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Title: Introduction of the Taxation Laws (Amendment) Bill, 2016.

HON. DEPUTY SPEAKER: The House shall now take up item No. 20. Hon. Finance Minister, Shri Arun Jaitley.

THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY): Sir, I beg to move:

"That the Bill further to amend the Income-tax Act, 1961 and the Customs Tariff Act, 1975, be taken into consideration."

Mr. Deputy Speaker, Sir, I am extremely grateful to you for having allowed a discussion on this Bill today. In this Taxation Laws (Amendment) Bill, three minor provisions are intended to be altered. I think I owe it to the hon. Members just to give an explanation as to what each of the three provisions is in simple non-technical language.

As far as marble and granite are concerned, they are available domestically and are also imported in large quantities. The maximum bound rate of Customs Duty under the Customs Tariff Act is 10 per cent as of today. Now some element of protection to domestic industry was required and, therefore, in terms of quantitative restrictions etc., there are a series of non-tariff barriers which today exist. Those non-tariff barriers plus 10 per cent currently is capable of broadly protecting the domestic industry. One of the suggestions is, in case the non-tariff barriers at some stage go, because they cannot be permanent in nature, for the protection of the domestic industry a higher duty may have to be imposed as far as customs is concerned.

So, the bound rate that is the roof is intended to be raised from 10 to 40 per cent. Eventually, it will depend on what is the volume of exports etc. and what is the extent to which the industry needs protection that the actual levied rate itself will be decided. So, it is an increase of the bound rate.

The second and third amendments are to the Income Tax Act. These two amendments are urgently required for the following reason. A pragmatic case has come into existence. The VSNL was a public sector company. It was privatised when the telecom opening up took place and in the year 2002 as a part of privatisation it was taken over by one of the Tata Group of companies. It is now a part of the Tata Communications. At the time when it was privatized, VSNL had a large amount of surplus land. The land is approximately 771 acres spread over various cities. Their most expensive land is in Delhi, near Greater Kailash in the heart of South Delhi and near Mehrauli. At the time of the privatisation, one of the covenants of the privatization was that the land would be hived off into a separate entity, which it has been, and thereafter the land would be divided between the private shareholders and approximately 52 per cent will come to the Government. So, the demerger and hiving off will take place and it would come to the Government.

This land has to come to the Government and this land can be used by the Government for Government housing and various other activities which are in larger public interest. This transaction under the present Income Tax law will attract Capital Gains Tax and that will entirely add on to the cost. Therefore, in case a public sector company is divided and as a result of the demerger the land or an asset comes to the Government, this transaction is sought to be exempted by putting in an explanation in the Income Tax Act. That is the second limb of the change which is effected.

The third limb of the change is in relation to the textile or apparel sector. We need economic development which generates job. One of the provisions in the Income Tax Act is that if you generate employment for a minimum of 240 days in a year, there are certain tax rebates which you are entitled to. In the apparel sector that is the textile and garment sector, particularly the exporters, jobs are created but the nature of the trade has become seasonal. India is a large exporter of summer garments. In the winter clothing, we are still not able to produce the apparel at a big stage. Therefore, most of the employment generation companies are not able to touch 240 days. Recently, the Cabinet had approved a whole package of incentives for the textile industry in order to boost employment and one of the covenants of that was that in relation to the textile or apparel industry, these 240 days should read 150 days. It means that if they generate employment upto 150 days, the apparel industry would also be entitled to the same tax incentives. So, in the case of apparel industry, this exception is sought to be made in the Income Tax Act.

These are the three small amendments which are sought to be made through this Finance Bill.

HON. DEPUTY SPEAKER: Motion moved:

"That the Bill further to amend the Income-tax Act, 1961 and the Customs Tariff Act, 1975, be taken into consideration."

श्री निशिकान्त दुबे (गोड्डा) : उपाध्यक्ष महोदय, माननीय वित्त मंत्री जी ने जिन तीन टैक्स प्रोजेक्ट्स के बारे में यहां अपना वक्तव्य दिया है, देखने में तो वह काफी छोटा लगता है, लेकिन दस साल तक यू.पी.ए. की सरकार रही और उसकी पॉलिंसी पैराडाइसिस कैसे हो सकती है, इसका यह सबसे बड़ा उदाहरण है। माननीय वित्त मंत्री जी ने अपने वक्तव्य में कहा कि वर्ष 2002 में डिसइंवेस्टमेंट हुआ, कंपनी बनी और इस चीज को पार्लियामेंट में माननीय वित्त मंत्री जी को वर्ष 2016 में लाना पड़ा। 14 साल हो गये, जैसे भगवान राम वनवास से 14 वर्ष बाद अयोध्या लौटे थे, 14 साल के बाद भारत सरकार अब उसका इस्तेमाल करने की स्थिति में है। यह कैसे हुआ, यह मैं आपको बताना चाहता हूँ।

जब डिसइंवेस्टमेंट शुरू हुआ तो 1200 एकड़ के आसपास बी.एस.एन.एल. के पास जमीन थी। उसमें से डिसइंवेस्टमेंट प्रोजेक्ट के पहले डी.ओ.टी. ने यह माना कि उसको 400-500 एकड़ जमीन ही चाहिए, इससे ज्यादा जमीन नहीं चाहिए और 771 एकड़ जमीन, जिसके बारे में वित्त मंत्री जी ने कहा कि 771 एकड़ जमीन सरप्लस है और उस सरप्लस जमीन का यूज भारत सरकार को अपने हिसाब से करना चाहिए और इसकी अलग से कंपनी बनाकर करना चाहिए, यह डिसइंवेस्टमेंट का पार्ट नहीं होना चाहिए। लेकिन जब तक यह प्रोजेक्ट प्रोसेस में आता, मैं आपको बताना चाहता हूँ कि ये विट्ठियां हैं जो उस वक्त टाटा कंपनी लगातार हमारे मंत्री जी को लिख रही थीं। वह किस तरह से दबाव डालने का प्रयास कर रही थी, वह किस तरह से चाहती थी क्योंकि बी.एस.एन.एल. का इतना बढ़िया डिसइंवेस्टमेंट हुआ कि बी.एस.एन.एल. के डिसइंवेस्टमेंट पहले यदि हमारे रिश्तेदार को अमेरिका या लंदन बात करनी हो, साउथ अफ्रीका बात करनी हो, किसी छोटे मुल्क पाकिस्तान या

नेपाल में भी बात करनी हो तो उसका रैंकिंग 100 रुपये, 150 रुपये या 200 रुपये था। माननीय अटल बिहारी वाजपेयी जी की सरकार में माननीय वित्त मंत्री जी उस वक्त सुदुर्घम मिनिस्टर्स थे। जब इन लोगों ने डिस्टिन्क्शन का फैसला किया और डिस्टिन्क्शन के बाद जो चीजें हुईं, हम विदेश में बात करना चाहते हैं तो आज हम 10 रुपये, 15 रुपये और 20 रुपये में बात कर सकते हैं। टाटा ने यह लिखा कि गवर्नमेंट की जो इंटरनेशनल है, यह विधि 27.02.2004 की विधि है, जब चुनाव आने वाला था और आपकी सरकार आने वाली थी, उस वक्त हमारे टेलिकॉम मंत्री श्री अरुण शौरी जी थे, उन्होंने कहा कि हम इन चीजों को नहीं मानते हैं, अगर आप कहेंगे तो मैं ऑन प्लोर भी इस लेटर को रख दूंगा। इसके बाद उनको जो जवाब दिया गया, वह 30.04.2004 को दिया गया, उस समय हमारी ही सरकार थी, हमने यह कहा कि यह जो कंपनी हमने बनाई है, यह कंपनी पॉजिटिव है, इसके आधार पर 771 करोड़ जो जमीन है, उसमें 52 प्रतिशत हमारा शेयर होना चाहिए। वहां 2006 में सी.ए.जी. की रिपोर्ट आई, उसमें कई चीजें थीं। इसके बाद इस सरकार ने एक कमेटी बनाई और डिमंड ऑफ सरप्लस लैंड ऑफ वीएसएनएल के लिए वर्ष 2007 का ए.के.दास साहब का लेटर है, उन्होंने कहा कि

"In line with the final Cabinet Note, the following steps can be taken:
"Acquisition of 51.12 per cent in HPIL the resulting company, thereby making it a PSU".

उपाध्यक्ष महोदय, यह वर्ष 2007 की रिपोर्ट है। वर्ष 2007 के बाद यू.पी.ए. के जितने मंत्री रहे, उनका सिंगल प्वाइंट एजेंडा यह रहा, क्योंकि उसी के आधार पर सरकार, कई सिंगल प्वाइंट एजेंडा यह रहा कि यदि पैसा दोगे तो काम होगा, यदि पैसा नहीं दोगे तो काम नहीं होगा। इस तरह से फर्स्ट कम फर्स्ट बेस्ट जो टेलीकॉम घोटाला हुआ, उसका यह सबसे बड़ा उदाहरण है। 2 नवंबर, 2007 की माननीय प्रधानमंत्री जी की विधि है, वे लिखते हैं कि -

"A number of issues relating to allocation of spectrum has been raised by telecom companies as well as media. I would request you to give urgent consideration to the issue with a view to ensuring fairness and transparency and let me know of the position before you take any further action in this regard."

