

proposal which was co-sponsored by 126 countries. Libya and Bhutan, along with India, voted against the resolution. We, particularly, appreciate the fact that neighbouring Bhutan, with whom we enjoy traditional ties of close friendship and understanding, has shared our perceptions. Similarly, it is a matter of satisfaction that Mauritius, with whom we share close ties, expressed understanding regarding our position and chose to abstain on the resolution. In all, five countries abstained on the resolution. It is worth noting that though the resolution has 120 co-sponsors, many non-aligned countries who have taken an active interest on this issue have refrained from co-sponsoring the resolution. These include, among others, Indonesia, Malaysia, Sri Lanka, Arab Republic of Egypt, Nigeria, Zimbabwe, Mexico.

The vote was preceded by an active debate which focused on the disarmament perspective in which a CTBT should have been placed. Participating in the debate were several NAM countries. There was a widespread expression of concern over the procedure adopted and apprehension that it may erode the credibility of the Conference on Disarmament. A large number of countries expressed dissatisfaction with the Entry Into Force provisions as being unprecedented and an unwelcome departure from customary international law. The intrinsic shortcomings of the treaty text were highlighted by non-aligned delegations participating in the debate reflecting a shared perception with India. In our discussions, many countries have assured us that they recognise the validity of our concerns. We have the distinct impression that even after the adoption of the text, there is an uneasiness on the part of many delegations about what has really been achieved and the manner in which it has been brought about.

There is an understanding of India's position in the international community. The Government has taken necessary steps to sustain a dialogue with all friendly countries in order to explain the rationale for our approach. We are confident that our bilateral relations with countries will not be affected by our differences on this issue. In fact, our candid and transparent attitude and continued dialogues despite differences in perception, have ensured that our voice has been heard with respect. I must convey my gratitude to the hon. Members because it is the consensus in this House and in the nation as a whole that has given strength and credibility to the Government's stand.

As regards what might happen in future, I would assure this House that we will maintain our position and not sign the CTBT. The Entry Into Force provision will ensure that this treaty shall never enter into force unless

is proponents agree to amend this provision in order to remove any possibility of imposing any obligations on India. There have been no pressures on India and if there are any in future, I am confident that this country has the national will to withstand such pressures.

The discussions in the UN General Assembly have clearly shown that there is growing support for adopting a comprehensive, phased and timebound programme for nuclear disarmament. We will continue to take initiatives in the United Nations and other fora in keeping with our consistent and principled policy for achieving progress towards our shared goal of a nuclear weapon free world which will enhance India's security and also global security.

FINANCE (NO. 2) BILL 1996—CONTD.

1738 hrs.

[English]

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM) : Mr. Deputy-Speaker, Sir, as I rise to speak on the Finance Bill, I have a feeling which is very cheeky, like our position in the United Nations. Many people said many good things there and then voted with the overwhelming majority.

I really am amazed—I will take off from what Shri Gadwhi has said - by all this glib talk about competition because it is well known throughout the world that it is not a world of competition. Only 200 to 300 multinational corporations of the world produce between 60 to 70 per cent of world's industrial production and you talk of competition sitting here. We all know that worldwide even in terms of corruption, it is these multinationals which are corrupting statesmen the world over. But it seems we have stuck with this word 'competition' even within our own country.

Do we not have reservations ? We try to protect the small scale sector from the incursions of the large scale sector. So, when we talk about quite natural under a capitalist economy, through competition one enters into such a scale that one becomes a monopolist.

It is the law of competition, which generates monopoly and we ought to remember that in discussing how to make our economy competitive.

Sir, we are discussing the Finance Bill. Through this Finance Bill, the Union Government will collect a sum of Rs. 97,000 crore in order to finance an expenditure of Rs. 2,84,000 crore. Less than 50 per cent of our expenditure would be financed through measures adopted in this Finance Bill. This is our tax bill. Was it necessary that this should be so ?

1741 hrs.

(SHRIMATI GEETA MUKHERJEE *in the Chair*)

I will indicate my approach in terms of growth. Today when the Finance Minister was introducing the Finance Bill, I do not remember him having uttered the word 'equity'. It is all growth, it is all competitiveness. In fact, here lies a very crucial difference, perhaps within the society also, about the relationship between growth and equity. There have been three ways of treating this relationship. There is one way which says - it has been rejected universally perhaps - that through growth and trickling down, there will be equity, there will be justice within the country. That position, perhaps, is no longer hailed by anyone even the strongest opponents of the policies of the International Monetary Fund or the World Bank. Then, there is the other route. The other relationship expresses growth with justice. I do not accept the position also.

I believe, in the third kind of relationship, which says, 'growth via justice'. I have the taste of the recent experiences of the developing countries. Very recently, I was surprised, even in a Chinese newspaper it has been mentioned in this fashion that in the 1980s in Asia, the little tigers grew up; in the 1990s they were added to by a large tiger, which is China itself; and then they say that the emerging tiger would now be, perhaps towards the end of the century, India. This is the Chinese periodicals which are noting it. Now, they have also mentioned about Vietnam in addition to India.

The point which we always miss is that in all these points of development, justice and equity were the routes through which this growth could take place. This is also expressed in another way. This is also expressed in terms of human development indices. All these countries which have human development indices, even including Japan which had developed earlier, are all superior to us and all these were the products of equity within the society.

The form of governance was different. Sometimes it was dictatorial. No country perhaps was a parliamentary democracy as we are. But, all the same what was tried to be achieved was to bring the people. This is what we imagined in formulating earlier plans also, trying to raise the economy through pulling up ourselves by the boots strap.

This is the approach on the basis of which I want to judge this Finance Bill also. The other point in the form of a preamble, I should say is, which I have mentioned in my Budget speech, apart from equity, the most crucial element in the part of our growth would be the improvement in the savings rate. In fact I mentioned that in the Budget speech. While investment has been

underlined, savings have not been. I do not know how he has responded to that. I was not present when he was replying to the debate.

Once again we have to see this other crucial thing, first equity, then generation of savings and the third, the domestic productive forces how they are protected so that we grow in a manner which is both fast and just. Now on this basis let us try to understand. Could you have collected more? Even I am not satisfied.

I said it in my speech on the Budget that it could be considered a beginning of the beginning. I thought the reply would be, 'yes, this is only the first year'. I do not know whether that was the reply. But we have to remind ourselves of this that in the first year, what is that you are foregoing? We are discussing MAT. Nobody mentions that we have reduced the surcharge on corporation tax from 15 per cent to seven-and-a-half per cent. How much did you forego? The receipt Budget says. The figures are very interesting. For 1995-96 I do not know. Shri Manmohan Singh had the habit of writing out wrong kind of figures. Now they said that on the basis of a collection of Rs. 15,000 crore corporation tax, on the basis of a 15 per cent surcharge, he was anticipating a collection of Rs. 357 crore. There is no relation. In fact, in the revised estimates, there is a correction. Here it says that out of a total collection of revised estimates of Rs. 14,000 crore via corporation tax, the surcharge would be Rs. 2044 crore. Now just imagine. The next year's figures as the Budget proposes on the basis of a seven per cent surcharge and not 15 per cent, are varying from Rs. 2044 to Rs. 2051 crore. I doubt the figures. But let me assume the figures. Then you say that another Rs. 2351 crore you have sacrificed because you have reduced your surcharge from 15 per cent to seven-and-a-half per cent. Was this justified when you say that you are in a crunch? You could have waited for another two years and that was not done. I do not know who advised him to hurry. *(Interruptions)*

It is not that. It is almost the...*(Expunged as ordered by the chair)* friends of the Congress supporting the United Front.

SHRI SONTOSH MOHAN DEV (SILCHAR) : It is with faithfulness that we have come together.*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Similarly, to complete this point, I agree with the customs duty on newsprint that he has mentioned.

SHRI SONTOSH MOHAN DEV : There is a request from Members to extend the time of the House by an hour or two because tomorrow and day after tomorrow are the last days. Many Members are willing to speak.

SHRI SURESH PRABHU (RAJAPUR) : Seven hours have been allotted.

SHRI SONTOSH MOHAN DEV : Why do we not extend the time today by one hour ? *(Interruptions)* Those who do not want to speak can go. *(Interruptions)*. Their chance will not go. *(Interruptions)*. So, if it is possible, we may extend the time by one hour. *(Interruptions)*.

SHRI SURESH PRABHU : We may sit tomorrow. *(Interruptions)*

SHRI SONTOSH MOHAN DEV : You do not agree.

MR. CHAIRMAN : We want to extend the time by one hour only.

(Interruptions)

SHRI SONTOSH MOHAN DEV : Then you can also speak for ten minutes more. *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : No, No. *(Interruptions)*. There is a dinner invitation at 8.00 P.M. *(Interruptions)*

MR. CHAIRMAN : Shri Chatterjee, please continue.

SHRI NIRMAL KANTI CHATTERJEE : The House cannot be extended. Unless there is a consensus about extension, it is never extended. So, if you think that you are bound by 6.00 P.M. job, it will not be extended. *(Interruptions)*

MR. CHAIRMAN : In any case, let us proceed. In the meantime, the Minister of Parliamentary Affairs will come also.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE : Let him come. But he cannot dictate to the House. *(Interruptions)*.

Now, it is proposed that there will be a Tariff Commission. Perhaps the Tariff Commission will look into not only customs duties but also in relation to the excise duties. Let me make a suggestion. They have to consider the level of competition and the level of protection that may come from abroad and, therefore, they have to waive customs duties in conjunction with the excise duties that they are imposing. These are in a certain sense the two blades of a pair of scissors. One has to look into it. I am amazed that despite the proposals that there will be a Tariff Commission, some Rs. 650 crore of customs duties have been sacrificed in the course of the initial year. We could have waited for another year and against that a two per cent general imposition of tax on customs duties has been imposed, which is good. I, of course, welcome that. That will add to the protection of the domestic industry. But there are a lot of complaints because

perhaps it was done in haste. There were a lot of complaints about customs duties. He has tried to take into account some of them in his introduction, but many others are left out.

So, my criticism here is that the key objective in the economy would be to raise the rate of savings and have a better draft for the public sector, for the Government because under the present circumstances in this world of monopolistic intrusion without a vibrant Government sector, underdeveloped countries have no chance to succeed and compete with these multinationals. That is the story of South Korea, China and Malaysia and if we have to learn from them then we should learn from these areas.

Here MAT has been referred to. It is amazing also that for the last five years we are trying to argue with our previous hon. Finance Minister that even earlier there was such a provision-similar provision, not exactly this - a provision of 30 per cent profit to be taxed. That provision was there. I think, it was introduced during the days of Shri Pranab Mukherjee, but because of some arguments of investment allowance, etc., that was eliminated mainly.

Now, it is not identical but it is similar. The approach is similar. If you make profit you cannot go away without paying a single paisa to the Central corpus. But this question has to be raised. This has been raised directly or indirectly and that is - why is it that we have provided concession in a manner that they can not only not pay tax for his year but also accumulate such savings for the next year also ? This is the character of our income-tax laws, full of exemptions. Why can we not take this bold step, at least in terms of the announcement ? I do believe that there are areas where concessions have to be given.

1756 hrs.

(MR. SPEAKER *in the Chair*)

Without the consensus of the House, even the hon. Speaker cannot extend the sitting of the House. *(Interruptions)*

MR. SPEAKER : I want to give you more time to speak. *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Thank you. Therefore, I will submit that if at all there should be any concession for anything, it can be for these trusts and charitable trusts etc. My friend was suggesting that when contributions to the Prime Minister's Relief Fund are exempted why not the contributions to the Chief Ministers Relief Funds be exempted ? If the approach is to exempt all these things, you eliminate all these concessions from

the Statute Book. Then only can we tinker with the rates of taxes. Then only the effective rate of taxation on the books will remain at 40 per cent or 45 per cent and in reality it is eight per cent or 10 per cent.

I have seen this C.M.I. Report. When Dr. Manmohan Singh was the Finance Minister it was there. In the elections also we went out with it. The whole sheet was with me. Some 5,000 names were there, though the number of companies was less because for each company there were several names. Our estimate at that time was that some Rs. 40,000 crores income was avoiding taxes. May be the figure is not correct. Please correct my figures. But the point is that you give tax exemptions for research and development; give tax exemption - I will concede - even to exports because we want the exports to overtake the imports. There is no doubt on that. We have to do that. You give exemptions for backward areas investment and give exemptions for savings. Nothing else should be exempted from paying the taxes.

SHRI P. CHIDAMBARAM : Please respect them.

SHRI NIRMAL KANTI CHATTERJEE : I mentioned four points. Sir, this time should be deducted from the time allotted to me.

I mentioned about R&D, exports, backward areas and savings.

On savings, incentives have to be given. In terms of savings this is an idiosyncratic thing continuing for so many years. Even in this year's Budget he proposed that concessions under Section 80-L should be raised from Rs. 13,000 to Rs. 15,000.

I have argued again and again with Dr. Manmohan Singh also that instead of this Section 80-L provision he should try to tag this on to Section 88 which forces one to save from current year's income or may be the past one. And this could be done even here, even today, by introducing an amendment.

SHRI P. CHIDAMBARAM : I introduced an amendment to Section 88.

SHRI NIRMAL KANTI CHATTERJEE : Not that. You want to exempt certain parts of income from paying any tax at all unlike Section 88 which says that 20 per cent of the savings will be given concession. You could have simply done this - let that Rs. 60,000 limit remain. But the first portion of Rs. 10,000 or the first portion of Rs. 20,000 if it is deposited that will completely get tax concession.

18.00 hrs.

That would have been saving of the people from their current year's income. I have an income from mutual

funds which is more than Rs. 50,000. I do not have to pay a single paisa additionally for savings.

MR. SPEAKER : Just a minute please. It is six o'clock now and we have 24 more speakers on this Bill. This Bill has to go to Rajya Sabha tomorrow, day after tomorrow being the private Members day. So, we will have to pass this Bill and extend the House. Is this the consensus of the House to extend the sitting ?

SHRI MADHUKAR SARPOTDAR (MUMBAI NORTH-EAST) : Excuse me, Sir. We do not get this information in advance. We fix up some programmes outside also on the assumption that the House will be over by six o'clock. We come here at 11 o'clock and sit upto six o'clock. When we get this information at the eleventh hour, we find it very difficult to adjust. I am very humbly submitting before this House that this should be decided in advance.

MR. SPEAKER : All right, in future we will decide in advance.

SHRI MADHUKAR SARPOTDAR : Sir, what about today ?

MR. SPEAKER : I accept your suggestion.

SHRI MADHUKAR SARPOTDAR : My request in this case is to accommodate tomorrow one or two persons who are to speak on our behalf.

MR. SPEAKER : If the House agrees to do away with the Zero Hour tomorrow, I can agree because latest by one o'clock the Bill has to go to Rajya Sabha because the Rajya Sabha has to pass it. So, let us complete it tonight.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (JAIPUR) : Reception function for Hon'ble Deputy Speaker has been fixed at 6.00 o'clock. We have to be with the Hon'ble Deputy Speaker most of time in the House daily. If we fail to attend his reception function he will spoil our C.R. and not allow us to speak in the House. I therefore, beg your pardon. You occasionally sit in this seat.

MR. SPEAKER : You may come after attending the function. I will sit here till you come back.

SHRI GIRDHARI LAL BHARGAVA : Our leader, Shri Jaswant Singh said that the House may sit one hour more. Therefore, you can run it for one hour more. It will not be justified to run in after one hour. If we don't attend the function, it would not be a good thing. We shall go at 7 o'clock.

[English]

MR. SPEAKER : Our problem is that it has to go to Rajya Sabha tomorrow.

SHRI AJAY CHAKRABORTY (BASIRHAT) : Sir, one Member is speaking beyond his time limit and another Member is not getting chance to speak. There should be a time limit.

MR. SPEAKER : Should we make it two hours ?

[Translation]

SRI GIRDHARI LAL BHARGAVA : It would be night after two hours. You may extend it for one hour. That is sufficient. We can go there at 7 o'clock instead of 6 o'clock.

[English]

DR. T. SUBBARAMI REDDY (VISAKHAPATNAM) : It may be extended by two hours. (Interruptions).

MR. SPEAKER : All right, let us compromise and extend it for one-and-half hours.

SHRI SURESH PRABHU : Sir, I want a clarification. Those who will not be able to speak today, will they get chance to speak tomorrow ?

MR. SPEAKER : No, I do not think so. Tomorrow at one o'clock, the Finance Minister has to reply. There is no choice.

SHRI SURESH PRABHU : Sir, before that one or two speakers can speak.

MR. SPEAKER : Unless you do away with Zero Hour, how can you do that ?

SHRI SURESH PRABHU : That is not our fault, Sir.

SHRI NIRMAL KANTI CHATTERJEE : Even the Question Hour can be suspended so that he can speak.

