

MR. CHAIRMAN : In the morning, you raised this matter and the hon. Minister has made a statement now. That is the end of the matter. There cannot be any debate now.

(Interruptions)

SHRI S. BANGARAPPA : Sir, I would like to seek only one clarification. . . .*(Interruptions)*

MR. CHAIRMAN : The rules do not permit for any clarification.

(Interruptions)

SHRI PRAKASH MANI TRIPATHI : Otherwise, there will be no end to it. . . .*(Interruptions)*

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN) : It is not provided under the rules. That is the problem. . . .*(Interruptions)*

SHRI S. BANGARAPPA : Sir, we know the rules. . . .*(Interruptions)*

MR. CHAIRMAN : I cannot give you permission. I cannot go beyond the rules.

SHRI S. BANGARAPPA : Sir, Chief of Air Staff is dashing to Colombo. I would like to know whether it is a fact or not, and also what exactly his mission is. That is all. . . .*(Interruptions)*

MR. CHAIRMAN : Rule 372 says :

"A statement may be made by a Minister on a matter of public importance with the consent of the Speaker but no question shall be asked at the time the statement is made."

SHRI ANIL BASU (Arambagh) : It is not a question. It is some information to the House.

SHRI S. BANGARAPPA : It is some information to the House.

15.15 hrs.

FINANCE BILL, 2000

[English]

MR. CHAIRMAN : Now, the hon. Finance Minister may start the reply.

SHRI RAJESH PILOT (Dausa) : Is he rolling back ?

SHRI S. BANGARAPPA (Shimoga) : Is he rolling back ?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : Sir, I rise to reply to the very interesting debate which took place in this House for over eight hours until late into the evening. Last evening, the discussion was initiated by hon. Shri Narayan Datt Tiwari. He set a very high standard for the debate. Shri Vaiko from our side and other Members followed into that tradition. This was one of the best debates, one of the best discussions that I have seen in this House.

With the reply to the Finance Bill and the voting of the Finance Bill, we come to the end of the budgetary business in this House. The Finance Bill follows the presentation of the Budget because the Finance Bill contains the taxation proposals of the Government. Yesterday, therefore, when we were discussing the Finance Bill, while some of the hon. Members did refer to the various provisions of the Finance Bill in whatever light they saw those measures, many of the other Members have referred to certain general issues. Those general issues had already been covered in the general discussion that we had on the Budget in this House, again for many hours. I think it took place on the 15th of March. Therefore, if I am remiss in not responding to some of the issues which were raised yesterday and to which I had responded earlier in my reply, I hope I will be forgiven.

I would like to begin by what hon. Member, Shri Narayan Datt Tiwari said in the beginning. I realise that he was hard put to criticise something which he did not really want to criticise but political compulsions demanded of him to say something. He said that the Budget is dreamy and it is not based on reality. A general impression has sought to be created as if the two years that we have in office have been wasted years in the economic field and that when other formations were in power, then things were much rosier and much better. I have collected some information. I would like to contest that claim, especially, because when the hon. Leader of the Opposition was speaking in this House, she also referred to this and referred to the point that while during the Congress regime, 1991-96, a growth rate of around eight per cent was achieved. She said that the alarming weakness of collapse of growth levels under six per cent was a matter of concern. She said that this was the real issue because she was referring to me and talking about a political consensus for economic reforms.

15.19 hours

[Mr. SPEAKER in the Chair]

Now, what are the figures ? I will be very considerate, I will be very honest and, therefore, I am excluding the

[Shri Yashwant Sinha]

year 1991-92 which was a crisis year as we all know. I am taking the average of the next four years of the Congress regime, that is, 1992-93 to 1995-96. I am taking the average of two years of the UF Government and the average of the two years that we were in office. If I could refer to the figures, the average of these four years when the Congress Government was in power, in terms of real GDP growth, works out to 6.5 per cent. So, 6.5 per cent was the growth rate in four years. I have taken the four best years. The highest rate of growth in any one year was in 1995-96, and it was 7.3 per cent only.

It was nowhere near eight per cent, and the average, as I said, was 6.5 per cent. What was the performance of the two years of the UF Government? It was only a shade worse. It was 6.3 per cent for those two years. What has been the performance of two years that we have been in office under the leadership of Shri Atal Bihari Vajpayee? It has been 6.4 per cent. So, 6.5 per cent, 6.3 per cent and 6.4 per cent was the highest rate of growth in the Congress regime, as I said. That growth rate not only continued but spilled over into the UF Government regime. It was 7.5 per cent. The highest growth rate, we have ever recorded in 1996-97 dipped to five per cent in 1997-98 and went up again to 6.8 per cent when we assumed office in 1998-99 and it is estimated to be 5.9 per cent. I am going by CSO estimates, I am not raising to 5.9 per cent in 1999-2000. So, these are the figures.

I would like to quote one more figure because this is also something which is being discussed in this House. It was mentioned even yesterday and that is, the performance of the agricultural sector. It was made out as if agriculture has actually suffered. When we came to power agriculture had done extremely well. When others were in power the average in the Congress regime as far as agricultural production was concerned was 3.5 per cent. The average of the two years when the UF Government was in power was 3.9 per cent and the average of the two years that we have been in office is four per cent. So, these are the figures which speak for themselves and, therefore, I will suggest to respected Tiwari that we certainly have our feet firmly planted in reality on the ground and we are not really floating in thin air.

SHRI MADHAVRAO SCINDIA (Guna) : If you can yield. Should you not compare what the growth has been this year compared to the growth in your first year? The growth in your first year and I stand to be corrected, was about 7.2 per cent and the growth this year has been 0.8 per cent. There has been a sharp fall. So, the average shows only a mean level of four per cent or whatever.

But the fact is that this year you have come down to 0.8 per cent.

SHRI NARAYAN DATT TIWARI (Nainital) : I had mentioned a whole list of major announcements made by the hon. Finance Minister which had not been implemented. I was mentioning the "Dreaming Budget" in that context. Will he please explain why these major announcements regarding the poorer sections of population were not implemented?

SHRI YASHWANT SINHA : The hon. Tiwari was a picture of dignity yesterday I would like him to hold his patience a little longer because I am going to cover all the points which have been raised. I have just begun. I would like to request hon. Members through you that if this kind of interaction goes on then it will become more difficult for me to touch all the points.

SHRI MADHAVRAO SCINDIA : I want to thank you for yielding.

SHRI YASHWANT SINHA : When hon. Members like you or Shri Narayan Datt Tiwari stands up, courtesy demands that I should yield.

It is true that the GDP rate this year is at 5.9 per cent as Shri Madhavrao Scindia said, because of a decline in agricultural production. It was only 7.2 per cent in 1998-99. It is expected to be around 0.8 per cent in 1999-2000 and that is what despite a strong performance on the industrial front has brought down the overall growth rate. But if you look at the agricultural production over the years--which I have given them when I was replying to the general discussion on the Budget, I had given the annual figures on the First Plan onwards--you will find that it goes down, valleys and peaks. That is how the agricultural production has behaved in this country. That is the trend and therefore, if you look at your figure, for instance for 1995-96, in our case it is 0.8 per cent positive.

It was minus 0.9 per cent in 1995-96. But I am not blaming you because we know that as far as agricultural production is concerned, there are a number of factors which influenced agricultural production including Government's policy and also, for instance, the weather.

This is as far as growth rates are concerned and I do not see any reason why this Government should be apologetic about the performance that we had put in during the last two years. I would like to say that industrial production has picked up; it has turned out to be quite an impressive performance. All the estimates of the current year--whether it is the Centre for Monitoring Indian Economy, whether it is the Reserve Bank of India or anyone else who is looking at the prospects of growth,

every one is projecting a seven or over seven per cent growth for the current year. I would like to assure this House, Sir, through you, that this is the growth rate that we have targeted in this year's Budget and we are determined to achieve, if not exceed this growth rate.

Now, as I said, the Finance Bill deals with taxes. My friend, Shri Rupchand Pal raised some fundamental issues. I would like to respond to some of those issues. He made the point that tax-GDP ratio was declining. That is a fact because the tax-GDP ratio in 1990-91 was 10.8 per cent. That was a crisis year, but still the tax-GDP ratio was 10.8 per cent, one of the highest that we have seen ever and it declined and it continued to decline for various reasons. But I am happy to inform this House that the ratio has gone up from 8.2 per cent of the GDP in 1998-99 to 8.9 per cent in 1999-2000. We are on the way up and, once again, I would like to say that this ratio will go up. The tax-GDP ratio will go up. I would like to mention some facts here.

Shri Rupchand Pal also referred to the ratio of direct and indirect taxes. I have some figures here. The ratio of direct to indirect tax in 1991-92 was only 19.1 per cent for direct taxes and 78.4 per cent for indirect taxes. However, in 1999-2000, the direct tax share had gone up to 33.5 per cent and the indirect tax share had come down to 65.9 per cent. This is a very healthy trend. This is not an accident, but this is the result of the conscious policies that we have followed.

What are the conscious policies that we have followed? From 1993-94 to 1996-97 – this is a very important fact that I would like to bring to the notice of the House—the number of tax payers in the Income Tax, direct tax side, continued to hover around one crore mark. There was no jump and there was no increase in 1997-98. The credit must be given to the U.F. Government's Minister of Finance, Shri P. Chidambaram, who, unfortunately, is not in the House today. Shri Chidambaram came out with the two-by-four formula and a result of that two-by-four formula in 1997-98, we added 15.24 lakh new assesseees in the year 1997-98. The House will recall that in 1998-99 Budget I changed that formula from two-by-four to one-by-six, and also extended the coverage and made the quotation of PAN compulsory for high value transactions. There were some criticisms even in this House as to why I was doing it.

