

1	2	3	4
		Revenue Rs.	Capital Rs.
		Revenue Rs.	Capital Rs.
16.	Public Works Department	72,53,16,000	38,29,44,000
17.	Health & Medical Education Department	86,63,97,000	9,25,85,000
18.	Social Welfare Department	12,91,10,000	4,37,77,000
19.	Housing and Urban Development Department	15,96,39,000	25,75,08,000
20.	Tourism Department	6,63,18,000	5,78,33,000
21.	Forest Department	27,38,73,000	12,01,61,000
22.	Irrigation & Flood Control Department	35,61,50,000	19,72,83,000
23.	Public Health, Engineering Department	50,11,53,000	20,69,72,000
24.	Estates, Hospitality and Protocol, Parks & Gardens Department	9,55,27,000	1,07,78,000
25.	Labour Stationery and Printing Department	6,04,10,000	8,91,23,000
26.	Fisheries Department	2,56,86,000	1,15,05,000
27.	Higher Education Department	27,84,74,000	4,87,28,000

15.15 hrs.

[English]

JAMMU AND KASHMIR APPROPRIATION BILL 1996*

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir, I beg to move :

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

MR. CHAIRMAN : The question is :

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the State

of Jammu and Kashmir for the services of the financial year 1996-97."

The motion was adopted.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir I introduce** the Bill.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir, I beg to move :

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

MR. CHAIRMAN : The question is :

"That the Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the State of Jammu and Kashmir for the

* Published in the Gazette of India, Extra ordinary, Part-II Section-2 dated 11/9/96

** Introduced and Moved with the recommendation of the President.

services of the financial year 1996-97, be taken into consideration."

The motion was adopted

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

Clauses 2 and 3

MR. CHAIRMAN : The question is :

"The Clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

MR. CHAIRMAN : The question is :

"That schedule stand part of the Bill".

The motion was adopted.

The Schedule was added to the Bill.

MR. CHAIRMAN : The question is :

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

The motion was adopted.

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

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

"That the Bill be passed."

MR. CHAIRMAN : The question is :

"That the Bill be passed."

The motion was adopted.

[English]

FINANCE (NO. 2) BILL, 1996

MR. CHAIRMAN : Ten hours have been allotted for the discussion of Finance (No. 2) Bill, 1996. If the House agree, we may have seven hours for general discussion, two hours for Clause by Clause consideration and one hour for the third reading.

Now, the Minister may move the Bill for consideration.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir, I beg to move :

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

Sir, large number of suggestions were made by the hon. Members on the Finance Bill. The discussions on

the Budget brought forth many suggestions and, I am sure, that the discussion on the Finance Bill will bring forth many more suggestions. It is not without truth that it is being said, "It is given to no man to both tax and to please". Our philosophy of taxation has been buttressed by the experience gained over the last five years that rates of taxation must be low, procedures must be simple, but enforcement must be strict. Our philosophy has also been that the tax base must be as wide as possible.

We have three major sources of revenue-income tax including corporation tax, customs and excise. We have a very narrow base of income tax. Approximately 10 million people, approximately about a crore of people pay income tax. That is a very narrow base.

In corporation tax, our experience has been that although the corporation tax is 40 per cent, the effective rate of tax on profits, according to various sample studies, indicates, that it is no more than 19 per cent or 20 per cent.

On customs duties, the Common Minimum Programme recognises that we must bring our tariffs to the world level over a period of Time. That, I believe, is the correct approach. We are now a part or we are trying to be a part of the ASEAN system. We are a full dialogue partner of ASEAN. We have applied for membership to APEC. We are a prime mover to SAPTA, leading to SAFTA. We are also one of the founding members of the Indian Ocean Rim initiative. All these regional arrangements mean that tariffs will have to be brought down. We will not be able to bring down tariffs overnight to very low levels.

Therefore, we have our own timetable, a timetable chalked out by the Raja Chellaiah Committee and we must adhere as far as possible to that timetable, subject of course to the exigencies of world trade, demand and supply.

Excise is a crucial tax. I wish we had a VAT. But for reasons which are obvious, we cannot have a pure VAT in this country. Taxes are levied both by the State Governments and by the Central Government. There are some very outdated and irrational taxes in the States. I need hardly name them. Efforts were made to bring the States and the Centre together to evolve a kind of a VAT. Since we have not been able to reach any conclusions on that, we continued with the MODVAT system. Excise is in the nature of a VAT, but not exactly a VAT. But it is a tax on value addition. At every stage, there should be an excise. But in order to ensure that it does not escalate, we should allow the adjustment of excise duties paid at an anterior stage. That is how we have introduced the system of MODVAT. In my view, we must move towards a single excise rate, subject of course, to MODVAT. That is the only way in which to distinguish between efficiency and inefficiency and to award efficiency.