 per cent. I am afraid today we will straightaway lose about Rs. 3,000 crore and that is not possible now. But we must move towards these rates and I am glad that Shri Chatterjee and his party are on board that we must lower tax rates. But what applies to income-tax also applies to other duties. I am sure that in

course of time Shri Chatterjee will come on board and agree with me that other duties also should be reduced and what applies to direct taxes also applies to indirect taxes.

Take, for example, customs duties. A custom duty is, by economic definition, a tax on exports. It is a tax on competitiveness. Why are some of our old established companies not competitive? It is because they import capital goods at 85 per cent duty. If you import capital goods at 85 per cent duty, how do you compete with another producer in Thailand or Vietnam which are some of the emerging countries? Their capital goods are now coming in at between zero to five per cent duty. Anyway, I do not want to rush Shri Chatterjee. Now that he is with me on direct taxes, I am sure some day he will be with me on indirect taxes also. (Interruptions)

Madam, Shri Priya Ranjan Dasmunsi raised an issue about jute. Now frankly I want to disabuse the impression that we are partial to other fibres and we are not helpful to jute. Let me give you the duty structure on jute today and if he still wishes that something needs to be done, I am willing to discuss it. I have a completely open mind on these items.

Today, we have a five per cent duty, that is the lowest rate of duty that we have, on six items of jute products. They are jute yarn, twist and thread, jute fabrics, twine, ropes, cordage, cable etc., made with the aid of power, floor coverings and carpets of jute, jute webbings and sacks and bags of jute. These are the six items on which there is, today, an excise duty on jute.

THE MINISTER OF HOME AFFAIRS (SHRI INDRAJIT GUPTA) : Is it excise duty?

SHRI P. CHIDAMBARAM : Yes; he is talking about excise duty.

There is no excise duty on other products. There is full exemption for a whole list of products starting from jute fibre, jute yarn, fabrics, twine, ropes, cordage, cables etc., made without the aid of power, jute strips intended for Army, laminated jute bags, made up textile articles of jute etc.

Why do we impose this five per cent excise duty on these six items? The principal reason is that we must allow the jute mills under MODVAT to get the duty paid on capital goods. If I do not impose this five per cent excise duty on a few products, the jute mills will not be able to use the MODBAT to get the duty paid on capital goods and it may hamper modernisation.

Secondly, there is a distinction between goods made with the aid of power and without the aid of power. The five per cent duty, you will find, applies, in some cases, only to goods made with the aid of power and there is an exemption for goods made without the aid of power. If I remove this five per cent duty, those units making

these goods without the aid of power will not have the small advantage which they have today.

These are the two reasons why we have a small excise duty on some jute productions. But I am willing to sit and discuss with Shri Munsi and any others who may have some suggestion on jute excise duty.

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM) : It has to be viewed as a whole. A holistic view has to be taken.

SHRI P. CHIDAMBARAM : This is the lowest. There is no other product.

SHRI NIRMAL KANTI CHATTERJEE : No, it is in competition with the plastic sector that the problem arises.

SHRI P. CHIDAMBARAM : In plastics, the duties are not five. The duties are much higher than five.

Madam, there was some suggestion regarding caprolactam. I know that a large number of hon. Members of Kerala and Gujarat are concerned about caprolactam. I think, the fears are exaggerated. I have looked into it very carefully. Fortunately, there is a study made by BICP in this regard. Let me begin by this assurance that any time I find that either of the two factories which manufacture caprolactam is affected, I will not hesitate to raise the customs duty. Let me give that assurance first. But then, what are the facts? India is not an importer of caprolactam. In fact, we are a net exporter of caprolactam. The prices of caprolactam in India are very competitive with world prices. Last year, in fact, we exported a small quantity of caprolactam. There have been virtually no imports of caprolactam except under the Advance Licence Scheme. But it does not come into the domestic market. That comes of production and goes out. Anyway that comes in mill jute. I have the prices of caprolactam with me and our prices are competitive. So whether the duty is at 'x' per cent or 'y' per cent really makes no difference to the fact that we are not exporters of caprolactam. We have unified customs duties on all products and caprolactam falls in a family of products where we have brought the customs duty even lower than 30 per cent because I did not want to send any wrong signal to anyone. I have the BICP report which says :

"In order to really make it efficient and competitive, we must impose only one per cent *ad valorem* duty on caprolactam."

But I am not accepting that report now. That is much further down the road, may be several years away. I have also got a written recommendation of the Department of Chemicals and Petrochemicals which went into all the family of products which caprolactam belongs to, that we fixed customs duty at 30 per cent. That is how the customs duty on caprolactam is being fixed at 30 per cent. There is no danger to either of the factories.

Now, what is happening is that they are, in fact, making profit in caprolactam because they have virtually a monopoly in the market. I have no grudge against that. If they are efficient, let them have a monopoly and if somebody wants to challenge them, let him come and produce it more efficiently. They are selling their products in the domestic market and there is a small export also. But they have other lines of products where they are making a loss. Now, when they come and tell the hon. Members that we are faced with closure, they are not referring to the caprolactam production but they are referring to other products where they are uncompetitive and inefficient and they are making a loss. The caprolactam today, according to my information, is cross subsidising some other products. So, the real place to look at is the other products which they are making and to see that they are more efficient. There is no import of caprolactam and given the price situation today, I am confident that there will be no import of caprolactam. If there is a demand, capacities in this country can be added. We are a net exporter of caprolactam and its prices compared favourably. They are much more competitive than the prices in the international market.

SHRI RAMESH CHENNITHALA (KOTTAYAM) : But, Sir, this will affect the FACT. Therefore, it should be brought down.

SHRI P. CHIDAMBARAM : I want you to go and look into the working of FACT. I also ask you to go line by line, product by product and find out where they are making their losses.

This has been studied by the BICP. I will give you the copy of the BICP Report. It is a very thick Report and that recommends a very startling recommendation, imposition of only one per cent duty on caprolactam. It is the basic building-block for a large number of other products. We have not done anything like that. We have kept it at 30 per cent.

SHRI MULLAPPALLY RAMACHANDRAN (CANNANORE) : But you have brought it down from 45 per cent to 35 per cent.

SHRI P. CHIDAMBARAM : But there is no import. So, how does it matter ? ... (Interruptions) I will tell you why. One is, it belongs to a family of products and they are unifying the import duties. Second is, all duties have a price restraining effect or price rising effect. It is good to have lower duties in order to have a price restraining effect on domestic production. Domestic production must become more efficient. That is why, we bring down duties, according to a timetable, on all products and we have to bring it down to world levels. What does the CMP say ? Tariffs must be brought down to world levels over a period of time. That is what Raja Chelliah recommended. So, we have to bring it down gradually. I have brought it

down from 45 per cent to 30 per cent at a time when there are no imports. I have also given you an assurance that if at any time I find that domestic industry is affected by indiscriminate imports or dumping or by price crashes, we can always raise the customs duty. But the signal must go that the trend is to bring down the customs duty on all products including caprolactam.

SHRI P.C. CHACKO (MUKUNDAPURAM) : Mr. Finance Minister, we had this experiment last year, the customs duty was reduced to 30 per cent. Again, it was re-instated to 45 per cent by your predecessor.

SHRI P. CHIDAMBARAM : But there are no imports.

SHRI P.C. CHACKO : Please listen to me for a minute. Now, the two public sector undertakings—Gujarat Fertilisers and FACT—manufacturing caprolactam faced with severe problems. Last year after the announcement was made through the Budget of reducing the customs duty. Then taking into the difficulties faced by the two public sector undertakings, it was reinstated at the old rate. The plastic industry lobby has been pressurising the Government to reduce the duty on caprolactam, it being a raw-material of the plastic industry. The fact remains that the public sector suffers a lot on account of the reduction in customs duty. I am happy with your assurance that if there is any problem for these public sector undertakings, you will revise it. But I think our experience should also be taken into account. We had this bitter experience last year.