But I knew that this would have salutary impact on the tax evaders. I am glad to report to this House that in 1998-99, we added 41.11 lakh new assesseees to the income-tax rolls and have crossed the two crore mark in December, and by March, the number of income-tax payers in this country has gone up to 2.15 crore. It is

an exponential increase in two years and that is as a result of the steps that we have taken. I have extended in this year's Budget, this 1/6 Scheme to 79 more cities and I am quite sure that this will show further beneficial results by addition to this year's tax regime.

As far as indirect taxes are concerned, it has been my efforts to simplify and rationalise the Central Excise and Customs Duty structure and simplify the procedures. I am glad that in the 1999 Budget, I was able to reduce the major rates of excise duty and from 11, I brought them down to three. This year we have created the Central VAT of 16 per cent. In effect, it has been brought down to one rate and 86 per cent of the total revenues of excise will be collected in this slab. Similarly, seven major rates of customs duty have been reduced to four this year.

The question of black money was raised. We are doing our best to ensure that the generation of black money in the economy is curbed. To my mind—and I am being very honest—the problem of black money cannot be tackled by coming out with one black money immunity scheme after another, year after year, because that breaks the morale of the honest tax-payers, that breaks the morale of the tax enforcement authorities, and therefore, I have eschewed this path in my three budgets.

There was a mention of the *Kar Samadhan* scheme. Let me hasten to add—this is the point which I had clarified in 1998—that the *Kar Samadhan* scheme was not an immunity scheme; it was to settle the disputes between the tax-payer and the Government. Therefore, I have not followed the foot-steps of some of my very distinguished predecessors and I would like to ensure that the entire machinery of the Government catches hold of the black-money fellows. We behave like Kaaldoots for them rather than give in to them and submit to their wishes by having one immunity scheme after another. Therefore, we are doing our best to ensure that all this is taken care of.

A question was raised about the arrears of tax. It is a very important problem. But it is not a problem which got accumulated in the last two years. It has a large backlog of accumulated arrears which I had inherited. I would like to take the House into confidence and say that I and my colleagues in the Ministry, the Ministers of State, have been going out to each major centre in the city, personally talking to the tax officials and making sure that the arrears are reduced to the minimum, and I am glad to inform the House that the rate of increase has been arrested and we are trying to control the situation. Here again, I would like to assure the House that our efforts to ensure that we collect the arrears which are due and the amounts which are due, will continue.

[Shri Yashwant Sinha]

The other issue which was raised was in regard to Permanent Account Numbers. I would like to say that during the last two years, we have disturbed 1.65 crore Permanent Account Numbers to the various assessees.

In this year's Budget I have already said that the PAN will be the common business identifier and I am also happy to report to the House that the Income-tax Department has set up 33 Computer Centres in 1998 along with three Regional Computer Centres and one National Computer Centre. We are trying to computerise both the Boards in order to ensure that things proceed in a reasonable and taxpayer-friendly manner.

The other issue that was raised here-I think again Shri Rupchand Pal raised that issue-was about the dispute which arose with public sector undertakings in regard to payment of tax. MTNL's case was cited. It was unfortunate that there was a misunderstanding and MTNL went to the High Court. MTNL was told that the Tax Department was in the right and, therefore, they ended up paying the tax which had been demanded.

But the other point which had been made that we were being soft to the multinational companies is not a fair criticism of the Government's tax administration. I would like to say that it was under my leadership of the Finance Ministry that we caught hold of the MNCs who were not deducting tax at source. I ensured that they were surveyed. As a result of that, in 1998-99 we ended up collected Rs. 600 crore from the leading MNCs operating in this country. This is the attitude that we have towards the MNCs.

Here I would also like to refer to another issue which has been raised in this House by hon. Shri N.D. Tiwari and some others and Shri Kirit Somaiya from our side. This is in regard to the Mauritius route of tax avoidance. There is nothing that the Government has to hide in this regard. The avoidance of Double Taxation Treaty was entered into in 1983. It is a very old Treaty. In 1992 Mauritius changed its law and permitted offshore funds to be set up in Mauritius.

From 1st January, 1993 the stock markets in this country were opened for foreign institutional investors. Now, this has almost happened in tandem that we opened our stock markets for foreign institutional investors and Mauritius changed its law to permit the foreign investors to come and set up shops in Mauritius.

Now, what happened this year? I got a letter from the hon. Finance Minister of Mauritius. This is a letter dated

27th March, 2000. I would like to quote this letter. He said in this letter :

"Excellency, my attention has been drawn to a recent development that puts at risk one of the pillars of Indo-Mauritian economic cooperation."

One of the pillars of Indo-Mauritian economic cooperation, according to him, is this Tax Avoidance Treaty. He went on to say in this letter that :

"Companies incorporated under our off-shore regime are residents of Mauritius for tax purposes."

Hon. Member Shri Somnath Chatterjee is sitting here. He will be able to appreciate this point. Other Members who practise law on this side would be able to appreciate this point that they are residents of Mauritius under the Tax Treaty.

Now, I went into this question in some detail – not because I was bothered about their stock market but because the Finance Minister of Mauritius had written this letter of me. I had to give it due weightage and because one of the pillars of Indo-Mauritius economic cooperation was at peril. So, I went into this question and I found a precedent.

What was that precedent? In 1994 the Chief Commissioner of Income-tax in Mumbai had made a reference to CBDT that certain funds had come in through a Cayman Island registered company which was a resident of Mauritius. When that reference was made, then CBDT issued a clarification. CBDT issues clarifications. It is nothing unusual for CBDT to issue clarifications on important issues.

So, When the CBDT issued the clarification, on the 8th of October, 1993, *The Economic Times* carried a news report. What did it say? The headline was 'CBDT stands on capital gains to hit foreign investors'. When this news report appeared, then things moved fast in the Ministry of Finance and the CBDT, which had given one interpretation, changed that interpretation and it was clearly mentioned that as long as they were residents of Mauritius, they were taxable in Mauritius and not in India, according to this Treaty. Now, what is my fault? My fault is that when this matter came to my notice, the CBDT examined this issue, brought it to my notice, decided to issue a clarification and the only clarification that has been issued is that in respect of a company which is resident in Mauritius, we will go by the certificate of the Mauritian authority whether it is resident in Mauritius or not for tax purposes and we will not go and make inquiries whether those companies are following Mauritius' laws or not and

whether the Government of Mauritius has issued, rightly or wrongly, those residence certificates. That was the simple clarification which was issued by the CBDT to put to an end to the issue which had been raised by the Finance Minister of Mauritius.

Sir, while I am on this subject, I would like to say that much was made here yesterday in the discussion as if I am the Finance Minister for Mumbai Stock Exchange. I am not. I would not say that I do not care for the stock market. I do not think, any Finance Minister in any modern economy can say that he does not care for the stock market. But I must confess that the manner in which the stock market has been behaving has left much to be desired. I think – if I am permitted to use that expression – it is a very silly behaviour on the part of the stock market. I can imagine the stock market responding to the fundamentals of the economy, I can imagine the stock market responding to the company results, but I cannot imagine a stock market which is only responding to rumours. Bombay Stock Market has become a market which is driven by rumours. This is why, it is behaving in a manner which is very silly. I will hope that some sanity will dawn on those who are operating in the stock market and that they will behave more responsibly as they must.

Sir, another issue was raised here. I think, Shri Rupchand Pal made much of it. I was very scared because I do not know where he has caught me, and Shri Somnath Chatterjee was also nodding violently in agreement with him. What was it? It was about clauses 100 and 101 of the Finance Bill. Now, what do Clauses 100 and 101 of the Finance Bill say? The earlier arrangement was that the Department could employ a chartered Accountant to carry out the audit of the accounts of a company which we wanted to be audited, and the law was that we will not only collect taxes on the basis of those audited accounts, but we will also charge the fees of the Auditor from that company. Now, I have made it a little more user-friendly. I have said that we will not charge that person or that company the fees for the Chartered Accountant. If the Department employs a Chartered Accountant, then the Department itself will pay that fees. So, there is absolutely nothing here to . . .

SHRI SOMNATH CHATTERJEE (Bolgpur) : Then, why was it changed?

SHRI YASHWANT SINHA : It was changed because it is more user-friendly. If I want some accounts audited, I must pay for it. Why should somebody else pay for it? Therefore, we have said that if the Department wants, we will appoint an Auditor and they will be charging.

SHRI RUPCHAND PAL (Hoogly) : There was a court case at Kolkatta of Paharpur Cooling Towers who got a

stay on this particular provision and subsequently others followed, and the Government, instead of contesting that, just subjugated themselves to such a position under pressure from the industrial houses. This is what I said.

SHRI YASHWANT SINHA : I have said this before in the House. Shri Rupchand Pal, you also raised the question of sovereignty.

Every time we do something, it is the sovereignty of the country with which we are compromising; every time we do something, we are doing it under the pressure of industrial houses.

SHRI SOMNATH CHATTERJEE : We have been very patiently listening to the very lucid exposition of what the picture is, which is not a true picture of the country; he is doing it very ably and we appreciate it. But the question is, what has bothered this Finance Minister, about payment of fees by the auditors, that he made conscious changes in the Finance Act? That is why, we said, "How much money have you saved for these people?"

SHRI YASHWANT SINHA : Sir, the issue which was raised was a different issue. The issue which was raised was that we have amended this particular provision in order to take away the independence of the auditors. That was the point which was made that the auditors will no more be independent. Now, I cannot understand this logic; if the company is paying for those auditors, then they will act independently; if the Government is paying for them, then they will act partially. It does not make sense.

SHRI RUPCHAND PAL : Even the records will be kept by the industrial houses and not by the Government.
... (Interruptions)

SHRI YASHWANT SINHA : Yes, he will become more independent. That is the point which was made.