MR. SPEAKER : Whatever accommodation can be made to the hon. Members, we will make it upto 7.30 p.m. Tomorrow at one o'clock, the Finance Minister will reply.

DR. T. SUBBARAMI REDDY : There should be a maximum limit of 10 minutes for each Member.

MR. SPEAKER : Shri Chatterjee, have mercy on your colleagues. Please conclude early.

SHRI NIRMAL KANTI CHATTERJEE : Unlike my good friend, Shri Jaswant, it will be matter of fact. Sir, I will speak strictly on this Finance Bill.

MR. SPEAKER : You have two speakers from your Party. The time allowed is 23 minutes and you have already consumed 21 minutes.

SHRI NIRMAL KANTI CHATTERJEE : I will go by your suggestion.

Sir, I was talking about Section 88 of the Income-Tax Act. I think that point has already been made and I need not make that point again.

The next point is about the income-tax structure. We are all concerned about the income-tax structure. We say that at higher rates people feel constrained to pay tax and sometimes the rate was confiscatory and therefore, nobody was paying tax. We simply forget that that kind of a psychology operate also at the bottom.

1806 hrs.

(SHRIMATI GEETA MUKHERJEE in the Chair)

For the last five years I have been making a suggestion to the former Finance Minister that the lowest rate of income-tax should start at 10 per cent so that a person is not really hurt when he first pays income-tax. Now, our present Finance Minister has kindly agreed to reduce the initial slab from 20 per cent to 15 per cent. I am requesting him to consider my suggestion that it should be brought down to 10 per cent. The Department certainly knows about it because we have been making this suggestion for the last five years. The first slab should start at 10 per cent. But in order not to be regressive at the initial stage, when this slab is long it becomes regressive to that extent and therefore, the next slab should not have a difference of 15 per cent. The difference should be 10 per cent so that the first slab begins at 10 per cent, the second slab at 20 per cent, the third slab at 30 per cent and it goes on like this. Later, it could be five per cent also, because the smaller the slab, the more progressive and equitable it is. This is simple arithmetic or statistics, whatever you say. So, I want him to consider this suggestion if he is bringing amendments. I am sure it will not be a loss, it will be a gain, because we must remember that there is a psychology among the middle classes to proudly declare themselves as income-tax payers. You capitalise on that psychology by allowing them to enter the income-tax net - without doubt it is net - by offering him a 10 per cent slab.

The next comment I want to make about it is this.

MR. CHAIRMAN : Is this the last point ?

SHRI NIRMAL KANTI CHATTERJEE : Not at all.

Our Finance Minister has issued a circular requesting austerity in the Government offices and he suggested a 10 per cent cut in the expenditure. When he talks of austerity within the Government, he forgets that that has to reflect the psychology of austerity in the society outside and that is what he has not done.

My position is like that of Chile and his position is like the United Nations General Assembly where all the people supported Chile by saying that they are talking sense, but ultimately voted against it. Why do I say this? Why could we not introduce some kind of an expenditure consideration along with Income-tax? It is not an impossible thing at all. You generate the cult of austerity. You are encouraging him to spend through foreign investment, publicity etc., through, maybe, bribing also and you are not trying to impose an expenditure element into the assessment of tax. Those expenditure taxes which are listed there are nowhere near the mark.

Then, I illustrated in my speech during the Budget debate also that the duties on air baggages have been reduced and credit has been taken for higher revenue from that. What does it mean? It means that you are inducing or maybe exciting people to bring more luxury goods from outside with a lower duty so that you can have a larger collection in the customs.

This is the kind of approach which has to be avoided and this is a kind of lesson which has to be given to the society also.

We have cried hoarse in the course of last few years. Now, he has today modified even the amendments which were introduced in this year's Finance Bill about wealth tax. He has softened it once again. All right, perhaps there is an economic justification even if one residential property goes out of wealth tax. Is it so?

SHRI P. CHIDAMBARAM : Yes.

SHRI NIRMAL KANTI CHATTERJEE : Fine, and that residential property might be as ill-gotten as that of Sukhram. They said, 'the value of one property was Rs. 6 crore'. Supposing, I have only that. Why should I be outside the wealth tax? What happens to equity? So, even in terms of these exemption, one should be watchful and one should be careful and also we should re-think on inheritance tax and gift tax. He has broken away from his parent organisation perhaps as a protest against that famous marriage which took place in his State. All these gifts cannot be garnered. If Rs. 2 crore or Rs. 3 crore have been spent there, either those who are giving gifts or those who are receiving them should be brought within the tax net. A gift tax without an estate duty or an inalienable tax is a meaningless preposition. He has not looked into this. He has not looked into which kind of modifications are possible so that more people can be netted. Apart from this...

MR. CHAIRMAN : How many more?

SHRI NIRMAL KANTI CHATTERJEE : Madam, as a matter of fact...

MR. CHAIRMAN : But then, you have to think about others also.

SHRI NIRMAL KANTI CHATTERJEE : All right. I will conclude in a very short span.

The last telling blow could be that even in terms of Chellaiah Committee, he not started the operation of consignment tax. We talk so much of black income. We talk so much of escapement though saying that I am shipping this and I am not selling and thereby avoiding sales tax. The consignment tax should go to the States. Within the total economy of the country, it will mean more in the Government kitties and that step he has not taken. He has said that he was one of the drafters of the Common Minimum Programme. But he has missed this point there also. So, I am drawing his attention to this. Why do you not go ahead? Why do you not say this? All kinds of arguments are given that the States have not agreed to etc. But that is neither here nor there. I have not suggested any amendments for the simple reason that my Party will not permit me to press them forward. Although, I am not party to the Government. But I am party to the United Front. I, therefore, suggest that please take this into account and try to introduce amendments on your own including an expenditure surcharge on income tax and a statement on consignment tax.

Thank you, Madam, for the little consideration that you have shown and I conclude here.

SHRI UTTAMSINGH PAWAR (JALNA) : Madam, in fact, I am sorry to say that our Finance Minister has to play the one day cricket match. He has to score the runs and also keep the wickets safe. That is why, it is very difficult to expect all the things from him though I am not from the Treasury Benches. (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE : Madam, if I do not say one thing, I will not be able to go out of this House. He has given concessions for synthetics and the jute industry is worried about it. They are worried because the kind of concessions that he has given will eliminate the production of jute goods. That is their apprehension, and I must draw his attention to it.

With regard to newsprint, it has already been mentioned...

SHRI UTTAMSINGH PAWAR : I will refer to this newsprint item.

SHRI NIRMAL KANTI CHATTERJEE : Madam, he will speak for me.

SHRI UTTAMSINGH PAWAR : This Bill is ignoring eighty per cent of the agriculturists. Frankly speaking,

how many people are using the drip irrigation and the tractors? Though we have given Rs. 30,000 subsidy per tractor, hardly two per cent of the farmers are using the tractors. Same is the case with drip irrigation also. An average farmer, who is having two acres or three acres or four acres of land, he cannot even dream that. Certainly, the Finance Minister should look into the matter. This is my first submission.

Regarding the newsprint industry, the fate of our country is worst because at the moment we are importing newsprint at the rate of Rs. 15,000 per tonne whereas our manufacturing rate is round about Rs. 20,000 per tonne. So, it is really difficult to compete with the multinationals. I myself being a small industrialist know the difficulties. The Government should not think that our industries should go down. If our policy is like that, we cannot compete with the multinationals because we are not trained for it. We did not get the sort of education that one gets in the Western countries or in the American countries. Naturally, our industrial policy should be such that we do not compare those things we manufacture with the others.

With regard to newsprint, again, I would like to say that if the Finance Minister cannot look into the matter, the fate of this industry will be very bad.

Coming to the revenue receipts, certainly, they are going at the rate of 18 per cent while the GDP is growing at the rate of seven per cent. I do not know how they will achieve this additional 11 per cent growth. The capital receipts are also growing. The fiscal deficit is growing in a much more larger way. The multiple tax system is spoiling our country. The hon. Finance Minister knows it very well.

At the same time, we have to think about a lot of things. We have a lot of problems. My only request to the Finance Minister is not to bring in the Cielo care or the Mercedes Benz. For these things, we do not have even the roads to drive them. Please do something for the public transport. Our public transport system is in a very bad shape. We do not have roads to drive in Cielo or Mercedes Benz cars.

DR. K.P. RAMALINGAM (TIRUCHENGODE) : Hon'ble Chairman, I welcome and support the Finance Bill introduced by the enthusiastic and dynamic Finance Minister, who has given a wonderful and useful Budget to the nation in this year. In addition to that, he has given a lot of concessions and consideration to the corporate sector to promote the economy in India. Agricultural development alone will promote the economy of India. Agriculture, as it is available in any other civilisation, is our traditional occupation from time immemorial. The great Tamil Poet Thiruvalluvar said :

"Suzhandrum airpinnadhu Ulagam uzhandrum uzhave thalal."

He means that 'every other occupation or profession is dependent on agriculture.' He also added that 'tilling of the soil is ahead of every other profession.' Do we give utmost priority to agriculture in this country? Of course, now, after about five decades of Independence, we do it. The General Budget for 1996-97 seeks to provide 32 per cent of our GDP for agriculture.

A promise of change has come about now. Irrigation Benefit Programme is to be intensified with Rs. 900 crore. Increased credit facilities, increase in subsidies for agricultural equipment and fertilisers, special emphasis on small and marginal farmers, strengthening of Rural Infrastructure Development Fund, promoting investment in hi-tech agriculture and boost to agro-processing are some of the salient features of this year's Budget proposals.

Devising the plan is one thing and implementing the same is a different thing. It is unfortunate that they tend to operate on two different plans in India. Setting up viable monitoring mechanism and ensuring accountability through Panchayati Raj and Cooperative Movement is like a promised land.

Gross areas sown in this country was about 18.5 crore of hectares about a decade ago. It is disheartening to note that it could not be considerably enhanced further. Sowing is not done more than once in a year in about 14 crore of hectares of that sown area. This is because irrigation facilities are available to just 4.5 crore of hectare of cultivable land. We must devise a viable irrigation Policy. For that, still more funds may be allotted towards irrigation reforms. That is lacking in this Finance Bill.

Improvised agricultural methods, modern implements, better water management, scientific irrigation methods, supply of quality seeds, back up from our agro-scientists through Extension Education are the need of the hour. It calls for dedication and a devoted vigour.

We have opened up our economy. We have more or less accepted globalisation. It may throw challenges to us. Instead of our entering the world market, we may convert our country into an open market place. How to convert this new economic situation into an opportunity?

Quality of agricultural products must be standardised with modern technical knowhow. We need to import agro-technology. Thrust must be given to manufacture low cost agricultural implements. Israeli cultivation methods should be an eye opener. For this, still more funds should be allotted to agriculture.

What has been happening in our country all these years? Plenty of land is there. Abundant labour force is

there. But motivation and proper guidance were missing. We now get a new direction through the Common Minimum Programme.

I fervently hope the Rural Infrastructure Development Fund can do well with an additional Rs. 2500 crore this year. It will meet our needs to bring about a National Agricultural Revolution.

Irrigation Benefit Programme is to be intensified with Rs. 900 crore. I would like to suggest that this may be increased further. Special care should be given to Command Area Development Programme. Hydrology Experts feel that carrying out extra work in those areas could increase ground water potential. This could make scientific water management techniques like Drip Irrigation, Sprinkler Irrigation method etc. viable ones. The subsidy to farmers for adopting these methods has been increased upto 70 per cent and in the case of weaker sections, it will go up to 90 per cent. This augurs well for our agricultural output.

The share capital of NABARD has become Rs. 1000 crore this year from Rs. 500 crore. Next four years will see it triple to Rs. 1500 crore.

I would like to point out the need to protect the existing canals meant for irrigation. Greening them and maintaining them involve additional work and more money. It was mentioned in the Budget and also in the Finance Bill. NABARD should be suitably instructed to make available the funds for these purposes. The Tamil Nadu Government faces a problem in this regard. I hope the Union Government will look into it.

To solve the Cauveri dispute, the post of the Chairman of Cauveri Tribunal may be filled immediately. Then only the problem would be solved. Then we can promote agricultural development in Tamil Nadu.

Subsidy to all farmers to buy small tractors is a welcome scheme announced this year. I would suggest to this Ministry of Finance to work for extending this scheme to all agricultural implements. Subsidy may also be provided to heavy tractors for agricultural purposes.

Sir, on the floor of this august House, I would like to sound echo the appreciations of the farmers of this country. Their happiness is redoubled with the four-fold increase in subsidy for Potassic and Phosphatic fertilizers to the tune of about Rs. 2,224 crore.

We need to give strategic guidance to our farmers about agricultural marketing. We need to concentrate on processing and the exporting of our agro-products. We need to review our policy of exporting primary commodities. According to a World Bank Report, countries like India which specialise in the export of primary

commodities are bound to be losers by 2005 A.D. This is because of the mechanism of the International Trade. We are governed by them as signatories of the World Trade Organisation. In the World Trade Organisation regime, India can survive only with its improvised agro-economy. We must wake up now. Patenting of seeds and more research will help.

The farming community do not stop with growing only crops. They rear cattle and raise dairy and poultry farms also. During the time of natural disasters like floods and drought, cattle save farmers and their families from poverty. So, the Government must give equal importance to promote Veterinary Science and more funds must be allotted to animal husbandry activities that is lacking now. Even in the Finance Bill, there is no fund allotted to animal husbandry activities. Soon we may shift our attention to meat and leather exports in a big way. When crop cultivation research gets Rs. 100 crore, livestock research gets only a mere one crore of rupees or less. This imbalance should go.

In a populous country like ours, non-vegetarian food items like meat and chicken is a staple food to many. It is all the more important to provide quality meat to our people and promote export meat by way of setting up modern slaughter houses state-of-the-art processing units and cold storages must be improved all over the country. This is more important. So, it should also be considered by the Finance Minister. So, the Finance Minister may sanction still more funds to agriculture and animal husbandry activities to help the rural economy to develop.

I would like to suggest a novel idea how to meet out the deficit. He must speed up the enquiry through the CBI and get back the Government money. ...*But, anyhow, the Finance Minister has to take extra care to give justice to Tamil Nadu people to get the money back to the people.

With these words, I am concluding my speech.

SHRI P.R. DASMUNSI (HOWRAH) : Madam, I am thankful to the Finance Minister for having placed the Budget very successfully and also commending the Finance Bill. The Finance Minister today also, during his speech, made several concessions and has taken several decisions in regard to excise, customs and income-tax provisions within the scope of the Finance Bill.

The Common Minimum Programme nowadays is very much known as the manifesto of the United Front Government. It gives great satisfaction to the United Front Government. To us, specially with reference to the Budget, it is the "Congress Monitored Programme." When was the overall concept of the liberalisation and the entire

* Expunged as ordered by the Chair.

beginning of the new era started ? The economy which was left to us in 1991 by the then Janata Dal Government and a little bit rescued by the Chandra Shekhar Government for a stop-gap arrangement, really put us in shambles in all spheres. No directions were there. Nowadays, a lot of praise is heaped on the performance of the past Governments. I think the period when the country has faced the severest situation in the economic front and a chaos in all the fronts was during the regime.

From that point of view, Shri P.V. Narasimha Rao's Government tried to rescue the situation in such a manner by which at least we can now claim that a country, by name India, is there which is trying to attract people to find a good market. I fully endorse the comments made by Shri Chatterjee about the word called 'competition'. I do not understand why we have suddenly got so much influenced by these words and connotations. When the British used to rule India through the East India Company, during those days, the *Raj Bahadurs*, the *Khan Bahadurs* and those who used to like the patronage of the British Emperor, used to convince people by saying, "do not join the freedom movement. After all, the English are here for the prosperity. Otherwise who will build the roads, who will create the railways ? These guys will only go to jails and will be put to the gallows."

Now these multinationals and giants, before they landed in India and before they took the advantage of the liberalised economy, threw a very peculiar kind of concept paper called 'Fair Competition'. Fair competition with whom ? I do not like to deal with the matter as it has been well dealt with by the hon. Member, Shri Nirmal Chatterjee. I fully share his views. The concept must be understood as to wherefrom India started, where we have reached and the kind of burden that we are faced with. Some of us often commit a mistake by saying, "look at Singapore-how they are doing; look at South Korea-how they are doing; look at Japan-how they are doing." I wonder and laugh at then because they have no sense of understanding of the situation as to what Singapore means and what India means or what Japan means after the war and what Korea means. Who takes care of the sky and the sea ? Who takes care of the people and how things operate ? Are they really free in terms of freedom ? When we discuss those things through a different debate, they compare it with India and bring that canvass to Indian canvass and say, "look, we have a fair competition; we have a level playing field." I wonder because it means we have totally devalued what we tried to build with drop by drop of our blood in this country after the freedom. Howsoever bad name you give to the public sector in the name of their large employment skill and other things, I still feel proud of what I have done for this country with the skill of years.