मैं कहना चाहता हूँ कि 6156 करोड़ रुपयों की यह जमीन है। जैसा माननीय वित्त मंत्री जी ने कहा कि दिल्ली, महाराष्ट्र और तमिलनाडु में यह जमीन है। जब हम सांसद बनकर यहां जीत कर आते हैं, तो सबसे बड़ी समस्या हाउसिंग की होती है। आप देख सकते हैं कि कितनी बार आवाज उठती है कि एमपी अशोक होटल में रुके हैं और इतना बिल आया है। वीपी हाउस नए सांसदों को जगह देने की स्थिति में नहीं होता है, वैस्टर्न कोर्ट ठहरने के लिए जगह देने की स्थिति में नहीं होता है और इसी तरह से सरकारी कर्मचारियों की लाइन लगी है कि कब मकान मिलेगा, जिसमें वे अपने परिवार के साथ रह सकेंगे। वर्ष 2002 के बाद, आज चौदह साल बाद हमारी सरकार ने अच्छा फैसला किया है और वूकि कैपिटल गेन टैक्स यदि लग जाएगा तो जमीन की कॉस्ट में से डाई या तीन हजार करोड़ रुपया टैक्स के रूप में छी देना पड़ेगा। इस वजह से यह प्रोजेक्ट भारत सरकार के लिए अनवायबल हो जाएगा। इसी कारण मंत्री जी 19(ए) में यह प्रावधान लाए हैं। हम अपने प्रधानमंत्री जी का स्वागत करते हैं और माननीय वित्त मंत्री जी को धन्यवाद देना चाहते हैं कि सरकारी कर्मचारियों के लिए प्राइम लोकेशन पर अच्छी जगह दे पाएंगे। हमारी सरकार की यही मंशा है कि आम आदमी आने बड़े और ग्रेटर भारत कैसे होगा, इसके लिए यह बहुत अच्छा प्रावधान है।

भारत सरकार का जो दूसरा अमेंडमेंट है, वह यह है कि 80(जे) (ए) है, अधीर साहब और प्रेमचन्दन साहब ने उन चीजों को समझा नहीं है, प्रेमचन्दन साहब तो असंगठित सेक्टर के मजदूरों की लड़ाई लड़ते रहे हैं और अधीर चौधरी जी भी इसी पृष्ठभूमि से हैं। मुझे लगता है कि आपका अमेंडमेंट बहुत गलत है, मैं आपको बताना चाहता हूँ कि 22 जून, 2016 को कैबिनेट ने एक विशेष पैकेज एनाउंस किया है। आज फैक्ट्री अमेंडमेंट की बात हो रही थी, उस पर भी आपने विशेष किया। विपक्ष को कंस्ट्रक्टिव ओपोजिशन के बदले किस तरह से डिस्ट्रक्टिव ओपोजिशन का शेल प्ले कर रहे हैं, यह इसका सबसे बड़ा उदाहरण है। फैक्ट्री अमेंडमेंट एक्ट हो या 80(जे)(ए) का अमेंडमेंट हो, इसमें कैबिनेट का फैसला 22 जून, 2016 को हुआ और यह फैसला हुआ कि स्पेशल पैकेज टैक्सटाइल सेक्टर में देंगे, जिसमें से कि एक करोड़ लोगों को अगले तीन साल तक रोजगार मिलने वाला है। पहला बात यह है कि एम्प्लॉय प्रोविडेंट फंड स्कीम का रिफॉर्म किया जाएगा और एम्प्लॉयर कंट्रीब्यूशन 12 परसेंट है यदि 15 हजार रुपए से नीचे कोई व्यक्ति कमा रहा है, तो उसे पूरा का पूरा भारत सरकार कम्पनसेट करेगी। जब भी हम गांव, गरीब, मजदूर, किसान की बात करते हैं, तो आपको लगता है कि ऐसे ही बोल रहे हैं। आप बताएं कि 15 हजार रुपए से कम पैसा कमाने वाले लोग कौन हैं। ये लोग सबसे गरीब हैं। जो आईएलओ का नार्मर्स हैं, जिसके लिए आज 64 और 65 में अमेंडमेंट लेकर आए, वह 22 जून, 2016 का कैबिनेट का जो निर्णय इसीलिए है कि यदि आईएलओ नार्मर्स के आधार पर जाएंगे तो वर्कर की अर्निंग इन्फ्रीज की जाएगी। इसीलिए फैक्ट्री अमेंडमेंट एक्ट आया है। मैंने जैसे कहा कि आप उस तरह की बात करते हैं। उसके बाद जो इंट्रोडक्शन है, वह फिक्स टर्म इम्प्लॉयमेंट है। यह तीसरा डिजीजन था कि फिक्स टर्म इम्प्लॉयमेंट डेवलप होगा। इसके बाद Enhancing scope of Section 80JAA of Income Tax Act. प्रधानमंत्री जी का टैक्सटाइल सेक्टर के लिए जो पैकेज था, टैक्सटाइल सेक्टर में कौन लोग काम करते हैं, बुनकर, गांव के गरीब और किसान काम करते हैं। आप जिस इलाके से आते हैं आप तो जानते होंगे कि जांगीपुर में जो मेगा डेपलूम क्लस्टर है, वहां काम करने वाला कोई अमीर आदमी नहीं है। इन्होंने जो बातें कहीं हैं कि हमारे यहां से जो गारमेंट एक्सपोर्ट होता है, वह समर अप्रैल में होता है। समर अप्रैल का मतलब है कि अक्टूबर से लेकर मार्च तक इस सेक्टर में काम होता है, क्योंकि उनकी डिमांड कम होती है। इस कारण से 240 दिन से 150 दिन हो जाएगा तो जो व्यक्ति वहां काम करने वाला आदमी है या जो इम्प्लॉय है, उसको इनकम टैक्स में बेनीफिट हो जाएगा। आपको पता है कि कई स्कीमों के माध्यम से हम एक्सपोर्ट का प्रमोट कर रहे हैं। इसके अलावा एक्सपोर्ट को बढ़ाने के लिए रुपये का डीवैल्युएशन करते रहते हैं, उसी के आधार पर 80जे होने वाला है और 240 दिन से 150 दिन करने पर गरीब आदमी को जो कि फैक्ट्री में काम कर रहा है, उसको बेनीफिट हो जाएगा। हम एक्सपोर्ट को बढ़ाने की बात करते हैं, कंस्ट्रक्टिव डेफिसिट को खत्म करने की बात करते हैं और आज भी एक्सपोर्ट अनऑर्गेनाइज्ड सेक्टर से होता है, यह इसका सबसे बड़ा उदाहरण है। गांव, गरीब, किसान के लिए माननीय प्रधानमंत्री जी, माननीय वित्त मंत्री जी और पूरी कैबिनेट ने काम किया है और आज यह अमेंडमेंट लेकर आए हैं, भारतीय जनता पार्टी की तरफ से हम उसका इस्तकबाल करते हैं। आप लोगों को भी कहना चाहेंगे कि भारत सरकार के इन कार्यों में आप मदद करें।

महोदय, तीसरा अमेंडमेंट मार्बल सेक्टर के लिए है। हमारे यहां राजस्थान, तमिलनाडु और आंध्र प्रदेश में मार्बल मिलता है। मार्बल की एक डिस्ट्री रही है। आप ताज महल को देखें, रेड फोर्ट को देखें, दिलवाड़ा मंदिर में मार्बल लगा है। लेकिन आजकल नया फैशन आया है या कंज्यूमर वलास डेवलप हुआ है, जिसके कारण बाहर से इटालियन मार्बल मंगाया जा रहा है। इंडियन मार्बल का मार्केट पहले हाई-एण्ड मार्केट हुआ करता था, इससे ताज महल, रेड फोर्ट दिलवाड़ा मंदिर बनी हुई हैं। इसके अलावा हम किसी जमाने में चीन को मार्बल एक्सपोर्ट किया करते थे, लेकिन आज घटिया ववालिटी का कम दाम में यहां बेचा जा रहा है। भारत सरकार ने हाल ही में स्टील पर डिमिंड ड्यूटी लगायी है। इसमें स्टील के मिनीमम प्राइज को इनफ्रीज किया है। उसी तरह से मार्बल की डिमिंड हो रही है। यही कारण है कि इस पर 10 से 40 परसेंट का कैप लगाने का सरकार विचार है। इसके पीछे कारण डब्ल्यूटीओ की बात हमारे वित्त मंत्री जी ने कही है। मैं आपको दो विधि के माध्यम से बताना चाहूंगा कि डब्ल्यूटीओ का कितना प्रैशर सरकार डेल रही है। आपको मालूम है कि टेक्नोलॉजी के क्षेत्र में मार्बल इंडस्ट्री पीछे है। 17 मार्च, 2015 की यह विधि है, जिसमें भारत सरकार को कहा गया है-

"According to Point 6.1 of the notification, India maintains import quotas on products covered under ITC Code number 2515110, 25151210 and 25151220. With reference to this measure, could India clarify the following issues?