SHRI P. CHIDAMBARAM : Madam, I can only present a logical argument. There are no imports of caprolactam and the prices are competitive compared to international prices. Last year, there were no imports except under advanced licence. The caprolactam is not a loss making line. It is some other products manufactured by the company...

SHRI P.C. CHACKO : Many public sector undertakings are making losses.

SHRI P. CHIDAMBARAM : What can I do? Please see the logic of it. If you are making a loss in some other product, whether caprolactam is at 45 per cent or caprolactam is 30 per cent, it makes no difference. You must look at your other products and try to become more efficient in the production of those products. BICP has gone into it. BICP is an expert body. BICP recommended one per cent duty. I have not done that. But we have to bring these duties down because the trend is to bring down all customs duties to world levels. We have brought it down to 30 per cent. It will not affect anyone. There were no imports last year. I do not expect imports this year also. If at any time we find that there is a problem, then we can always raise the duties. But please do not be carried away by an argument that the factory will be closed down. You will find that at the end of this year.

FACT becomes more efficient and not less efficient. They will now look at the other lines of production. *(Interruptions)* Nothing happened last year; not even one kilogram of caprolactam came.

SHRI P.C. CHACKO : But the factory was closed down.

SHRI P. CHIDAMBARAM : The factory was closed not because of caprolactam. The factory must have been closed because they have got other lines of production which are inefficient. In caprolactam, they are making profit and, that is why, BICP says keep duty at one per cent. So, please do not take whatever the management says. I think we should probe what they say, ask them the questions to find out why they are doing badly in some lines. Anyway, I am willing to come to Kerala and we can all go and jointly visit FACT and see what is their problem and talk to them.

Again, Madam, there is a problem faced about rubber. As the Commerce Minister, I think, enough was done in order to reassure rubber growers that nothing will happen to affect rubber and nothing did happen. Last year also, people raised a hue and cry. I had travelled in Kerala, I visited rubber estates, addressed groups of growers and reassured them that rubber industry was married to the rubber grower in heaven. Both have to live together. If rubber industries flee Kerala, the rubber production will go down. What is the price of rubber today? I have got the price of rubber.

SHRI RAMESH CHENNITHALA : My point is that it is attached to the rural development. The people in my constituency were saying that the Finance Minister has done this, what have you done?

SHRI P. CHIDAMBARAM : Nothing happened. I was in Ramesh Chennithala's constituency. I told the people of his constituency that they should believe me and vote for Ramesh Chennithala because he supports correct policies and he has won because of that.

You were there on the stage with me. What I am saying here, I said there also. I am not saying one thing in Parliament and another thing to the people. They accept it. The growers understand the logic of what we are doing. Rubber prices, according to the formula, should be about Rs. 24/- or Rs. 25/-. What are rubber prices today? Rubber prices are Rs. 50/- or Rs. 48/- ahead of Kuala Lumpur prices. *(Interruptions)*

We did not lose on that day. The quotation will go down. But we did not lose that day. We did not sell that day. It is a flush season today. Rubber is coming. Let us not raise an alarm about rubber. Rubber industry is doing well. Rubber production is going well. What Shrimati Lalita Ambika, the Indian Officer who now heads the Association of Natural Rubber Producers say? I have projected rubber

growth and rubber demand for the next ten years. In Kerala, I said, in a meeting where all of you were present that there will never be for the next 20 years filling up of the gap between demand and supply. Demand is outstripping supply. So, rubber growers have nothing to fear for the next 20 years. Mrs. Lalita Ambika, one of your own Officers who now heads the Association of Natural Rubber Producers said that between world demand and the world supply, there is a gap of 10 lakh tonnes. In India, there is a gap, according to the Commerce Ministry, of 40,000 tonnes. She estimated it at 50,000 tonnes. Nothing will happen to rubber prices. If only we do not indulge in panic statements, nothing will happen to rubber prices. Rubber prices are being published every day at my instance. In *Matribhumi*, Kottayam prices are published. Kuala Lumpur prices are published. You know we have done all that. But you do not want to give credit to what we have done. *(Interruptions)*

SHRI RAMESH CHENNITHALA : Rubber farmers are very badly affected by the imposition of 20 per cent duty. It should be reconsidered.

SHRI P. CHIDAMBARAM : Madam, when there is no problem, Shri Ramesh Chennithala intervenes. Why you not intervene, when there is a problem? You do not worry. Do not create problems which are not there. You are most welcome. You know me. You walk into my Chamber any time you want to walk into. Kerala people walk into. Shri P.C. Chacko telephones and speaks. You know that I pick up the telephone in the morning. You know that very well.

So, what is the problem? We can always intervene when there is a problem. There is no problem about rubber. I am confident that rubber industry will grow. We have the highest productivity in rubber manufacture. In the last seven years, India has become the top producer in rubber in terms of productivity. Acreage has to be extended. Land is at a shortage. We have got a major rubber World Bank Finance Project going on in Tripura in North East. We will become one of the leading producers of rubber. Let us give confidence to our farmer. Let us not say anything which will make him diffident. Nothing will happen to rubber. Rubber prices are good. This is a flush season. We are not allowing any imports now. We are not even allowing imports to meet the gap now. Rubber is good. Rubber will be good. Do not have any worry about rubber.

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There has been some criticism about fishing implements. Shri G.M. Banatwalla was here. I have accepted what Shri G.M. Banatwalla says.

[Translation]

PROF. RASA SINGH RAWAT (AJMER) : You are very much worried about Kerala but what about Rajasthan. (Interruptions). You should protect the interests of Kerala but in Rajasthan... (Interruptions). On the one hand the policy of the Government is to encourage small scale industries but on the other hand, the implements and material used by marble processing units are not manufactured.

[English]

SHRI P. CHIDAMBARAM : There is no rubber in Rajasthan. It is marble.

[Translation]

PROF. RASA SINGH RAWAT : 20 to 30 per cent excise duty has been increased on it.

[English]

This is a processing unit. A memorandum has been given. In spite of that, no action has been taken. May I request on the floor of the House kindly to withdraw increase in excise duty on marble processing units so that those units can be profitable ?

SHRI P. CHIDAMBARAM : I have to raise money somewhere and if I put Rs. 30/- a square metre on marble, I do not think anybody should complain as a result of that. Marble is not used by poor people. Marble is consumed by affluent sections of society. Marble is not a poor man's commodity. I have already responded. I am sorry I cannot do that. I have already responded to Shri Jawant Singh's request if I can give a small scale exemption. I have already responded yesterday. I am sending a team. They will look into the matter to see whether the small scale can be exempted. But I do not propose to reduce the excise duty on marble. When marble becomes a poor man's commodity, we will consider reducing excise duty. (Interruptions)

PROF. RASA SINGH RAWAT : I am not talking about the business of the marble. I am talking of gangsaw units which were established by taking loan from RFC in Kissinger, Ajmer in my Constituency. There are 500 such units. Ten thousand workers are employed there and they will suffer. The units will be closed. They will suffer.

SHRI P. CHIDAMBARAM : There was some criticism about Out Board Motors. I think the criticism is justified. I have accepted it. I, therefore, propose to reduce the customs duty that has been imposed on Out Board Motors which are not manufactured in India and which have to

be imported. Many of them are fitted into fishing vessels. I am reducing the customs duty from 10 per cent to five per cent and appropriate notification is being issued. The effective rate will be now a little more than 15 per cent last year but the corrected, effective rate including the CBD will be 17.9 per cent as opposed to 15 per cent on the Out Board Motor.