Madam, I personally feel that all of us have suddenly become fond of the liberal economy, the open economy, the fair economy only because of one thing. Our hon. Finance Minister had rightly pointed out the other day while replying to the debate on General Budget. I heard him with rapt attention. He had rightly pointed out that the country's defence was not merely the Budget for defence but a correct foreign policy, a correct neighbouring policy. I thank Mr. Chidambaran for his clear perception. And really, we have to jump into the so-called open economy. We have to coin words for so-called free economy, open economy, competition, liberalised economy only because - if I may say so, without the general consensus of my Party - of the disintegration of the Soviet Union. If there was a nation that was made the casualty of the situation in the whole world caused by this disintegration, it is India. And today, we are paying heavily for it. Therefore, we have to think seriously about this matter while we think of this competition, competition and competition. In the name of competition, please let us not see that the competitors come and take the country in such a manner that they find that although their partners are no more there, yet the competitors are ruling. Therefore, I urge upon the Finance Minister to consider the impact. What is the competition ? What is the bank rate of interest in Europe ? What is the bank rate of interest in the United States ? What is the bank rate of interest here ? What is the cost of raw material there ? What is the cost of raw materials here ? How does our labour work and how does their labour work ? What is total mechanism in the physical sense ? If you ask them to bring in fair competition by simply asking them to bring some of their managerial partners, some of their equity, to siphon off everything from us and ask our people to compete with them at the same level, then you will not be asking them to compete with us but asking our people to get hanged.

This is not correct approach. We must learn how to protect ourselves. Mr. Finance Minister also was a competent Commerce Minister, which I also had the privilege to deal for five years. If Europe in the real sense free from that ? The Finance Minister knows, even in the name of free market they use to protect their own commodity, which is not allowed for many people to enter into selective items. And India had to enter. Not only India, the continent Asia and the developing countries had not to enter for years together for one single item, even in United States too. What happened to them ? They know how to protect themselves. They never say like that 'Did they ever say that 'you are new and I am old. I am prepared to have a fair competition and free competition with you in terms of textile, clothing in the market of Europe' ? No. Due to the fight within the GATT, you might have been able to manage, to a little extent, to get the advantage of the textile but for the last several years it never happened so.

Therefore, please do not be innumerate with the world of competition and do not try to put our people in that category, otherwise it will totally be an injustice. Therefore, my submission to the hon. Finance Minister - not many - is that 'can you appoint a Committee may be of experts?' Mr. Chidambaram, if you do it, you will guide the destiny of the nation to create interest even in the interest of the freedom of the country. This committee may scrutinise and examine (a) impact of the liberal economy on our domestic market and domestic indigenous production units; (b) the rate of your customs duty reduction and the concession that you make, the advantage of which is not being actually exploited by our big agents but by others also. And, what is the adverse, right and good impact. Whether really you feel that a competitive arrangement has been made both in terms of infrastructure and the popular phrase called the 'level playing field'. That committee can give you positive guidelines hopefully in the next Budget - which I am confident, you will monitor - to give you a direction as to really are you on the slogan; or you on some despatch by abroad or are you going on simply because we are having no other option today?

Shri Gujral, hon. External Affairs Minister was stating about the CTBT United Nation's results yesterday. True it is. Well, it is isolated but we are proud that we are paying the price for having stood for certain values. Similarly, you also adopt the same principle-defend and safeguard the interests of India's economy, not at the mercy and the cost of those who have come. They are all coming, Mr. Finance Minister, not to develop your country but they are all coming just to take the market because nobody can question the capacity of this market, nobody can question the buying ability of this market. That is why they are all coming. Therefore, please think of the formation of a committee, if you can.

Secondly, in regard to newsprint, much has been said about newsprint by many friends. At the present moment, it is 'zero duty' so far as import of the customs duty is concerned. Madam, Chairman, it is a very ticklish issue. The customers want to have a very glazy, very good newspaper to read, well-typed and paper should be good. Newsprint industry want that their material should be sold in the market properly and nicely and at the same time our own organizations and units which are producing and manufacturing papers, like the Hindustans Paper Mills, are complaining that if the Government considers to maintain the same level of 'zero duty' then who will buy their materials?

So, I would request you to please think of investing a little more money for those mills to improve their conditions, their way of manufacturing things, quality production, quality improvement. You can also think of

providing certain guidelines of the Government for the use of their paper including that of the newspaper industry. And thereafter you think to have a duty. You invite newspaper industry, you invite Hindustan Paper Mills, you invite Industry Minister's opinion and thereafter you finally decide the rational as to whether at all this 'zero duty' provision should be continued or abolished.

Otherwise, I am afraid, the domestic industry will be the casualty of this arrangement.

Regarding jute goods, Mr. Finance Minister, I have to say that I am not angry but I am very much disappointed. The Finance Minister should have an overall view of the situation in the country. He should have a view of the necessity which is an immediate requirement and also his attitude to the genuine requirement of certain sectors. I have been watching right from Dr. Manmohan Singh's Budget to your Budget. I do not know how in one matter everybody is the same.

There is always a genuine sympathy for the synthetics. Why do you not abolish the excise duty on the jute goods, which is only five percent? This is an industry which is struggling to survive. People have a wrong conception that 'jute goods' means 'Bengal'. The entire jute goods of Bengal are contributing to the economy of North India. Immediately after the labourers of the jute industry of Bengal receive their weekly wages, the next day, they go to the post office to send money order to their homes in Rajasthan, Bihar and Uttar Pradesh. I am telling you the facts. The mills are getting closed. It does not mean that it might create a law and order problem to the Government of West Bengal. It will create an economic problem, probably, for the northern India also. It is not an issue only of Bengal. Therefore, I would submit to the hon. Minister of Finance to consider and kindly exempt the five per cent excise duty on jute goods at least for five years on a trial basis, see whether he can improve the condition or not and if not, again reintroduce the duty. You may kindly make a note of my recommendation in this regard.

Now, I come to the question of the wide-based tax net. I have been hearing an interesting item, which, as a student of politics, I fail to understand. When I was a student at school, at college and then at the university, I used to know that *kisan* meant a person who went to the fields, toiled the whole day, grew paddy or wheat, returned home in the evening and fed the people of the nation. He is considered to be a *kisan*, who really tills and who assists the agricultural labour, whether he has land or not. This was my perception of *kisan*. Having been in the national politics, I always think of concessions to farmers, concessions to the *kisans*. But does it go to the farmers and *kisans* who really do the job on the

ground ? Here, I find that the meaning of kisan is different. He is one, who does not go to the land, but controls the land for years together and manages to get the job done by some people. He gets the ultimate benefit, whether it is remunerative price, whether it is agricultural subsidy or whatever. In exchange of the old feudalism, another set of rural feudal lords is gaining ground with the advantage of electricity subsidy, fertilizer subsidy and everything in some parts of India. I am not against any region or community. They have become so powerful that the same oppression that I used to read in the great story of Prem Chand still continues. You start from Gorakhpur and end in Haryana, the same oppression is still continuing. The benefits do not go to the *kisans*.

A few are enjoying the benefits, being clothed as farmers and *kisans*. They are so rich in money power and they are also not in the tax net. It is very interesting. I do not know who would detect it and how it could be detected. They hold thousands and thousands of acres of land. They hold land in their wife's name and she is also called a *kisan*; they hold land in their daughter's name - and that daughter is married to someone else - and she is also called a *kisan*. They also hold land in her husband's name. He may be living in America. He is also called a *kisan*. He might come here occasionally.

[Translation]

What does he come here for ?

[English]

He has come here to see his form. He went after seeing it.

He does not do anything in *khet*; *khetri* is being done by somebody else. If he gets to know that the Budget gives some subsidy, he says, 'All right, thank you very much'. I am talking too much. I am inviting trouble for myself. But I tell you, this is the kind of activity that is going on in the country.

This is what is going on. One has to break it. I would like to appeal to the Minister of Finance who is not only progressive and modern - I am not flattering him and I had been with him for long days during the struggle - to detect whether the benefits that you give really go to them. Otherwise, you make a low tax limit. You appoint another committee and find out as to how to widen the base of tax net. You find out another section, another sector to spread the tax net. I feel the tax payers who are supposed to pay tax should not be spared. During the Budget discussions you have said that you will be firm and rigid in collecting the taxes. I do not want to embarrass you. In your own answer you have said as to how many banks, public sector banks have not paid tax and are defaulting.

It is horrifying to see that Punjab National Bank has to pay Rs. 289.36 crore upto 31st March, 1996. Our own public sector banks are not paying the tax. I can understand if an individual goes to court and says that the claim is not justified. I can understand if a company goes to court. But in the case of public sector banks, they are monitored by the other wing of the same Ministry, the Banking Division and they are questioning the other authority as to what you ask me is not correct. They are saying I am waiting and taking my time by taking recourse to law and other things. The pattern and method is very peculiar. Who will catch them and who will detect them? Chairman after Chairman has retired; Executive Directors have retired, but the figures are increasing. This is what is happening in the public sector banks. If this is the figure for the public sector banks and if public sector banks are defaulters, how are you going to show your strictness to others ? This is what struck me when I read the reply the other day.

Now, I will come to my own pet subject, i.e. sports, for which I made an appeal to the Minister of Finance. I do not agree fully with Shri Jaswant Singh when he said that there should be total customs duty exemption for sports goods. Please do not do that. It is a dangerous thing. I am very much involved in it. Sports goods, in these days, have become a kind of fashionable costumes to a large number of people in the society. It is very costly. If you make total duty exemption, every shop keeper, the Government shop keeper and others will pour these sports goods. Due to this you will face another difficulty from our own domestic sports goods manufacturers. Do not do it.

I would submit to you to give a standing order that any national sports federation, whether it is cricket, football, tennis or hockey which is approved by the Government and supported or recognised by the Olympic, for their own national interest for participation and training purpose, whatever kit they are getting, from abroad either by donation or by sponsorship has to be exempted from duty. This is my submission. There should not be any blanket exemption.

SHRI P. CHIDAMBARAM : It is already there.

SHRI P.R. DASMUNSI : No, it is not there. For every consignment I have to go for *ad hoc* exemption. There is no standing instruction. My team came back day before yesterday after the missile attack on Iraq. The team could not go with the dresses because I could not get the exemption order for ten days. They are lying in the airport.

SHRI P. CHIDAMBARAM : We are simplifying that. I have seen the provision. I do not agree with the complicated procedure there. I have asked them to simplify it. For all Associations, I will have a simple procedure.

1849 hrs.

(SHRI CHITTA BASU *in the Chair*)

SHRI P.R. DASMUNSI: Thank you. It is true that we have not got any gold medal. But please invest some gold or silver or money in sports. India is the only country where Government money is not involved in sports. Ministry of Sports the same Government says, 'stand on your own fact and get your own money by sponsorship'. By sponsorship we are prepared to fund your total project and total programmes. You give us some relief either through income tax or through something else. My submission is that if you engage the youth of this nation in constructive activities and not in activities like terrorist violence in Kashmir or Punjab, it is a contribution to the nation.

So, I would submit to the hon. Finance Minister that those who will contribute for projects, official programmes and for sports bodies, those who will be the sponsors whose accounts should be audited and shown in the books of accounts, at least to those donations you can give exemption.

I can give an example, though I do not want to embarrass the Prime Minister. The present Prime Minister, when he was the Chief Minister of Karnataka, wrote a letter to the then Prime Minister requesting him to please make donation to sports bodies, at least tax-free, when the national games were allotted to Karnataka. You are a youthful Finance Minister, you should be very much responsive to the cries of the youth. They are not asking anything more. Some are asking for guns to separate the nation, some are asking for tax exemptions to build the nation. There is a difference between the two.

SHRI P. CHIDAMBARAM : I am aware of this problem. I wish I could do it myself. I would have done it. The Act, as it stands today, has created a national committee. The Section is being interpreted by the national committee in a particular manner; I have taken a different view. The matter is now being referred for legal opinion. If my opinion is upheld, then the problem that you have mentioned about the national sports or national games in Karnataka will be solved. Otherwise, as the Act stands today, I have to go through the national committee which has taken a particular view. I mean, I have a great respect for those who have taken that view, except that I have respectfully disagreed with that view. I am waiting for a legal opinion which I hope would uphold my view.

SHRI P.R. DASMUNSI : You may examine that. But on legal matters, you are a competent lawyer and you know how to get out of the legal tangle.

SHRI P. CHIDAMBARAM : There is a problem.

SHRI P.R. DASMUNSI : It is not that you can very quietly say that that committee is examining it.

SHRI P. CHIDAMBARAM : I have taken a view.

SHRI P.R. DASMUNSI : The simple method is that if the national sports bodies get sponsors or donations, free from the government contribution and if they can manage themselves, then for those donations you may give tax exemption. You are giving tax exemption to Ramakrishna Mission; I am not questioning their activities, they are doing a good work. But you are giving tax exemption to some organisation in which connection I have referred the matter to the Committee on Papers Laid on the Table of the House. There is an organisation called Moral Rearmament of Bombay. I do not have to question their role and what they did during the riot. So, there are several organisations; but what do they do? What does Indian Swimming Federation do? Do they swim? Are Indian Cricket bodies, Indian Football bodies, Indian Tennis bodies recognised by the Government? They say that the Government will not give us money. All right, if we get money from Colgate, if we get money from other biscuit companies, it is okay. They say that they are prepared to give the money; but they also ask, whether they will we get some relief. If they do not get the relief, they would not give. What do they do? All the Asian countries get such things. Marlboro Cigarette Company is running the entire sports activity of Malaysia. Marlboro is doing it only because they are getting tax relief. They are doing it there, but in India, we could not do it. It is a big problem.

You may kindly look into it seriously and examine it. Thereafter, you may come to a conclusion. I am not saying that you do it in a haste. You take all the points into consideration now. I am giving you the facts. I can give you one example also.

In Assam, in the district of Shivsagar, there is one city called Difu. For seven days, there was police firing and people died also. The Chief Minister of Assam asked, "Can you offer us a game here?" I asked in turn, "Can you do it?" They said, if the game is allowed, there would be no law and order problem. Believe me, Sir, the game was allotted. From the beginning till the end of the game, there was not a single occurrence of law and order problem. The same thing happened in Nagaland. The underground boys came to the surface and participated in the game. They enjoyed it and went back; there was not a single occurrence of law and order problem. This is the strength of sports and games.

This should be taken very seriously by the Finance Ministry in terms of augmenting their resources, subject to the scrutiny. I am not saying that you have to open it, as Shri Jaswant Singh said. If that is taken seriously, then it will be a great contribution for the sports.

Salt Lake Stadium in Calcutta has 1,10,000 capacity. How can the Government maintain that giant structure? Some companies are prepared to maintain the structure on lease provided they get some relief. How will they do it? All over the world it is happening. That is my submission on behalf of the sports fraternity. They gave a mandate to me to raise the issue on behalf of them, if I get a chance and try to convey these things to the Young Finance Minister who never looks back but looks forward. That is why, I am making this appeal to the Finance Minister to consider this.

Finally, I will conclude by saying that the Finance Bill is okay. You gave a hint; I do not say that you are going to look into it.

But I am very anxiously waiting. You did say after the attack on Iraq about the fuel position in the country. For God's sake, please do not increase the administered price of fuel again. That is my submission... *(Interruptions)*

Mr. Finance Minister, I know, you have said it. I do not like to say that you reply again. But please take note of it a serious situation is prevailing in the country's Defence. A statement was made by the Chief of the Naval Staff. We should not take it casually. The Chief of the Army Staff made it very clear in Calcutta that our young stuff are not coming as officers in the Army. There is a shortage. The salaries are not attractive. It is a serious situation. Even the Defence experts are telling that going by the manner in which Pakistan is equipping themselves and other arrangements which are being made, we should not be suddenly caught back like it happened in 1962. If necessary, you take it seriously.

I am not questioning the competence. I have no idea about our Defence Minister's perception of the total situation in the given context of the CTBT, the developments in Kashmir, the latest speech of Shrimati Benazir Bhutto yesterday in Pakistan and the statement made by our own Generals in the country concerning the requirements. I had no opportunity to hear him in the House. I do not know his perception. I submit it to you because it is a collective responsibility of the Government.

The Defence should not be taken lightly. Possibly, the time has come very very quickly that you should apply your mind very seriously. If necessary, for that reason, you have to raise the structure here and there to augment the resources. The House will give you a some

support. But kindly convey our concern to the Prime Minister and the Defence Minister that we have no time because only two days are left. This matter should be taken very seriously. With these words I thank the Finance Minister for piloting the Finance Bill. I support it.

SHRI V.V. RAGHAVAN (TRICHUR) : Mr. Chairman, Sir, I support the Finance Bill introduced by our Finance Minister. As we are struggling for time, I will cut short my speech. I am very grateful for the incentives and concessions declared by the Finance Minister to the coir workers and the coir industry as a whole. It is heartening to note that our dear Finance Minister is very much interested in the development of the State of Kerala.