SHRI SOMNATH CHATTERJEE : You have got a very good supporter.

SHRI YASHWANT SINHA : I think, you are referring to the former Revenue Secretary.

These were all the issues that were raised on the tax side, and I have exhausted all the issues that were raised on the tax side. There were some other general issues which were raised.

SHRI RUPCHAND PAL : What about zero tax companies?

SHRI YASHWANT SINHA : If the hon. Member had studied the Budget proposals that I have made, he would have realised that MAT, the Minimum Alternate Tax, is

[Shri Yashwant Sinha]

something which is now applicable at 7.5 per cent across the board. The Minimum Alternate Tax was devised to prevent companies from evading tax. . . .(Interruptions) All of them will have to pay at 7.5 per cent because I have done away with all the exemptions. Except for charitable institutions, I have done away with all the exemptions because exemptions were spoiling the statute book.

Sir, NPA was one of the issues that was raised. I remember, during the Question Hour, I had answered a question here in this House. I had covered the point of NPAs during that time. So, I would not like to take the time of the House in that regard.

Then the question of external debt was raised, and a point was made as if external debt has gone up exponentially in the last two years. I have been holding this view that external debt is well within the control. This is an information that we share with Parliament; every six months, a status paper on external debt is brought before the House. As far as the external debt is concerned, we are in a very, very comfortable position. There is nothing to worry about. We have brought down the short-term external debt from 5.3 per cent, which is what it was when we came into Office, to 4.4 per cent in March 1999. It will go down further. And all students of economics would know that it is the short-term debt which has played havoc with economies the world over. This is one area where we have been extremely cautious, and we are continuously bringing down the short-term debt.

It is actually the internal debt that we have to bother about. It is the internal debt which as a result of the rising fiscal deficit has been going up. Shri Tiwari is quite right in worrying about it, in feeling concerned about it. But I would like to say that it is not our policy to borrow money and drink ghee. He has said, That is not our policy. My colleague, Shri Kirit Somaiya, has contested that point. I have always taken this House into confidence by stating that the fiscal deficit problem has to be tackled by all of us together. You referred to the finances of the State Governments. Now, the State Government finances have indeed collapsed.

Why did they collapse? They collapsed because— and I will just share this information with the House — the total expenditure of the Central Government on salaries and pension increased from Rs. 37,401 crore in 1996-97, prior to the Fifth Pay Commission, to Rs.73,646 crore during the current year. This is the problem. It has added a huge burden, an unbearable burden, a devastating burden on the States finances. This is the problem that we have

landed ourselves in. Therefore, when I am asked as to why I do not reduce Government expenditure, I have to quote these figures to prove how difficult it is to do this. Still, we have not given up.

I am very happy to report that cutting across the political lines, we are in touch with each State Government on this. I am very happy to report to this House that each Chief Minister, whether he belongs to the Congress Party, to the Left Parties, to our party or to our alliance Parties, is today acutely aware of the problem of payment of wages and salaries and the impact that it is having on his finances. Therefore, we have sat down with them, we have devised in consultation with them certain formulas as to how we can bring the fiscal house into order. I am very happy that each one of them is going ahead. Whatever a Chief Minister might say outside politically, let me tell you that when we have a one to one meeting, we are in complete agreement in regard to the steps which have to be taken. If I had not worked out this kind of understanding with the Chief Ministers of the State Governments, I would not have been able to achieve what I did in November last year, namely, a complete consensus of the State Governments in regard to the minimum floor rates of sales tax.

[Translation]

SHRI SOMNATH CHATTERJEE : It has created a big problem for us.

SHRI YASHWANT SINHA : There is no problem. I will tell you.

[English]

Everybody has fallen in line. It is a major advance towards rationalisation of taxes in the States and at the Centre. I had mentioned in my reply to the Budget debate that from the 1st of April, 2001, this country proposes to move to a VAT regime with sales tax and central excise all put together. So, that is the most important thing.

Another issue, the issue of disinvestment, was raised. I will not go into a general discussion on disinvestment. Much had been made of the fact that Modern Foods Limited has been sold for a song. On behalf of the Government it is my duty to clarify that the case of Modern Foods Limited was not a case of asset sale. It was the sale of the shares of Modern Foods Limited. We have not sold Modern Foods Limited one hundred per cent; we retained 26 per cent of Modern Foods Limited. Despite all the objections raised, the Twelfth Lok Sabha had approved what I had said in my 1998 Budget speech, that in a generality of cases Government equity in non-strategic industries would be brought down to 26 per cent. Modern

Food Limited was a non-strategic industry. So, in line with that policy, we have disinvested up to 74 per cent.

A point was made here by somebody that we have sold Rs. 2,000 crore worth of assets for a song. We got everything evaluated. Valuation of everything was done. The market value of the total assets including land, buildings, flats, etc., of Modern Foods Limited came to Rs. 109 crore. We got much more than that. For the share whose face value was Rs. 1,000, we got a value of Rs. 11,489. This is the value that we got for our shares.

[Translation]

SHRI RASHID ALVI (Amroha) : By whom did you get the evaluation done ?

SHRI YASHWANT SINHA : We did not utilize your services for this purpose. It was done by the experts in the field. It was not got evaluated by those who said its value was Rs. 2000. I invite them also to come and evaluate it and tell me thereafter.

[English]

Sir, the question was raised about the agricultural sector as if this Government is neglecting it. I will refer to it briefly. I would like to say that in the three Budgets that I have presented, I have taken a number of path-breaking steps in order to promote the agriculture. In this regard in my Budget Speech last year, I had used that expression that

[Translation]

"What does the farmer need, he needs water and money". . . .(Interruptions)

[English]

Today, we are talking about drought. . . .(Interruptions)

[Translation]

SHRI PRAVIN RASHTRAPAL (Patan) : Fertilizer is also needed. . . .(Interruptions)

SHRI YASHWANT SINHA : If he has money he will buy fertilizer as well as seed. I had said that if we provide facilities such as irrigation, required loan etc., then the farmer will become prosperous. I would like to tell you that whenever I visit my constituency farmers ask me to make arrangement for irrigation. They say if irrigation facilities are provided land can be turned into highly fertile land but there is no water and today we are discussing drought in this House. I would like to remind that. . . .(Interruptions)

SHRI ANIL BASU (Arambagh) : In Orissa and Gujarat livestock population has been destroyed.

[English]

The population has been destroyed. . . .(Interruptions)

SHRI YASHWANT SINHA : Let us not spread panic. . . .(Interruptions)

MR. SPEAKER : Hon. Member, please, let him complete.

SHRI YASHWANT SINHA : We are facing a difficult situation but there is no need to spread panic because whatever we say has an impact on other people. . . .(Interruptions) It is not like that. I do not know. . . .(Interruptions) We had also sent teams to Gujarat both official as well as from the party and this is not the picture that we have got. . . .(Interruptions)

Sir, about the agriculture credit, we have distributed 50 lakh Kisan Credit Cards. What is the target for this year ? The target for this year is 75 lakh Kisan Credit Cards. I had come out with the Watershed Management Scheme last year. I had increased it by 31 per cent. Shri Narayan Datt Tiwari was asking me, ' what happened ? ' In regard to every scheme including your *Kutir Jyoti Scheme*, we take follow up action. When a scheme is introduced in the Budget - Shri Narayan Datt Tiwari-ji, you have been one of my distinguished predecessors - you know that everything is followed up. I have personally called meetings of the Secretaries of the concerned Ministries and discussed with them the issue of implementation of the Budget announcements, not only for last year but also for previous years. I follow, and I will follow up on them when I am through with this Budget. But every scheme is being implemented. Let us not entertain any doubt in regard to the efficacious of the schemes that I have announced in the Budget, including the scheme of micro credit.

Sir, RIDF has been increased to Rs. 4,500 crore in this year's Budget. Rs. 4,500 crore of NABARD money will go to rural areas to buttress what is being done by the banks.

Sir, I would like to say that whether it is poverty or whether it is unemployment, we have taken a number of steps to make sure that these issues are taken care of through the budgetary support. And, we have requested the State Governments to ensure that they also fully participate in this. I would like to say that for the first time we are taking the State Governments fully into confidence in regard to our economic policies and in regard to the reforms programmes. Have I not, Sir ? . . .(Interruptions) I am not dealing with the Finance Minister of West Bengal on a most friendly and cordial basis. If you see the Convenor of the Standing Committee of the State Finance Ministers which is looking into all these issues, we are

[Shri Yashwant Sinha]

sharing our responsibilities, and therefore, we might take political position in this House. It is very easy for us to make political points in the cut and thrust of the debate but the fact remains that all of us, cutting across political party lines, all of us who are in power in the State, at the Centre, somewhere we are acutely aware of what the problems are, where the shoe is pinching. And, therefore, it is a common approach that we have brought to bear upon this.

16.00 hrs.

Therefore, it is a common approach that we have brought to bear upon this. This is the political consensus about economic policies and economic reforms which I am sure, is going to hold this country in good stead in the years to come.

This is the last point that I am making and I will be done. We have gone out of our way under the dynamic leadership of the Prime Minister in the last two years to promote knowledge industry in this country and even some other concessions that I announced yesterday are primarily meant to promote knowledge industry. I came across a very interesting article which was published in the *Business World* of 17th January, 2000. The heading is "Knowledge is God". This is a hand-written text on a parchment which they discovered in Daulatabad. This was known as Devangiri in the past. This is a conversion of Shri Bhaskaracharya who told his disciples then, among other things, that :

"I have seen in a dream that many centuries from now, the world will be run by great computing machine. Our people will be uniquely placed to dominate this era."