On the Out Board Motor spares, I am reducing the customs duty on Out Board Motor spares for motors to be used in fishing vessels to zero per cent so that these spares will be available to keep the motors running. Otherwise, these motors will not run and then the fishing vessels also will be grounded. Therefore, I am reducing it to zero per cent. But this is only on a certification given by the Fisheries Department of each State. Therefore, there is no general exemption. It is only for the fishing vessels. The effective rate will then come to 15 per cent. I am grateful to Shri G.M. Banatwalla for drawing my attention towards what turned out to be an anomaly.

Finally, on newsprint, as everyone knows, there are pros and cons. I do not wish to take any decision in a hurry. I have spoken to my friends in the BJP and in the Congress (I). I was looking for Mr. Jena. But now that the Prime Minister is here, I can have the liberty of speaking to Mr. Jena also. We have to balance the interests of the importer, the domestic producer and the reader of the newspaper. It is true that, as Commerce Minister, on behalf of the then Government, I announced that the prices crashed and we would make a suitable correction in the customs duty which was zero per cent. But there are various views. There are clashing views. I think we should look at it a little more carefully. I have requested each of the parties to kindly suggest the name of an hon. Member. A small group of four or five Members of Parliament can look into the matter. It is not a Budget-related matter. I can do it by a notification. The BJP has kindly suggested the name of Shri Jaswant Singh. The Congress (1) has kindly suggested the name of Shri P.M. Sayeed. The Prime Minister and Shri Jena can suggest the name of somebody from the United Front. From the CPM, I would request Shri Nirmal Kanti Chatterjee to sit on that group regarding newsprint. Let the four or five of them sit down together. Whatever recommendations they make, I think we could consider a trigger point at which either the duty will be levied or the duty will be removed. But this is only a suggestion. I leave it to the hon. Members. We are not trying to score points. Let the four or five hon. Members sit down. In the next two or three days, they can hear whatever opinions have to be heard. They can give a recommendation. I will make it by a suitable notification. So, I think I have answered the major questions that have been raised.

SHRI MULLAPPALLY RAMACHANDRAN : You have not referred to edible oil.

SHRI P. CHIDAMBARAM : I will answer that.

SHRI RAM NAIK (MUMBAI NORTH) : You have not said anything about pencil sharpeners.

SHRI P. CHIDAMBARAM : The duty has been removed.

SHRI RAM NAIK : But that has not been indicated in the statement yesterday.

SHRI P. CHIDAMBARAM : I think, by a notification, it will be done. Anyway, if it has not been done, it will be removed.

SHRI RAJIV PRATAP RUDY (CHAPRA) : Why have you reduced the duty on plastic and PVC? That is resulting in dumping of PVC. It is adversely affecting the environment.

SHRI P. CHIDAMBARAM : Dumping is a different thing.

SHRI JASWANT SINGH (CHITTORGARH) : Madam Chairman, I made three requests. When he took the notes, I hope the hon. Minister has deliberately omitted those three requests.

SHRI P. CHIDAMBARAM : I have your points. What are those points ?

SHRI JASWANT SINGH : One was a request which, if I recollect right, met with almost a near unanimous support. There is no need whatsoever to put this duty on sports goods.

SHRI P. CHIDAMBARAM : I am responding to this. I am going to respond.

SHRI JASWANT SINGH : I thought you had finished.

SHRI P. CHIDAMBARAM : Shri P.R. Dasmuni reminded me to respond. Which are the three points ? Please tell me.

SHRI JASWANT SINGH : The first was about sports goods. The second was reconsideration of excise duty on motor vehicle related to energy efficiency and pollution control matters and the third was the consideration of vegetable oil duty because it directly affects the agriculturists and the producers.

There are two more issues. One is, why do you not treat the deserts of India on the same terms as you treat the North-East and the hills of India ? Could I tangentially make a request to the Minister of Industry about the Instrumentations Limited, Kota ?

SHRI P. CHIDAMBARAM : I do not think it is necessary to respond to each one of these because some of these require a little more consideration. Now that four or five issues have been mentioned, I will respond to them very briefly.

Firstly on sports goods, it is not as though the opinion was unanimous because Shri Priya Ranjan said that he only wanted zero duty and a simpler procedure for sports goods imported by recognised associations, clubs and teams. There is a growing sports goods industry in India. I have visited Jalandhar. I had interactions with them as the Commerce Minister. We need to encourage the sports good industry to grow. At the same time, I recognise that a number of sports equipment ought to come in at very low duties. I have brought down the duty from 50 per cent to 30 per cent. I am willing to consider further reduction of duty. But I must consult with the sports goods manufacturers to ensure that whatever indigenous capacity they are building now is not affected by a drastic reduction of duty. I have made a note of it.

Secondly, on the energy efficient cars, I am afraid, over a period of years, by tinkering over one rate and another rate, we created a completely irrational set of duties on cars. In fact, there was something by weight; something by passenger capacity. Now we have got rid of that. We simply go by the time-honoured definition of the Motor Vehicles Act based on passenger capacity. Now we have fixed three rates according to the passenger capacity and the industry has accepted it. What you are saying is : "Can you punish somebody for polluting and being inefficient"? It has really nothing to do with the excise duty. It is an additional polluting tax that has to be levied or a tax based on fuel efficiency. It has nothing to do with the excise duty; excise duty is on manufacture. What we have done is the right thing. But I am willing to consider whether any other kind of polluting tax or inefficiency tax ought to be levied on some kind of vehicles. But that requires more careful consideration.

The third thing was, whether the concession extended to backward areas and districts can be extended to deserts. That again requires a careful consideration. But I think, if some of these desert areas also fall under the backward districts which have not been notified—there was a Committee appointed by the previous Government for this—then may be, a part of the problem may be taken care of.

Then comes edible oil ...(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE : Wherever they are, they are turning it into deserts ...(*Interruptions*)

SHRI P. CHIDAMBARAM : He says : "Wherever you are, you turn it into a desert." ...(*Interruptions*)

SHRI P.R. DASMUNSI (HOWRAH) : What about donations to sports bodies ? You said that you would refer to it.

SHRI P. CHIDAMBARAM : I said, I will make the procedure simple. I agree that the procedure is bad. There is a procedure today. That procedure is a little more complicated. I want to make the procedure simple. It comes today at zero duty.

SHRI MULLAPPALLY RAMACHANDRAN : Do not give any concession on sports goods because the Indian contingent has got 104th place.

SHRI P.R. DASMUNSI : That is why, you must give subsidy, Sir.

DR. K.P. RAMALINGAM (TIRUCHENGODE) : What about subsidy on heavy tractors ?

SHRI P. CHIDAMBARAM : On edible oil, please see the situation. There is a huge gap between demand and supply of edible oils. In 1995-96, production was only 65 lakh tonnes but the demand is 72.54 lakh tonnes. In 1996-97 also, we expect a demand gap of a slightly higher order. Now what we are importing, only meets that gap partially. It is true that the domestic producer of Soyabean and other oil seeds must be protected. At the same time, I must also ensure that the millions of people who consume edible oil get it at a reasonable price now. One of the reasons why people are extremely happy is that duties on edible oil have been reduced from 30 per cent to 20 per cent.

14.00 hrs.

Now, the question is, is this 20 per cent adequate protection for anyone who grows oilseeds in India ? I believe, 20 per cent is adequate protection. Well, it is not as though, any soyabean or any other oilseeds is taken to India. We tried to import soyabean last year but we ran into quarantine problem. Then quite rightly, the quarantine problem was formidable that they gave up the idea of importing soyabean. I think, there is an opportunity to import soyabean, use the capacity in Madhya Pradesh and elsewhere to crush soyabean, extract the oil and export the soyabean extract as a meal. But we cannot do because there are very strict quarantine restrictions. So, I do not think, there is any danger to the oilseeds farmer. And, I think, 20 per cent customs duty is enough protection for him.

And, it also helps the consumers here. Fortunately or otherwise, Indian consumers require oil. There is no meal which is cooked without oil. We consume the largest quantity of oil. By reducing the customs duty, edible oil prices have fallen or at least did not rise as one would have expected that it would rise. So, I think, keeping both the consumer's interest and oilseeds producers' interests in mind, we have struck a balance and kept it at 20 per cent and I think, it is a correct one.