In that respect, let me add a few more things for the kind consideration of our hon. Finance Minister. All the MPs from Kerala have been representing that the import tariff rate for caprolactum should be reconsidered. Our most important : factory, FACT, will be in a very bad condition if that remains. So, I request the Finance Minister to reconsider it.

I think the newsprint incentives declared by the Finance Minister will help us also. We have got one factory. I think, the industry may survive with the incentives declared today.

I have to bring to the notice of our Finance Minister a few more things. These are most important not only for Kerala but also for the nation. You rightly declared in your Budget speech that important transshipment ports for container traffic - Kochi and Tuticorin - will be developed

1900 hrs.

I have some doubts. Both the ports are very near. As I understand, the report of the experts says that the most cheap port for container traffic is Cochin. So, you have to give preference to at least Cochin. After Cochin, you can think of Tuticorin because it will be impossible if you take both the ports together. So, you have to develop the most important port of Cochin for transshipment and container traffic... *(Interruptions)*

MR. CHAIRMAN : Do not worry, Mr. Bhargava. Your name is the next in the list. It is not an undue favour shown to you. Let him complete.

(Interruptions)

[Translation]

SHRI GIRDHARI LAL BHARGAVA (JAIPUR) : The time was fixed upto 7.30 p.m. because we had to attend the reception programme organised in honour of the hon. Deputy Speaker. Our leader Shri Jaswant Singhji had told us to leave the house at 7.30 p.m. If we do not go, it will not be proper. Therefore, I request you not to run the house after 7.30 p.m. *(Interruptions)*

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF TOURISM (SHRI SRIKANTA JENA) : We are not stopping you. You may go. If you want to speak, you can speak after Shri Raghwan and then you may go...*(Interruptions)*

SHRI GIRDHARI LAL BHARGAVA : No, why should we vacate the B.J.P. benches. We will go only when you go. We will not go in this way. Mr. chairman, Sir please adjourn the house at 7.30 for tomorrow as has been decided earlier...*(Interruptions)*

SHRI SRIKANTA JENA : Bhargavaji, you may speak first and then you may go. We want that who so ever wants to speak on this issue can speak today and the hon. Finance Minister will reply it tomorrow...*(Interruptions)*

SHRI GIRDHARI LAL BHARGAVA : Do you not want to attend the reception programme...*(Interruptions)*

SHRI PRITHVIRAJ D. CHAVAN (KANAD) : Bhargavaji, many hon. Members of my party are still to speak. They will also be able to speak...*(Interruptions)*

[English]

SHRI SRIKANTA JENA : Sir, the Finance Minister will give the reply at 1 p.m. tomorrow. That is the problem now.

SHRI NIRMAL KANTI CHATTERJEE : Why should he reply at 1 P.M. ? Let there be no Zero Hour and he may reply at 12 noon because we have to pass the UP Budget also.

SHRI SRIKANTA JENA : If the Finance Minister would give his reply at 12 noon, then it has to go to the Rajya Sabha and in Rajya Sabha, we have to again take up the business on Jammu and Kashmir and UP. We have no time. As day after tomorrow is Friday, tomorrow is the only working day and we have to pass the Finance Bill, the UP Budget and then it has to go to the other House. We have no time. Therefore, I suggest that we may sit for another half-an-hour or 45 minutes and whoever wants to participate can do so. Let us finish the discussion today and tomorrow, the Finance Minister will reply This is my only request.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : It is not so. Previously the House was adjourning at six, then we agreed till 7 p.m. and after that even upto 7.30 p.m. But it will not be proper if we do not attend that programme...*(Interruptions)*

[English]

SHRI SRIKANTA JENA : We are interested to sit and conclude the discussion today.

MR. CHAIRMAN : We do not mean that any Member who wants to participate in the reception for the hon. Deputy-Speaker should not be allowed. They should go there. There are other Members also who want to express their views and we should also respect their views.

(Interruptions)

SHRI G.M. BANATWALLA : After the reply of the Finance Minister tomorrow, there will be amendments. I am prepared for it and if you want, they also can be taken up today. But after the Finance Minister replies at 1 P.M., it cannot immediately go to the Rajya Sabha; it may take two to three hours for amendments...*(Interruptions)*

MR. CHAIRMAN : Therefore, you please cooperate so that it may be completed today. Their views are also to be respected.

(Interruptions)

[Translation]

SHRI GIRDHARI LAL BHARGAVA : It means that you do not intend to attend the programme organised for the hon. Deputy Speaker.

Earlier, the time was decided till 7.30 the House should run till 7.30. Mr. Chairman, Sir, as Shri Jenaji was just stating that the hon. Finance Minister will reply tomorrow at 1 p.m., I think, it will not finish even tomorrow at 1 p.m. You will have to extend time further...*(Interruptions)*

[English]

MR. CHAIRMAN : Shri Bhargava, your turns is next to Shri Raghavan.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Please, adjourn the house at 7.30.

MR. CHAIRMAN : It will be seen later on.

SHRI GIRDHARI LAL BHARGAVA : Why it should be extended for half on hour ? *(Interruptions)* It was fixed upto six o'clock...*(Interruptions)* should we not attend the reception programme organised for the hon. Deputy Speaker at 7.30 p.m. ? ...*(Interruptions)*

[English]

SHRIMATI GEETA MUKHERJEE (PANSKURA) : Sir, let the hon. Member finish his speech.

MR. CHAIRMAN : Yes. We would decide about this matter at 7.30 P.M. Let him complete now.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : You can speak till 7.30 freely. (Interruptions)

[English]

MR. CHAIRMAN : Yes. Shri Raghavan, please continue now.

SHRI V.V. RAGHAVAN : Sir, I would like to draw the attention of the Central Government to another important problem that we face in the State of Kerala. The very existence of the State is threatened. This is about the Coastal Management Notification. 500 meters from the shores have to be left out. No developmental activities and construction of dwellings are allowed within the 500 meters of the sea coast, river banks and backwater ponds. If this comes into effect, then people would have to go to the higher ranges and there also the people would have to confront with the environmentalists. So, this Coastal Management Notification should be re-considered as far as the State of Kerala is concerned. Otherwise, we cannot manage. I am bringing this vital point to the attention of the Central Government for their immediate consideration and for making suitable amendments in the Notification.

Sir, in the budget speech, there has been a proposal for setting up of local area banks. Through this, an attempt is being made to organise rural located banks in two or three districts. If such private or mutual banks start operating in Kerala, then the future of our nationalised banks and other well-established financial institutions would be threatened. So, I think, that this experiment should be done in some other limited areas only. Otherwise, in addition to the existing banks, if these local area banks start operating in the entire State of Kerala, then the future of the financial establishments in the State would be threatened. Already there are *Gramin* banks and they are in a very bad shape. The hon. Finance Minister knows about it. If the newly proposed local area bank starts operating in addition to the already existing *Gramin* banks, then that would put the entire banking system in a very bad shape. So, I would like to request the hon. Minister to reconsider this aspect. If at all it is required, then it should be experimented only in certain selected regions and places.

Sir, I would like to draw the attention of the Finance Minister to another point. Now the burden of Budget making is coming to a close. Now, you would be free to give some attention towards streamlining the Finance Department. I would not like to blame you. You had been very busy during the last one month - perhaps, the busiest man in the United Front Government. By tomorrow you would be free from this Budgeting process and then you must pay some attention towards streamlining the

functioning of the Finance Department. Recently, some responsible papers have published some very bad news, very hurting news about cheating by some export companies.

Every day, when we wake up and see the newspapers, we are ashamed to read about the scam or the corruption. Will the Finance Department do something to check it ? Has the Finance Department no responsibility to check it ? I think, the Finance Department is the most competent agency to check corruption and scam. Had they done that, such large scale corruption or the scam would not have been there in our country. What a shameful stage we have reached! We, Indians are ashamed before the world. Take for example the Security Scam. There is a Minister of State solely looking after the banking system in the country. The control of banking system and the finance system is the sole duty of the Minister of State in the Ministry of Finance. Was he sleeping ? Under the nose and naked eyes of the Minister, all these scams went on unchecked. We should better forget the past.

Similarly, you may take the example of Urea Scam. I would like to know, whether the authorities in the Finance Department or the banking sector were sleeping when all these scams were taking place. Had they been alert, the hard earned money of the toiling Indians, that is Rs. 330 crore, would not have lost. They have a responsibility. I do not want to prolong my speech. The Finance Minister knows its importance and urgency.

Please excuse me, when I say, we have a new Finance Minister. The political set up in the country has changed after 46 years. But I am pained to say that our bureaucracy has not changed. The nation has great expectations on the new Finance Minister. He is a youthful Minister, a driving force of the United Front Government. He has to set an example. He has to make a turn. The change that has taken place in the Central Government, in the entire political set up, has not been realised by his Department and officials. Throughout the discussion on Budget (General), I have been watching from here*... So, I earnestly appeal that the Enforcement Directorate, the institutional watchdog of the Finance Department, should be alert. Our great nation has to wash away these black spots of corruption and scams. Kindly do not shield the corrupt people, the VVIPs.

Do we have two different laws ? The tribal leaders who received money are in jail and those who have given money are free because they are VVIPs. They are arrested and questioned whereas if it is a VVIP, the official goes to the reception room and waits for the VVIP to come, to ask some questions. Shameful steps, I should say.

* Expunged as ordered by the Chair.

As the hon. Chairman has repeatedly rang the bell, I must stop here with the hope and expectaton that Shri P. Chidambaran will do something to set an example to others. Thank you.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Hon. Chairman, Sir, so far all the speakers have delivered philosophical speeches. I am not supporting the Finance Bill because it has many shortcomings.

There is no mention of the will of the people of the country, employees of the State and Central Government. My first demand is that income tax range should be increased upto Rs. 60,000. It is very necessary. I am sorry to say that the members of the ruling party, while sitting on their opposition benches, used to fight for this cause, staged walkout and even they used to sit in the well of the House - though it is a dry well. Today the same party is in power. That is an opposition Government, our colleagues are there. As I have said earlier, it is a J.D. Government. 'J' means July and 'D' means December. Fresh election to Lok Sabha will be held on January 7. Notification will be issued in December and then they will sit on these benches. Therefore, so far as the hon. Finance Minister is concerned, he has always been in Congress so, It is for Janta Dal to think. They are their allies. They are like inspectors of kings. They will go back. They will never return to Janata Dal. Therefore, the Janata Dal which at present is supporting him will be ruined. Therefore it is a demand of employees of the Central Government, of civilised persons of the country, salaried people and it is a general demand of one and all that income tax range should be increased upto Rs. 60,000.

Secondly, I want to submit that if he does not do so which I know he will not do, the rate of income tax should be 10% from Rs. 40,001 to 60,000, from Rs. 60,001 to 1,20,000, 15% from Rs. 1,20,001 to 2,50,000, 20% from Rs. 2,50,001 to 5,00,000 25% and Rs. 5,00,001 and above 30%. It should not be more than 30% at any cost. I am not saying it. Birlaji is the Member of Rajya Sabha, he is a very experienced person, a great economist and accomplished person - he has also said it. The hon. Finance Minister will not agree with me but Chellaiya Committee has suggested to do it 30%. There is no question of doing it 40%. Therefore, the slab of income tax should be only this. If he does not agree with me, he will not extend it to 60,000, it will be as it is may be because I am saying so, my party is saying so, the common man and Government employees are saying so. Every employee is of the view that the Government has not provided anything. It is the worst Government. Therefore, considering it as an Opposition Government since the Members in the treasury benches

are our colleagues, once they used to sit with us in the opposition, I am saying for their well being that they should not be misguided by him and compell him to increase the income-tax range to Rs. 60,000 otherwise, elections are sure to be held in January and you are going to lose.

Secondly, why does the Government impose tax on dearness allowance of the Government employees ? You are responsible for the price hike. If there is no price rise there is no need to impose tax. You are requested to follow the pattern of Shri Manmohan Singh. It was a bit better when Shri Manmohan Singh was the Finance Minister. He had promised to bring down the price-hike within hundred days. Therefore, you should not tax the dearness allowance. What a strange situation it is ! You are instrumental in price-hike, paying dearness allowance and taxing it too. Don't increase prices, provide things to people on cheaper rates; then you will not need to pay dearness allowance and impose tax on it. So far as the house rent is concerned.

[English]

House rent should be tax-free as it is only incentive to the employees.

[Translation]

I mean to say is that dearness allowance as well as house rent should not be taxed. These are my two basic demands which are the demands of the common populace.

Many hon. members have given philosophical speeches and I will also do the same. I have also learnt the art of speech. I shall say these things too but I want to say that income tax limit should be Rs. 60,000 and dearness allowance as well as house rent should be tax-free otherwise, the Government should bring down the price-hike.

So far as the standard deduction is concerned, it should also be increased. The current limit for male persons, is Rs. 18,000. Shri Manmohan Singhji used to say that he was providing incentive to women and perhaps, the Government is planning to introduce a Bill in the House to provide 33 per cent reservation for women. When women come next time, they will also say that 'you did nothing for us. I am suggesting if for your benefit to increase the limit of standard deduction for working women to Rs. 21,000.

The Government had imposed surcharge when the Gulf-War had started. Now, the Gulf-War is over but, the tax still exist. You have reduced this tax from 15 per cent to 7.5 per cent. I request that there is no need for levying this surcharge since the Gulf-War is over.

I would also like to make one more submission about tax-slap. As I have just stated that it would be better if it is increased upto Rs. 60,000. If you do this, the tax collection will be more and the number of honest tax-payer citizens will also increase and you will receive applause of the employees otherwise you know that the employees can turn the tables on anyone. We tried to do some good works in Himachal Pradesh against the will of state employees and the result is that we are out of power in Himachal Pradesh. The state employees, if pleased, can enthrone any one otherwise they can keep anyone off the power. Therefore, I would like to say that you should think about the Government employees.

So far as imposing surcharge on companies is concerned, the hon. Finance Minister, just to win applause, has reduced it to some extent. The hon. Finance Minister delivered his speech on the pattern of Shri Manmohan Singh - reciting poems, couplets, as if some 'Mushayara' is being held in Lok Sabha. The hon. Finance Minister wanted to cast spell on people with the help of these mismerising arts as Shri Manmohan Singh used to do. You have stated on the basis of the facts that at some places you have reduced it from 15 per cent to 7.5 per cent and at some other place to 10 per cent and in some instances from 30 per cent to 20 per cent but this jugglery of figures will not do. Therefore I request the total withdrawal of surcharge. I think that the rates of tax to be levied as companies, in my opinion, should be 15 per cent upto 1,00,000, 20 per cent from 1,00,01 to 1,50,000 and 30 per cent upto 5 lakh. If it is not possible to implement it on all the companies, I request that it should be applied on atleast small scale industries.

Now my submission is that the hon. Minister should consider the standard deduction for salaried class. He has said that standard deduction of Rs. 18,000/- would be given to those whose total income is upto Rs. 60,000/- but in case the total income exceeds Rs. 60,000/- standard deduction would be reduced to Rs. 15,000/-. It means that if the total income of any person is Rs. 60,000/- he would get the benefit of standard deduction of Rs. 15,000/- instead of Rs. 18,000/-. I would like to say that the hon'ble Finance Minister should give a classification in this regard. The main loophole in this provision is that even if the income of a salaried person exceeds Rs. 60,000/- by Rs 1 he would not get benefit of additional standard deduction of Rs. 3,000/-. In such a situation, with the increase of Rs. 10/- in his salary, he will lose income tax exemption of Rs. 450/-.

Sir, in this situation, the Finance Minister should make a provision for marginal relief. Now dearness allowance is going to be increased and employees are asking about the time of presentation of the report of Fifth Pay Commission. In case dearness allowance is increased and the income of an employee exceeds even by Rs.