It was in 12th century A.D. edict of Shri Bhaskaracharya on a parchment. He says :

"Our people will be uniquely placed to dominate this era."

He goes on to say that :

"When the problem of zero threatens to disrupt the world, it will run to our people for help. They will solve the problem and, in the process, prove their genius in the era of knowledge. The land will prosper. Our people will once again discover the *Upanishadic* dream *Pragya Brahma*, knowledge is God."

This is Shri Bhaskaracharya in 12th century B.C. which has been left to the Prime Minister Shri Atal Bihari

Vajpayee to bring that dream to ground reality. This is exactly what I have done.

Thank you very much. . . (Interruptions)

SHRI SOMNATH CHATTERJEE : Has the Prime Minister accepted the description ? What about the main issue which is concerning the country today ? The Finance Minister is very ably giving a picture and I say it is not a true picture of the country. That is a fact. Whatever you may say, it is a temporary majority here which they are having. All of them are glum faced except Dr. Nitish Sengupta who is always happy. The Finance Minister talked about the recovery of income-tax. What about the fertiliser amount that was drawn by fertiliser company by gold plating their nameplates ? Rs. 2,000/- crore are outstanding from them and if this was not recovered, you would not have to make any cut in this subsidy. Fertiliser subsidy is being paid. The amount which is reduced is really paid by the farmers. Unfortunately, the Leader of the other House says that the dues of the fertiliser companies have been reduced. I am sorry to say that it is totally misleading because the selling price has been increased. Fertiliser selling price has increased and the entire burden has gone to the farmer about whom you are shedding some tears. Therefore, I want to know from you, with all humility, what you propose to do with regard to fertiliser subsidy.

I would like to know what you propose to do with regard to the PDS prices. Here, I am sure, as in the morning, every section of the House would join me. A major section of the House would join me, including Shri Murali Manan, the Commerce Minister who is feeling the pinch of it in his own State. I would like to have a categorical answer from the hon. Minister of Finance.

SHRI MADHAVRAO SCINDIA : Sir, I would like to fully associate myself with Shri Somnath Chatterjee on the crushing burden that has been put on those below the poverty line, on the farming community and on the housewives. We were expecting some relief, some way by which their burden could be lightened, especially the burden of the farmers who are reeling today under a drought. I was very much surprised to hear the hon. Minister of Finance saying that he had visited Gujarat and that no such dire situation existed. He said that no such dire situation existed there. I have been to Gujarat yesterday. The sort of suffering that is taking place there is unbelievable – the total disorganisation in the relief camps and the way the people are not being paid their daily wages. . . (Interruptions)

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI HARIN PATHAK) : Sir, it is not correct.

. . . (Interruptions) I am from that State. I can say that it is not correct.

MR. SPEAKER : The Minister is there. He can reply. Please take your seat.

(Interruptions)

SHRI SOMNATH CHATTERJEE : The Minister should not interrupt. . . . (Interruptions) I request the hon. Minister not to interrupt. This does not look good.

MR. SPEAKER : Hon. Members, please take your seat.

(Interruptions)

SHRI MADHAVRAO SCINDIA : I do not think that we are desiring to dictate what the hon. Minister of Finance should say; and, I think that we require the minimum courtesy that they should not expect to dictate what we are going to say. Parliament is a forum where everyone should freely express his views without being shouted down. The example set, unfortunately, by the Minister of Parliamentary Affairs this morning should not be emulated by the rank and file. This is my earnest request.

We were all waiting to hear what relief you were going to give to the economically weaker sections, to the farming community and to the housewives from the crushing burden of prices.

The second clarification I wanted was on Modern Foods. You referred to Modern Foods and referred to the shares being revalued. What I would like to know is, when the revaluation of the Modern Foods share was done, was the real estate value taken at the depreciated, written down value? Or, was the real estate value also taken at market value to be then included in the revalued share price that your auditors or whoever calculated it arrived at? Was the market value of the real estate taken? Or, was it taken on written down value? Then, Hindustan Lever Limited, apparently, had said that out of the workforce of approximately 4,500 people, only 700 people would remain employed and that 3,800 would be retrenched over a period of time. I think, this is the responsibility of the Government. We do talk of the safety net. We want to see this safety net operating. Can you ensure that these people do not lose their jobs? If they do, is there any opportunity or any occasion where redeployment or retraining could take place? If all this fails, how much would the safety net offer so that there is a real golden handshake at the end of the rainbow for those people who will be thrown on to the streets?

[Translation]

SHRI NARAYAN DATT TIWARI : Sir yesterday I sought clarification. . . . (Interruptions)

[English]

MR. SPEAKER : We are not opening the subject for discussion. At this stage, only clarifications are sought to be allowed by the Leaders.

(Interruptions)

SHRI PRAVIN RASHTRAPAL (Patan) : He has simply ignored what I said yesterday. I want a reply.

MR. SPEAKER : You have participated in the discussion yesterday. Please sit down.

(Interruptions)

[Translation]

SHRI NARAYAN DATT TIWARI : Sir, yesterday, I gave figures about rising pressure of poverty. It is not a party issue or a political issue. The Government is paying attention to the employment in the knowledge based industry with regard to rising unemployment of educated youths. But where from will employment opportunities come as knowledge based public schools or computer schools are not there at all places. I also drew the attention of the Government towards framing a policy for reducing the unemployment and enhancing the employment opportunities and also towards the fact that the poor and backward sections of the society are lagging behind and the regional imbalance is increasing in the country. In five states, i.e. Uttar Pradesh, Bihar, Orissa, Madhya Pradesh and Rajasthan there is acute poverty. In 13 States there is less poverty and in 5-6 states there is acute poverty and this gap is increasing. About this I had asked clarification with regard to Government policy. I would like to know whether the R.B.I. in its Reserve currency and Finance Report and other reports have hinted towards this? This is not a question of party. This is a burning question before the country. I want clarification of this question, unfortunately I did not get a clarification.

[English]

MR. SPEAKER : Only a small clarification is allowed now. Shri Pandiyan.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN) : I can understand senior leaders seeking clarifications. Otherwise, we have discussed it for nearly nine hours.

SHRI P.H. PANDIYAN (Tirunelveli) : Sir, the Government has notified that milk and milk products are importable freely without any restriction and at the same time, indigenous manufacturers are subjected to restrictions, contained in Milk and Milk Products Order 1992. Will it be abolished or will it be intact, to preserve the interests of indigenous manufacturers? I want an answer from the hon. Minister.

SHRI RUPCHAND PAL : I am on a specific point. I said during the course of my speech that there are some companies, which are considered to be the most profit-making companies of the country. They are paying, as a provision of Minimum Alternate Tax, only 7.5 per cent while others are paying the stipulated 35 per cent. What steps the Government proposes to take against those profit-making companies, which are depriving the Government of their dues in terms of revenue?

SHRI S. BANGARAPPA : The matter relates to the import duty on certain items that we are importing. Take the example of newsprint. Actually there is no import duty on newsprint. In our country, as far as the production of newsprint is concerned, the factories in Karnataka, Tamil Nadu, Madhya Pradesh and somewhere else are completely hit. All the godowns are completely full and there is no buyer at the rate that is available in the market, as far as our domestic newsprint production is concerned. I would like to know from the hon. Minister whether he would like to think of imposing import duty on newsprint that we are going to import so as to see that our newsprint production is kept at a higher rate and also it is made available at a lower price. . . .(Interruptions)

SHRI YASHWANT SINHA : When we were discussing the Budget, I addressed the point, which has been raised by Shri Madhavrao Scindia. I had said then that I could understand Shri Somnath Chatterjee raising the issue of prices.

SHRI SOMNATH CHATTERJEE : Your own allies are threatening.

SHRI YASHWANT SINHA : But they have not raised it now; you have raised it now. I had said in my reply to the Budget discussion that I could understand if they raise this issue. But I really cannot understand the Congress Party raising this issue. I am totally at a loss to understand that. I was quoting some figures. I will take the averages. Shri Madhavrao Scindia was saying ' . . . crushing burden of rising prices on the poor.' I repeat ' . . . crushing burden of rising prices.'

When the Congress Party was in power in 1992-93 - I am excluding 1991-92, - the rate of inflation was seven

per cent, 10.8 per cent in 1993-94, 10.4 per cent in 1994-95.

SHRI MADHAVRAO SCINDIA : You are by-passing.

SHRI YASHWANT SINHA : What is by-pass? You need a by-pass. . . .(Interruptions)

SHRI SOMNATH CHATTERJEE : Are you happy following them? Are you happy emulating them?

SHRI YASHWANT SINHA : 8.2 per cent is the average price increase of those four years. This is what happened. . . .(Interruptions) It was 6.1 per cent when the United Front Government was in power for two years. It is 4.5 per cent in the two years that we have been in power.

[Translation]

You are talking of prices. Here, Congress Members are raising the issue of fertilizers and P.D.S. and are saying that crushing burden has been imposed.

SHRI PRAVIN RASHTRAPAL : It is not only the Congress Members who are saying this. . . .(Interruptions)

SHRI YASHWANT SINHA : Congress has increased the prices of P.D.S. and fertilizers four times between 1991 to 1996.

[English]

SHRI RAJESH PILOT : The Urea price was rolled back.

[Translation]

SHRI YASHWANT SINHA : In 1991, prices were slightly rolled back. My friend Shri Shanta Kumar ji is sitting here. Giving reply to the debate which lasted 8-9 hours, in this House he had said that when Congress Government laid down office in May 1996, at that time what was the price of wheat in P.D.S. Do you know that, if you know then tell. . . .(Interruptions)

SHRI SOMNATH CHATTERJEE : Therefore, it was removed.