Will it affect coconut, the copra ? I am afraid, it will not. Again, we allow import of all edible oil. We do not

allow import of coconut oil, that only to protect the coconut farmers.

Look at the prices of copra. On the 17th of July, the price of copra in Alapuzha was 2,600 per quintal. It has now risen to 2,900 per quintal. In Kochi, on 17th of July, it was 2,500 per quintal and today it is 2,770 per quintal. So, it is not as though that 20 per cent duty that I impose on edible oils from 30 per cent has caused a crush in copra prices. That is not so. The demand is outpacing supply. So, if the demand is outpacing supply, nothing will happen to prices. Prices will be reasonable and remunerative to farmers.

Anyway, we are watching it virtually everyday. I am looking at it everyday and I am concerned about these products because I know that these are not only the raw materials for the industry, these are bread and butter of the farmers of this country. I am very conscious of this matter while I take these decisions.

SHRI N.K. PREMACHANDRAN (QUILON) : Sir, what about 10 per cent reduction on import duty on rutile? This is affecting the two major indigenous industries namely, KMML, Chavra and Travancore Titanium Products, Trivandrum. Rutile is extracted from mineral sand which is easily available in Kerala coastal areas.

SHRI P. CHIDAMBARAM : The raw material comes, virtually at no cost. I do not want to get into it. I am willing to discuss with you. I have gone into as to why that factory is not doing well. It is working at a very low capacity utilization. It is the capacity utilization of that factory, which is the problem. But I am willing to sit and discuss with you separately.

SHRI P.C. CHACKO : Sir, that is not like that. It is the titanium dioxide rutile grade. It is not raw material. We are manufacturing titanium dioxide rutile grade in our country. Import duty is being reduced, that is affecting the indigenous industry.

SHRI P. CHIDAMBARAM : The raw material for that is available in the sands of Kerala, virtually at no cost, a little cost. Yet, that factory is not doing well when it is getting raw material virtually at no cost.

I have gone into it — I mean, I am talking from my memory again—and I believe, it is working at a very low capacity utilization. Its rated capacity is much higher. Its capacity utilization, a couple of years ago was higher but it has come down. I think, the problem is at different level. It is not because of customs duty being reduced. You can import all the rutile you can. But you are not working your factory to the capacity at which it will be viable. Anyway, I am willing to go into it and then come back to it.

Madam, on tractors, we have only given subsidy for tractors of a certain horse powers. I think, 25 horse powers or so of Rs. 30,000. Now, even that has been criticized as a bonanza to the big farmers. A small farmer uses, if at all, only a small tractor. Why should I give the subsidy to the big tractor ?

DR. K.P. RAMALINGAM : It is not only tilling with a small tractor. The big tractors are also being used for that.

SHRI P. CHIDAMBARAM : The small farmers did not even buy small tractors.

SHRI SONTOSH MOHAN DEV (SILCHER) : Nowadays, under your scheme power tillers are given. That you can consider, in future.

SHRI NIRMAL KANTI CHATTERJEE : He is less cynical than the earlier Government. He has extended the facilities to all farmers. Previously, it was only marginal farmers. I do not know how they can go in for power tillers.

SHRI SONTOSH MOHAN DEV : I am glad that you are supporting his policy.

SHRI P. CHIDAMBARAM : On power tillers we are giving a subsidy and I think that should take care of the farmers.

DR. K.P. RAMALINGAM : In power tillers there are two divisions.

SHRI P. CHIDAMBARAM : We are giving Rs. 30,000 subsidy to small tractors. I do not think there is a case now for giving subsidy to large tractors. I think we should leave it there.

I am grateful to the hon. Members and I request them to pass the Finance Bill.

SHRI SONTOSH MOHAN DEV : In the Finance Bill we expected you to say something about the recommendations sent by the salaries committee. But you are conspicuously silent about it.

SHRI P. CHIDAMBARAM : I have received no recommendation.

SHRI P.R. DASMUNSI : I had raised a point yesterday during the debate.

MR. CHAIRMAN : At the Third Stage, not now.

The question is :

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1996-97, be taken into consideration."

The motion was adopted.

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

Clause 2

SHRI JASWANT SINGH (CHITTORGARH) : I beg to move :

Page 2, lines 51 and 52,—

for "Forty thousand" substitute—"fifty thousand" (15)

SHRI P. CHIDAMBARAM : Before you ask the hon. Member whether he wants to insist on his amendment, I would request him to withdraw his amendment as I have accommodated as much as possible in this Budget.

MR. CHAIRMAN : Do you want to insist on your amendment?

SHRI JASWANT SINGH : In deference to the Finance Minister's persuasive appeal, I withdraw my amendment.

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

SEVERAL HON. MEMBERS : Yes.

The amendment was, by leave, withdrawn.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (JAIPUR) : I beg to move :

Page 2, line 5, —

For "Forty thousand rupees" substitute—"Sixty thousand rupees" (18)

Page 2, line 6—

For "eighteen thousand rupees" substitute "Six thousand rupees" (19)

Page 2,—

omit lines 18 to 23 (20)

I stated that Central Government employees had demanded that income tax limit should be increased upto Rs. 60,000. Its non-implementation has created resentment among them. Likewise, Companies should also be given tax-exemption upto Rs. 60,000. I request the hon. Finance Minister to accept my suggestion in the interest of public, especially the government employees. All I wanted to express is the sentiments of people. I withdraw my amendments because our leader Shri Jaswant Singh has also withdrawn, otherwise it would be against party discipline.

[English]

SHRI P. CHIDAMBARAM : I request the hon. Member to withdraw his amendments.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : With regret, I withdraw my amendments.

[English]

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

SEVERAL HON. MEMBERS : Yes.

The amendments were, by leave, withdrawn.

MR. CHAIRMAN : The question is :

"That clause 2 stand part of the Bill".

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3

MR. CHAIRMAN : Mr. Banatwalla, are you going to move your amendment ?

SHRI G.M. BANATWALLA (PONNANI) : I beg to move :

Page 3, -

omit lines 39 to 43. (4)

Madam, Chairperson, please allow me to persuade the Minister of Finance ...*(Interruptions)* This is the question about Keyman's insurance policy and the amount received on Keyman's insurance policy. It has a social effect. Now, if you look at the definition of Keyman's insurance policy, you will find that it means a life insurance policy taken out by a person on the life of another person who is his employee. We must give encouragement to our companies and to our firms to take out life insurance policy for the employees. Now, if you tax the amount received under this insurance, you are discouraging the companies and firms from taking out insurance policies for its employees. Now, it has a very social effect and because of this social effect, I appeal to you very fervently to have a relook at it and please do not have a stiff collar opposing each and everything that we suggest.

SHRI P. CHIDAMBARAM : I accepted one of your suggestions in your absence.

SHRI G.M. BANATWALLA : I thank you for that.

SHRI P. CHIDAMBARAM : I cannot accept this amendment because it has become a device for avoiding tax. We can look at the policy later but I cannot accept this amendment. But I can once again remind him that I have accepted another amendment of his. Therefore, he should withdraw his amendment.

MR. CHAIRMAN : Mr. Banatwalla, are you going to withdraw the amendment ?

SHRI G.M. BANATWALLA : I hope in the next Budget he would consider it. Therefore, I seek the leave of the House to withdraw the amendment.

MR. CHAIRMAN : Is it the pleasure of the House that the amendment moved by Shri G.M. Banatwalla be withdrawn ?

The amendment was, by leave, withdrawn.

MR. CHAIRMAN : The question is :

"That Clause 3 stand part of the Bill".

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4—Amendment of Section 10

MR. CHAIRMAN : Mr. Banatwalla, are you going to move your amendment.