10/- he will be given standard deduction of Rs. 15,000/- only and not Rs. 18,000/-. Therefore, the amount of marginal relief should also be fixed. Similarly a clarification in connection with standard deduction for women employees should also be given because it will become very difficult after the pay commission's report is presented. Likewise, on the amount of loan given for building own house the limit of exemption from interest has been increased from Rs. 10,000/- to 15,000/-. I think you must be knowing it very well that how much loan an employee requires if he wants to build a house consisting of one or two rooms. An employee requires atleast Rs. 50 to 60 thousand if he wants to build only two rooms and if he builds a lawn, kitchen and bathroom he will require Rs. 2 to 3 lakh. Therefore, this exemption limit should be increased atleast upto Rs. 30,000/-. The exemption of Rs. 15,000/- is just like a drop in the ocean. My second point is that as regards the interest paid on the loan granted for building own house, a tax payer gets exemption from interest upto Rs. 10,000/- under the head "income from house". This exemption has been increased upto Rs. 15,000/- which will benefit a tax-payer having maximum income. Though, I welcome this relief yet it should be increased upto Rs. 30,000/-. In the same way, the hon'ble Finance Minister has just made a mention about depreciation under section 32. It is unfortunate that he has made some amendments in it but we have not been provided a copy of the amendments so far. We have promised the people outside that they would be given copies of the amendments but the same is still being prepared. We can also give some amendments in this regard tomorrow if we are given that copy today. It would have been better had the discussion held after that. Many learned persons like hon'ble Jaswant Singh and others who always speak here, can speak without any amendment but I cannot speak like them. Therefore, it would have been better had they provided a copy of amendments to me and I would have added my amendments. As regards exemption to sick the hon'ble Finance Minister has said that the period has been reduced from 8 years to 7 years...*(Interruptions)*

SHRI SHIVRAJ SINGH (VIDISHA) : It was decided in the presence of the Hon'ble Speaker that the House will sit upto 7.30 p.m. and it is 7.30 P.M. now. I, therefore, request that House should be adjourned now.

[English]

MR. CHAIRMAN : Now I have got a proposal from the Minister of Parliamentary Affairs that the time of the House be extended.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, it is not so. I have many points to raise. Therefore,

the time of the House should be extended by the consent of all and not as per the wish of the Minister of Parliamentary Affairs. I have to attend the reception function of the hon'ble Deputy Speaker. We have to deal with the hon'ble Deputy-Speaker daily whereas the hon'ble Minister sits here occasionally. If we don't attend that function, it will leave bad impression.

[English]

MR. CHAIRMAN : The time of the House may be extended by another one hour because there are many hon. Members who would like to speak.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : We do not agree at all as I have to speak alone for one hour more.

[English]

MR. CHAIRMAN : Where shall we get this time ?

[Translation]

SHRI PRITIVIRAJ D. CHAVAN (KARAD) : The time allotted to your party is going to be over.

SHRI GIRDHARI LAL BHARGAVA : The time allotted to our party is not over rather the time allotted to your party is going to be over.

[English]

MR. CHAIRMAN : Shri Bhargava, your party has been allotted one hour and fifty-four minutes and your Party's time has already been exhausted. Therefore, you cannot claim that you will speak for another one hour. Please complete your speech.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, it is not good. It was decided that the House will sit upto 7.30 P.M. and it is 7.30 P.M. now. Therefore, now I will speak tomorrow. You have not consulted Members to extend the time of the House. I, therefore, oppose the extension of time. Shri Jaswant Singhji had asked us to be present in the reception function at 7.35 P.M. Therefore, it is messary for us to be present there.

SHRI G.M. BANATWALLA : What is wrong in extending the time.

SHRI GIRDHARI LAL BHARGAVA : You are also saying like this ?

[English]

MR. CHAIRMAN : The consensus of the House is for the extension of the time of the House by another one hour.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, I do not agree.

[English]

SHRI G.M. BANATWALLA : It need be, the time of the House may be extended by further one hour... (Interruptions)

[Translation]

SHRI GIRDHARI LAL BHARGAVA : It was decided to extend the time of the House only upto 7.30 P.M.

[English]

MR. CHAIRMAN : We are not debating on that point.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, Mr. Speaker had decided to extend the time of the House upto 7.30 P.M. instead of 8 P.M. Therefore, the time limit should be only upto 7.30 P.M.

[English]

DR. K.P. RAMALINGAM (TIRUCHENGODE) : Mr. Chairman, Sir, we agree with the Chair... (Interruptions)

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, time will be available tomorrow and you will not be able to send it to the Rajya Sabha before four o'clock.

SHRI PRITHVIRAJ D. CHAVAN : Time will not be available tomorrow.

SHRI GIRDHARI LAL BHARGAVA : Tomorrow, Members of Shiv Sena and others will speak. Still there are four or five members who have to speak. Immediately after zero-hour is over tomorrow, they will be allowed to speak between one to two p.m. and after that amendments would also be received. Then we have to speak on amendments also.

[English]

SHRI P. CHIDAMBARAM : The amendments will be taken up tomorrow and not today.

Shri Bhargava, you please finish your speech.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Tomorrow, you will again come out with another excuse.

[English]

MR. CHAIRMAN : Would you complete your speech?

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, allow me to complete my speech tomorrow.

[English]

DR. K.P. RAMALINGAM : Shri Bhargava, do you want to come and speak tomorrow also ...*(Interruptions)*

[Translation]

SHRI GIRDHARI LAL BHARGAVA : It has no meaning. This is not the ground for seeking majority.

[English]

MR. CHAIRMAN : Shri Bhargava, please continue your speech.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : It is 7.30 P.M. Now, how can I continue my speech as per rule, time has exhausted. Mr. Chairman, Sir, I have to attend the reception function of the hon'ble Deputy Speaker also.

[English]

MR. CHAIRMAN : You are free to go. Nobody prevents you from going.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, we will go after the House is adjourned.

[English]

MR. CHAIRMAN : Shri Bhargava, would you continue your speech now ? Otherwise, I will call some other Member to speak.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, it is injustice. We have to attend the reception function of the Deputy Speaker. If we do not go there how can we speak here half-heartedly ? Mr. Prithviraj, the hon'ble Finance Minister honour your words.

[English]

MR. CHAIRMAN : Shri Bhargava, would you complete your speech now ?

SHRI GIRDHARI LAL BHARGAVA : I cannot conclude my speech. It was decided that the house will sit upto 7.30 P.M.

[English]

MR. CHAIRMAN : I am sorry. Now I call Shri K.P. Singh Deo to speak.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : It is not good. Whatever you had to do, you could complete upto 7.30 p.m. but now no business will be transacted after 7.30 p.m.

[English]

MR. CHAIRMAN : Shri Bhargava, I requested you to continue your speech.

The time of the House has been extended by another one hour.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, we oppose the extension of the House after 7.30 p.m.

[English]

SHRI P. CHIDAMBRAM : You have given the ruling. He is holding the House to ransom. Why is he obstructing the House ? *(Interruptions)*

MR. CHAIRMAN : I think you understand how the House works. I sought your cooperation and it was also placed before the House that the time of the House be extended by one more hour.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : We will go there. You do like this daily. Would you run the House till 8 p.m. instead of 7.30 p.m. ?

[English]

MR. CHAIRMAN : Please allow me to complete. I am on my legs.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Please, let me complete my point...*(Interruptions)*

[English]

MR. CHAIRMAN : Please resume your seat. Let me address the other Members. You are not the only Member of this House.

SHRI PRITHVIRAJ D. CHAVAN : The hon. Member must realise that when the Chair is standing up, he should sit down. Please sit down.

[Translation]

SHRI GIRDHARI LAL BHARGAVIA : Please, let me complete my point.

[English]

MR. CHAIRMAN : I am standing. You must sit.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : I must sit since I respect the Chair. When Shrimati Geeta Mukherjee was in the Chair and the hon. speaker arrived, the House was decided to be run upto 7.30 p.m. (Interruptions) I will obey the Chair and sit. I just want to submit that it was decided that the House will sit upto 7.30 p.m.

[English]

MR. CHAIRMAN : Is it the view of this House to extend the time by another one hour ?

SEVERAL HON. MEMBERS : Yes, Sir.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : If you want to extend the House you can but we fully oppose it... (Interruptions)

[English]

SHRI G.M. BANATWALLA : Let it be till the completion of discussion.

MR. CHAIRMAN : Therefore, it is the desire of the House.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Have you extended the House for another one hour and the House will sit upto 8 P.M. ?

[English]

MR. CHAIRMAN : Any way please sit down. If you want to complete, I can allow you some time.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Will the House sit till 8 P.M. ?

[English]

MR. CHAIRMAN : That does not mean you can speak till eight. You have got your limited time.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Why will the time be extended ?

[English]

MR. CHAIRMAN : Mr. Girdhari Lal Bhargava, the BJP has been allotted one hour and 54 minutes and it has been exhausted.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Will other parties abide by time limit allotted to them ? How long will the House sit ? Will it sit till 8 p.m. ?

[English]

MR. CHAIRMAN : Therefore, we have to extend. It is because of that some more time is being given to you.

SHRI P. CHIDAMBARAM : Two Members are holding the House to ransom. One Member is questioning the ruling of the Chair. One Member is constantly questioning the ruling of the Chair. Two Members are defying the Chair. If Mr. Bhargava wished to complete his speech, let him take a few more minutes and complete his speech. If he does not want to make his speech, another Member can speak. Please complete your speech. You cannot defy the Chair like that. You cannot demand like that. What is all this ?

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Will you extend the House for one hour or will it sit upto 8 P.M. or 9 P.M. ?

[English]

SHRI PRITHVIRAJ D. CHAVAN : The House has been extended by one hour. The Chair has already given the ruling.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : Let me complete my point. I have to attend the programme organised for the hon. Deputy Speaker.

[English]

MR. CHAIRMAN : I have given the ruling. You understand the importance of the ruling. Like an hon. Member, I once again request you to resume the seat and if you want to complete your speech, I can allow you a few minutes time.

SHRI P. CHIDAMBARAM : Ten minutes have been wasted.

[Translation]

SHRI GIRDHARI LAL BHARGAVA : If you want that I should complete my speech, I am doing

so...*(Interruptions)* but why are you seem to be pressurised ? *(Interruptions)* Why are you interrupting ? It is between me and the hon. Chairman ...*(Interruptions)* It is your will that you are doing injustice to me.

MR. CHAIRMAN : You please continue.

SHRI GIRDHARI LAL BHARGAVA : I mean to say that tax exemption limit on loan for building own house should be extended upto Rs. 30 thousand. The hon. Minister has stated about depreciation that it has been amended so that it could be carried forward for 8 years since 1997-98 but this law was not in vogue before this year. So, the accumulated depreciation remained as it is on which financial decision was taken, after that it will finish. The depreciation accumulated before this year should also be allowed for another 8 years while you have done it for 7 year. Therefore, I request that it should be on the previous pattern. I have the same submission regarding M.A.T. Just as power companies and infrastructure companies have been exempted from this new tax, likewise the small scale Industries of 16 states, treated as backward states, mentioned by the hon. Minister, should also be exempted from this tax. Shri Manmohan Singh had stated earlier that this exemption will fully apply for 5 years in backward areas. The hon. Minister has also agreed to it and has stated that it will continue in those states. I would like to thank him for this. There was such no provision in main Bill of income-tax.

I would like to state about wealth tax that you should consider on the proposed Amendment of Article 2(E) under which the commercial estates have been brought under the purview of tax. Under this provision, if someone builds 50 houses and sells out 40 houses out of them and if 10 houses remain unsold as on 31st March then tax will be imposed on the unsold 10 houses too. It is injustice because may be that they are sold on April 1st. Likewise, you have stated about the marble that a Committee for this purpose would be set up in Rajasthan. The excise duty on this, has been increased from 20 per cent to 30 per cent. Shri Manmohan Singh had fixed it 20 per cent. It is not manufacturing work instead, it is a processing work. No excise duty is imposed on making tiles by cutting granite. Therefore, marble and slab should also be made tax-free. This has been demanded by the employees engaged in this work. I have got a representation from them. The marble-mines are mostly located in tribal and rural areas and 15 lakh illiterate people are engaged in them. I want that keeping in view the employment and upliftment of tribal and rural people, excise duty should not be imposed on these items. By imposing excise duty on these items, the Central Government will not be able to collect more than Rs ten crore revenue. After stating one or two points, I shall conclude. I do not want to make my speech philosophical by extending it.

Mention has been made about chalking out of new tax policy on long term capital benefits. The important condition in this is that tax payers would not be able to take any loan on these new investments and they also will not be able sell out these new investments upto three or seven years otherwise, they will have to pay income-tax on total capital benefit. You are requested to consider this. You have stated about Life Insurance Corporation that the pension received by the LIC contributors will not be considered taxable while if some one withdraws lumpsum amount of pension, it will be considered taxable. Likewise, you have stated to provide facilities to the people in medical field. About senior citizen, I would like to state that a person should be considered senior citizen of the age of 60 yrs. instead of 65 yrs. you would also be 55-60 year old. A person 60 year's of age is considered old. Therefore, the age fixed for it as 60 years, is not proper.

In this respect I would like to say that percentage of income tax should be reduced from 20% to 15% for the purpose of tax deduction at source, equity linked shares, M.E.P.—91 and MEP—92 and NSC and bonds purchased by senior citizens. It is better to deduct 15% income tax in place of 20% because in old age people invest their money in these schemes. In the same way clause 23 provides exemption to sick persons on the basis of medical ground if a person has not got medical insurance facility. You have given a rebate of Rs. 6000 to 10,000 in case the amount of money provided by medical insurance is less but I would like to say that the ceiling of this rebate should be increased from Rs. 10,000 if a person has got C.G.H.S facility or gets private treatment.

Sir, I would also like to raise an important point regarding the sudden increase in the prices of petrol and diesel whereas it was not necessary as the Government of India has a consolidated fund for it. You have not mentioned about this and the defence budget in the union budget. Newsprint should also be made tax-free so that people could get it easily. State Governments have tried to do so by providing free books to children upto primary level and in some states upto 8th Standard. The State Governments would be able to provide books and notebooks to children easily and people could get newspapers at cheaper rates if excise duty is reduced on it. In the end I would like to emphasize upon setting up of new branches of National Rural Banks in the country. The recommendations of Fifth Pay Commission should be implemented in rural banks and no rural bank should be allowed under private sector. I would like to make another point and it is a demand from Rajasthan that tax on edible oils and Soyabean should be reduced from 30% to 20%. Groundnut should be exempted from tax in Gujarat. Members have raised these points earlier also I would like to reiterate that the income tax limit of government employees should be increased upto

Rs. 60,000 as it is also in the interest of the Government. You should also promote the habit of self saving even if this ceiling is not increased. Government employees will be annoyed if this ceiling is not raised upto Rs. 60,000 and I can assure you that this Government would not come to power if it is not done and continues to listen the pleas given by the Finance Minister. The Government deduct income tax on D.A. and House Rent allowance which is not proper. Income tax on D.A. and H.R.A. should be withdrawn if inflation is not curbed. This demand has been raised in public interest. You have given rebate for games including cricket and football but these rebates are of no use if government employees are not given relief. I would like to say that you can extend the time of the House by 10 P.M. or more but it is injustice. We are not given sufficient time to express our views. Sometimes petty issues are discussed for a long time in this House and this is Finance Bill which is very important. The time of the House has been extended on the basis of majority. I would like to say that the interests of the government employees should be protected. Rebate given on spoons, tie and football is of not much use. Sir, We have also to attend the reception programme of hon. Deputy Speaker. In spite of our requests the time of the House has been extended and proceedings were not concluded at 7.30 P.M. Therefore we both are staging a walk-out against your this decision.

1949 hrs.

At this Stage Shri Girdhari Lal Bhargava and Shri Shivraj Singh left the House.

[English]

SHRI K.P. SINGH DEO (DHENKANAL) : Thank you Mr. Chairman.

Sir, happily we are coming to the end of the Budget discussion by our passing the Finance Bill. The Budget has been discussed in its general terms. The Demands for Grants - which in the wisdom of the House - have been passed without discussion. The Demands for Grants of 35 Ministries were voted and now remains the *fait accompli* of passing the Finance Bill. The Budget serves as an instrument of democratic control over the Executive. It is one of the most significant statements of policy of the Government and also has an impact on the economy.

In normal times, it is not an easy task and the hon. Finance Minister by his deftness has undertaken a mighty and an uphill task, against the competing demands of various Ministries. He has also found relief for many fields also which have been justified. I would like to congratulate him.

Since he was the co-author of the economic liberalisation for the last five years, he has taken

advantage of the good work done by him and his predecessors in the last five years and has given us a very fine Budget. But, Sir, there are certain aspects on which I would like to comment taking advantage of the discussion on the Finance Bill. There are apprehensions in our minds. One question is relating to national security. What is the national security in its simplest terms? It is, to have adequate protection of our national integrity, sovereignty and also the internal security of our country so that the citizens may live and survive safely and peacefully. If one goes by the paper reports or if one goes by the Reports of the Standing Committee on Defence, one comes to the conclusion that probably the resources allocated for national security are inadequate. That is what the Defence panel has said. It is a representative body of both the House of Parliament and is having 45 Members.

The Chief of Army staff has gone on record in saying that 13,000 officers at the junior level-Lieutenants and Captains - are short. They are the ones who won us the battles of 1965 and 1971. There is no shortage of Generals, Brigadiers or Colonels, but there is a shortage of Lieutenants and Captains.

