

**(vii) Need for setting up of a Bench of Allahabad High Court in Meerut, U.P.**

SHRI AMAR PAL SINGH (Meerut) : In 1980 the then Banarsi Das Government and prior to that the Narayan Dutt Tiwari and Sampurna Nand Governments had made recommendations to the Central Government for setting up a Bench of Allahabad High Court at Meerut in the Western U.P., so as to provide justice easily and at cheaper cost to the people of the area. In April 1985 the Jaswant Singh Commission had also underlined the need to set up a Bench of the High Court in Western U.P. In Rajya Sabha also the then Law Minister had agreed to provide a Bench in Western U.P. Meerut is the Central place in Western U.P. It is situated at equi-distance from all the four divisions viz Agra, Moradabad, Garhwal and Kumaon. Meerut has its own historical identity since Mahabharat period and freedom struggle time. I would request the Central Government to take immediate necessary action to set up a Bench of the High Court at Meerut.

**(viii) Need to Extend Reservation to Minorities in the Country**

[English]

SHRI G.M. BANATWALLA (Ponnani) : There is a pressing need to extend reservation in services, education, in Parliament, Legislatures and in local bodies to every minority. The condition of the minorities, particularly the Muslims, in this respect are most appalling. The facts and figures presented by the Government of India's High-powered panel on Minorities too irresistably demand reservation for minorities. If it is done, only then the imperatives of a genuine policy of social justice can be met to usher in an equitable society.

I urge upon the Government to initiate necessary measures without delay.

14.29 hrs.

**INCOME-TAX (AMENDMENT) BILL\***

[English]

MR. DEPUTY SPEAKER : Now the House will take up item Nos. 15 and 16 together. Prof. Rasa Singh Rawat.

[Translation]

PROF. RASA SINGH RAWAT (Ajmer) : Mr. Deputy Speaker, this Ordinance has been promulgated under

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Indian Income-Tax Act and is very humane and has been done with regard to a National Calamity. It should have been brought earlier. Therefore, I do not want to press for the proposal for dis-approval of this Statutory Resolution because it is the policy of our party. This provision has been made for the cyclone affected people of Andhra Pradesh. It is a national need to send them the assistance. Therefore, I do not want to dis-approve it. If you will allow me later on, I will definitely speak.

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Mr. Deputy-Speaker, Sir, I beg to move:\*\*

"That the Bill further to amend the Income-tax Act, 1961, be taken into consideration."

On the night of 6th November, 1996, coastal parts of the State of Andhra Pradesh was hit by a massive cyclone which killed a number of people and caused large scale damage to property. In order to augment the resources for providing relief to the victims of Cyclone, a special fund called "Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996" was opened to receive contributions in cash or by cheque from individuals and institutions.

The Government of India has extended 100 per cent deduction under Section 80G of the Income Tax Act to donations made to this Fund by promulgating an Ordinance on 14th November, 1996 to amend Income Tax Act, 1961. We took this step to demonstrate our solidarity with the people and the Government of Andhra Pradesh during their time of distress.

Now, I am commending the Income Tax (Amendment) Bill, 1996 to replace the Ordinance. After Parliament passes the Bill, Section 80G of the Income Tax Act, 1961 will be amended to provide 100 per cent deduction in the computation of the total income of a doner in respect of contributions made to "Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996."

Sir, it is my hope that a large number of generous Indians and other will donate funds to meet the needs of relief and rehabilitation of cyclone affected people of Andhra Pradesh. I am grateful to the hon. Member for withdrawing his Statutory Resolution to disapprove the Ordinance.

Andhra Pradesh cyclone situation was discussed here for two days. I would request the hon. Members to pass this Bill without discussion. I think there is no need for discussion on this. This is only to show that in view of the enormity of the calamity we are amending this Act.

\*\* Moved with the recommendation of the President.

MR. DEPUTY SPEAKER : Motion moved :

"That the Bill further to amend the Income-tax Act, 1961, be taken into consideration."

SHRI MANORANJAN BHAKTA (Andaman and Nicobar Islands) : We all support this...(Interruptions)

[Translation]

AN HON'BLE MEMBER : What is the need of having a discussion on it?

MR. DEPUTY SPEAKER : I do agree but formality has to be gone through.

(Interruptions)

[English]

MR. DEPUTY-SPEAKER : Let me ask the other Members also whose names are there in the list. Shri Dau Dayal Joshi - not here, Shri Girdhari Lal Bhargava - not present, and Shri Ravinder Kumar Pandey - not here.

[Translation]

PROF. RASA SINGH RAWAT : Mr. Deputy Speaker, Sir, I am the first speaker. I should be allowed to speak first on behalf of my party...(Interruptions)

MR. DEPUTY SPEAKER : The Finance Minister has requested that it should be passed without discussion. However, it is to be discussed in any case, he will get the first chance to speak.

(Interruptions)

PROF. RASA SINGH RAWAT : As the Income tax Act is being amended, I have to say something on it.

[English]

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : Please excuse me. I have to go to the PAC meeting. Dr. Joshi will be here. I have to Chair the meeting. I request that I may be given a minute now.