1. Could India reply to the question under Point 6.3 of the questionnaire with specific reference to import quotas on marble and similar stones?"

यह नोटिफिकेशन डब्ल्यूटीओ का है। हमने ववालिटेड रिस्ट्रक्शन लगाया हुआ है। इस बारे में एसआईटी की एक रिपोर्ट भी है। आप लोगों ने जो किया... (व्यवधान) यदि आप 150 डालर पर बाहर से मार्बल खरीद रहे हैं तो कोई बात नहीं, आप 325 डालर के आधार पर टैक्स दे दीजिए। टैक्स तो आपको बहुत ईजी लगता है कि टैक्स दिया जा रहा है। लेकिन एस.आई.टी. की रिपोर्ट यह कहती है कि जो डेढ़ सौ रुपये का मार्बल यदि 325 रुपये के हिसाब से यहां से बाहर जायेगा तो उससे ब्लैक मनी जेनरेट होगा। आप लोगों की पालिसी के कारण जो सिचुएशन हुई कि इस देश में ब्लैक मनी जनरेशन के लिए यह इंडस्ट्री आने आ गई। मैं यह कह रहा हूँ कि यहां की इंडस्ट्री को बचाने के लिए, यहां के गरीब लोगों को बचाने के लिए, उस सेक्टर में लगे हुए लोगों के लिए, एक्सपोर्ट को बढ़ाने के लिए भारत सरकार ने एक बहुत अच्छा काम किया है। ये तीनों एक फार रीविंग लेजिस्लेशन हैं। हम भारत सरकार को इसके लिए धन्यवाद देते हैं। हम अपने प्रधान मंत्री जी और वित्त मंत्री जी को धन्यवाद देते हैं और इस सदन से आग्रह करते हैं कि आप इसे बिना किसी बहस के पारित कर दें तो अच्छा रहेगा।

इन्हीं शब्दों के साथ मैं अपनी बात समाप्त करता हूँ। जय हिन्द, जय भारत।

श्री दीपेन्द्र सिंह हुड्डा (रोहतक) : उपाध्यक्ष महोदय, हम तो इसी बात पर आश्चर्यचकित थे कि सरकार ने जिस तरीके से इस बिल को लाने का काम किया है, न स्टैंडिंग की कोई बात हुई और न कल बी.ए.सी. में भी इसका जिक्र हुआ। रात तक भी यह बिल फ्लोर में नहीं था, आज ही इसका फ्लोर आया और इसे बहस करके पास कराने की मंशा इस सरकार की है। निशिकान्त जी उससे भी एक कदम आगे चले गये। उन्होंने कहा कि बिना बहस के इसे पास करवा दीजिए। निशिकान्त जी, मैं आपके इस सुझाव के लिए आपका धन्यवाद करता हूँ। मगर जो आपने बातें कहीं, आपने वलोजिंग के समय दो बातें कहीं कि बिना बहस करे इस बिल को पास करा दीजिए और भारत सरकार का धन्यवाद किया कि एक्सपोर्ट जिस तरीके से बढ़ रहा है, भारत सरकार की पालिसी से जिस तरीके से इंडस्ट्रियल प्रोडक्शन बढ़ रहा है, यह कहते हुए उन्होंने अपनी बात पूरी की। एक्सपोर्ट कैसे बढ़ रहा है, यह इसी महीने की एक्सपोर्ट की रिपोर्ट है। मैं अभी एक्सपोर्ट की बात कर रहा हूँ, एप्रैल की बात पर निशिकान्त जी मैं बाद में आऊंगा। Exports from India rose by 1.2 per cent year on year to USD 22.5 million in June 2016, the first gain in 20 months. बीस महीने के बाद एक्सपोर्ट बढ़ रहा है, निशिकान्त जी ने उसके लिए भारत सरकार को मुबारकवाद दी। बीस महीने तक लगातार घटने के बाद यह एक महीना ठीक रहा और उसमें भी अगर हम एप्रैल की देखें, क्योंकि इस बिल के तीन पहलू हैं, उनमें से एक पहलू एप्रैल को लेकर है। अगर हम एप्रैल के एक्सपोर्ट को देखें, Textile and allied products – the percentage of growth that year on year 2013-14 से 2014-15 में, क्योंकि 2014 में यह सरकार आई, वह 0.4 प्रतिशत है। उसके बाद अगले साल और ईयर ऑन ईयर उसके मुकाबले में जितने महीने इस साल के बीत गये हैं।

Textile and allied products have registered a negative growth of -6.48 per cent. I am happy that Government is trying to think something about this sector, about the apparel exports. But what the Government is doing is actually not addressing the root cause of why we are seeing such a steep decline in the textile and apparel exports from our country. In fact, this is a very important sector. As we very well know that textile sector is a very important sector. It accounts for 22 per cent of unorganised labour in the country. It is a labour intensive sector.

We also know that such a global scenario is developing where it has opened up an opportunity for India to take garment exports to the next level. A couple of times I have seen our Finance Minister talk about global scenario and painting the global scenario as very challenging for our country and painting whatever economic success the Government has had over the last two years as something that the Government has been able to achieve something in a very testing time in a very challenging global scenario. That is not the case entirely. The commodity price crash in fact is actually helping India and not hindering India's global growth. The same is the case with lowering of crude price and decline of China. In fact, decline of China has opened up various opportunities for India to replace China as an engine of global growth. This has opened up that opportunity for India but unfortunately, because of the policy of the Government, the Indian economy has not been able to strive ahead to the extent that it can replace China as a global engine of economic growth.

The starkest example of this is the garment or the apparel industry. I am just reading out a recent report of the World Bank. It has released a recent report on garment and apparel exports. The report says: "India is losing out to Cambodia, Indonesia and Vietnam in the race for greater share in the global apparel market being relinquished by China." So, the decline of China has given you an opportunity not just in the garment and apparel sector but in other sectors also to replace China as a global growth engine but you are not able to step up and the apparel or the garment sector is the starkest example of that.

Why is that happening? What needs to be addressed? We have to look into the root cause as to why our apparel and garment sector is not able to step up. What are you doing now? Because of the stress that Indian apparel and garment sector finds itself in, the garment industry has approached the Finance Ministry saying that they are losing out. Vietnam, Indonesia, Bangladesh and Cambodia are marching ahead of us and hence, allow them to employ people for lesser number of man days in a year. And the Government has happily agreed to help them in the hour of their crisis but Government needs to address as to why they are in crisis. This is a sector that can generate millions of job and why are they in crisis?

There are two big reasons for it as per the World Bank Report. One is the high Duty on man made fibres. The situation which we are seeing today is due to high Duty on man made fibres and India imports man made fibres for weaving garments and stitching the apparels to be exported to the world. We do not have, compared to some of the countries that we talk about, adequate number of Treaties which we have signed as regards reduction in tariff and non-tariff barrier Treaties such as TPP. Some of the US and Pacific countries are part of the Trans Pacific Partnership. These are the two important reasons for it.

Instead of addressing these reasons, the Government is just providing them a temporary relief. This relief is going to affect millions of workers working in this industry and we should be very cautious when we come out with the new amendment which reduces the man hour requirement from 240 days to 150 days. You can imagine the situation of workers. Millions of workers will be affected by this. This will provide relief to the textile and garment manufacturers and exporters but what about those millions of workers?

By the way, the relief that you are going to provide to the garment and apparel manufacturers is also not going to solve the root problem such as high Duty on man made fibres. There has always been a debate on why there is a high Duty on man made fibres.

The spinning firms which are engaged in spinning approached the Government saying that they are doing the spinning and that is why, they need to be protected and hence, let us keep the import Duties high on man made fibres. But that is also a picture which shows half truth because spinning industry is not that labour intensive compared to apparel and garment industry. This is an industry which needs to be protected and all required measures need to be taken.

While we do not have much to say about this particular aspect of the Bill, we just say that this is a knee-jerk reaction of the Government to provide a short term relief to the exporters without thinking about the workers and the Government needs to do more to safeguard the interests of the apparel and textile manufacturers and exporters of our country.

Second aspect of the Bill is, it talks about the VSNL. This is with regard to exemption of capital gains tax while transferring a piece of land in case of de-merger of the PSU. If it is a de-merger of a PSU and you transfer the land back to the Government, this particular aspect of the Bill pleads that there should not be any capital gains tax and this land should be transferred back to the Government.