SHRI G.M. BANATWALLA : No, I am not going to move my amendment.

SHRI P. CHIDAMBARAM : I have an official amendment. I am moving the official amendment to Clause 4.

Amendment made :

Page 4, in line 9, for "the 1st day of October, 1996" substitute "the 1st day of August, 1996". (34)

(Shri. P. Chidambaram)

MR. CHAIRMAN : The question is :

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

The motion was adopted.

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

Clauses 5 and 6

MR. CHAIRMAN : The question is :

"That Clauses 5 and 6 stand part of the Bill".

The motion was adopted.

Clauses 5 and 6 were added to the Bill.

Clause 7

MR. CHAIRMAN : Mr. Banatwalla, are you going to move your amendment ?

SHRI G.M. BANATWALLA : Clause 7 is about senior citizens. When the retirement age is 58, why should you keep the age for senior citizenship as 65 ?

Kindly have a consistent policy. At the age of 58, a person should be considered as a senior citizen. I therefore, very hopefully, move my amendment.

I beg to move :

"Page 5,—

for lines 24 to 29, substitute—

(1a) a deduction of a sum equal to thirty-three and one-third per cent of the salary or twenty-thousand rupees, whichever is less :

Provided that in the case of an assessee, being a women, whose total income before making any deduction under this clause, does not exceed seventy-five thousand rupees, the provisions of this clause shall have effect as if for the words "twenty-thousand rupees", the words "twenty-five thousand rupees" had been substituted. (6)

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, the age of senior citizens should be lowered from 65 years to 60 years, because at the age of 60 a person is considered old. The hon. Minister and all the young Members present here would attain the age of 60 years before 65 years. I would like to make a submission that senior citizens should be given more facilities. The rebate of Rs. 10,000 should also be increased. I hope that the hon. Minister would lower the age of senior citizens from 65 years to 60 years as it is also in his own interest.

Sir, I beg to move :

Page 5, lines 48-52 substitute the following: —

"In case of an assessee, whose total income exceeds sixty thousand rupees, a deduction of a sum equal to thirty-three and one third per cent of the salary or eighteen thousand rupees whichever is less.

[English]

SHRI P. CHIDAMBARAM : These are, of course, very useful suggestions and the utility becomes very obvious when one grows older but I am afraid there are number of other agencies which confer benefits today at the age of 65. Let me first consult everyone who has got an age determination benefit before we make it uniform. I do not think we should rush to make the age of a senior citizen as 68 years at one place and 65 years at another place. I need time to reflect on it. We will see when I come back. For the time being, I would request the hon. Members to withdraw their amendments.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Otherwise you should make provisions of providing reservation for old people in Lok Sabha as is being provided for women.

MR. CHAIRMAN : Are you withdrawing ?

[English]

SHRI G.M. BANATWALLA : I hope he will accept in future and therefore, I seek the leave of the House to withdraw my amendments.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Sir, I apprehend that hon. Minister will be able to implement it in future. As I have mentioned earlier also, Lok Sabha elections

are likely to be held probably in December or before 7th January, 1997. It would be better if this is accepted now, otherwise, I am going to withdraw. When the old man here has already withdrawn his amendment, I too withdraw mine.

[English]

MR. CHAIRMAN : Have the hon. Members leave of the House to withdraw their amendment Nos. 6 and 21?

SEVERAL HON. MEMBERS : Yes.

The amendments were by leave, withdrawn.

MR. CHAIRMAN : The question is :

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clause 8

MR. CHAIRMAN : The question is :

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9

[Translation]

MR. CHAIRMAN : Bhargavaji, are you moving amendment No. 22 in clause 9 ? Please do not make a speech.

SHRI GIRDHARI LAL BHARGAVA : Sir, I am moving. I beg to move :

Page 6, line 13—

For "fifteen thousand rupees" substitute "twenty thousand rupees" (22)

[English]

MR. CHAIRMAN : The question is :

for "fifteen thousand rupees" substitute—"twenty thousand rupees".

The motion was negatived.

MR. CHAIRMAN : The question is :

"That clause 9 stand part of the Bill."

The motion was adopted

Clause 9 was added to the Bill.

Clause 10

MR. CHAIRMAN : The question is :

"That clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 was added to the Bill.

Clause 11—Amendment of Section 32

MR. CHAIRMAN : Mr. Banatwalla, are you moving your amendment ?

SHRI G.M. BANATWALLA : With deference to the earlier assurance of the Finance Minister, I do not move it.

Amendment made :

Page 6,—

(a) after line 17 insert—

"(a) if the unabsorbed depreciation allowance cannot be wholly set off under clause (1), the amount not so set off shall be set off from the income under any other head, if any, assessable for that assessment year."

(b) in line 18, after "set off", insert "under clause (i) and clause (ia)";

(c) in line 27, for "assessment year", substitute—
assessment year :

Provided further that the time limit of eight assessment years specified in sub-clause (b) shall not apply in the case of a company for the assessment year beginning with the assessment year relevant to the previous year in which the said company has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial company (Special Provisions) Act, 1985 and ending with the assessment year relevant to the previous year in which the entire networth of such company becomes equal to or exceeds the accumulated losses.

Explanation—For the purpose of this clause, "networth" shall have the meaning assigned to it in clause (ga) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. (35)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 11, as amended, stand part of the Bill.

The motion was adopted.

Clause 11, as amended, was added to the Bill.

Clauses 12 and 13

MR. CHAIRMAN : The question is :

"That clauses 12 and 13 stand part of the Bill.

The motion was adopted.

Clauses 12 and 13 were added to the Bill.

Clause 14

[Translation]

SHRI GIRDHARI LAL BHARGAVA (JAIPUR) : Which Clause you are mentioning ?

MR. CHAIRMAN : Clause 14, amendment number 23.

SHRI GIRDHARI LAL BHARGAVA : In my opinion this amendment ... (Interruptions)

MR. CHAIRMAN : Do not make a speech. Please tell me whether you want to move the amendment or not?

SHRI GIRDHARI LAL BHARGAVA : I beg to move:

Page 6, last line

for "seven years" substitute "six years" (23)

I am moving the amendment but I would like to say that the announcements are not being made by the Chair according to the serial numbers. My humble submission to you is that the announcement should be made according to the serial numbers of the amendments. However, I know very well what is going to happen.

[English]

MR. CHAIRMAN : I will now put Amendment No. 23, moved by Shri Girdhari Lal Bhargava, to the vote of the House.

The amendment was put and negatived.

Amendment made :

Page 6,—

(a) in lines 48 and 49, omit

"with effect from the 1st day of April, 1996";

(b) after line 51, insert—

'(aa) In the second proviso, for the words "(excluding the amounts capitalised from reserves)", the words "and general reserves" shall be substituted with effect from the 1st day of April, 1997.'

(c) In line 56, for "seven years", substitute "five years". (36)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 14, as amended, stand part of the Bill".

The motion was adopted.

Clause 14, as amended, was added to the Bill.

New Clause 14A

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

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No. 37 to the Finance (No. 2) Bill, 1996 and that this amendment may be allowed to be moved."

MR. CHAIRMAN : The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No. 37 to the Finance (No. 2) Bill, 1996 and that this amendment may be allowed to be moved."

The motion was adopted.

Amendment made :

Amendment of section 40A Page 6, after line 56, insert

14A. In section 40A of the Income-tax Act, in sub-section (3), for the words "ten thousand" wherever they occur, the words "twenty thousand" shall be substituted with effect from the 1st day of April, 1997." (37)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That new clause 14A be added to the Bill."

The motion was adopted.

New Clause 14A was added to the Bill.

Clause 15

MR. CHAIRMAN : The question is :

"That clause 15 stand part of the Bill."

The motion was adopted.

Clause 15 was added to the Bill.