MR. DEPUTY SPEAKER : All right.

SHRI NIRMAL KANTI CHATTERJEE : Sir, we all support this. We have even supported this as an Ordinance. There is no difficulty about it. The only thing I want to draw the attention of the Finance Minister is that there are several such relief funds in the name of Chief Ministers of various States. The proper course could have been, along with the Prime Minister's Relief Fund, you may make all such funds Income tax free. This is a suggestion which I am placing before him. Every State Chief Minister has a Relief Fund. They have spent the moneys unlike the Trusts etc., for good causes. Therefore, in the coming Bill, let him make all the Chief Minister's Relief Funds tax free.

[Translation]

PROF. RASA SINGH RAWAT : Hon. Deputy Speaker, Sir, I heartily welcome the Income Tax Act 1996 which has been brought forward to encourage and provide relief to those persons, institutions or corporations which are donating their money to the relief fund started by the Chief Minister of Andhra Pradesh to provide relief to the cyclone hit people in the State.

What happened in Andhra Pradesh on November 6, is a calamity not only for the State but a national calamity also. I expect every State and all affluent sections of the nation to come forward to assist the victims of cyclone in Andhra Pradesh. Hon. Finance Minister also deserves credit for such humanitarian acts on his part.

In the Act it has been sought to provide relief under 80-G so as to attract more and more financial assistance from donors. As Shri Nirmal Kantiji has rightly said, calamity relief funds are currently in operation in other States of the country. Orissa is facing severe famine. From time to time various other States have to face natural calamity or famine or other such crisis during which voluntary organisations, engaged in human welfare works, come forward to render assistance. The Income-Tax Act must provide for automatic succour to such organisations so that the Government may not have to resort to issuing such Ordinances.

Mr. Deputy Speaker, I would like to two or three things in this context. The Income Tax Act of India dates back to 1961 and they have brought an amendment to it in 1996. The Income Tax Act requires to undergo an overall change in the context of widespread changes in the economic and commercial field and social structure of the society since that date upto now. The Finance Minister made declarations in the past to that effect but similar declarations had also been made by many previous Governments that Income Tax Act will be simplified, its complexities will be removed and savers will be encouraged with special concessions provided to them, while spendthrift people will be taxed more, but all such declarations remained on paper only. Suitable action was not taken on them. The announcement made by the Finance Minister in the past has failed to yield results so far. Through you, Sir, I would like to submit to the Government that notwithstanding the amendment motion moved by the Minister to introduce fundamental changes in the Income Tax Act, 1961 the Government employees including the class IV employees have to pay income tax due to the present situation obtaining in the country consequent on the policy of liberalisation and globalisation. If changes are made under this Act, these people will not be able to either spend or save money because major portion of their income, which ought to be spent on their

big families, will go toward paying their income tax. Not only our party but all parties demanded that the income tax ceiling should be raised. Though the Finance Minister himself wanted to do the same, his wish has not been reflected in his action. He should have been given attention to this. The present Income Tax Act is very much complex and complicated and too hard to be understood by the common man. In order to make an account of it...

[English]

SHRI P. CHIDAMBARAM : He should stick to this Bill... (Interruptions)

MR. DEPUTY-SPEAKER : Please, be brief.

(Interruptions)

[Translation]

PROF. RASA SINGH RAWAT : Mr. Deputy Speaker, I want to make just two-three points. I do welcome the amendment motion put forward by the Minister, yet it is true that even the employees have to seek assistance from lawyers and approach the Chartered Accountants in order to fill up their income tax returns. I do hope that in the new Income Tax act he will be giving more concessions to savers. What is required today is a comprehensive Income Tax Act. Therefore, I make a request to lower down the present rates of income tax and simplify the procedures thereof. Although sometimes difficulties are faced in implementing the Income Tax Act...

MR. DEPUTY SPEAKER : It has no relevance to this Bill.

(Interruptions)

PROF. RASA SINGH RAWAT : With due deference to the sentiments expressed in the House, I heartily welcome the creation of the relief fund for the cyclone-hit people in Andhra Pradesh and earnestly hope that with this concession available, most of our countrymen will help alleviate the miseries faced by the cyclone-hit people of Andhra Pradesh arising out of this national calamity and will render help in similar other calamities, by donating liberally and freely.

Directions may please be issued for further liberalising the legal procedures, as pointed out by me earlier.

SHRI SRIBALLAV PANIGRAHI (Deogarh) : Mr. Deputy Speaker, Sir, I support the present Bill which seeks to amend section 80-G of the Income Tax Act so as to exempt from income tax the money being donated for helping the cyclone-hit people of Andhra Pradesh. I agree with what Nirmal Kanti Chatterjee and Rasa Singh Rawat have spoken here, i.e., natural calamities frequently occur in one or other province of our country.