SHRI YASHWANT SINHA : At that time wheat used to be sold at four rupees and two paise in P.D.S. My friend Shri Devender Prasad Yadav is sitting here. When he became a Minister in the United Front Government he introduced the difference of A.P.L. and B.P.L. and prices were reduced for B.P.L. Besides it was decided that 50 per cent of the economic cost would be charged to B.P.L.

SHRI BASU DEB ACHARIA (Bankura) : This was not the decision.

SHRI YASHWANT SINHA : You are speaking without going through the file. At that time you were supporting the Government. Therefore about prices the House has the right to direct me whatever it wants to. But Members of the Congress party do not have this right. . . . (Interruptions) Shri Somnath Babu was talking about tears. I want to ask him whether he is shedding crocodile tears or I. . . . (Interruptions)

[English]

SHRI RAJESH PILOT : There has to be some logical end to the arguments. . . . (Interruptions) I have moved an amendment to roll back the fertiliser prices. . . . (Interruptions)

MR. SPEAKER : Shri Rajesh Pilot, let me clarify the position. Please take your seat.

The Notice of Amendment to the Finance Bill, 2000 was given by Shri Rajesh Pilot on 3 May, 2000 at 15.26 hours. The amendment, in the form in which it was tabled, was inadmissible under rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha as it did not fit in any of the Clauses of the Bill.

Moreover, the Notice was time barred under the rule 345 of the Rules of Procedure.

The amendment was, therefore, disallowed and withheld from circulation.

SHRI RAJESH PILOT : Sir, this is no argument. The Government have increased the price through an Executive Order. Please listen to me. The Government have increased the price of fertiliser through an Executive Order. There is no clause in that. How can I amend the Executive Order? This is not correct.

MR. SPEAKER : This is the rule.

SHRI RAJESH PILOT : They have increased the price through an Executive Order. How do you amend the Executive Order?

SHRI K. YERRANNAIDU (Srikakulam) : Sir, we are discussing the Finance Bill. Please allow me to speak for one minute.

MR. SPEAKER : We have already started the procedure part.

SHRI K. YERRANNAIDU (Srikakulam) : On behalf of all the allies I would like to seek just one clarification.

MR. SPEAKER : What is your clarification?

SHRI K. YERRANNAIDU : While discussing the Vote on Account last time, the hon. Finance Minister had

categorically stated, "I shall look into the sentiments expressed by the allies and whatever is possible, I shall keep in mind". Please elaborate its meaning.

SHRI YASHWANT SINHA : Sir, there was a Paper on subsidy which was prepared when the United Front Government was in power. The Paper was presented to Parliament. We have just appointed the Expenditure Commission. One of the Terms of Reference of the Expenditure Commission is to look at subsidy because that is a very important part of the Government expenditure. According to that Paper, which was prepared in your Government's time, something like over 14 per cent of the GDP is today being consumed by subsidy at some time or the other. What I have told the Expenditure Commission is to give a very quick report in regard to food and fertiliser subsidy. How we can better target it? There are various examples which are available in various other countries about better targeting of subsidy and this is the direction in which we want to take the policy.

MR. SPEAKER : The question is :

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 2000-2001, be taken into consideration."

The motion was adopted.

(Interruptions)

SHRI SOMNATH CHATTERJEE : Sir, we are walking out in protest. . . . (Interruptions)

16.22 hours

(At this stage, Shri Somnath Chatterjee and some other hon. Members left the House.)

SHRI MADHAVRAO SCINDIA : Sir, we are walking out in protest.

SHRI PRIYA RANJAN DASMUNSI (Raiganj) : Sir, this Government has betrayed the poor people. So, we are walking out in protest.

16.22 hours

(At this stage, Shri Madhavrao Scindia and some other hon. Members left the House.)

16.22 hours

(At this stage, Shri Raghuvansh Prasad Singh and some other hon. Members left the House.)

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

Clause 2 Income Tax

MR. SPEAKER : There are Government amendments to Clause 2. Shri Yashwant Sinha.

Amendments made :

Page 2,—

for lines 31 to 41, substitute—

"(a) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent of such tax;

(b) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent of such tax." (12)

Page 2,—

for lines 45 to 53, substitute—

"(a) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent of such tax; (13)

Page 3,—

for lines 1 and 2, substitute—

(b) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent of such tax." (14)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3 and 4 were added to the Bill.

Clause 5

Amendment of Section 10

MR. SPEAKER : There are Government amendments to Clause 5.

Amendments made :

Page 5,—

after line 23, insert—

'(ba) in clause (23), in the third proviso, after item [c], the following item shall be inserted with effect from the 1st day of April, 2001, namely :—

"(d) applies the amount received by way of donations referred to in clause (c) of sub-section (2) of section 80G for purposes of development of infrastructure for games or sports in India or for sponsoring games and sports in India." (15)

Page 6,—

omit lines 28 to 30. (16)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 5, as amended, stand part of the Bill".

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clause 6

Amendment of Section 10A

MR. SPEAKER : There is a Government amendment to Clause 6.

Amendment made :

17. Page 6,—

for clause 6, substitute—

Substitution of new section for Section 10A.

Special provision in respect of newly established undertakings in free trade zone, etc.

'6. For section 10A of the Income-tax act, the following section shall be substituted with effect from the 1st day of April, 2001, namely :—

"10A(1) Subject to the provisions of this section, a deduction of such profits and gains as are derived by an understanding from the export of articles or things or computer software for a period of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce such articles or things or computer software, as the case may be, shall be allowed from the total income of the assessee.

Provided that where in computing the total income of the undertaking for any

assessment year, its profits and gains had not been included by application of the provisions of this section as it stood immediately before its substitution by the Finance Act, 2000, the undertaking shall be entitled to deduction referred to in this sub-section only for the unexpired period of the aforesaid ten consecutive assessment years.

Provided further that where an undertaking initially located in any free trade zone or export processing zone is subsequently located in a special economic zone by reason of conversion of such free trade zone or export processing zone into a special economic zone, the period of ten consecutive assessment years referred to in this sub-section shall be reckoned from the assessment year relevant to the previous year in which the undertaking was first set up in such free trade zone or export processing zone.

Provided also that the profits and gains derived from such domestic sales of article or things or computer software as do not exceed twenty-five per cent. Of total sales shall be deemed to be the profits and gains derived from the export of articles or things or computer software.

Provided also that no deduction under this section shall be allowed to any undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years.

(2) This section applies to any undertaking which fulfils all the following conditions, namely :-

- (i) it has begun or begins to manufacture or produce articles or things or computer software during the previous year relevant to the assessment year—
 - (a) commencing on or after the 1st day of April, 1981, in any free trade zone; or
 - (b) commencing on or after the 1st day of April, 1994, in any electronic hardware technology park or, as the case may be software technology park;

(c) commencing on or after the 1st day of April, 2001 in any special economic zone;

- (ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence;

Provided that this condition shall not apply in respect of any undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

- (iii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation – The provisions of *Explanation 1* and *Explanation 2* to sub-section (2) of section 80-I shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.

- (3) This section applies to the undertaking, if the sale proceeds of articles or things or computer software exported out of India are received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.

Explanation 1. – For the purposes of this sub-section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

Explanation 2. – The sale proceeds referred to in this sub-section shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

- (4) For the purposes of sub-section (1), the profits derived from export of articles or things or computer software shall be the amount which

bears to the profits of the business, the same proportion as the export turnover in respect of such articles or things or computer software bears to the total turnover of the business carried on by the assessee.

- (5) The deduction under sub-section (1) shall not be admissible for any assessment year beginning on or after the 1st day of April, 2001, unless the assessee furnishes in the prescribed form, alongwith the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.
- (6) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee of the previous year relevant to the assessment year immediately succeeding the last of the relevant assessment years, or of any previous year, relevant to any subsequent assessment year –
- (i) section 32, section 32A, section 33, section 35 and clause (ix) of sub-section (1) of section 36 shall apply as if every allowance or deduction referred to therein and relating to or allowable for any of the relevant assessment years, in relation to any building, machinery, plant or furniture used for the purposes of the business of the undertaking in the previous year relevant to such assessment year or any expenditure incurred for the purposes of such business in such previous year had been given full effect to for that assessment year itself and accordingly sub-section (2) of section 32, clause (ii) of sub-section (3) of section 32A, clause (ii) of sub-section (2) of section 33, sub-section (4) of section 35 or the second proviso to clause (ix) of sub-section (1) of section 36, as the case may be, shall not apply in relation to any such allowance or deduction;
- (ii) no loss referred to in sub-section (1) of section 72 or sub-section (1) or sub-section (3) of section 74 in so far as such loss relates to the business of the undertaking, shall be carried forward or set off where such loss relates to any of the relevant assessment years;
- (iii) no deduction shall be allowed under section 80HH or section 80HHA or section

80-I or section 80-IA or section 80-IB in relation to the profits and gains of the undertaking; and .

- (iv) in computing the depreciation allowance under section 32, the written down value of any asset used for the purposes of the business of the undertaking shall be computed as if the assessee had claimed and been actually allowed the deduction in respect of depreciation for each of the relevant assessment year.
- (7) The provisions of sub-section (8) and sub-section (10) of section 80-IA shall, so far as may be, apply in relation to the undertaking referred to in this section as they apply for the purposes of the undertaking referred to in section 80-IA.
- (8) Notwithstanding anything contained in the foregoing provisions of this section, where the assessee, before the due date for furnishing the return of income under sub-section (1) of section 139, furnishes to the Assessing Officer a declaration in writing that the provisions of this section may not be made applicable to him, the provisions of this section shall not apply to him for any of the relevant assessment years.
- (9) Where during any previous year, the ownership or the beneficial interest in the undertaking is transferred by any means, the deduction under sub-section (1) shall not be allowed to the assessee for the assessment year relevant to such previous year and the subsequent years.