The way Shri Nishikant Dubey ji brought about some of the letters that the Tatas were writing to the Government, etc. it seems like he is privy to the Corporate Board in manners and ways that many of us may not be. Nevertheless, from what the Finance Minister has explained, while in this particular case it seems quite well intentioned, one needs to ask certain questions.

First of all, when this land gets returned to the Government, which is the Department of the Government with whom this land will vest? What intention does the Government has, if any, in terms of utilisation of this piece of land? That needs to be clarified in case the Government is planning on doing something about this particular land. This seems like a well intentioned aspect of the Bill in this particular case. But in future cases, in all scenarios, has the Government thought about other cases? What about those other cases? With whom will that land rest because we are going to see a process of a lot of disinvestments in a number of PSUs? We will be very happy if the Government gets back the land. We need to save the Government from the capital gains tax. We will support the land getting vested back in the hands of the Government and saving the Government from the capital gains tax. But we have to think about all the other cases and aspects in future. When we are bringing about this particular amendment for one particular case, how it will affect some of the other potential cases is something that the Government needs to take a look at and explain.

Now, the third aspect is the marble. It is about the marble industry and raising the tariff barrier from 10 to 40 per cent. The Government, in the last few months, has shown that it is happy to trigger tariff increases. We saw it in the case of steel industry. We are seeing that in the case of marble industry. Whenever this happens, it has to think about the customers. Will this rise in the customs duty and the bound rate from 10 to 40 per cent affect the consumers? It may help the domestic marble industry as Shri Nishikant Dubey ji was saying. I do not know what technology does the domestic marble industry not have that the global marble industry has, as Shri Nishikant Dubey was explaining. At the same time, while this may provide some protection for that industry, what about consumers? Will we see increase in the prices of marble that is available to the consumers? That is another important aspect that the Government needs to think about.

While we are seeing this, one also gets to ask a question of the Finance Minister that in the last two Budget speeches, whenever the Finance Minister has talked about decrease in the corporate tax, his sentences have always been hyphenated. I would like to quote you from those two speeches. Your sentences have always been hyphenated with a reference to how those decreases in the corporate tax would be accompanied by slow phasing out of exemptions. So, both the times, when you talked about decreasing corporate tax from 30 to 25 per cent, in the same vein, you said: "We will also do away with exemptions that various industries have been enjoying for over a number of years."

15.00 hours

That talk is on the one hand. On the other hand, we see in this case an exemption being provided to the apparel industry where for a reason that the industry is stressed and they are facing increased global competition on account of the ASEAN economies, stepping up their game to replace China as the global provider for apparel and garment goods. We do understand the reason why you are doing that.

Like I already pointed out that you are putting the cart before the horse, you are not addressing their root problem, you are just providing them a little bit of relief for them to survive in the stress environment. So, my question is this. Why is there a difference between what you have said in your Budget speech *via* directionally and what you are doing here? This is in line with what we pointed out earlier. Since these amendments have to do with taxation, we have pointed this out during the GST discussion as well.

This Government believes in putting more burden of taxation on the poor; that is why, collecting more revenues through indirect taxes. We are seeing that in the debate on the GST Bill and reducing the percentage of tax collection that you can get through direct revenues. In India, we should be following a policy which is exactly in opposite direction. The Finance Minister said during the reply of the GST discussion, if I remember, as far as this is concerned, in the case of India since the tax to GDP ratio is not that high and India does not lie in the queue of the developed nations, that is why we should rely more on indirect taxes, even if you compare India with other countries. We have a tax to GDP ratio about 17 per cent. If you compare India with similar countries, we would still see the percentage of revenues that we are extracting out of indirect taxes putting more burden on the poor is much more, and we need to be very cautious because inequalities in India is something we are equally bothered about.

I think, the Government should provide explanation for all the points that we have made. With these words, we support the Bill. We will ask the Government to be very cautious and to provide an answer about all the points that we have raised so that you can be confident about our support.

SHRI S.R. VIJAYA KUMAR (CHENNAI CENTRAL): Mr. Deputy Speaker, Sir, I express my gratitude and sincere thanks to the hon. Chief Minister of Tamil Nadu, *Puratchi Thalaivi Amma* for giving this opportunity to speak on the Taxation Laws (Amendment) Bill 2016.

Sir, The Taxation Laws (Amendment) Bill, 2016 is further to amend the Income-tax Act, 1961 and the Customs Tariff Act, 1975. In the existing provisions of Income-tax Act, 1961, the definition of the term "demerger" contained in clause 19AA of Section 2 does not include in its scope, the splitting up or the reconstruction of a company, which is ceased to be a public sector company as a result of transfer of its shares by the Government, into separate companies. There is a need to bring this within the scope of definition of the term "demerger"

I would like to seek certain clarifications from the Union Minister as to whether this facilitation for "demerger" is confined only to those public sector companies of the Union Government or applicable for the State-run public sector companies too. Does the Government have any plans to transfer the shares of those PSUs which are ceased to be exit now to other public sector companies while splitting up or reconstruction of companies?

With regard to the other amendment, Sir, in computing profits and gains derived from business, deduction shall be allowed of an amount equal to 30 per cent of additional employee cost incurred provided the employee should be employed for a period of not less than 240 days during the previous year. In view of the seasonal nature of the business of manufacturing of apparel, there is a need to reduce the period of employment from 240 days to 150 days.

The Union Minister has to clarify whether this reduction in the period of employment is applicable only for manufacturing of apparel or applicable to all other seasonal businesses.

Presently, under the First Schedule to the Customs Tariff Act, 1975, imports of marble blocks/slabs and granite blocks/slabs are subject to Quantitative Restriction (QR) and Minimum Import Price (MIP) and 10 per cent of customs duty. Now the Union Government wishes to amend this, and to increase the tariff rate of customs duty from 10 per cent to 40 per cent on all goods falling under specified tariff items including goods namely, rough marble and travertine blocks/slabs and granite blocks/slabs.

Sir, from the common man's point of view, I would like to know from the hon. Minister whether this amendment has been made specifically to address the issues raised by the European Union together with some other members in the WTO Committee on Import Licensing and to fulfil India's commitments in the WTO Import Licenses Committee. Will it not affect the quantitative and qualitative needs of the domestic markets and sectors in the country? I hope the Finance Minister will clarify this for the benefit of the people of our country.

PROF. SUGATA BOSE (JADAVPUR): Mr. Deputy Speaker, Sir, I rise to take part in the discussion on the Taxation Laws (Amendment) Bill brought before this House by our hon. Finance Minister Shri Arun Jaitley. After the passage of a major tax reform, the Constitution (Amendment) Bill enabling GST, this is, of course, a small and somewhat technical amendment to the Income Tax and the Customs Tariff Act.

Let me at the outset take this opportunity to congratulate our Finance Minister for piloting through the Constitution (Amendment) Bill. A genuine cooperative federalism requires powers of taxation to be shared by the Centre and the States and that perspective on federalism means that we should not restrict ourselves simply to working out a fair share of taxes. Seen in that light, the States have been extremely farsighted and generous and I hope that the Central Government recognise that farsightedness and generosity in the future in strengthening our federal structure.

After supporting the Government on such a major tax reform, it would be churlish on my part to be overly critical of this Bill that has been brought somewhat suddenly. We have not had an opportunity to study its implications clearly. But as the Finance Minister clearly stated in his opening remarks, this legislation has three limbs and I will make some brief remarks about these three aspects of the legislative amendment that has been brought before us.

First of all, there is going to be a change in relation to the granites and marbles sector. Here, I would say that generally speaking our manufacturers ought to be encouraged to be more competitive both in terms of cost and quality. We should not generally be encouraging protectionist tendencies in our industry. It seems to me that it is a little premature to change this particular law increasing the customs duty from 10 per cent to the WTO bound rate of 40 per cent. Since the Finance Minister has just conceded a little while ago that various non-tariff barriers and the 10 per cent customs duty together have been providing effective and adequate protection, we seem to be anticipating something that will happen with the non-tariff barriers and I hope that in the course of his reply the hon. Finance Minister will spell out who are the manufacturers, located in which State, who will be the main gainers from this. At first sight, it seems to be that there are some manufacturers in Rajasthan who will probably benefit from this raising of customs duty. What Shri Nishikant Dubey was saying about beautiful marbles used in our historical monuments, that argument is not particularly relevant to the legislative amendment that is before us today. So, I do not think that this was strictly necessary at this stage. But this is a small enough amendment of the Customs Duty in one particular sector. So, we will not go to the extent of objecting to it or opposing to it when it is put to the vote.

The second limb is something that we have absolutely no difficulty with. This is because it relates to the de-merger of the public sector companies. There is a particular history to this. VSNL was, in fact, sold-off in parts. We do not wish the Government, which will be in the possession of land and similar assets to be subject to the Capital Gains Tax. So, on the second limb of this tax legislation, we are prepared to support the Government unequivocally.