The Naval Chief, only two days back, has mentioned the grim future of the Navy, the grim situation prevalent in the Navy. From a blue water Navy, today we are going to become a brown water Navy. One aircraft carrier is out of commission and another will be out of commission in the next three to four months. So, the Indian Navy, which had done yeoman service during the 1971 operations, would have the same capabilities as that of the Coast Guard which is not even able to protect our maritime fisheries or polymetallic modules in our National Maritime Zone.

The Air Force which is supposed to be a lean, mean fighting machine has definitely become lean, but it is neither mean nor is it a fighting machine. Only yesterday's newspapers carried a report of 85 air crashes in the Air Force alone, leaving civil aviation accidents. An amount of Rs. 465 crore has gone down the drain whether it is due to bird hits or due to bird hazards in these operational fields where slaughter houses have come up which are licensed by the Government.

The Bombay Natural History Society had carried out a study in 1984 and made recommendations. That has not seen the light of the day. The recommendations of Air Marshall La Fontaine Committee also has not seen the light of the day. Today, the Institute of Defence Studies and Analysis has given a very grim picture. It is funded by the Government of India; it is not a foreign body. So, the Army, the Navy and the Air Force are suffering from shortages.

Then, we have a large number of ex-Servicemen. Every year 70,000 people are released. Today, the young people are not joining the Armed Forces and the ex-Servicemen are neither the baby of the Central Government nor the State Government or the Ministry of Defence or the Armed Forces after they are released. They have given the best part of their life to these forces.

In fact, they have given their today for our tomorrow. We talk about national security and of looking after the country's territorial integrity and sovereignty at a time when both our friendly neighbours China and Pakistan have acquired a lot of weapons in the last decade. Today Pakistan has near parity with us as far as her manpower is concerned and as far as her equipment is concerned, we are unable to replace, modernise and refit because there is no money. There is no money even to repair the barracks which have been damaged. We have 1937 vintage aircrafts with us which are the Second World War type aircrafts.

Therefore, this is a very dismal picture and many serving officers as well as retired Chiefs and senior officers have voiced their concern. I know that the hon. Minister of Finance cannot do anything at the moment, because the die is cast. The Finance Bill has to be passed tomorrow. But knowing his genius for finding solutions, I am sure that at least in the next Budget he would find adequate measures for making the Armed Forces effective and deterrent. We also do not know whether our deterrence has been taken seriously by our friendly neighbours. They know as to exactly what we have, what is our capability, what are our shortages and what are our weaknesses.

Sir, today we are apathetic during peace time and we get into knee-jerk and panic situation during war time. We do not have a coordinated, multi-disciplined institutional arrangement even 50 years after our independence. We are on the eve of the 50th year of our independence and I hope the hon. Minister of Finance, who is also the co-author of the Common Minimum Programme, would use his persuasive skill even in the Cabinet and ensure that there is a continuous high level multi-disciplinary, multi-organisational arrangement which deals with the national security. There is a very thin dividing line between national security and external affairs. War begins when diplomacy ends. It is good that we are preoccupied with C.T.B.T., disarmament and all that. But that should not push national security to the background as it has happened this time.

Sir, I have two more points and I would like to quote Netaji Subash Chandra Bose before I conclude. Now, I come to the question of national prides. Sports have been or is still being used as a vehicle for national pride, national unity and national health whether it is a

capitalist country or a communist country or a socialist country. The other day, the Minister of Human Resource Development announced a National Sports Policy as a result of the discussions during the Question Hour by Shri Ram Naik and others about the dismal performance of the Indian Olympic Contingent at Atlanta. In the end the main thing which is lacking is infrastructure and the liquidity of sports federations, because the Government of India has thrown the responsibility on the sports federations.

As my friend Shri Priya Ranjan Dasmunshi was saying, today a sportsman of excellence is a commodity in the international sphere, whether it is Olympics or the Commonwealth Games or the Asian Games and a commodity is sponsored. Their equipments, health, management etc. are sponsored. The management also includes sports science. The days have gone when we produced a Dhyani Chand or a Milkha Singh or a P.T. Usha. Today, they are laboratory products and they are commodities. Their equipment and infrastructure are very important. The infrastructure is developed by the Government, but the equipments have to be brought by the sports federations.

2000 hrs

Everyone does not have gate receipts, It is not the US Championship or the Wimbledon. The gate money is not available to everyone. Therefore, the Government must think of somehow reducing the burden of the sports federations to get world class equipment so that our sports person can, at least, have the same facilities before going for competition. Although a lot of streamlining has taken place but the lamenting fact is that in the forthcoming Ninth Plan it is being drastically cut down. I think, the Finance Minister knows it very well because he had a discussion with his counterpart in the Ministry of Human Resource Development only about two weeks back. The national sports talent schools and such training camps organised by the Sports Authority of India are going to be shut down after next year. Whether it is hockey or archery, youngsters from the tribal areas of North-East, Orissa, Bihar, Madhya Pradesh participate in these training camps. The SPDA is about to be shut down.

SHRI P. CHIDAMBARAM : Did you say, 'Ninth Plan'? But even the approach paper is not yet ready.

SHRI K.P. SINGH DEO : Probably, it is with the Minister for Planning, Dr. Alagh. But it is being drastically pruned down. The operation which started in 1985 during Rajiv Gandhi's time is coming to a standstill.

SHRI P. CHIDAMBARAM : Sir, for the record I want to say, even the approach paper is not yet ready. So, when the Ninth Plan document is prepared, we will have

an opportunity to give our inputs there. But at the moment even the approach paper to the Ninth Plan is not prepared.

SHRI K.P. SINGH DEO : I feel greatly relieved and assured.

Sir, I will come to my last point. I come from an area which is beset by droughts, floods and cyclones. Of course, we have the Calamity Relief Fund and we have various doles which the Central Government gives as long term loans and ways and means position but what is necessary is a permanent solution for which many States who have abundant natural resources, water resources forest resources and mineral resources have been knocking at the doors of the Central Government. But the formulae of the Planning Commission Gadgil formula, Mukherjee formula, Bhardwaj formula, modified Gadgil formula and the Tenth Finance Commission have only accentuated the problems of the States. Therefore, most of the areas are rainfed. The Ministry of Agriculture has been stressing on this. But we do not see any tangible steps being taken to increase the rainfed areas or the pulses in those areas. Therefore, experiments have been carried out in the ICAR laboratories where rainfed areas yield can be improved 18 to 19 times. It has happened even in my State and even in my own constituency in 1994. It is known as a pilot project on Dhankanal. If it can be replicated today instead of our 191.8 million tonnes of foodgrains coming down to 190 million tonnes as is being indicated in the updated Economic Survey, we could easily achieve about 300 million tonnes of foodgrains. In which case it will ease the hon. Finance Minister's serious concern over the agricultural productivity having gone down which he lamented in his Speech. I would end my speech by a quotation from the biography of Netaji Subash Chandra Bose :

"Political freedom was indivisible and meant complete independence of foreign control and tutelage. The war had shown that a nation that did not possess military strength could not hope to preserve its independence."

"In 1916, I met a demobilised officer of the Bengal Ambulance Corps who had been present in the siege of Hut-el-Aamara and thereafter was a prisoner of war in Turkey.

I was greatly excited by his tales of adventure and wanted to join the Army."

Today, no youngster is joining the Army.

Very soon he joined the Calcutta University Unit of the Territorial Army. When he got into the military uniform and began drilling with a rifle on his shoulder, he felt a sense of exhilaration. Perhaps, this exhilaration showed

his own "swadharma", sphere of work allotted to him by providence. He describes his sense of pleasure when he first donned the military uniform in the following words :

"Not only was there no sign of mal-adaptation to my new environment but I found a positive pleasure in it. The training gave me something which I needed or lacked. The feeling of strength and of self-confidence grew still further."

"What a change it was from sitting at the feet of anchorites to obtain knowledge of God to standing with a rifle on my shoulders."

Today, the Indian Armed Forces are facing not only a resource crunch but also a manpower crunch. There have been three voluminous reports. One was the Report of the high-level Committee on Ex-Servicemen which wanted to give a second employment to ex-Servicemen who are retiring or released at the age of 35 because that would save you a pension bill.

Second was the Report for setting up of a Finance Development Corporation for ex-servicemen. It requires only Rs. 170 crore, out of which, Rs. 85 crore was to be met by the Central Government over five years, which comes to Rs. 17 crores a year, and another Rs. 85 crores to be met by 29 States of the Indian Union over five years, which comes to Rs. 3 crore-Rs. 60 lakh a year. From 1984 till date, it has not seen the light of the day. Your distinguished predecessor had established many Finance Development Corporations in respect of Small-Scale Industries, Minorities, Women and so many others. But the poor ex-Servicemen, who were about 40 lakhs, have to run from pillar to post and yet they find no solution.

Then, there is a report on manpower planning prepared in 1985-it has not seen the light of the day-in which rationalisation of manpower and civilianisation of the static formations were talked about. We have the field formations, the formations in the field, and the static formations which support the Armed Forces. A uniformed person costs that much more than a civilian. Therefore, one can have an economy if the civilianisation of the static formations takes place.

The third is the TA-isation of the Armed Forces, that is, Army, Navy and the Air Force. A Review Report had been presented to His Excellency the President of India on 6th of August this year. Unfortunately, I happened to chair that meeting because it was set up by the hon. President of India in 1995. Substantial saving should be done because the Territorial Army is a part-time concept, who go only for two months in a year. All the Commonwealth countries, even the United States, Soviet

Union and Germany, also have a component of the territorial forces. Even a bulk of the Israeli defence forces is territorial and the rest of them are small standing Armed Forces. If this Report is expeditiously processed, then I think we can make substantial reduction in the expenses and there will be more funds available for modernisation, for equipping and for even reinducting. But at the same time, the bigger aspect will be the national security and defence will not only be the eleven lakhs of Armed Forces personnel, but that the citizens, the people themselves, will be involved in the Armed Forces. The Report also says that a five-year obligatory service, which already exists in the Army Act as well as in the Territorial Army Act, should be there for all employees of the public sector under-takings and the Government servants to serve in the Indian Armed Forces during the tenure of their service.

There was another Cadre Review Report which would want the Colour Service. The Colour Service was increased from seven years to 17 years after the 1965 war, which after the 1965 war, which has given rise to about 70,000 people, whom neither the Central Government nor the State Governments can rehabilitate or resettle and the Government has to keep on giving them pension and bonus to these ex-Servicemen because after the fifteenth year the ex-Servicemen are eligible for pension.

If you give colour service to seven years, then they are released at the age of 25, and then rehabilitation, resettlement and re-employment in any governmental organisation or public sector undertaking becomes that much easier. You save one pension. You only give gratuity and you still have a lean mean fighting machine and everybody is involved in that.

SHRI G.M. BANATWALLA : The Finance Bill has several distinguishing and commendable features. I congratulate the hon. Finance Minister for these distinguishing features. However, in view of the constraint of time, I may restrict myself only to some of the grey areas which require a closer look. That does not, however, mean in any way that I do not appreciate the overall direction in which the Finance Bill wants to take the country forward.

Our hon. Finance Minister has said in his Budget speech that :—

"The Common Minimum Programme has declared that the Government will follow economic policies that will promote growth with social justice and lead to greater self-reliance. We have no use for jobless growth nor for growth that leaves untouched large sections of the people."

This is a very laudable pronouncement. Indeed, we must all go in that direction. There are, however, certain grey areas here which show that this laudable pronouncement is not fully borne out.

I may refer only to a few of them. Take the question of growth and employment. Indeed, growth and employment depends upon investment. But look at the Central Plan outlay. The Central Plan outlay has increased by hardly 10 per cent. In 1995-96, the Budget estimate was Rs. 78,849 crore. In 1996-97, the estimate has gone up only to Rs. 87,086 crore. There is a hardly 10 per cent increase while the expected rate of growth in the gross domestic produce is supposed to be 15 per cent. I am, therefore, afraid that the tall claims of growth and employment may not be borne out by this hardly 10 per cent increase in the Central Plan.

2014 hrs.

(SHRIMATI GEETA MUKHERJEE *in the Chair*)

Let us from the Central Plan allocation study the composition of expenditure. This composition reveals serious shortcomings in the proclaimed effort for employment generation and social justice. We swear by agriculture and say we stand by the kisan or the farmer. We swear and say we are committed to rural development and generation of more and more employment.

But, Madam, it is shocking to find that the outlay on agriculture for 1996-97 is less than the previous year 1995-96. In the year 1995-96, the budget estimate placed the allocation at Rs. 3022 crore and it has gone down this year to Rs. 2831 crore. We swear by urban development, poverty alleviation, generation of employment and so on and so forth. But here we find that the allocation regarding Jawahar Rozgar Yojana has gone down by more than 50 per cent. In 1995-96, the budget estimate was Rs. 3862 crore and in 1996-97 there is a reduction by 50 per cent in respect of Jawahar Rozgar Yojana, that is, Rs. 1865 crore. The entire allocation for total rural employment has a drastic cut. The 1995-96 budget estimate was Rs. 5432 crore and in 1996-97 the budget estimate has gone down to Rs. 3835 crore. This is a very unhappy situation when we look at the sectoral allocations and all that. The total allocation for rural employment, for the entire Department of Rural areas and Employment has remained almost the same or unaltered despite our tall claims to stand by the former, the rural development, the poverty alleviation programmes and all that. The 1995-96 budget estimate was Rs. 6437 crore. In the year 1996-97, the estimate remains the same at Rs. 6437 crore. I may further point out that the funds for even the Rural Electrification Corporation have seen a reduction of Rs. 17 crore while there ought to have been an enhancement in this same. In 1995-96, it was

Rs. 615 crore. In 1996-97, the allocation has gone down to Rs. 598 crore and there is a reduction in the matter of Rural Electrification Corporation by Rs. 17 crore whereas there ought to have been a substantial increase in the allocation over here.

Take even the question of total Rural Water Supply and Sanitation. I am taking a very simple sector of Rural Water Supply and Sanitation. We find that the allocation remains the same at Rs. 1170 crore for the year 1996-97 as it was for the year 1995-96. Similarly, the Central plan outlay for small-scale industries about which we talk a lot, and agro and rural industries also remains the same as compared to the last year, namely, at Rs. 607 crore. Such is the situation.

We talk about the Common Minimum Programme in high terms in these matters. But then I am afraid there are serious shortfalls in the sectoral allocations. I was talking about agriculture, rural development, poverty alleviation programme and the kisan. A shocking situation is also there with respect to the treatment for the fishermen.

There is an unfortunate enhancement of duty on fishing implements. The revised pattern of duty is rather severe. I may elaborate by saying that the tax structure on Out Board Motors has been drastically revised and in the place of existing basic duty of 15 per cent, we now have a basic duty of ten per cent plus a special duty of two per cent plus countervailing duty of 11.2 per cent totalling 23.2 per cent. So from 15 per cent, the increase in duty for Out Board Motors is 23.2 per cent. The average Fisherman has to pay all this. The entire House knows about it. And the Finance Minister also is in the full knowledge of the fact that our fishermen are economically the weakest sections of our population. But then there is also a substantial hike in the rates applicable to spare parts for the Out Board Motors. Cooperative sector has also not been spared. The existing basic duty is 15 per cent. Instead, we now have a basic duty of 20 per cent plus a special duty of two per cent, plus a countervailing duty of 24.48 per cent equalled to a high figure of duty of 46.48 per cent on poor fishermen. That is the rise from 15 per cent to 46.48 per cent on the spare parts, on fishing implements.

Now this is an extremely painful situation for the fishermen in my State Kerala and also in the coastal areas all over. I know their conditions. Everybody here knows the conditions of all of them. There will be a heavy financial burden on the poor fishermen. According to an estimate, the additional financial burden on an average fishermen will be round-about Rs. 6000 to Rs. 8000 per Out Board Motors (OBM). Yes, of course, you may say that there is a countervailing duty. But what is the nature of countervailing duty. Countervailing duty here

in this particular case is unjustified. The object of a countervailing duty is to provide Indian industry with incentives and to promote indigenous industries. But I am talking about kerosene operated Out Board Motors which are used. They are not manufactured here. They have to be imported. There is no way out. So, where is the question of countervailing duty? It is simply, perhaps inadvertently, with all due respect to the Finance Bill, that such a heavy burden has come up on our fishermen while we swear by them. And I hope the Finance Minister will respond sympathetically to this question.

We come to the taxation proposal. I must emphasise that there is a need for the threshold limit of exemption to be increased from Rs. 48,000 to at least Rs. 60,000. I have heard the hon. Finance Minister with rapt attention and indeed we have noted that while the threshold limit of exemption remains unchanged in the present Finance Bill at Rs. 48,000, in the slab from Rs. 40,000 to Rs. 60,000 the rate has been reduced from 20 per cent to 15 per cent. But you will realise that this is a very paltry relief. As compared to the growth in the inflation rate, it makes not even a moderate adjustment.