Explanation 1. – For the purposes of this section, in the case of a company, where on the last day of any previous year, the shares of the company carrying not less than fifty-one per cent. Of the voting power are not beneficially held by persons who held the shares of the company carrying not less than fifty-one percent. of the voting power on the last day of the year in which the undertaking was set up, the company shall be presumed to have transferred its ownership or the beneficial interest in the undertaking.

Explanation 2. – For the purposes of this section,–

- (i) "computer software" means, –
- (a) any computer programme recorded on any disc, tape, perforated media or other information storage device; or

(b) any customized electronic data or any product or service of similar nature, as may be notified by the Board,

which is transmitted or exported from India to any place outside India by any means;

46 of 1973.

- (ii) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder or any other corresponding law for the time being in force;
- (iii) "electronic hardware technology park" means any park set up in accordance with the Electronic Hardware Technology Park (EHTP) Scheme notified by the Government of India in the Ministry of Commerce and Industry;
- (iv) "export turnover" means the consideration in respect of export of articles or things or computer software received in, or brought into India by the assessee in convertible foreign exchange in accordance with sub-section (3), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things or computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India.
- (v) "free trade zone" means the Kandla Free Trade Zone and the Santacruz Electronics Export Processing Zone and includes any other free trade zone which the Central Government may by notification in the Official Gazette, specify for the purposes of this section;
- (vi) "relevant assessment year" means any assessment year falling within a period of ten consecutive assessment years referred to in this section;
- (vii) "software technology park" means any park set up in accordance with the Software Technology Park Scheme notified by the Government of India in the Ministry of Commerce and Industry;

(viii) "special economic zone" means a zone which the Central Government may by notification in the Official Gazette, specify as a special economic zone for the purposes of this section."

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended was added to the Bill.

Clause 7

Amendment of Section 10B

MR. SPEAKER : There is a Government amendment to Clause 7. Shri Yashwant Sinha.

Amendment made :

18. Page 6,—

Substitution of new section for Section 10B.

Special provision in respect of newly established hundred per cent export-oriented undertakings

for clause 7, substitute—

"7. For section 10B of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2001, namely :—

"10B(1) Subject to the provisions of this section, a deduction of such profits and gains as are derived by a hundred per cent. export-oriented undertaking from the export of articles or things or computer software for a period of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce articles or things or computer software, as the case may be, shall be allowed from the total income of the assessee.

Provided that where in computing the total income of the undertaking for any assessment year, its profits and gains had not been included by application of the provisions of this section as it stood immediately before its substitution by the Finance Act, 2000, the undertaking shall be entitled to deduction referred to in this sub-section only for the unexpired period of the aforesaid ten consecutive assessment years.

Provided further that the profits and gains derived from such domestic sales of articles or things or computer software as do not exceed twenty-five per cent. of total sales shall be deemed to be the profits and gains derived from the export of articles or things or computer software.

Provided also that no deduction under this section shall be allowed to any undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years.

(2) This section applies to any undertaking which fulfils all the following conditions, namely :-

- (i) it manufacture or produces any articles or things or computer software;
- (ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence;

Provided that this condition shall not apply in respect of any undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

- (iii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation – The provisions of *Explanation 1* and *Explanation 2* to sub-section (2) of section 80-I shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.

(3) This section applies to the undertaking, if the sale proceeds of articles or things or computer software exported out of India are received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the component authority may allow in this behalf.

Explanation 1. – For the purposes of this sub-section, the expression "component

authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

Explanation 2. – The sale proceeds referred to in this sub-section shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

(4) For the purposes of sub-section (1), the profits derived from export of articles or things or computer software shall be the amount which bears to the profits of the business, the same proportion as the export turnover in respect of such articles or things or computer software bears to the total turnover of the business carried on by the assessee.

(5) The deduction under sub-section (1) shall not be admissible for any assessment year beginning on or after the 1st day of April, 2001, unless the assessee furnishes in the prescribed form, alongwith the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

(6) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee of the previous year relevant to the assessment year immediately succeeding the last of the relevant assessment years, or of any previous year, relevant to any subsequent assessment year –

- (i) section 32, section 32A, section 33, section 35 and clause (ix) of sub-section (1) of section 36 shall apply as if every allowance or deduction referred to therein and relating to or allowable for any of the relevant assessment years, in relation to any building, machinery, plant or furniture used for the purposes of the business of the undertaking in the previous year rel-

- evant to such assessment year or any expenditure incurred for the purposes of such business in such previous year had been given full effect to for that assessment year itself and accordingly sub-section (2) of section 32, clause (ii) of sub-section (3) of section 32A, clause (ii) of sub-section (2) of section 33, sub-section (4) of section 35 or the second proviso to clause (ix) of sub-section (1) of section 36, as the case may be, shall not apply in relation to any such allowances or deduction;
- (ii) no loss referred to in sub-section (1) of section 72 or sub-section (1) or sub-section (3) of section 74 in so far as such loss relates to the business of the undertaking, shall be carried forward or set off where such loss relates to any of the relevant assessment years;
- (iii) no deduction shall be allowed under section 80HH or section 80HHA or section 80-I or section 80-IA or section 80-IB in relation to the profits and gains of the undertaking; and
- (iv) in computing the depreciation allowance under section 32, the written down value of any asset used for the purposes of the business of the undertaking shall be computed as if the assessee had claimed and been actually allowed the deduction in respect of depreciation for each of the relevant assessment year.
- (7) The provisions of sub-section (8) and sub-section (10) of section 80-IA shall, so far as may be, apply in relation to the undertaking referred to in this section as they apply for the purposes of the undertaking referred to in section 80-IA.
- (8) Notwithstanding anything contained in the foregoing provisions of this section, where the assessee, before the due date for furnishing the return of income under sub-section (1) of section 139, furnishes to the Assessing Officer a declaration in writing that the provisions of this section may not be made applicable to him, the provisions of this section shall not apply to him for any of the relevant assessment years.
- (9) Where during any previous year, the ownership or the beneficial interest in the undertaking is transferred by any means, the deduction under sub-section (1) shall not be allowed to the assessee for the assessment year relevant to such previous year and the subsequent years.
- Explanation 1.* – For the purposes of this section, in the case of a company, where on the last day of any previous year, the shares of the company carrying not less than fifty-one per cent of the voting power are not beneficially held by persons who held the shares of the company carrying not less than fifty-one percent of the voting power on the last day of the year in which the undertaking was set up, the company shall be presumed to have transferred its ownership or the beneficial interest in the undertaking.
- Explanation 2.* – For the purposes of this section, –
- (i) "computer software" means, –
- (a) any computer programme recorded on any disc, tape, perforated media or other information storage device; or
- (b) any customized electronic data or any product or service of similar nature, as may be notified by the Board,
- which is transmitted or exported from India to any place outside India by any means;
- (ii) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder or any other corresponding law for the time being in force;
- (iii) "export turnover" means the consideration in respect of export of articles or

things or computer software received in, or brought into India by the assessee in convertible foreign exchange in accordance with sub-section (3), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things or computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

- (iv) "hundred per cent. export-oriented undertaking" means an undertaking which has been approved as a hundred per cent. export-oriented undertaking by the Board appointed in this behalf by the Central Government in exercise of the powers conferred by section 14 of the Industries (Development and Regulation) Act, 1951, and the rules made under that Act;

65 of 1951.

- (v) "relevant assessment year" means any assessment year falling within a period of ten consecutive assessment years referred to in this section;

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended was added to the Bill.

Clause 8 to 10 were added to the Bill.

Motion Re : Suspension of Rule 80 (i)

SHRI YASHWANT SINHA : I beg to move :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.19 to the Finance Bill, 2000 and that this amendment may be allowed to be moved."

MR. SPEAKER : The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment

shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.19 to the Finance Bill, 2000 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 10A

Amendment of Section 17

Amendment made :

Page 7,—

after line 46, insert—

'10A. In section 17 of the Income-tax Act, in clause (2), with effect from the 1st day of April, 2001,—

- (a) in sub-clause (iii) but before the Explanation, the following proviso shall be inserted, namely:—

"Provided that nothing contained in this sub-clause shall apply to the value of any benefit provided by a company free of cost or at a concessional rate to its employees by way of allotment of shares, debentures or warrants directly or indirectly under the Employees' Stock Option Plan or Scheme of the said company;"

- (b) Sub-clause (iiia) shall be omitted. ('19)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That new clause 10A be added to the Bill."

The motion was adopted.

New Clause 10A was added to the Bill.

Clause 11

Amendment of Section 24

Amendment made :

Page 7,—

for clause 11, substitute—

'11. In section 24 of the Income-tax Act, in sub-section (2) in the second proviso, with the effect from the 1st day of April, 2001,—

- (i) for the figures, letter and words "1st day of April, 2001", the figures, letters and words "1st day of April, 2003" shall be substituted;

- (ii) for the words "seventy-five thousand rupees", the words "one lakh rupees" shall be substituted'.
(20)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

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

The motion was adopted.

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

Clauses 12 to 14 were added to the Bill.

Motion Re : Suspension of Rule 80 (i)

SHRI YASHWANT SINHA : I beg to move :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.21 to the Finance Bill, 2000 and that this amendment may be allowed to be moved."

MR. SPEAKER : The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.21 to the Finance Bill, 2000 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 14A

Amendment of Section 35

Amendment made :

Page 8,—

after line 1B, insert—

'14A. In section 35 of the Income-tax Act, in subsection (2AB), in clause (1), for the words "a sum equal to one and one-fourth times of the expenditure", the words "a sum equal to one and one-half times of the expenditure" shall be substituted with effect from the 1st day of April, 2001.'