I, now, come to the third limb of this tax legislation. Here, I think, we need to take a broader perspective. What is going to happen here is that there will be a tax incentive, I imagine, being given to the manufacturers of garments and apparels. There is going to be a reduction in the requirement of the number of days that they have to provide employment to their workers in order to get a particular exemption to the Income Tax.

Now, as has already been pointed out by my friend from the Indian National Congress, India had a great opportunity as China moved up the scale of manufacturing industries; and we could have actually filled the void that was being left by China in the garments and the apparels sector. But I am afraid that we are losing that opportunity if we have not already lost that opportunity. As has been pointed out, there are garments manufacturers and exporters in South-East Asia. A number of countries have been mentioned, namely, Vietnam, Cambodia and Indonesia, who are filling the lacuna left by China. Then, of course, there is our friendly neighbour Bangladesh where the garments industry is flourishing and Bangladeshi Government's exports are breaking into world markets.

So, I think, we need to ponder the situation here. The Prime Minister's 'Make in India' slogan remains, up to this point, a slogan; and it is not being transformed into reality. I would like to add here that if we reflect on this point carefully, we really need our garments and apparels manufacturers to create more employment, not less. We are allowing them to provide less employment in order to get a particular incentive, but we really need to encourage them to provide more employment. This kind of employment is directly related to the empowerment of women. If we look at Bangladesh today, woman have been empowered because they have got an independent source of income. We do hear of some terrible accidents, fires, for example, that have taken place in Bangladesh. But overall, we will find that the garments industry has employed large number of women, and they have, therefore, been empowered in terms of gender relations.

That is why, I would say that the policy of our Government ought to be to generate more employment and create safe working environments for our

women in the garments and apparels sector. That should be the thrust of our policy.

HON. DEPUTY-SPEAKER: In India also, in most part of the country, women are working in the garments industry. That is happening.

PROF. SUGATA BOSE : That is right. So, there is an important gender dimension. That is why I am calling for the Government to be attentive to creating safe working environments for them and to provide more employment for our women so that they get empowered economically. This has to be said in the larger macroeconomic context of a scenario where in India, we are experiencing high output growth accompanied by anemic jobs growth. Everyone in India is concerned about the jobless growth that we are witnessing. There is a raging public debate going on in that particular context. Therefore, overall, I wish to say that the Government needs to pay attention to creating more employment generating industries. The Government needs to focus on labour quite as much as the capitalists.

I have had occasions in the context of other debates to have exchanges with our hon. Finance Minister because we have very little new domestic private investment and our economy is being powered by FDI inflows and public investments in infrastructure. So, I appreciate that these three changes to our taxation laws will provide a little bit more incentives to our manufacturers, particularly, in the granites and marble sector and in the textile, apparel and garments sector. But there is far more to be done to fulfil the promise that our Prime Minister made during his election campaign to the youth of this country that they will have well-paying jobs. If that promise remains unfulfilled then it would be a betrayal of the younger generation in our country and the political costs of such a betrayal is something that this Government will have to pay.

So, in many ways, from the Opposition, we are suggesting to the Government that in their own interest, they need to look more closely at creating more jobs, creating more employment generating industries and I hope that the incentives provided in these taxation law amendments will provide a way forward in that direction.

Thank you very much Mr. Deputy Speaker, Sir.

DR. KULMANI SAMAL (JAGATSinghpur): Hon. Deputy Speaker, Sir, thank you very much for allowing me to participate in the discussion on Taxation (Amendment) Bill, 2016.

It is a bit difficult to know, with your wily financial ways, what motive is behind this and who you are trying to help. It is because your intentions have been consistently noble and we are certain that this Bill too is an indication of that nobility running downstream.

The NITI Aayog has identified 74 sick PSUs which the Government has been considering for disinvestment. The PSUs had to go through a long process of getting approvals from the Central Government, courts and relevant authorities. The present provisions of the Income Tax Act do not allow demerger in case of public sector units selling off their shares. When a company does demerger, the assets and liabilities are transferred to the entity that is taking over. The value of the assets being transferred is as it appears in the books.

With this amendment in the Income Tax Act 1961, there will be transfer of ownership instead of divestment or as the bill says, selling off shares will be "deemed as a demerger". The value of assets, as it appears in the books, will be transferred. For example, losses made by sick units like Air India will help offset profits for the private company. This would be the case until the PSU is turned into a profitable entity.

This is a good move and it should be welcomed. By transferring the burden of even the liabilities and losses to private companies, you are putting pressure on them to fix these sick PSUs. For decades, these units have been mismanaged and now is the time to fix them up.

The second part of the Bill makes two small amendments to specific sectors. One is the apparel industry and the other is the marble and granite sector. I will focus on the latter one since Odisha is a producer of good quality granite.

Our Granite industries are incurring losses due to cheap imports from China and Italy. Focus should be paid on all imports especially from inimical countries like China, where you should pay attention and hike the customs duty so that imports shrink to bare necessities. We want the Central Government to give tax benefits to indigenous granite and marble factories.

This should be designed in such a manner that not only for internal consumption but the country should also be able to export at competitive rates.

Keeping this in mind, our Party welcomes the increase in customs duty on Marble and Granite imports from 10 per cent to 40 per cent.

We from the BJD, hope that the Government makes every effort to encourage local industries and substitute local products with imported ones. That will not only save foreign exchange but also increase employment opportunities within the country.

Our Party supports this Bill in its entirety. Thank you, Sir.

SHRI ARVIND SAWANT (MUMBAI SOUTH): Thank you very much, Deputy Speaker, Sir. While welcoming this Bill, I have certain apprehensions in my mind particularly regarding the public sector. In fact, when our Government, when we as NDA fought the election, we gave assurance of employment, generating more employment. But, generating more employment in terms of number is not important but what is important is the quality of employment along with the quantity of employment. Quality of employment means that there should be growth in it by virtue of their salaries. For the Government sector, we talk about the Seventh Pay Commission, the Sixth Pay Commission. What about the people who are working in the public sectors? Of late, when the question was raised in the Parliament, the hon. Minister for Heavy Industries had given in his answer that a

number of public sectors are in losses and handful of public sectors are in profit. The basic idea of creation of public sectors or transformation or nationalization of all these companies was this. All these were private sectors. Let it be petroleum, let it be banking, let it be insurance, all these were in private sector. They were converted into public sector for two things, firstly, to guarantee employment and secondly, to help the downtrodden people. Let it be reservation also. It is not there in the private sector. Downtrodden people include all those who are poor irrespective of their caste, creed, region and religion. They should be helped. What is happening right now? All those public sectors are in losses. Today morning, I gave a letter to the Minister wherein I have stated, this is because of the policies. Let it be this Government or that Government; I do not want to politicize the issue. The fact remains that the policy of the Government has created this situation right now.

If you talk about the telecom sector, everyone knows in the world as to what has happened during the allocation of 2G spectrum, what has happened about 3G spectrum, how the private companies were assisted, were given cooperation.

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15.23 hours (Shri Arjun Charan Sethi *in the Chair*)

In the morning also, a question was raised about EMF. You would not believe, Sir, when the electromagnetic frequency was limited to certain ranges, the private companies are violating it blatantly. He was saying that stringent action is there; not a single action has been taken. In the telecom sector, the Government confined the MTNL not to bid for 2G, 3G spectrum, confined the MTNL not provide the services beyond Mumbai city; whereas in the same city, the technology which Reliance brought was allowed to go anywhere in the country, in the State. What is this? You are strangulating your own public sectors. Still you say that the employees are responsible. We go towards retrenchment; we go towards privatization; we go towards disinvestment. We do not want to shoulder the responsibility at all. If you really wish to say that we want to bring the *achhe din*, we should show the results. Who is the best doctor? One who survives the patient and makes him healthy is the best doctor. Anybody can say, this patient is not going to survive; he is going to die. So, what for you are the doctor?

Industries are dying. It is not because of the employees but it is because of the corrupt policies of the Government. I am using this word. Underline this word. Maybe this Government - it is not my own Government right now - is transparent. But the fact remains that it happened because of the corrupt policies and corrupt vision. I will tell you one example. Pager was introduced in the country first by MTNL and BSNL, and you would not believe, that time the then Minister opened his own company known as 'Himachal Futuristic Company'. He launched pagers. Being a Minister himself, he did not allow to sell pagers by the Government company. He allowed the private sector to launch pagers. What had happened?

The company had gone into losses. A company, which was in profit in the year 2008, went into losses because of the policies of the Government, which compelled BSNL to borrow loans from the banks. An amount of Rs. 10,000 crore was borrowed to get 2G and 3G spectrum licences. The company was in profit. Who was the owner? The Government was the owner. If they want 3G licence, the Government, which was receiving all the revenues in terms of taxes and in terms of dividend, should have taken the onus of it, should have taken the responsibility of it and should have paid the license fee. Instead, they asked them to go to the market and borrow loan. They borrowed Rs. 10,000 crore at the rate of 10 per cent interest. The day they borrowed it, the company went into losses. A company, which was showing a profit of Rs.208 crore in the year 2008, went into losses because the interest was around Rs. 1,000 crore. Who is responsible? I want to know what my Government is going to do by bringing these laws.