Clause 16

Amendment made :

Page 7, in lines 17 and 18, for "written down value of the said assets at the time of transfer thereof" substitute "written down value of the said assets at the time of transfer thereof by the second mentioned person". (38)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 16, as amended, stand part of the Bill."

The motion was adopted.

Clause 16, as amended, was added to the Bill.

Clause 17

Amendment made :

Page 7,—

(a) for lines 20 and 21, substitute—

(a) in clause (d), for the words "governing such loan or borrowing" the words "governing such loan or borrowing; or" shall be substituted;

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

"(e) any sum payable by the assessee as interest on any term loan from a scheduled bank in accordance with the terms and conditions of the agreement governing such loan.";

(b) after line 21, insert—

(c) after Explanation 3, the following Explanation shall be inserted, namely :—

'Explanation 3A.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (e) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1996, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing the income of the previous year in which the sum is actually paid by him.';

(c) In line 22, for "(b)" substitute "(d)". (39)

(Shri. P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 17, as amended, stand part of the Bill."

The motion was adopted.

Clause 17, as amended, was added to the Bill.

Clause 18

MR. CHAIRMAN : The question is :

"That clause 18 stand part of the Bill."

The motion was adopted.

Clause 18 was added to the Bill.

Clause 19

Amendment made

Page 7, in line 32,—for "bonds or debentures", substitute "bonds, debentures or units of any mutual fund referred to in clause (23D) of section 10."

(Shri P Chidambaram)

MR. CHAIRMAN : The question is

"That clause 19, as amended, stand part of the Bill."

The motion was adopted.

Clause 19 as amended, was added to the Bill.

Clause 20 to 28

MR. CHAIRMAN : The question is :

"That clauses 20 to 28 stand part of the Bill.

The motion was adopted.

Clauses 20 to 28 were added to the Bill.

New Clause 28A

SHRI P. CHIDAMBARAM : I beg to move :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No. 41 to the Finance (No. 2) Bill, 1996 and that this amendment may be allowed to be moved."

MR. CHAIRMAN : The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No. 41 to the Finance (No. 2) Bill, 1996 and that this amendment may be allowed to be moved."

The motion was adopted.

Amendment made

Page 10, after line 21, insert—

Amendment of section 80L "28A, In section 80L of the Income-tax Act, in sub-section (1) with effect from 1st day of April, 1997,—

(a) in clauses (1) and (2), for the words "thirteen thousand", the words "twelve thousand" shall be substituted;

(b) after clause (2), the following proviso shall be inserted, namely;

"Provided that where any income referred in clause (iv), clause (v) or clause (va) remains unallowed after the deduction under the foregoing provision of this section, there shall be allowed in computing the total income of the assessee, an additional deduction of an amount equal to so much of such income as has remained unallowed, so, however, that the amount of such additional deduction shall not exceed three thousand rupees." (41)

(Shri. P. Chidambaram)

MR. CHAIRMAN : The question is :

"That new clause 28A be added to the Bill."

The motion was adopted.

New clause 28A was added to the Bill.

Clauses 29 to 31

MR. CHAIRMAN : The question is :

"That clauses 29 to 31 stand part of the Bill.

The motion was adopted.

Clauses 29 to 31 were added to the Bill.

Clause 32

Amendment made :

Page 11,—

(a) in line 5, for "clause" substitute "clauses";

(b) after line 18, insert—

'(xvii) as subscription to any units of any mutual fund referred to in clause (23D) of section 10 and approved by the Board on an application made by such mutual fund in the prescribed form :

Provided that where a deduction is claimed and allowed under this clause with reference to the cost of units, the cost of such units shall not be taken into account for the purposes of sections 54EA and 54EB :

Provided further that this clause shall apply if the amount of subscription to such units is subscribed only in the eligible issue of capital of any company.

Explanation.—For the purposes of this clause,—

"eligible issue of capital" means an issue referred to in clause (i) of *Explanation* to clause (xvi) in sub-section (2) of section 88.' (42)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 32, as amended, stand part of the Bill."

The motion was adopted.

Clause 32, as amended, was added to the Bill.

Clause 33

MR. CHAIRMAN : The question is :

"That clause 33 stand part of the Bill".

The motion was adopted.

Clauses 33, was added to the Bill

SHRI G.M. BANATWALLA : I beg to move :

Page 11, —

line 43, after "Income-tax," insert—

'(i) for the words "the age of sixty-five years or more", the words "the age of fifty-eight years or more" shall be substituted.' (7)

Page 11, lines 43 and 44,—

for "one hundred and twenty thousand rupees" substitute "one hundred and eighty thousand rupees". (8)

Page 11, line 44,—

for "with effect from the 1st day of April, 1997." substitute "with effect from the 1st day of April, 1996." (9)

It is an important amendment with respect to exports and I appeal that exports should not suffer and therefore this application of MAT to exports must be reconsidered and the hon. Finance Minister should once again consider the fact that our exports must not have an adverse impact by bringing them under the purview of MAT. Now, further there is also a question of small scale industries. (Interruptions)

MR. CHAIRMAN : You may not give full speech.

SHRI G.M. BANATWALLA : I am a disciplined Member.

MR. CHAIRMAN You have already spoken.

Clause 34

SHRI P. CHIDAMBARAM : I think that the hon. Member has got the wrong amendment. Clause 34 does not deal with exports. Clause 34 deals with 888. Your amendments now being considered are 7, 8, and 9. I think we have crossed all that. Kindly withdraw the amendments. (Interruptions)

SHRI G.M. BANATWALLA : I have said that the senior citizen age ... (Interruptions)

MR. CHAIRMAN : It is alright.

Has the hon. Member leave of the House to withdraw his amendments ?

The amendments were, by leave, withdrawn.

MR. CHAIRMAN : The question is :

"That clause 34 stand part of the Bill."

The motion was adopted.

Clause 34 was added to the Bill.

Clause 35

[Translation]

SHRI GIRDHARI LAL BHARGAVA : I beg to move:

Page 11, line 5 from below—

for "twenty per cent" substitute "fifteen per cent" (24)

[English]

MR. CHAIRMAN : I shall now put amendment No. 24 moved by Shri Girdharilal Bhargava to the vote of the House.

The amendment was put and negatived.

Amendment made :

Page 11, for lines 45 to 47, substitute —

'35. In section 112 of the Income tax Act, in sub-section (1) with effect from the 1st day of April, 1997,—

(a) in clause (b), in sub-clause (ii) for the words "thirty per cent.", the words "twenty per cent.." shall be substituted..'

(b) in clause (d), in sub-clause (ii) for the words "thirty per cent.", the words "twenty per cent.." shall be substituted. (43)

(Shri. P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 35, as amended, stand part of the Bill."

The motion was adopted.

Clause 35, as amended, was added to the Bill.

Clause 36

MR. CHAIRMAN : The question is :

"That clause 36 stand part of the Bill."

The motion was adopted.

Clause 36 was added to the Bill.

*Clause 37—insertion of new section 115 JA—
decreased income relating to
certain companies*

MR. CHAIRMAN : Dr. Laxminarain Pandey—not present.

Shri G.M. Banatwalla.

SHRI G.M. BANATWALLA : I beg to move :

Page 12, line 5,—

after "distribution of power" insert—

"or an SSI manufacturing unit exporting its own products" (10)

Page 12, line 5,—

after "distribution of power" insert—

"or a company exporting its own products"

(13)

Page 12,—

after line 10, insert—

"Provided that the business profits of manufacturer-exporter corporates arising from their own direct exports shall not attract the provisions of this section." (14)

I would like to make a sentence.

MR. CHAIRMAN : You may not speak every time. It is alright.

...(Interruptions)

SHRI G.M. BANATWALLA : Every time. This is a different view altogether. I must be allowed to make an appeal. It is for the House to accept it or not.

MR. CHAIRMAN : You have spoken already in great detail in your speech. Have you not ?