(21)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

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

The motion was adopted.

New Clause 14A was added to the Bill.

Clauses 15 to 18 were added to the Bill.

Clause 19

Amendment of Section 47

Amendment made :

Page 8,—

for clause 19, substitute—

'19. In section 47 of the Income-tax Act,—

- (a) after clause (iii), the following proviso shall be inserted with effect from the 1st day of April, 2001, namely :—

"provided that this clause shall not apply to transfer under a gift or an irrevocable trust of a capital asset being shares, debentures or warrants allotted by a company directly or indirectly to its employees under the Employees' Stock Option Plan or Scheme.;"

- (b) in clause (vic), in sub-clause (a), for the words "at least seventy-five per cent of the shareholders", the words "the shareholders holding not less than three-fourths in value of the shares" shall be substituted. (22)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

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

The motion was adopted.

Clause 19, as amended, was added to the Bill.

Clause 20

Amendment of Section 48

Amendment made :

Page 8,—

for clause 20, substitute—

'20. In section 48 of the Income-tax Act,—

- (i) after the third proviso but before the Explanation, the following shall be inserted with effect from the 1st day of April, 2001, namely :—

"Provided also that where shares, debentures or warrants referred to in the proviso to clause (iii) of section 47 are transferred under a gift or an irrevocable trust, the market value on the date of such transfer shall be deemed to be the full value of consideration received or accruing as a result of transfer for the purposes of this section.":

- (ii) in the Explanation, for clause (v), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1993, namely :-

'(V) "Cost Inflation Index", in relation to a previous year, means such Index as the Central Government may, having regard to seventy-five percent of average rise in the Consumer Price Index for urban non-manual employees for the immediately preceding previous year to such previous year, by notification in the Official Gazette, specify, in this behalf.' (23)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 20, as amended, stand part of the Bill."

The motion was adopted.

Clause 20, as amended, was added to the Bill

Motion Re: Suspension of Rule 80 (i)

SHRI YASHWANT SINHA : I beg to move :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.24 to the Finance Bill, 2000 and that this amendment may be allowed to be moved."

MR. SPEAKER : The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.24 to the Finance Bill, 2000 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 20A

Amendment of Section 49

Amendment made :

Page 8,-

after line 48, insert-

20A. In section 49 of the Income-tax Act, sub-section (2B) shall be omitted with effect from the 1st day of April, 2001. (24)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That new clause 20A be added to the Bill.

The motion was adopted.

New Clause 20A was added to the Bill.

Clauses 21 to 23 were added to the Bill.

Clause 24

Insertion of new Section 54 EC

Amendment made :

Page 9, line 27, for "five years", substitute "three years". (25)

Page 9, line 45, for "five years", substitute "three years". (26)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 24, as amended, stand part of the Bill."

The motion was adopted.

Clause 24, as amended, was added to the Bill.

Clause 25 to 27 were added to the Bill

Clause 28

Amendment of Section 80G

Amendment made :

Page 10, for lines 15 and 16, substitute-

"(c) any sums paid by the assessee, being a company, in the previous year as donations to the Indian Olympic Association or to any other association or institution as notified by the

Central Government under clause (23) of section 10 for —. (27)

(Shri Yashwant Sinha)

SHRI RUPCHAND PAL (Hoogly) : I beg to move :

"Page 10, line 16,—

after "Indian Olympic Association" insert—

"or to any other reputed Sports organisation at the National level, State level, District and Zila Parishads"" (1)

MR. SPEAKER : The question is :

"Page 10, line 16, —

after "Indian Olympic Association" insert —

"or to any other reputed Sports organisation at the National level, State level, District and Zila Parishads"" (1)

The motion was negatived.

MR. SPEAKER : The question is :

"That clause 28, as amended, stand part of the Bill."

The motion was adopted.

Clause 28, as amended, was added to the Bill.

Clause 29 to 32 were added to the Bill

Clause 33

Amendment of Section 80HHE

Amendment made :

Page 12, after line 23, insert—

'(d) in the Explanation below sub-section (5), for item (b), the following shall be substituted.—

"(b) "computer software" means,—

- (i) any computer programme recorded on any disc, tape, perforated media or other information storage device; or
- (ii) any customised electronic data or any product or service of similar nature as may be notified by the Board,

which is transmitted or exported from India to a place outside India by any means;" (28)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 33, as amended, stand part of the Bill."

The motion was adopted.

Clause 33, as amended, was added to the Bill.

Clauses 34 and 35 were added to the Bill.

Clause 36

Amendment of Section 80-1B

Amendment made : Page 13,

after line 2, insert—

(ca) after sub-section (8), the following sub-section shall be inserted, namely :—

"(8A). The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent of the profits and gains of such business for a period of ten consecutive assessment years, beginning from the initial assessment year, if such company—

- (i) is registered in India;
- (ii) has its main object the scientific and industrial research and development;
- (iii) is for the time being approved by the prescribed authority at any time after the 31st day of March, 2000 but before the 1st day of April, 2003;
- (iv) fulfils such other conditions as may be prescribed;" (29)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 36, as amended, stand part of the Bill."

The motion was adopted.

Clause 36, as amended, was added to the Bill.

Clauses 37 to 42 were added to the Bill.

Clause 43

Amendment of Section 88

Amendment made :

Page 14, after line 29, insert—

'(c) in sub-section (6), in clause (ii), for the words "fourteen thousand rupees", the words "sixteen thousand rupees" shall be substituted with effect from the 1st day of April, 2001.' (30)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 43, as amended, stand part of the Bill."

The motion was adopted.

Clause 43, as amended, was added to the Bill.

Clauses 44 to 48 were added to the Bill.

Clause 49

Insertion of new section 115 JB

SHRI RUPCHAND PAL (Hoogly) : I beg to move :

"Page 15, line 16,-

after "relevant previous year shall" insert"-

"not" (2)

MR. SPEAKER : I shall now put Amendment No.2 moved by Shri Rupchand Pal to the vote of the House.

The amendment was put and negatived.

Amendments made :

Page 15, line 49, for "section 10B", substitute "section 10B or section 11 or section 12". (31)

Page 16, line 8, for "section 10B", substitute "section 10B or section 11 or section 12". (32)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 49, as amended, stand part of the Bill."

The motion was adopted.

Clause 49, as amended, was added to the Bill.

Clauses 50 to 53 were added to the Bill.

Clause 54

Insertion of new chapter XII-F

Amendment made :

Page 17,-

for clause 54, substitute-

'54. After chapter XII-E of the Income-tax Act the following chapter shall be inserted with effect from the 1st day of April 2001, namely :-

'CHAPTER XII-F

SPECIAL PROVISIONS RELATING TO TAX ON INCOME RECEIVED FROM VENTURE CAPITAL COMPANIES AND VENTURE CAPITAL FUNDS

115U. (1) Notwithstanding anything contained in any other provisions of this Act, any income received by a person out of investments made in a venture capital company or venture capital fund shall be chargeable to income-tax in the same manner as if it were the income received by such person had he made investments directly in the venture capital undertaking.

Tax on income in certain cases.

(2) The person responsible for making payment of the income on behalf of a venture capital company or a venture capital fund and the venture capital company or venture capital fund shall furnish, within such time as may be prescribed, to the person receiving such income and to the prescribed income-tax authority, a statement in the prescribed form and verified in the prescribed manner, giving details of the nature of the income paid during the previous year and such other relevant details as may be prescribed.

(3) The income paid by the venture capital company and the venture capital fund shall be deemed to be of the same nature and in the same proportion in the hands of the person receiving such income as it had been received by, or had accrued to, the venture capital company or the venture capital fund, as the case may be, during the previous year.

(4) The provisions of Chapter XII-D or Chapter XII-E or Chapter XVII-B shall not apply to the income paid by a venture capital company or venture capital fund under this chapter.

Explanation :- For the purposes of this Chapter, "venture capital company", "venture capital fund" and "venture capital undertaking" shall have the meanings respectively assigned to them in clause (23FB) of section 10.' (33)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

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

The motion was adopted.

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

Clause 55

Amendment of Section 139A

Amendment made :

Page 17, line 48, for "for the time being in force", substitute " for the time being in force including importers and exporters whether any tax is payable by them or not". (34)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 55, as amended, stand part of the Bill."

The motion was adopted.

Clause 55, as amended, was added to the Bill.

Clause 56 was added to the Bill.

Clause 57

Amendment of Section 194A

Amendment made :

Page 17,-

For clause 57, substitute-

'57. In section 194A of the Income-Tax Act, in sub-section (5), in clause (i),-

- (a) for the words "two thousand five hundred rupees", the words "five thousand rupees" shall be substituted with effect from the 1st day of June, 2000 :
- (b) in the proviso, in clause (c), for the words "for residential purposes", the words, brackets and figures "for residential purposes and which is eligible for deduction under clause (viii) of sub-section (1) of section 36" shall be substituted.' (35)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 57, as amended, stand part of the Bill."

The motion was adopted.

Clause 57, as amended, was added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI YASHWANT SINHA : I beg to move :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.36 to the Finance Bill, 2000 and that this amendment may be allowed to be moved." (53)

MR. SPEAKER : The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.36 to the Finance Bill, 2000 and that this amendment may be allowed to be moved." (53)

The motion was adopted.

New Clause 57A

Amendment of Section 194L

Amendment made :

Page 17,-

after line 57, insert-

"57A. In section 194L of the Income-tax Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2000, namely :-

Provided further that no deduction shall be made under this section from any payment made on or after the 1st day of June, 2000." (36)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That new clause 57A be added to the Bill."

The motion was adopted.

New Clause 57A was added to the Bill.

Clause 58 to 89 were added to the Bill.