When you say that one of the conditions provide that the employees should be employed for a period of not less than 240 days during the previous year, this is a common law. In the case of others, they have said it will be 140 or 150 days. I welcome their concept. What happened to the people who have completed 240 days? Go to the airport. Yesterday also, I have said it. The entire country is outsourcing. Let the Government be also outsourced to someone. Let us outsource the Government to let them function. Why are we here? They do not need it. They are outsourcing. This morning, in regard to Civil Services, we were saying that intelligent people from the corporate sector should be brought here. Bring them. Let them appear in the UPSC exam. They do not want to go to through the UPSC exam. They are intelligent. Borrow it from the general stream. What is this concept of outsourcing of everything going on?

People are working for 240 days years together. They do not get regularized. They get the same salary for 10 years. There is no increment. There are no facilities. What is this going on? Are we happy about it? How do you outsource everything? Why do you not take the onus of it?

Therefore, while welcoming the idea also, I would request the Government to show its skill and show its intelligence to bring all those Public Sector Undertakings which have gone into losses. In some of the companies, you may need PPP projects also. I can give you an example of telecom factory where we have land banking over there. Go for a PPP project. Bring it up and show that we have generated 5,000 jobs in the telecom factory in Bengaluru, Allahabad, wherever it is there.

श्री मल्लिकार्जुन खड़गे (गुलबर्गा) : माननीय सभापति जी, सावंत जी बहुत अच्छी स्पीच दे रहे हैं। खास तौर से जो वर्कर्स 240 दिन काम करते हैं, उनको परमानेंट बनाने के लिए पब्लिक या गवर्नमेंट सैक्टर में कुछ नहीं कर रहे हैं। यह उनका कहना है और मैं इसे फुल्ली सपोर्ट करता हूँ। सावंत जी, आप भी पार्ट एंड पार्सल आफ गवर्नमेंट हैं, आप जरा गीते साहब को बोलकर कम से कम पब्लिक सैक्टर, जो आपके कंट्रोल में है, वहां तो छड़ी घुमाइए।

श्री अरविंद सावंत: बेचने का सोचते हैं, तभी तो मैं विरोध कर रहा हूँ। What is the division? Do you want to weaken the public sector or strengthen the public sector? What is the whole thing about division?

HON. CHAIRPERSON: Please conclude.

SHRI ARVIND SAWANT: I am concluding in a moment. Therefore, you feel that the idea of division of the Public Sector Companies or the assets to be transferred directly, wherever it goes, is correct but let us take the responsibility to revive them, strengthen them and create a permanent employment structure and generate more and more employments. Thank you so much.

SHRI JAYADEV GALLA (GUNTUR): Sir, I thank you for permitting me to speak on this Bill which aims to bring in amendments to the Income Tax Act and also the Customs Tariff Act. While supporting the proposed amendments, I would like to make a few observations.

Clause 2 is proposed to amend Section 2, Clause 19AA. The hon. Minister is only adding an explanation here to make things clear. If you look at the Companies Act, demerger is dealt with under Sections 391-394. This Act allows companies to demerge into multiple companies. As a result of demerger, income expenses and profits of the parent company are transferred to the resultant companies. The Income Tax Act, 1961 takes into account these transfers from the parent company and also for the taxation of the resultant companies. The Bill clarifies that these provisions will apply also in cases of Public Sector Company, when it demerges, and the resultant company is no longer a Public Sector Company. The explanation to Clause 19AA makes it further clear about the demerger. So, it is only an explanation.

The second point is relating to deduction in respect of employment of new employees. The Income tax Act, 1961 allows businesses to obtain a deduction on taxable income to the extent of 30 per cent of the cost of recruiting a new employee. The Act requires that the employee should have been employed for a minimum of 240 days in the previous year. Now the Bill proposes to relax this duration of 240 days to 150 days for businesses which manufacture apparel. This is probably made in view of the gloomy textile sector and continuous downtrend in exports that we are seeing. So, I welcome this.

The final part is relating to increasing the customs duty ceiling from 10 per cent to 40 per cent on marble, granite blocks and also slabs. It is not increasing the rate. It is only increasing the ceiling giving the Government more flexibility to act, when necessary. The current duty is 10 per cent and bringing the ceiling up to 40 per cent is the bound rate of the WTO.

Apart from this, I have a suggestion to make that the marble industry has been demanding for open permits and removing import limits that are present now since the demand is 4.8 crore metric tonnes but the domestic production is only 1.16 crore metric tonnes. So, this may please be looked into.

I would also like to take this opportunity to make a couple of points relating to tax concessions and one point relating to FRBM for my State of Andhra Pradesh. The Finance Minister is not here but our Minister, the Member from Andhra Pradesh, Mr. Prabhu is here. I would like to seek his attention to appeal to our Finance Minister on this point. It is at our State's insistence and the insistence of other States, the hon. Finance Minister has set up a Committee to look into the FRBM limits. We have been asking to increase the limit from three per cent to seven per cent which will help Andhra Pradesh to get additional borrowings and to boost public spending. I request the hon. Finance Minister, as an interim and urgent measure, to please permit, at least, Andhra Pradesh to increase our FRBM limit to seven per cent, as we are in dire financial straits.

As per Section 94 of the AP Reorganisation Act, the hon. Finance Minister has also provided 15 per cent additional accelerated depreciation and 15 per cent additional investment allowance. However, these are not sufficient to attract substantial investment and these are not in line with the assurances made by the then Prime Minister, Shri Manmohan Singh Ji on the floor of Rajya Sabha during the debate of the AP Reorganisation Act, which makes it part and parcel of that Act.

I would like to remind the Finance Minister that the assurance made by the then Prime Minister was that Andhra Pradesh would get concessions and investment incentives in line with Himachal Pradesh and Uttarakhand.

The neighbouring States are saying that this will create an unlevel playing field but I would like to remind the House and also the Finance Minister that we are in an unlevel playing field in Andhra Pradesh. We have no capital. We have no industrial base. We need to create jobs. We need to provide employment. We need to create urbanization. There are so many challenges we are facing, and without meeting these assurances and giving us the industrial tax incentives, we will be in a dire strait. I would like to again appeal to the Finance Minister. Mr. Meghwal Ji, you are also here. Please impress on the Finance Minister. We are only asking to get us to a level playing field. It is an unlevel playing field today. So, it is not fair for other States to say that it will create an unlevel playing field. We are in an unlevel playing field. We are asking and appealing for a level playing field. Thank you, Sir.

SHRI P.K. BIJU (ALATHUR): Thank you, Chairman, Sir, for giving me this opportunity.

Sir, I am not an expert in tax laws. But I have to pay direct or indirect tax. I would like to seek some clarifications from the hon. Minister. While presenting the Bill before the august House, the hon. Finance Minister said that this is a very small Bill with only two or three amendments. But the impact of these amendments is very big.

Sir, whichever Government is there, whether this Government or that, they always put forth this type of enactments in this House. They do not pay that much attention to the poor people or the tax paying community of this country. They are always in favour of the corporates. This Bill also has come on the Floor of this House with a similar purpose. The hon. Finance Minister has put forward an example regarding demerger of BSNL.

In the Statement of Objects and Reasons, it is explained that:

"The existing provisions of the Income-Tax Act, 1961 provide for tax neutrality in matters relating to transfer of capital asset, carry forward of loss, claim of certain deductions, etc., in case of demerger of entities. The definition of the term "demerger" contained in clause (19AA) of section 2 of the Income-Tax Act, 1961, does not include in its scope, the splitting up or the reconstruction of a company, which ceased to be a public sector company as a result of transfer of its shares by the Government, into separate companies, even if such split up or reconstruction has been made to give effect to the conditions attached to the said transfer of shares by the Government.

With a view to facilitate the splitting up or the reconstruction of erstwhile public sector companies and to give effect to the conditions attached to the transfer of shares by the Government, there is a need to bring these types of splitting up or the reconstruction within the scope of definition of the term "demerger"."

Sir, I want to know from the hon. Minister, "Who will demerge these companies – this Government or the private companies? Who is going to benefit out of this? So, this is a sign of demerger of all our national assets, that is, PSUs. That will happen in our country.

This Government as well as the previous Government set up a Ministry for demerger of Public Sector Units. What happened? Nearly worth of Rs.40,000 crore demerger happened during this period. In this Budget, this Ministry is going for Rs.70,000 crore of disinvestment in this country. It is just because of that they are trying to give some assurance to the corporate community. The disinvestment in PSUs will leave ample scope for them taking up these companies. That is why this Bill has been formulated and put before this House.