SHRI G.M. BANATWALLA : I have not yet spoken on this particular topic.

MR. CHAIRMAN : Have you not mentioned in your speech ? All right.

SHRI G.M. BANATWALLA : What is this ? This is something which is very new. An hon. Member who is moving the amendment is not being allowed to say a few words to appeal to the hon. Minister in the House as to what the amendment means. We are on the question of exports. We are on the question of small scale industries. Here we have a Government that is committed to small scale industries. Even the hon. Minister in his speech has said that the small scale sector forms the backbone of our industry.

He said and I quote :

"I am deeply committed to strengthening this sector."

Now, Madam Chairperson, I am appealing to the sense of commitment of the hon. Finance Minister to the cause of the small scale industries here and I appeal to him that looking at the importance that it is the small scale industries that are the providers of the jobs—mostly two-thirds of the jobs in the private sector are provided by these small scale industries—under such a situation, they should not be brought under the impact of this MAT as far as exports are concerned.

Therefore, my amendment is with respect to MAT and exports. Exports must be exempted from this adverse impact of MAT. Let our exports not suffer. My amendment is with respect to those small scale industries which export their own products. So in the interest of both exports and the small scale industries this particular amendment must be accepted.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : I beg to move:

Page 12, line 5-6, —

after "fulfill the conditions laid down in sub-section (4a) of section 80-1A" insert—

"or engaged in development of infrastructure in India" (25)

Page 12, line 10,—

for "thirty per cent" substitute "ten per cent". (26)

Madam Chairman, the declaration about M.A.T. made by the hon'ble Minister is worth welcoming but besides 16 states, other states may also be covered under it.

You have given concession to your well wishers who are manufacturing sports related items. My submission is that the stone processing work which is considered a small scale industry item is the main industry of Rajasthan. They do not polish stone. Therefore you should not consider it a luxury item. You have insulted them by using 'luxury' word in so far as Rajasthan is concerned. Thousands of poor and Adivasis are engaged in this industry. Earlier, 20 per cent excise duty was levied on this industry which has now been increased from 20 per cent to 30 per cent. What concession have you given to Rajasthan ? You have said that a committee would be sent to Rajasthan to look into the matter but Shri Jaswant Singhji has raised a right question that by when a decision is likely to be taken in this regard ? The Hon'ble Minister has said that four or five Members would be sent to Rajasthan. I would like to know as to whether this work will be done during your tenure or we will have to talk to the new Finance Minister ? My humble request is that the excise duty should be reduced from 30 per cent to 20 per cent.

[English]

MR. CHAIRMAN : Now I shall put amendment Nos. 10, 13 and 14 moved by Shri G.M. Banatwalla and amendment Nos. 25 & 26 moved by Shri Girdhari Lal Bhargava to the vote of the House.

The amendments were put and negatived.

Amendment made :

Page 12,—

(a) In lines 4 to 6, omit "(other than a company engaged in the business of generation or generation and distribution of power or a company which fulfils the conditions laid down in sub-section (4A) of section 80-1A)";

(b) after line 13, insert—

"Provided that while preparing profit and loss account, the depreciation shall be

calculated on the same method and rates which have been adopted for calculating the depreciation for the purpose of preparing the profit and loss account laid before the company at its annual general meeting in accordance with the provisions of section 210 of the Companies Act, 1956;

1 of 1956

Provided further that where a company has adopted or adopts the financial year under the Companies Act, 1956 which is different from the previous year under the Act, the method and rates for calculation of depreciation shall correspond to the method and rates which have been adopted for calculating the depreciation for such financial year or part of such financial year falling within the relevant previous year.;

1 of 1956

(c) in line 38, for "books of account," substitute "books of account or";

(d) after line 39, insert—

"(iv) the amount of profits derived by an industrial undertaking from the business of generation or generation and distribution of power; or

(v) the amount of profits derived by an industrial undertaking located in an industrially backward State or district as referred to in sub-clause (b) or sub-clause (c) of clause (iv) of sub-section (2) of section 80-IA, for the assessment years such industrial undertaking is eligible to claim a deduction of hundred per cent. of the profits and gains under sub-section (5) of section 80-IA; or

(vi) the amount of profits derived by an industrial undertaking from the business of developing, maintaining and operating any infrastructure facility as defined under sub-section (12) of section 80-IA, and subject to fulfilling the conditions laid down in sub-section (4A) of section 80-IA; or

(vii) the amount of profits of sick industrial company for the assessment year commencing from the assessment year relevant to the previous year in which the said company has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985 and ending with the assessment year during which the entire networth of such company becomes equal to or exceeds the accumulated losses.

1 of 1986

Explanation—For the purposes of this clause, "net worth" shall have the meaning assigned to it in clause (ga) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.;

1 of 1986

(d) omit lines 40 to 44 ;

(e) in line 45, for "(4)" substitute "(3)";

(f) in line 49, for "(5)" substitute "(4)" (44)

(P. Chidambaram)

MR. CHAIRMAN : The question is :

"That Clause 37, as amended, stand part of the Bill."

The motion was adopted.

Clause 37, as amended, was added to the Bill.

Clauses 38 to 53

MR. CHAIRMAN : The question is :

"That Clauses 38 to 53 stand part of the Bill."

The motion was adopted.

Clauses 38 to 53 were added to the Bill.

Clause 54—Amendment of Section-2

Amendment made :

Page 15, in line 4, for "residential" substitute "residential or commercial";. (45)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 54, as amended, stand part of the Bill."

The motion was adopted.

Clause 54, as amended, was added to the Bill.

Clauses 55 to 59

MR. CHAIRMAN : The question is :

"That clauses 55 to 59 stand part of the Bill."

The motion was adopted.

Clauses 55 to 59 were added to the Bill.

Clause 60—Insertion of new Section 28 AA—Insertion on delayed payment of duty in special cases

Amendment made:

Page 15, in line 53, after the words "this Act", insert "or from the date of such erroneous refund, as the case may be,;" (46)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 60, as amended, stand part of the Bill."

The motion was adopted.

Clause 60, as amended, was added to the Bill.

Clause 61

MR. CHAIRMAN : The question is :

"That clause 61 stand part of the Bill."

The motion was adopted.

Clause 61 was added to the Bill.

Clause 62—Insertion of new section 114 A—Penalty for short levy or non-levy of duty in certain cases

Amendment made :

Page 16, (i) in line 20, omit "notwithstanding anything contained in section 112 or section 114.,";

(ii) after line 25, insert "Provided further that where any penalty has been levied under this section, no penalty shall be levied under section 112 or section 114.;" (47)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 62, as amended, stand part of the Bill."

The motion was adopted.

Clause 62, as amended, was added to the Bill

Clauses 63-73

MR. CHAIRMAN : The question is :

"That clauses 63 to 73 stand part of the Bill."

The motion was adopted.

Clauses 63 to 73 were added to the Bill.

Clause 74—Insertion of new Section II AB and II AC—Insertion on delayed Payment of duty.

Amendment made :

Page 17, in line 41, after the words "thereunder", insert "or from the date of such erroneous refund, as the case may be,;" (48)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That clause 74, as amended, stand part of the Bill."

The motion was adopted.

Clause 74, as amended, was added to the Bill.

Clauses 75-88

MR. CHAIRMAN : The question is :

"That clauses 75 to 88 stand part of the Bill."

The motion was adopted.

Clauses 75 to 88 were added to the Bill.

First Schedule

MR. CHAIRMAN : Shri Banatwalla, are you moving your amendment ?

SHRI G.M. BANATWALLA : Madam, since you are in a hurry, I am not moving my amendment.

MR. CHAIRMAN : Shri Jaswant Singh, are you moving your amendments ?

SHRI JASWANT SINGH : Madam, I am not moving my amendments.

MR. CHAIRMAN : Shri Bhargava, are you moving your amendments ?

SHRI GIRDHARI LAL BHARGAVA : I am not moving.