Clause 90

Substitution of new section for Section 4

Amendments made :

"Page 23,-

For lines 36 to 39, substitute-

4. (1) Where under this Act, the duty of excise is chargeable on any excisable goods with reference to their value, then, on each removal of the goods, such value shall—

- (a) in a case where the goods are sold by the assessee, the delivery at the time and place of the removal, the assessee and the buyer of the goods are not related and the price is the sole consideration for the sale, be the transaction value;". (37)

Page 23,—

for lines 47 to 56, substitute—

'(b) persons shall be deemed to be "related" if—

- (i) they are inter-connected undertakings'
- (ii) they are relatives;
- (iii) amongst them the buyer is a relative and a distributor of the assessee, or a sub-distributor of such distributor, or
- (iv) they are so associated that they have interest, directly or indirectly, in the business of each other.

Explanation.—In this clause—

- (i) "inter-connected undertakings" shall have the meaning assigned to it in clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969; and

(4 of 1969)

- (ii) "relative" shall have the meaning assigned to it in clause (41) of section 2 of the Companies Act, 1956;

(1 of 1956)

- (i) (c) "place of removal" means—
- (ii) a factory or any other place or premises of production or manufacture of the excisable goods;
- (ii) a warehouse or any other place or premises wherein the excisable goods have been permitted to be deposited without payment of duty,

from where such goods are removed;'. (38)

Page 24,—

for lines 1 to 6, substitute—

- (d) "transaction value" means the price actually paid or payable for the goods, when sold, and

includes in addition to the amount charged as price, any amount that the buyer is liable to pay to, or on behalf of, the assessee, by reason of, or in connection with the sale,; whether payable at the time of the sale or at any other time, including, but not limited to, any amount charged for, or to make provision for, advertising or publicity, marketing and selling organisation expenses, storage, outward handling, servicing, warranty, commission or any other matter; but does not include the amount of duty of excise, sales tax and other taxes, if any, actually paid or actually payable on such goods. (39)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 90, as amended, stand part of the Bill."

The motion was adopted.

Clause 90, as amended, was added to the Bill.

Clauses 91 and 92 were added to the Bill.

Clause 93

Amendment of Section 11 A

Amendment made :

"Page 24,—

for lines 20 and 21, substitute—

- (a) in the opening portion for the words "erroneously refunded" the words "erroneously refunded, whether or not such non-levy or non-payment, short-levy or short payment or erroneous refund, as the case may be, was on the basis of any approval, acceptance or assessment relating to the rate of duty on or valuation of excisable goods under any other provisions of this Act or the rules made thereunder," shall be substituted and shall be deemed to have been substituted on and from the 17th day of November 1980;
- (b) for the words "six months", wherever they occur, the words, "one year" shall be substituted;
- (c) after the proviso and before the *Explanation*, the following provisos shall be inserted, namely :—

(40)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 93, as amended, stand part of the Bill."

The motion was adopted.

Clause 93, as amended, was added to the Bill.

Clauses 94 and 99 were added to the Bill.

Clause 100

Amendment of section 14A

SHRI RUPCHAND PAL (Hoogly) : Sir, I beg to move :

Page 25, line 36, -

for "omitted" substitute -"

"reviewed after one year to ensure independence of auditors."(10) (Interruptions)

MR. SPEAKER : I shall now put amendment No. 10 moved by Shri Rupchand Pal to the vote of the House.

The amendment was put and negatived.

MR. SPEAKER : The question is :

"That clause 100 stand part of the Bill."

The motion was adopted.

Clause 100 was added to the Bill.

Clause 101

Amendment of Section 14AA

SHRI RUPCHAND PAL (Hoogly) : Sir, I beg to move :

Page 25, line 37, -

for "omitted" substitute -"

"reviewed after one year to ensure independence of auditors."(11)(Interruptions)

MR. SPEAKER : No. This is not the practice.

(Interruptions)

MR. SPEAKER : I shall now put the amendment No. 11 moved by Shri Rupchand Pal to the vote of the House.

The amendment was put and negatived.

MR. SPEAKER : The question is :

"That clause 101 stand part of the Bill."

The motion was adopted.

Clause 101 was added to the Bill

Clauses 102 to 106 were added to the Bill.

Clause 107

Validation of exemption given to diplomatic or consular, missions with retrospective effect

Amendment made :

"Page 27,-

in line 25, for "11th day of May, 1999" substitute "2nd day of December, 1997". (41)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 107, as amended, stand part of the Bill."

The motion was adopted.

Clause 107, as amended, was added to the Bill.

Clause 108

Validation of the denial of credit of duty paid on high Speed diesel oil.

Amendment made :

"Page 27,-

for lines 33 to 37, substitute-

"108. (1) Notwithstanding anything contained in any rule of the Central Excise rules, 1944, no credit of any duty paid on high speed diesel oil at any time during the period commencing on and from the 16th day of March, 1995 and ending with the day, the Finance Act, 2000 receives the assent of the President, shall deemed to be admissible." (42)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 108, as amended, stand part of the Bill."

The motion was adopted.

Clause 108, as amended, was added to the Bill.

Clauses 109 to 111 were added to the Bill.

Clause 112

Amendment of Act 32 of 1994

Amendment made :

"Page 28,-

in lines 11 and 12, for "1st day of August", substitute
"16th day of October". (43)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That clause 112, as amended, stand part of the Bill."

*The motion was adopted.**Clause 112, as amended, was added to the Bill.**Clause 113 to 118 were added to the Bill.***First Schedule**

SHRI RUPCHAND PAL (Hoogly) : Sir, I beg to move :

Page 32, line 4, -

for "35 per cent"

substitute "40 per cent" (3)

Page 32, line 12, -

for "30 per cent"

substitute "35 per cent" (4)

Page 32, line 20, -

for "35 per cent of the total income"

substitute "40 per cent of the total income" (5)

MR. SPEAKER : I shall now put the amendment Nos.
3, 4 and 5 moved by Shri Rupchand Pal to the vote of the
House.

*The amendment 3 to 5 were put and negatived.**Amendment made :*

"Page 35, for lines 3 to 10, substitute-

(i) item 1 of this Part shall be increased by a
surcharge, for purposes of the Union calculated
at the rate of ten per cent of such income-tax;
and

(ii) sub-item (a) of item 2 of this Part shall be
increased by a surcharge calculated at the rate
of ten per cent of such income-tax. (44)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

"That the First Schedule, as amended, stand part of
the Bill."*The motion was adopted.**The First Schedule, as amended, was added
to the Bill.***Second Schedule***Amendment made :*

"Page 39,

for line 5, substitute -

(2) in Chapter 2, -

(i) for the entry in column (4) occurring against
all sub-heading Nos. (except sub-heading
Nos.0207.13 and 0207.14), the entry "35%" shall
be substituted.

(ii) in sub-heading Nos.0207.13 and 0207.14, for
the entry in column (4), the entry "100" shall be
substituted. (45)

Page 39,-

after line 35, insert -

(8A) in Chapter 9,-

(i) for the entries in column (4) and column (5)
occurring against sub-heading Nos.0901.11,
0901.12, 0902.21, 0901.22 and 0902.90, the
entries "35%" and "35% less 13 paise per kg."
shall respectively be substituted;

(ii) for the entries in column (4) and column (5)
occurring against sub-heading Nos.0902.10,
0902.20, 0901.30 and 0901.40, the entries
"35%" and "35% less 26 paise per kg." shall
respectively be substituted;. (46)

Page 40,-

for line 34, substitute-

(15) in Chapter 16,-

(i) for the entry in column (4) occurring against all
the sub-heading Nos. (except sub-heading Nos.
1601.00 and 1602.32), the entry "35%" shall be
substituted.

(ii) in sub-heading Nos. 1601.00 and 1602.32, for
the entry in column (4), the entry "100%" shall
be substituted;. (47)

Page 41,—

for line 19, substitute—

- (i) in sub-heading No. 2701.11, for the entry in column (4), the entry "25%" shall be substituted;
- (ia) in sub-heading No.2701.12, for the entry in column (4), the entry "55%" shall be substituted;
- (ib) in sub-heading No. 2701.19, for the entry in column (4), the entry "25%" shall be substituted;" (48)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

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

The motion was adopted.

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

Third Schedule

Amendment made :

Page 56,—

in lines 32 and 33, for "Rs. 30 per square metre", substitute "16%"; (49)

(Shri Yashwant Sinha)

MR. SPEAKER : The question is :

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

The motion was adopted.

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

The Fourth Schedule and the Fifth Schedule were added to the Bill.

Sixth Schedule

SHRI RUPCHAND PAL (Hoogly) : Sir, I beg to move :

Page 63, line 14,—

for "Twenty per cent ad valorem" substitute "Five per cent ad valorem" (6)

Page 63, line 15,—

for "Twenty per cent ad valorem" substitute "Five per cent ad valorem" (7)

Page 63, line 19—

for "Twenty per cent ad valorem" substitute "Five per cent ad valorem" (8)

Page 63, line 21—

for "Twenty per cent ad valorem" substitute "Five per cent ad valorem" (9)

MR. SPEAKER : I shall now put amendment Nos. 6, 7, 8 and 9 moved by Shri Rupchand Pal to the vote of the House.

The amendments 6 to 9 were put and negatived.

MR. SPEAKER : The question is :

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

The motion was adopted.

The Sixth Schedule, was added to the Bill.

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

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

SHRI YASHWANT SINHA : Sir, I beg to move :

"That the Bill, as amended, be passed."

MR. SPEAKER : The question is :

"That the Bill, as amended, be passed."

The motion was adopted.

16.52 hours

The Lok Sabha then adjourned till Eleven of the Clock on Friday, May 5, 2000/ Vaisakha 15, 1922 (Saka).