Sir, what is happening in and around our country? Who is going to be benefited with this law? Sir, I would like to give an example in this regard. Here, it is talking about dismantling. Who is the main beneficiary of the fiscal policy of this Government? There is a total exemption from taxes of 5,50,000 crore in 2015-16 for the corporates. That includes 1,84,764 crore of Central Excise Duty and Rs. 3,01,688 crore of Customs Duty. The big companies are being established in the SEZs where they do not attract certain tax laws. We do not have any interference with the companies set up in SEZs. There is no excise duty, no income tax or any other tax. There is a complete tax waiver. Every year, they keep on giving such exemptions to them.

We had also raised this point during the Budget debate. The revenue foregone each year is more than Rs. 5,85,000 crore. Our actual Budget is of Rs. 19,00,000 crore. Out of this, every year, up to 6,00,000 crore are being waived of for the big corporates. At the time of giving reply, hon. Finance Minister said that while we were raising this point again and again in every Budget, they were going to cut it from the Budget document. He said that he was going to withdraw it from the Budget document.

The second thing is very crucial. The Government has the right to impose tax or duty as per the Constitution – Entries No. 80 to 90 of the Union List – on goods and services. I agree with that, but there is a second amendment regarding reducing the job-days from 240 to 150 a year. This will directly affect the youth of this country. In this regard, I would like to give an example. In the unorganised sector, home-based work increased from 23.3 million in 1999-2000 to 37.4 million in 2011-12. Dismantling of this factory will harm the youth, the unemployed people of this country and the women of this country. Volume I of the *Employment Survey* of 2013-14 shows that 51 per cent of men and 49.3 of women are self-employed; 29.3 per cent of men and 36.5 per cent of women are casual workers; and only 42.9 per cent of casual workers get job for 12 months and more than 50 per cent of them get job nearly for 50 per cent only. The joblessness and unemployment is increasing day by day in this country. In such a situation, why is the Government going to reduce the days of employment? This will harm the community which is living in the rural areas and the marginalised section of society.

Sir, I would like to ask the Government to rethink about this clause and withdraw it and get this Bill passed.

Thank you.

ADV. NARENDRA KESHAV SAWAIKAR (SOUTH GOA): Mr. Chairman, Sir, I thank you for giving me this opportunity to speak.

I rise in support of the proposed Taxation Laws (Amendment) Bill, 2016 which has been moved by our hon. Finance Minister, Shri Arun Jaitleyji. Before coming to the various aspects of the amendments brought in this Bill, I would like to make some remarks about the present economy. The Indian economy is on a fast track under the visionary leadership of our Prime Minister, Shri Narendra Modi, and Finance Minister, Shri Arun Jaitleyji.

Today, India is emerging as the fastest growing economy with eight per cent growth rate of GDP. The growing economy throws opportunities to all the sections of society, including the Dalits, the Backward Classes, and economically-marginalised people, to accomplish their dreams as well as their aspirations.

Sir, 65 per cent of India's population is young. We as law-makers are entrusted with the responsibility to provide a better tomorrow to the youth of today. They are looking at us as their agents of hope and change. Keeping this mind, our Government has taken some significant steps, ranging from FDI in some important sectors to Bankruptcy Code and, of course, the GST which was neither a need nor a demand, but the necessity of time.

Sir, the proposed Taxation Bill is dealing with three comparatively small, technical but important aspects of taxation and tariff laws. The three taxation amendments which have been proposed are: (1) splitting up and reconstruction of the public sector companies; (2) strengthening the apparel manufacturing industry in the country; and (3) power to the Government to fix the appropriate and effective rate of Customs Duty on marble, granite and other slabs.

Mr. Chairman, Sir, the insertion of Explanation No. 5 in clause 19AA of Section 2 of the Income Tax Act would provide that if the reconstruction or the splitting up of a public sector company is due to transfer of its share by the Central Government, then it would be deemed as a merger. As the Finance Minister has stated in his opening remarks, this proposed amendment has been done keeping in mind the larger public interest and put in use the land which has been lying idle for more than a decade.

The second amendment is to Section 80JJAA of the Income Tax Act. The apparel manufacturing industry provides employment and is capable of providing more employment opportunities. Our Government has recently approved a special package of around Rs. 6,000 crore for the textile and apparel sector, to create more than one crore jobs, attract investments and also to generate exports. The present amendment will, definitely, benefit the apparel industry, which is a seasonal business. Therefore, in its own wisdom, the Government felt the need to reduce the period of employment to 150 days from 250 days during the previous year.

The third amendment to the First Schedule to the Customs Tariff Act would enable the Government to fix the appropriate and effective rate of the Customs Duty on marbles and granites – from 10 per cent to WTO-bound rate of 40 per cent. This has also been done with an intention to boost the domestic industry, as explained by the Finance Minister in his opening remarks.

Our Government is moving in the direction of creating a vibrant and sustainable economy, which would create jobs and also help the manufacturing sector in the country. Therefore, with these few remarks, I support this legislation, which has been moved by the hon. Finance Minister. Thank you.

श्री कौशलेन्द्र कुमार (नालंदा) : महोदय, आपने मुझे कसबायन विधि (संशोधन) विधेयक, 2016 पर बोलने का मौका दिया, इसके लिए मैं आपको धन्यवाद देना चाहता हूँ। माननीय वित्त मंत्री जी प्रत्यक्ष कर और अप्रत्यक्ष कर में संशोधन करने वाले प्रस्ताव लेकर आए हैं। सरकार कम दिनों के लिए भी काम देने वाले फैविलिटियों को इनसेंटिव देने का प्रावधान करने जा रही है, यानी 240 दिनों का प्रावधान था, अब 150 दिन काम देने का प्रावधान किया जा रहा है।

इसका दूसरा पार्ट अप्रत्यक्ष कर सीमा शुल्क टैरिफ में बढ़ोतरी का है। जी.एस.टी. कानून बनने जा रहा है। जी.एस.टी. कानून के अंदर अप्रत्यक्ष कर आ जाएंगे, तो फिर इसे कुछ दिनों के लिए बढ़ाने का क्या औचित्य होगा? जहां तक घरेलू उद्योगों को बढ़ावा देने का प्रश्न है, मैं कहना चाहता हूँ कि कुछ देशों के साथ द्विपक्षीय समझौते के कारण फिनिश गुड्स पर सीमा शुल्क में विशेष छूट मिल रही है। किन्तु उसी फिनिश गुड्स के लिए घरेलू उत्पादक का कच्चा माल उसी देश से मंगाने पर सीमा शुल्क लगाया जाता है। इस दोहरे मापदंड के कारण ट्रेडर्स तो फायदा उठा रहे हैं, किन्तु घरेलू उत्पादक नुकसान झेल रहे हैं और उनके उद्योग-धंधे बंद हो रहे हैं। इसके कारण रोजगार पर भी असर पड़ने की संभावना है। सरकार को राजस्व की हानि होगी, साथ ही विदेशी मुद्रा भी देश से बाहर जायेगी।

अतः मेरा मानना है कि इस प्रकार के सभी द्विपक्षीय समझौतों को पुनः रिव्यू करने का समय आ गया है। मैंने पहले भी कहा है कि इसी प्रकार द्विपक्षीय समझौतों के कारण एल.एन.जी. इम्पोर्ट पर सरकार कितना नुकसान उठा रही है। पिछले बीस वर्ष पुराने समझौते को आधार मानकर 20 से 22 डालर में खरीददारी करके उसे अपने देश में लाकर वही एल.एन.जी. छः से सात डालर में बेटी जा रही है। जबकि आज इसकी अंतर्राष्ट्रीय कीमत पांच से छः डालर है। अब समय आ गया है कि सरकार इस तरह के सभी द्विपक्षीय समझौतों को रिव्यू करे। मैं समझता हूँ कि मंत्री जी को भी इस विषय पर स्पष्टीकरण देना चाहिए। आप अपने घरेलू उद्योग-धंधों को ध्यान में रखकर उन्हें बढ़ावा दें, ट्रेडिंग को बढ़ावा देने से नुकसान ही नुकसान हो रहा है। मैं समझता हूँ कि सरकार इस विषय पर गंभीरता से विचार करेगी।

महोदय, मैं श्री दीपेन्द्र हुड्डा जी की बात से भी सहमत हूँ कि जल्दी में इस बिल को नहीं लाना चाहिए था। जी.एस.टी. कानून बन गया है, फिर इसमें जल्दबाजी क्यों कर रहे हैं। इस पर विचार-विमर्श के लिए और अधिक समय देना चाहिए था। वित्त मंत्री जी टैक्सटाइल सैक्टर पर ध्यान देने जा रहे हैं। इससे वहां खासकर गारमेंट सैक्टर में एक्सपोर्ट करने वालों को फायदा होगा, वहां अधिक कामगार काम करते हैं, उन्हें रोजगार मिलेगा, यह अच्छी बात है।

इन्हें शब्दों के साथ मैं अपनी बात समाप्त करता हूँ। धन्यवाद।

SHRI N.K. PREMACHANDRAN (KOLLAM): Hon. Chairman, Sir, I rise to oppose this Bill. This Bill is intended to amend the Income Tax Act of 1961 and also the Customs Tariff Act of 1975.