MR. CHAIRMAN : The question is :

"That the First Schedule stand part of the Bill."

The motion was adopted.

The First Schedule was added to the Bill.

Second Schedule

MR. CHAIRMAN : Shri Namdeo Diwathe—Not present.

Shri Bhargava, are you moving your amendment ?

[Translation]

SHRI GIRDHARI LAL BHARGAVA : I beg to move:

Page 31, line 4—

(i) omit "2941.90"

(ii) after line 5, the following may be inserted—

"(xiv) for the entries in column (4) and column (5) occurring against the sub-heading No. (xiv) 2941.90 the entries '25%' and '20%' shall respectively be substituted." (3)

Here, my submission was that the hon'ble Minister is not accepting the demand for increasing the income tax exemption limit upto Rs. 60,000/-.

MR. CHAIRMAN : Do you want to move your amendment or not ?

SHRI GIRDHARI LAL BHARGAVA : My submission is that the hon'ble Finance Minister should atleast increase the limit from Rs. 40,000/- to Rs. 50,000/- as he is not accepting my demand for Rs. 60,000/-. I have not said anything about increasing the slab by 10, 15, 20, 25 or 30 thousand after increasing the exemption limit upto Rs. 50,000/-. One veteran leader of the Rajya Sabha, Economist Birlaji and the Challaiah Committee have also

recommended that this should not be more than 30-40 per cent. I, therefore, request the hon'ble Minister that atleast he should increase the exemption limit atleast upto Rs. 50,000/- if not upto Rs. 60,000/-. But the hon'ble Minister is adamant on the issue of increasing the tax exemption limit. There is democracy in our country. We have every right to express our views. First, you are also a Member of Parliament and thereafter you have become a Minister. I am also a Member of Parliament. You should atleast accept our demand for increasing the tax exemption limit ...*(Interruptions)*

MR. CHAIRMAN : Bhargavaji, please tell me whether you want to move your amendment ?

SHRI GIRDHARI LAL BHARGAVA : Madam, Chairman, I have already said that I am not moving my amendment but I wanted to make a request to the hon'ble Minister which I have made. Once again, I request the hon'ble Minister that he should give some exemption in income tax to the Government employees. After all, they are also our employees ...*(Interruptions)*

[English]

MR. CHAIRMAN : I shall put amendment No. 3 moved by Shri Girdhari Lal Bhargava to the vote of the House.

The amendment was put and negatived.

Amendments made :

"Page 32. for lines 17 and 18, substitute (34) in Chapter 47,—

(i) for the entry in column (4) occurring against all sub-heading Nos. (except sub-heading No. 4702.00), the entry "5%" shall be substituted :

(ii)*in sub-heading No. 4702.00, for the entry in column (4), the entry "10%" shall be substituted. (49)

Page 33, in line 50, for "38%", substitute "35%"; (50)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That the Second Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Second Schedule, as amended, was added to the Bill.

Third Schedule

Amendments made :

Page 36, in line 51, for "10%" substitute "12%"; (51)

Page 37,—

(i) in line 7, for "10%", substitute —"12%";

(ii) in line 13, for "10%", substitute —"12%";

(iii) in line 22, for "10%", substitute —"12%"; (52)

Page 38, in line 3, for "10%", substitute "12%"; (53)

(Shri P. Chidambaram)

MR. CHAIRMAN : The question is :

"That the Third Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Third Schedule, as amended, was added to the Bill.

Fourth Schedule

MR. CHAIRMAN : The question is :

"That the Fourth Schedule, stand part of the Bill."

The Motion was adopted.

The Fourth Schedule was added to the Bill.

Fifth Schedule

MR. CHAIRMAN : The question is :

"That the Fifth Schedule, stand part of the Bill."

The Motion was adopted.

The Fifth Schedule was added to the Bill.

MR. CHAIRMAN : The question is :

"That Clause 1, the enacting Formula and the Long Title stand part of the Bill."

The Motion was adopted.

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

MR. CHAIRMAN : The Minister may now move that the Bill, as amended, be passed.

SHRI P. CHIDAMBARAM : I beg to move :
"That the Bill, as amended, be passed."

MR. CHAIRMAN : The question is :
"That the Bill, as amended, be passed."

The motion was adopted.

[English]

MR. CHAIRMAN : There is no lunch break today.
...(Interruptions)

SHRI SURESH KALMADI (PUNE) : There should be half-an-hour lunch break. (Interruptions)

SHRI RAM NAIK (MUMBAI NORTH) : You please give half-an-hour lunch break and then continue with the proceedings. (Interruptions)

SHRI P. CHIDAMBARAM : No, no there is no Zero Hour. Uttar Pradesh budget has to be passed. (Interruptions). I am only requesting. Will the hon. Members be good enough to pass the Uttar Pradesh budget without discussion ? (Interruptions)

SHRI RAM NAIK : No, no. (Interruptions)

SHRI DATTA MEGHE (RAMTEK) : What about Zero Hour ? (Interruptions)

MR. CHAIRMAN : The House stands adjourned for Lunch till 3.30 P.M.

14.50 hrs.

The Lok Sabha then adjourned for Lunch till thirty minutes past Fifteen of the Clock.

15.33 hrs.

The Lok Sabha re-assembled after Lunch at Thirty-three minutes past fifteen of the Clock.

(SHRI P.M. SAYEED in the Chair)

...(Interruptions)

[English]

KUMARI MAMATA BANERJEE (CALCUTTA SOUTH): Sir, this Bill for reservation of women should be discussed now. At six o' clock so many Members will go away. There will be no quorum. They will raise issue of quorum and other things. (Interruptions) Please allow me for only one second.

MR. CHAIRMAN : Please listen to me.

...(Interruptions)

SHRI N.K. PREMCHANDRAN (QUILON) : Where are the women Members ? ... (Interruptions)

KUMARI MAMATA BANERJEE : Everybody is supporting this. Why are you discriminating lady Members and others ?...(Interruptions)

MR. CHAIRMAN : Madam, hon. Speaker has already mentioned in the House today about this. As per his decision, this matter will come. Therefore, you need not worry on that score.

KUMARI MAMATA BANERJEE : Sir, there are some valuable suggestions from the Members. Every Member is supporting this. You accept the suggestions. We do not have any objection. If you discuss this at six o'clock, I am afraid that there may not be quorum.

I do not know whether there will be two-thirds majority or not. I think that 50 per cent of the people will go away. Sir, this is a very serious thing. So, I am humbly requesting you.

MR. CHAIRMAN : You have already seen in the House today that every section of the House supported this matter. Therefore, your apprehension of not going to have adequate quorum does not arise. Everybody will be here. All the hon. Members will be here.

KUMARI MAMATA BANERJEE : Sir, everybody has to be present here.

MR. CHAIRMAN : Let us take a positive stand.

KUMARI MAMATA BANERJEE : Sir, everybody has to be present ... (Interruptions).

MR. CHAIRMAN : Kumari Mamata Banerjee, please resume your seat.

KUMARI MAMATA BANERJEE : Sir I told you my apprehension. If you are sure that 80 per cent people will be here and the Bill will be passed today, I do not have any objection. May I also request you to please ask the Leader of the Opposition, Shri Vajpayeeji and Shri Somnath Chatterjee, about their opinion.

SHRI SOMNATH CHATTERJEE (BOLPUR) : Sir, all the parties which are on principle supporting it, honestly supporting it should see that their Members are present in the House.

[Translation]

SHRI ATAL BIHARI VAJPAYEE (LUCKNOW) : Mr. Chairman Sir, presence of 273 Members in the House is necessary to pass this Bill. Earlier, it was not said confidently that this Bill would be introduced. All the parties want that this Bill be passed but the presence of 273 Members is necessary for that. My suggestion is that the discussion on Uttar Pradesh may be cut short and immediately after that discussion be held on this Bill.