Now, saying that certain people will go out of the tax net and then later on it will be difficult to bring in the tax net. I am sorry, it is a poor and lame excuse. We should not make people suffer for the inefficient working of our Taxation Department. When the people are justified in asking for the threshold limit of exemption to be raised at least to Rs. 60,000 that should be granted and we should not think that our Taxation Department later on will not be able to bring into the taxation net those who may go out because of the increase in threshold limit today. Such types of arguments, I am sorry, are very poor type of an argument.

Now, take the question of salaried employees. I am thankful that the hon. Finance minister has come forward with certain concessions. But then it is to be raised upto Rs. 18,000 from Rs. 15,000—standard deduction. But again two severe conditions have been laid down. I am sorry to say that the Finance Minister gives-permit me—very reluctantly and this unjustified reluctance is the distinguishing feature here. I said, two conditions are there. Earlier, we never heard the condition as for as the standard deductions were concerned from salary, with respect to the maximum income. There was a standard deduction of 33-1/3 per cent or Rs. 15,000, whichever is less, whatever may be the income of the salary earner, whatever may be the salary of the employee. But here, while giving certain concessions, a limit is imposed that concession will be available to those whose income does not exceed Rs. 60,000. Now, even if you take Rs. 60,000 and you give the 33-1/3 per cent as a standard deduction, then simple arithmetic shows that the standard deduction should be Rs. 20,000 and not Rs. 18,000. But again the

second element of reluctance is that Rs. 2,000 again is simply taken up and pocketed by the Finance Minister, of course, I mean the exchequer. Why such reluctance?

There is a ceiling of Rs. 60,000 for salaried earner. They are the most honest payers of tax compared to the sharks that we have and who in the higher rate of taxation have all sorts of excuses and remain in arrears. Go after them rather than the salaried people, the honest payers of tax. Go after those sharks; do something about the black money and the the parallel economy.

Not even a single word is spoken in the whole of the Finance Bill or the Budget about the black money phenomenon here. And, how do you propose to deal with it? Not even a single word has been spoken in the whole of the Budget or the Finance Bill about the efforts that will be made in order to collect arrears from these sharks, the taxation arrears that are there. And, I know, I have worked in several financial committees of this House—that these arrears run into cores and crore and thousands of crores of rupees but not a word in the Budget about the effort that will be put in in order to mop up this! But certain conditions are put upon the standard deduction in salaries also which is rather unfortunate.

MR. CHAIRMAN : Since you have made many valuable points...

SHRI G.M. BANATWALLA : Madam I will run along. I will cooperate with you and finish though I have not yet, I think, even started.

Now, let us take the question of senior citizens. The rebate is allowed at the age of 65. Why should it be 65? The age of retirement is 58. We should be true. We should keep it at 58. At 58, a person retires and should become a senior citizen, but to qualify to be a senior citizen for this purpose, retirement is not sufficient. For our Finance Minister, the person has to wait from the age of 58 to the age of 65, for seven more years. Such reluctance in the case of these small matters is rather unfortunate.

Then, I come to the question of setting off of losses. The losses arising from a business can be set off next year only against a business profit. Why is there this condition? It could be set off against any taxable profit, any taxable income, whether it is income from private property or income from salary or anything because it is the total income of a person, after all, which is being taxed. There should therefore, be no objection for setting off of a loss from business to be carried forward but for setting it off not only against a business income but also any other taxable income. This condition must go.

SHRI P. CHIDAMBARAM : What clause are you referring to?

SHRI G.M. BANATAWALLA : I am referring to Clause 10 (c) of the Finance Bill.

Secondly, ...*(Interruptions)*

MR. CHAIRMAN : It is not secondly, but ninthly. ...*(Interruptions)*

SHRI G.M. BANATWALLA : Then there are my amendments also, to which I will come later on.

Similarly, for the purpose of a set off to be carried forward, the business that gives a loss has also to be continued next year. What is this? If my business gives a me a loss, why am I being compelled to continue with the loss-making business? The loss that I have suffered is carried forward and in the following year it may be set off against any taxable income and then you may tax my whole income; that healthy concept should be there.

There is also an element of artificial taxation. Let us say, there is a reorganisation of a business from either a proprietorship or a partnership firm to a limited company. If there is, in the meanwhile, an appreciation in an asset, then capital gain is taxed ...*(Interruptions)* I understand that very much, you need not wind your clock so much. I will conclude ...*(Interruptions)* There has been no sale of any asset. So, there has been no realisation of any capital gain. Only a business reorganisation for better efficiency takes place and yet we are asked to pay capital gains tax and stamp duty. Such incentives are there for reorganisation of business for the purpose of more efficiency.

In the case of MAT, I want to impress that as far as the small scale industry is concerned, especially those concerned with exports should be exempted from MAT. I will deal with it in detail later on, when I come to my amendment. When we talk of small scale industry we say that the small scale industry is the backbone of our economy. It is a statement accepted even by the hon. Minister of Finance in his Budget speech. Therefore, the small scale industry, manufacturing and exporting its own product needs to be helped.

I may run on make only a few sentences and conclude.

My next point is about the Minorities Financial Development Corporation. What has happened to it. Nothing is known about it. Has it been given its promised dues? When will it start functioning? What is this lip sympathy and no action as far as the minorities are concerned?

Then there is the question of shortage of small denominations of currency, *i.e.* one rupee, two rupee and five rupee notes. I know that notes are to be discontinued and coins are to come. Even they are not available and whatever notes are available, they are soiled. Let them take care of it.

Our Income Tax Department also sometimes works very erratically. Income Tax notices have been served in Mumbai upon lawyers who are defending the TADA accused. They are asked to explain how much each of the TADA accused has paid them as fees and from where has he got that money to pay them. They are asking so much of information. Now, what is this discriminatory attitude and harassment? On the one hand, though TADA has elapsed, yet the cases have not been withdrawn. We seem to follow England. In England they say, King is dead; long live the King. Here, in India we say, TADA is dead; long live TADA. In spite of the lapse of TADA, cases continue. And the lawyers who are defending the TADA accused are being harassed in a discriminatory manner. They are also like other lawyers who are supposed to submit their income tax returns. They should be dealt with according to the established procedures and not harassed discriminately. It is not in the interest of our judicial system.

I would like to appeal to the hon. Minister of Finance that this reduction of import tariff on copralactum from 45 per cent to 30 per cent will totally destroy whatever industry that we have in Kerala. The FACT is there. It will almost have to be wound up. This has to be taken care of. There is no reason why our industry should be penalised and destroyed. There is no question of inefficiency there. In 1991, the project was commissioned and it will take some time for them to come up and be in a position to face competition from abroad.

Finally, I would like to speak about my constituency. In Ponnani there is a need to establish an office or a branch unit of Life Insurance Corporation. It is a place bustling with business activity. The proposal was there to open a branch. But it has not been opened. Something happened there to open a branch. But it has not been opened. Something happened somewhere. We do not know what happened. The proposal has been dropped. I appeal for the opening of a branch unit of LIC in Ponnani taluka in the Mallapuram District of Kerala.

I am soory if I had been harsh with respect to a few aspects of the Finance Bill. Overall the Bill has a good impact and we wish well to the Minister of Finance in the regeneration of our economy. With these words, Sir, I conclude.

2039 hours

SHRI ISWAR PRASANNA HAZARIKA (TEZPUR) : Madam, Chairperson, I must compliment the Minister of Finance for having presented a fairly balanced and reasonable Budget and the Finance Bill in spite of the very short time that he had at his disposal. There are a number of features that deserve commendation, but it has to be understood that this Budget is only for half a year.

Therefore, we could not have expected very many basic fundamental changes of policy.

MR. CHAIRMAN : Please excuse me just for a minute. The House was extended for one hour, that is up to 8.30 P.M. So, we shall have to extend the time. If you all agree we may extend the time till it is finished. ...*(Interruptions)* The permission of the House had to be taken.

SHRI ISWAR PRASANNA HAZARIKA : Again, I take the opportunity to thank the Finance Minister for having conceded to our request to have a re-look at the MAT in relation to the North-Eastern States and other backward regions of the country. As it was earlier presented in the Finance Bill, it would have taken away the benefits that are supposed to accrue to the States in terms of new investments in new industries. But in his speech, while moving the Bill, he was kind enough to agree that the MAT will not be applicable to Section 80 (I) (A), in relation to investment in new industries in the backward States, especially of the North-Eastern region.

In the Finance Bill, the Finance Minister was generous enough to exempt the income earned by the NEDFIC, the North-Eastern Development Finance Corporation set up at Guwahati, a year ago. But this is an institution which is of the nature of venture capital fund and it has been set up to catalyse development of industrial and other enterprises in the backward North-Eastern States of the country. We have seen over the years that IDBI has been operating in Assam at Guwahati, but they have done precious little to promote development of industries in the State. Their norms in evaluating loans or applications have been very very rigorous, much more rigorous in Assam than in other States. That is why, very little has been done by way of loans and investments by SIDBI and also by IDBI in that area. Even this new Corporation which has been functioning for about a year now has done precious little; and there is an apprehension that this also will go the same way as IDBI and SIDBI which have been operating in that area for years.

Therefore, what I would urge is that the exemption of income of this Corporation should be applied only in

relation to the income accruing from loans, advances and other investments made in the new industrial undertakings coming up in that area and not by way of other incomes; they are going to invest in other income earning assets and then enjoy exemption just because they happen to have an office located at Guwahati. I have an apprehension that this is what they are going to do. They will put up money by way of equity capital etc. in companies outside the region and earn more and more money; invest it elsewhere in financial instruments or in other investments and earn more money and take the benefit of exemptions, but do nothing for the development of the area.

Therefore, if there is any exemption granted, it should be strictly applicable to the income arising from investments in new industries, new undertakings set up in the State.

Then again talking about MAT, a question is being raised, whether it should be applicable to export profits. Now, we have the Section 80 HHC of the Income Tax Act which exempts income from exports. This is a provision which is being widely misused over the years, since it was introduced a few years ago. We have seen that in many cases, this is being used as a means of laundering black money into white money.

In the export production, the expenditure that is incurred in purchase of raw materials or payment of wages, etc., is incurred from number two money, thereby increasing the profit margin. When it is exported, it comes back with tax-free export earnings. Therefore, we see advertisements in the newspapers in Mumbai and other business magazines inviting offers for export profits to be sold. If you have export profit of Rs. 1 crore, you can sell it perhaps for Rs. 10 lakh or Rs. 20 lakh because a profit-making company will take that export turnover and take advantage of the profit to get the exemption from tax. And from their unaccounted sources, they are prepared to pay a certain amount in return for the export firm parting with the export credit to this company. So, this kind of misuse has been going on. I believe that it is a step in the right direction that the MAT should be made applicable even to the profits of export companies. Presently, it is being applied to corporate bodies only. Let it remain with them for the time being and see how it works out. Later on, if we see that the results are satisfactory, then, we may perhaps extend it to non-corporate bodies like partnership firms and association of persons, etc.

Now, because there is only a short time at my disposal, I would like to dwell on some of the administrative aspects of taxation. As per the Annual Report of the Department of Revenue, we find that at the beginning of 1994-95, the total tax outstandings

amounted to Rs. 22,699 crore. In 1995-96, this has gone up to Rs. 28,987 crore. This increase is quite high. In business, normally, we say that the sundry debtors should be sales of about two months. If we take tax collection roughly at about Rs. 2,500 per month, then this amounts to something like ten months' or twelve months' collection. This is much too high. Therefore, measures have to be evolved to see that the outstandings are cut down. This is one way of garnering resources for our development. We cannot allow the big taxpayers to sit over the money belonging to the people and the exchequer and using it in their business to make more and more profits.

Another thing I have noticed is that on page 64, it gives certain statistics relating to results of surveys and raids that are being conducted. There we find that in the four years ending 1995-96, the total number of new assesses added comes close to 50 lakh. When we have a total of only about twelve lakh assesses, and in four years, 50 lakh have been added, then before that, in 1991-92, there would have been only 60 lakh or 70 lakh if ten lakh have gone out of the taxation net. It appears that these figures are inflated. They need to be looked into and scrutinised to see whether they are really correct.

Then again, we find that as it has been mentioned already, the menace of black money is enveloping the country and the economy more and more and not much is being done about it. But I feel that by way of counter measures, we are not doing enough. If you see the statistics on prosecutions, you will find that in 1993-94, 941 prosecutions were launched. In 1994-95, the figure was 792. But in 1995-96, suddenly it has come down to only 288 prosecutions.

So, this is something that has to be given a lot of importance. From my experience in the Income Tax Department and Inland Revenue Department in UK, I have seen that in that country all returns are accepted without any question and then a certain percentage of returns are selected by a separate department, the Investigation Department and they subject these cases to a thorough, rigorous and detailed investigation. When required, they will associate the Scotland Yard to assist the Investigation Department to track down the tax evaders. When there is evidence that someone has evaded or concealed tax, he is prosecuted and imprisoned. There is no question of penalty. But here, in India, the ITO will say that the gross profit is very low and that it should be so much, therefore make addition of so much and then additional tax on that so called concealed 100 per cent or 70 per cent is imposed. And at the end of the day, when appeals are made to the tribunal or something like that, the entire penalty is deleted

and these efforts prove fruitless and futile. Therefore, we must have some kind of restructuring of the Department so that we can lay more and more emphasis on the investigative aspects of taxation.

So far as the present Finance Bill is concerned, I do not have much to say due to shortage of time but this may not hopefully be the last opportunity for Mr. Chidambaram to present the Budget. I hope that he would be very much there when the next Budget is to be presented. Therefore, I would like to take this opportunity to bring to his notice certain suggestions which would be helpful in formulating the new Budget.

Now, we have introduced the presumptive tax of Rs. 1400 to be paid annually by the people without accounts and returns. This is a very good concept. This needs to be extended and populism has to be curbed and balanced with the need to raise resources in the country. I feel that agricultural sector has come to a stage today where we must set motivated populism aside and think seriously about bringing agricultural sector into the taxation net. Now, for example, what are the subsidies which the Government is giving to agricultural sector? Fertiliser subsidy is amounting to a massive figure. Then, concessional credit to agriculture is there. We are giving massive subsidy from the power sector. The beneficiaries of these subsidies which are running to thousands and thousands of crores of rupees are big and rich farmers in the agricultural sector and in the name of landless labourers, the big farmers, the *kulaks* are enjoying all the benefits of the Green Revolution. Therefore, it will not be too much to ask if we try and think of introducing some kind of a presumptive tax in the agricultural sector. The base could be the land ownership size of holdings and the average yield. Most of the States have the system of evaluating the land for revenue purposes and all that. Probably, a similar machinery or instrument could be resorted to for determining the presumptive tax and its basis for extending the tax net to the agricultural sector. I, as a representative of people, should not be saying so but as I come from Assam, where the farmers, most of whom are small and marginal, I find there that people are getting no benefits at all out of agricultural subsidies relating to fertiliser, power credit etc.

In the State of Assam, the consumption of fertilizer per hectare is something like 4 kg per hectare as against about 159 or 160 kg, say, in Punjab; and the national average is also much higher than the average in Assam.

Similarly, in agricultural credit also, there is hardly anything that our people are getting. All our farmers are poor. I know that if agriculture is brought within the taxation net, then there would be very few in my State who are going to be affected and I have no fear of my losing votes if I advocate the introduction of taxes on

agricultural income. But having said that, I feel that if the rich agriculturists, who are reaping the harvest of development and improved Infrastructural facilities and credits are brought within the tax net then it would be fair to the Agricultural labourers, landless and marginal farmers and others for whom there is a lot to be done.

On the issue of taxation, there are a number of procedural matters. I think, the cost of collection of income tax now is something like 1.5 per cent, which is very high. The bulk of the cost of collection of income tax is attributable to the low income categories. Therefore, if we raise the exemption limit to something like rupees one lakh or rupees two lakh and then have a higher rate of tax and remove the lower slabs, then more and more attention could be paid to the high paying taxpayers. I am sure, that it would have a salutary effect on increase of revenue collection and it would also weed out a lot of unproductive cases. Nowadays, if you go to the tax office, you would find pile up of thousands and lakhs of files and you have to pay through your nose, to the peon and upwards, even to get the required file out from there. That is the kind of a situation prevailing now. The Income-Tax Department had tried to introduce, what is called, the PAN-Permanent Account Number; it has been attempted for the last so many years but it has not operated successfully. They still resort to, what is called, the GIR-General Index Register number. That is the basis of operation in the Income-Tax Departments during the last fifty years. The introduction of the computerised PAN has not made any difference. It is because there are too many small files and too many cases. Therefore, I think, this aspect needs to be looked into in a balanced manner—whether or not it would be profitable and desirable to raise the limit and then concentrate on bigger assesses. That would reduce the cost of collection and at the same time, I feel that it would lead to significant argumentation of revenue collection.