Floods, droughts or earthquakes frequently occur in one or the other part of it. The situation sometimes becomes so formidable that the State Governments are unable to cope with it. Orissa is currently facing severe drought and the situation is terrible there. Even the Prime Minister and the Agriculture Minister have admitted that the situation in Orissa is not good, it is either as bad as that of Andhra Pradesh or even worse. I do not want to go into it. What has just been provided for Andhra Pradesh under Section 80-G of the Income Tax Act, must be made applicable for Orissa as well, whose Chief Minister also has the Relief Fund which too can attract donations. Through you, therefore, I urge upon the Government to make similar provision for Orissa also. There is no dispute that issuing of Ordinance was necessary for it as the Parliament was not in Session. Therefore, while supporting the Bill, I request the Government to make similar provision for Orissa also.

[English]

SHRI ISWAR PRASANNA HAZARIKA (Tezpur) : Mr. Deputy-Speaker, Sir, I have a suggestion to make in this regard.

This Bill should be passed but separately administrative instructions can be issued — it is for their consideration — that the sources of funds for these donations will not be questioned so that even if donations are made out of black money, no penal action will be taken against the donors. In a catastrophe of this kind we should resort to all kinds of means to see that we bring succour and relief as much as possible to the largest number of sufferers and if we have this kind of method — It is not a voluntary disclosure scheme as such — will encourage potential Donors and I am sure that this will help to fill up the coffers of the Relief Fund in a much better way than when it is restricted to only donations made out of accounted money. Therefore, donations made out of unaccounted money, sources of which cannot be explained, should also be encouraged in this case so that we can collect more money for this Relief Fund.

DR. T. SUBBARAMI REDDY (Visakhapatnam) : Mr. Deputy-Speaker, Sir, I must congratulate Shri Chidambaram for introducing a historic Bill because when a calamity takes place, naturally you cannot expect to generate the entire money from the Government. It is the duty of the people of this country and also of other countries to come forward to participate and to help the people in such a great calamity.

It is a very good start. All other friends have mentioned that since you have started this for Andhra Pradesh, the Government must take such a step in respect of calamities that occur in other States also.

It is also a novel idea. However, since I belong to Andhra Pradesh and it so happens that this calamity has taken place in my constituency and in my neighbouring constituencies, I am very much touched by this idea. I hope with this, we will be getting very good collection of money by way of donation, from various parts of the State, country and also from the industrialists. Of course, it is not desirable to encourage that whoever gives the money, we cannot give the account. That will again lead to a lot of confusion, misunderstanding and lack of communication from mind to mind which may not be desirable and advisable. Therefore, let us have a very firm and clear-cut formula and rule for this amendment. I once again thank you on behalf of the people of Andhra Pradesh for having given a great relief through this amendment. Thank you.

[Translation]

MR. DEPUTY SPEAKER : Chidambaramji, would you like to say something.

[English]

SHRI P. CHIDAMBARAM : Sir, the suggestion given by Shri Nirmal Kanti Chatterjee is a good one. As regards, Shri Rawat's point, I have already announced in this House that a Committee is working round the clock to redraft the Income-tax Act I am confident that I will be able to present a draft for public debate in the month of January 1997. After widespread public debate, I will introduce the Bill some time later in 1997. I request the hon. Members to kindly pass this Bill.

MR. DEPUTY-SPEAKER : The Resolution has not been moved. Let us come to the Bill.

The question is :

"That the Bill further to amend the Income-tax Act, 1961, be taken into consideration."

*The motion was adopted.*

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

The question is :

Clauses 2 and 3 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 and 3 were added to the Bill.*

MR. DEPUTY SPEAKER : The question is :

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

*The motion was adopted.*

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

SHRI P. CHIDAMBARAM : I beg to move :

"That the Bill be passed".

MR. DEPUTY-SPEAKER : The question is :

"That the Bill be passed".

*The motion was adopted.*

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : It is a record that within such a short time, we have passed this Bill.

MR. DEPUTY-SPEAKER : Let it go to the credit of the House.

14.48½ hrs.

#### STATUTORY RESOLUTION : APPROVAL OF PROCLAMATION BY PRESIDENT IN RELATION TO THE STATE OF UTTAR PRADESH

[English]

MR. DEPUTY SPEAKER : Then Shri Indrajit Gupta to move the Resolution.

14.49 hrs.

(Col. Rao Ram Singh *in the Chair*)

THE MINISTER OF HOME AFFAIRS (SHRI INDRAJIT GUPTA) : Sir, I beg to move :

"That this House approves the Proclamation issued by the President on the 17th October, 1996 under Article 356 of the Constitution in relation to the State of Uttar Pradesh."

[Translation]

Sir, the matter will be discussed in detail here and I will reply in the end.

[English]

As the hon. Members are aware, following a spell of President's Rule, general elections to the Legislative Assembly of Uttar Pradesh were held in Three rounds on 30th September, 3rd of October and 7th of October 1996. No Party or combination of Parties was able to secure absolute majority to form the Government in the State. The Party position in the State Legislative Assembly as it emerged after the elections was like this. The BJP-Samata Party alliance had 176 seats followed by the United Front with 134 seats and the BSP-Congress combine with 100 seats. Fourteen seats were held by others. On the 17th October, 1996, the Election Commission notified the results of the elections under Section 73 of the Representation of the People Act, 1951.