Earlier, the salaried people were not required to file income-tax returns. There used to be deduction of tax at source and based on the employees returns, scrutiny used to be made by the Income-Tax Department and cases were cleared. Nowadays, even the salaried employees are required to file income-tax returns and it is cluttering up the income tax offices very badly. Therefore, there is a good case to reconsider this aspect and see whether we could go back to the old system whereby we could exempt the salaried employees from filing their returns. If they have other sources of income, then they would file returns on their own. But then it should not be made compulsory to file returns as it has been the case now. It is because it is having a deleterious and adverse effect on the efficiency of the tax administration.

Madam, another point is about the National Tax Courts. We have been hearing about the National Tax Courts for years. But for some reason or the other, it has not seen the light of the day. There are a very large number of cases pending in the courts. If we take these cases away from the High Courts, then the burden of the High Courts would greatly be reduced. Same is the case with the Supreme Court also. In spite of the Income-Tax Appellate Tribunal operating, there are a large number of cases at the High Court and the Supreme Court level. Probably, the constitution of the National Tax Courts would alleviate, to a great extent, the burden of our High Courts in the country. Therefore, I would like to urge upon the hon. Finance Minister to seriously address this issue of setting up of National Tax Courts.

MR. CHAIRMAN : Would you kindly conclude now ?

SHRI ISWAR PRASANNA HAZARIKA : Madam I would not take much of your time. I welcome most of the features of the Finance Bill. But on one thing I am finding it little difficult to agree with the Finance Minister that is on the issue of lease financing. Now, the written down value in the hands of the lessees would be the same as that of the previous owner who had leased his equipment to get the loan.

2100 hrs

This lease financing is helping our power sector greatly. As you know Madam, the State Electricity Boards are all faced with very very severe financial crisis and their balance sheets are so poor and so dismal that looking at those balance sheets no bank or financial institution will ever lend them even a rupee. Therefore, there are no means of getting finance from the market. Because of that they are going downhill more and more. For example, in the State Electricity Boards, lakhs of meters are stop-meters or defective meters and because of that precious revenue is being lost. In a situation of financial crisis, for us to lose revenue is criminal. But they do not have money to buy new meters, to replace the defective meters or to introduce meters to un-metered customers. These boards have been going to the lease financing companies. They are all loss making Boards. Therefore, there is no question of paying tax. Therefore, they are selling their depreciation in a way to the lease financing companies and getting some money out of the sale of the equipment which is leased back to the Board. With that, they are meeting some of their very essential and non-postponable requirements. Quite a few, very large number of the State Electricity Boards are taking advantage of this scheme and they are getting at least some money to improve their financial position.

SHRI P. CHIDAMBRAM : It is not a benefit which is being taken away. It is a clear loophole which is being plugged.

SHRI ISWAR PRASANNA HAZARIKA : True, but then it is not an unmixed evil in the sense that some institutions are using the schemes not to evade tax but for the welfare of the public. Mind you, the lease finance business, has become a very significant factor in the power sector. I know, in Assam itself, I have myself taken something like Rs. 100 crore of lease finance in a situation where I could never get even a rupee as loan from anybody. With that finance a lot of things have been done and financial position of the Electricity Board is improving. At least some exemption can be considered in the case of State Undertakings or Public Sector Undertakings, which are really sick, and beyond intensive care unit stage. Therefore, in some of these very special cases, Government may like to consider giving some exemption so that this relief, that is being enjoyed today by the State Electricity Boards, is not taken away because in balance it is going to do good for the country. That is something that should not be lost sight of.

Finally, I would only make a mention of another last point. The long-term capital gain rate reduction from 30 per cent to 20 per cent is applicable only to companies.

SHRI P. CHIDAMBARAM : It applies to everybody, except partnership. Today I have introduced an amendment for partnership also.

SHRI ISWAR PRASANNA HAZARIKA : In that case, there is nothing more to say.

SHRI G.A. CHARAN REDDY (NIZAMABAD) : Thank you Madam, for giving this opportunity. At this late hour, as I see, everyone including our hon. Finance Minister has exhausted, physically and mentally. It is clearly exhibited on everybody's face. I have been to this House for the first time and having stayed for the last 20 years in the United States, with a big hope before I could say anything, I want to congratulate the Finance Minister for presenting a Budget which shows that he is in the right direction.

Even though he said he is not a financial expert, but fortunately he is the first one who inherited the Budget from the financial experts. When the financial reforms started in 1991, he was also part and parcel of the economic reforms along with the then Finance Minister, Shri Manmohan Singh. It is that economic reforms which for the first time in the Indian history has given a hope that certainly in the international arena, India's name is considered as in the rest of the world considering India then, even today India is considered as one of the emerging markets. The General Budget and the Finance

Bill altogether are in the right direction. But I would like to elaborate a few points on the Budget itself and the Finance Bill.

One of the things the hon. Finance Minister has said is the core subject in the Financial Bill or the general Budget itself is about the fiscal deficit. The fiscal deficit is nothing but the revenue deficit and the capital deficit. I am glad to hear that the hon. Finance Minister has assured this House about increase in revenue to the tune of Rs. 2,692 crore. But at the same time you have also increased our capital investments which gives a hope that it is in the right direction.

I would like to make a few things. One is the mobilisation of funds. Unless the Enforcement Directorate is run more effectively and efficiently, it will be very tough because with nine per cent of the people paying direct taxes, no country can ever survive.

Secondly, tax simplification also certainly helps because the India's tax forms are one of the complex tax forms I have ever seen. I have seen at least seven or eight countries tax forms. India's tax forms are one of the toughest. Even in the United States, it is somewhat easy. Even a housewife can fill the forms. For the last 20 years, I have seen individuals and business establishments take only a couple of hours to do it. It is a very cumbersome procedure in India to do it. If you could find a way to make it simplified, it would give encouragement to the taxpayers. If you could find a national identification for tax purposes, I believe, if you can find a way to do that, the hon. Finance Minister will be remembered in the rest of the Indian history. Unless we track down the person—I mean, I could go to any place in India and can use my pseudo name, still I can survive; I could go to some place and take somebody's name and I could still survive. Unless we have this national identification, it would be very difficult to catch the offenders.

The Government, particularly the financial sector, has to run like a business. We can see particularly the name of Enforcement Director of the Revenue Department has been coming in the Press very often, but many economic offenders never get into the prison or never get the maximum imprisonment. Many of Indian companies, export companies are over invoicing and getting the kickbacks in the United States or in London and accumulating their wealth in the foreign countries, it is literally robbing our own motherland. Many States in India, I can give example of my own State of Andhra Pradesh, giving subsidies—I am not trying to criticise any State—but giving subsidies to the every slogan that make and finally making the State to the brink of bankruptcy. Then the States come to the rescue of the Centre and even the Centre is not in a good position with having literally Rs. 66000 crore

deficit, it would be tough to support the subsidised States. Unless, there is some discipline, fundamental discipline like a businesslike fashion, unless the Government's run on that line we cannot survive the economic disaster. India itself was on the brink of bankruptcy in 1991, that was the time when the NRIs came to the rescue of this country. Not only that, even the freedom of this country was also brought by the then NRI, Mahatma Gandhi.

The NRIs are making huge contributions but as such no concession is being given to many of the NRIs. I can cite a couple of examples as to how the NRIs are frustrated. I quote from *The Hindu* of August 29. The headline says : "NRIs want to run away, not to invest"

"Recently an NRI, after investing Rs. 6.5 crore in the manufacture of auto spare parts and rubber products, had to run from pillar to post to get clearance. He had to bribe his way through for completing the formalities so much so that he is now wanting to be "redeemed" from such ordeals."

Recently, we have seen that the Department of Industry has given many approvals for the FDIs on many projects. But the actual implementation of the projects is marginal. We hear big claims that 300 or 400 new projects have been cleared and ultimately by the time they actually come into operation and generate employment or generate some revenue, it will be marginal. We must find a way out to see that every cleared project gets into reality thereby providing employment and revenue to India.

Looking at the time constraint, I want to confine a few comments on the Finance Bill itself.

Firstly, the Capital Markets are in a poor status with Bombay Stock Exchange Index falling from 4000 level to 3400 level after presentation of the Budget. The primary market (Initial Public Offers) is in bad shape with many issues failing. How does the hon. Finance Minister attract foreign investments annually to the tune of US \$ 10 million as envisaged in the Common Minimum Programme? While so many favours are extended to Foreign Financial institutions like automatic approval, freedom to buy, sell and remit funds etc., why is that our NRIs have to still approach RBI for buying and selling shares through their bankers? FIIs pay capital gains tax of only ten per cent whereas NRIs have to pay twenty per cent. Are they not investing in US dollars and helping the nation to build industry?

Secondly, ceiling on individual FII investment in any company is increased from five per cent to ten per cent of the equity. FIIs are allowed to invest in unlisted companies. Why such exemption is not extended to NRIs and Overseas Corporate Bodies (OCBs) with majority NRI investment?

Thirdly, issue of non-voting shares by companies upto twenty-five per cent of total equity has triggered selling of blue chip companies by FIIs, further depressing the market. The hon. Finance Minister should consider deletion of this provision and instead permit companies to buy back its own shares from the market to restructure capital.

Fourthly, NRIs should be permitted to participate in the equity or bond issues of the proposed Infrastructure Finance Development Corporation (IFDC).

Fifthly, now that Insurance Regulatory Authority (IRA) is established, insurance sector should be opened up for foreign investors.

Sixthly, companies which fail to issue Share Certificates to NRIs within two months after receiving money should be prosecuted by SEBI or RBI.

And Seventhly, venture capital companies are vital to encourage technology oriented companies and new entrepreneurs. SEBI is yet to issue guidelines which is hindering flow of the investment in this sector.

We all know about the Finance Minister and his reputation. He made a comment recently regarding NRIs in Singapore which I quote now. He said :

"You are welcome to India because you have the ideas, the skills and the technology that we need. You are even more welcome because you have the money to make our ideas work and to help make others's ideas work."

Having said this, the total investment of NRIs is half a billion dollars in this country. If you look at our neighbour China, their total investment outside is almost 42 billion dollars and today the total foreign investment in China is forty per cent of the World foreign investment whereas ours is only eight per cent.

One reason is that the NRIs are not given enough concessions to lure into investing in India. They do not need any red carpet welcome but their investment should be protected and things are to be done in timely fashion. They are disappointed the way things are moving here and with the thrust of the banking system and the financial market. Unless we build up their confidence, one of the things I emphasise so as to make sure that any company which fails to issue the share certificate to the NRIs within two months period should be punished by the SEBI or the RBI. It is not only the money of the NRIs but their technical expertise should be welcome. In every angle, the NRIs with open arms would like to willingly come and help in building this country and without any hesitation. They are not only looking for many incentives but fair deal and protection of their investments under the law.

NRIs should be permitted to participate in the equity or bond issues of proposed IFDC. Any country to reach

its economic goals, it should have the basic infrastructure, which is a must, like communication, transport, power etc. It is amazing even after 49 years of our Independence, my district Nizamabad does not have the basic infrastructure like roads, telephone, power and even safe drinking water. The telephone system particularly is functionless. It is very outdated, which is causing great concern and loss to the business community. I urge the Government to allocate more funds to my constituency, Nizamabad which is a backward region in the Telangana area, to have basic infrastructure, so that it could remove regional imbalance in the development of our region.

Having said that, because of the time constraint, I limit myself and go along with this Finance Bill and I appreciate if the hon. Finance Minister accepts some of the suggestions I made regarding NRI concerns. Thank you very much.

SHRI P.C. CHACKO (MUKUNDAPURAM) : Madam Chairperson, I, being the last speaker, will not test your patience and I have risen to speak but for some compelling reasons which affect the economy of my State. I only want to deal with these three-four points with one general observation.

One general observation has already been raised here and that is about the Defence Budget. In fact, I am sure the hon. Finance Minister had gone through the various criticisms, various articles which have appeared after the presentation of the Budget. I have very high regard and appreciation for this Minister of Finance and I do not like him to be judged by the history tomorrow as a person who has made a wrong decision at a very crucial point.

Today, I understand from the write-ups, various articles written by very informed persons that our Armed Forces are very much desparate, restive and very much dissappointed. Sixteen per cent increase in the total Budget, taking the escalation into account, in the physical targets can only be on the reverse gear. So when the Armed Forces, especially the Indian Air Force, the Indian Navy, are really in need of modernisation and huge investment in various areas what we have provided for the Defence Budget justifies the circumstances or not is a matter to be seriously considered by the hon. Defence Minister. A suggestion of this kind at the time of the consideration of the Finance Bill may not be very appropriate but still because of the seriousness of the situation, I would like to express my opinion on this question.

On the reduction of import and excise duty I would like only to point out that—I am not going into details—one issue is the one which Shri Banatwalla has mentioned, the import duty of caprolactum. During last three-four years continuously the then hon. Finance

Minister Shri Manmohan Singh in all his Budgets has experimented with rationalisation and reduction of the excise of import duty. In the last two Budgets when on caprolactum, the raw material for the plastic industry, the import duty was reduced, it affected two major public sector companies of the country. One is the FACT and the other is Gujarat Fertilizers.

All the MPs from both the States, especially the MPs from the State of Kerala, when made their representations, the old rate of duty was reimposed. Now the caprolactum duty is being reduced considerably and the FACT which is the premier industrial unit in the State of Kerala is on the verge of closure, on this account only

This will be the fate with the Gujarat Fertilisers also. I request the hon. Finance Minister that in view of the special circumstances under which these two public sector units are placed, this may kindly be reconsidered.

Regarding the import duty reduction on rubber and on edible oils, we are really worried because our economy is very much depending on rubber and other cash crops. Import duty on edible oil is reduced and we are afraid that the coconut price which is already crashing will further suffer because of the lesser import duty of other edible oils. I am not suggesting that edible oil should not be within the reach of the common man. So if it is to help the ordinary consumers, the common consumers, I cannot oppose it *in toto*. But at the same time, it should not affect the domestic coconut growers. Coconut is the mainstay of our economy in Kerala. We have apprehension and we are really worried that this is going to affect the prices of coconut in the internal market.

Regarding rubber, when the Finance Minister was the Commerce Minister, he had been protecting the interests of the large number of rubber growers in our State and I recollect it with thanks. On the very day of the announcement, on the very day of the presentation of the Budget, the rubber prices fell by rupees five a kilo in Kottayam. This has happened. And for no reason, the growers are becoming losers. So the reduction of the import duty on these three items, caprolactum, rubber and edible oil, is likely to adversely affect the economy of Kerala. Therefore, I request the Finance Minister to take remedial measures.

I would like to touch only two more points very briefly. One is about the rural banks. I come from a State which is in a sense really over banked. Today, for 8000 people, there is one bank branch in the State. There is a network of cooperative banks, nationalised banks and scheduled banks. So I do not want to say "We are over banked". But definitely not under-banked. In such a State with a capital of rupees five crore, the new banks are coming,

may affect the viability of the existing banks. So I request that the Minister be choosy. There are areas. Some Members welcome this suggestion. So I cannot oppose it but the areas may be selected in such a way that where there are really under-banked areas, these new banks may be allowed. But where it is really not necessary, it should not affect the viability of other banks.

I have brought to the notice of the hon. Finance Minister one another matter. Today, he was kind enough to make some announcements, some concessions for the paper and paper boards. I only want to say one thing. In Kerala, the forest wealth is being depleted by two factories—one pulp factory and one paper factory. The entire forest wealth of Kerala, the bamboos, the reeds and all such things are not sufficient even for two factories. That is the way our entire forest wealth is being depleted. So in that situation whoever is using non-conventional raw materials, whoever is recycling the waste paper, they should be given some concession. I am not very sure whether the concessions that he has announced today are going to help the real units. Today, in India, 50 per cent or more than 50 per cent of the paper and paper boards is manufactured in the sector which consumes non-conventional raw-materials. So the units which consume 75 per cent of non-conventional raw materials for the manufacture of paper and paper boards, should not be equated with the composite mills which can also consume the conventional raw materials. Three rate of duties were there and the Minister has also convinced me that he has taken a right decision. I do not want the a huge turnover area is completely left out of the taxation. I am not arguing for that. At the same time, paper board manufacturing units which consume 75 per cent of the non-conventional raw materials, should get a preferential treatment and encouragement and they should not be equated with the composite mills which can use conventional as well as non-conventional raw material. This problem which is slightly complicated is well-known to the Minister and I hope he will take care for these things.

With these things, I am very happy to once again congratulate the hon. Minister because he has presented a Budget which is acceptable to the Congress Party as well as to the Left Parties, who have always been criticising the Congress Policies. For his political acumen and capacity, I congratulate the hon. Minister and support the Finance Bill.

MR. CHAIRMAN : The House stand adjourned.

2125 hrs.

[The Lok Sabha then adjourned till Eleven of the Clock on Thursday, September 12, 1996/Bhadra 21, 1918 (Saka)]