My first objection regarding this Bill is about the manner in which the Bill has been introduced in the House. The Bill has been introduced even without circulating it in the House. It is being discussed and it is going to be passed today itself. The structural formation of the entire Bill seems to be very confusing. It is even very difficult to understand the terms which are being mentioned because it is all about matters relating to taxation. So, definitely, this has to be more understood otherwise, it will be unnecessarily creating so many confusions.

What is the main intention of the Bill? This Bill is providing certain exemptions, concessions and also expansion of the Customs Tariff Act. If we are providing some concessions and exemptions to some other agency or to somebody, it should be dealt with in detail. That is the point which I would like to make. The Cabinet took all these decisions some months back. This Bill is being brought to the House very urgently. We are well aware that the Finance Act, 2016 was passed just three months back. At that time also, this was not brought into the attention of the House. It is coming as an urgent item. That is why, I ask as to what the urgency is in bringing this Bill at this time immediately within three months from the date of passing of the Finance Act, 2016.

About the first amendment, I would say that Explanation V is incorporated in Section 2 and a new Explanation 19AA has been brought in. I am not going to read the Explanation. Still, I would only seek a clarification from the hon. Minister. In his opening remarks, the hon. Finance Minister has said that after the Videsh Sanchar Nigam Limited has been privatized, it has gone to the Tata Company. Hence, we are not able to get back the land or we have to pay the capital tax for getting back the land.

When a company ceases to be a public sector company, it becomes a private company. Then how is the Government able to get back the land of a company which has already been privatized? I would like to seek this clarification from the hon. Minister. I may be wrong or I am not able to understand the terms of this Section. But on reading of Section 5 it becomes clear that the company ceased to be a public sector company. A company which has already ceased to be a public company will be a de-merger entity and the benefit will be given to that company. That means, the benefit is definitely not coming to the Government. I, therefore, would like to seek this clarification from the Government as to how the Government will get the land back. That is as regards the first amendment, 19AA.

Coming to the second amendment, I strongly oppose it. I totally oppose the provision of Section 80JJAA. What is the intention of this amendment which is before the House? If one wants to get concessions or benefits under the Income Tax Act, if one wants to get any exemption, then the apparel industry has to provide 240 days of work. Only when they provide 240 days of work to the workers they will be entitled to get certain concessions under the Income Tax Act of 1961. Now you are amending that provision. A new proviso has been incorporated in Section 80JJAA which says that you need not provide employment of 240 days but you just provide 150 days of work and you will be entitled to the benefits and concessions coming under Section 80JJAA. This 80JJAA was also incorporated by the Finance Act of 2016. At that time also this has not come. The explanation given by Shri Nishikant Dubey is that we want to boost the apparel industry in our country.

All of us know that we have the best apparel industry in Ludhiana, Tirupur and Coimbatore. These are the big centres of apparel industry. Hon. Minister has also cited that apparel industry is of seasonal nature. According to me, apparel industry is not of seasonal nature, it is a continuous employment. So, limiting the number of working days from 240 days to 150 days cannot be accepted. There are many other issues in respect of the apparel industry. Even if we want to promote exports, this is only for giving incentives to the export industry, but it should not be at the cost of the domestic industry. Growth of exports should not be at the cost of workers. When the industry is being protected, similarly the workers' interests should also be taken care of. Otherwise, this benefit shall not be given or 80JJAA may not be applicable to those who are not giving adequate

employment to the workers.

The third amendment is regarding the Customs Duty. In the aims and objects it has been stated that the World Trade Organisation has written two letters. I was not convinced why WTO is stipulating that the Customs Duty should be enhanced to 40 per cent. If it is being enhanced to 40 per cent, what is the benefit available to the exporting countries? Also, if we want to have the bound rate of Customs Duty, in so many other items also the WTO stipulation is there. Will the Customs Duty increase in those cases also?

With these observations and clarifications, I conclude. Thank you.

16.00 hours

SHRI ASADUDDIN OWAISI (HYDERABAD): Hon. Chairperson, the taxation policy of the Government is not protecting the citizens. The Government talks about Make In India and this particular Bill relaxes the limit to 150 days of employment for businesses which manufacture apparel. The textile industry is the biggest provider of employment after agriculture. Nearly two crore people are employed in this sector. The biggest sufferers of this Government policy are the powerloom sectors of Malegaon, Bhiwandi, Varanasi and Surat.

Within the Asian countries, there is an agreement that among themselves, they will not impose anti-dumping duties on import or export of synthetic clothes. China is exporting synthetic clothes to Sri Lanka which in turn is coming to India and which is 30 per cent cheaper than clothes produced by Indian weavers and companies; the powerloom sector in Malegaon cannot compete.

The Government has imposed anti-dumping duties on synthetic yarn imported from China and cost of importing Chinese yarn has become 20 per cent higher. This is benefitting only a handful of corporates. This is not benefitting Make In India; this is not benefitting powerloom sector of Malegaon or Bhiwandi. Because of this 20 per cent duty, the cost of production of the weavers of Malegaon is higher and hence these weavers of Malegaon, Nasik, Sholapur, Varanasi etc. cannot export their product. As a result, they are not getting fair price in domestic market.

On the other hand, you take cotton. Our statistics show that export of cotton has come down by 23 per cent. Our major exports of cotton go to African countries. This is falling because of cheap clothes being exported by Pakistan, Bangladesh and Sri Lanka. I request the Government to withdraw the anti-dumping duty imposed on synthetic yarn and polyester partially oriented yarn (POY) being imported from China.

Your policy is benefitting only small corporates but it is destroying the power loom industry of Malegaon and Bhiwandi. Instead, the Government should impose anti-dumping duty on synthetic cloth being imported from SAARC countries. I will give figures. According to Textile Commissioner, as on 31.03.2016, there are 63 lakh workers which are employed in 25 lakh powerlooms whereas man-made fibre or filament yarn industry is providing employment to only 0.28 million and getting protection under notification issued by Department of Revenue. So, I request the Government to come to the rescue of power loom industry of Malegaon, Bhiwandi, Surat and Varanasi. It is the biggest sector to provide employment. Once this powerloom industry is closed, it cannot be revived. They are looking towards us that this House, and particularly this Government, will come to their rescue because your policy is Make In India. Your Make In India policy is not helping power loom sectors. Please help them; remove anti-dumping duty on synthetic yarn and impose anti-dumping on cotton clothes.

SHRI VARAPRASAD RAO VELAGAPALLI (TIRUPATI): Hon. Chairperson, thank you for giving me this opportunity to speak in presence of the hon. Finance Minister. I do not want to discuss much on this Bill because it is mostly a post-mortem issue. So, I do not want to talk much about the rates. But I want to share my grief with the hon. Finance Minister; kindly evolve a mechanism where NPAs could be controlled. I have not been able to see for the last two years any specific steps that the Government has taken to reduce or to control the Non-Performing Assets. I am sure that NPAs are playing a predominant role in the way of socio-economic development and economic growth. Therefore some mechanism has to be evolved either to realize them or to write them off or to infuse more money into the banking sector. So, the amount of Rs. 24,000 crore that the hon. Minister has given to the banking sector is very inadequate.

We know that almost eight to ten lakh crores of rupees are stuck in the NPAs and it is almost 11 per cent of the total loans. It is high time that we gave top priority to the Non-Performing Assets. On the other hand, while the corporates are lynching the banking system, bank people are insisting on security or margin money for small loans like MUDRA which is a very noble scheme started by the hon. Prime Minister and the Finance Minister. Unfortunately, at the lower level, I am able to see that the small banks are insisting on margin money. I request the Government that instructions may be given to banks and the instructions given by the Government should be displayed in each branch so that the common man is benefitted.

Sir, the hon. Finance Minister is losing sight of the Corporate Social Responsibility (CSR). Nearly two per cent of the companies' profit should get into society. People like us would go to various villages and companies. What these companies are doing is that in the name of small tree plantation or school bags or some small and unproductive things, they are spending two per cent of the profits under this category. If the Government of India could evolve a system where the Corporate Social Responsibility of two per cent is properly spent, I am sure it will definitely add to the income of the Government of India. It will help in creating infrastructure in the housing sector in villages, drinking water, drainage system, community halls and roads. All these things could be provided with this money.

I am sure in the name of cooperative federalism, you have increased it from 32 per cent to 42 per cent. It is a noble decision and there is no doubt about it. But in the process what is happening is that the NREGA money which has to go to the poorest of the poor, is not reaching the poor. In fact, where the minimum of 150 days work have to be given to the poor for his livelihood under the Scheme, not even 30 per cent of the population is getting it for 150 days. You forget about 350 days. I could say this with authority, at least, in respect of my Constituency.

Therefore, you kindly insist on the State Governments to spend the money for the heads for which it is given so that the money is not diverted. I am not trying to find fault with any State but in Andhra Pradesh, at least, in ten schemes, the money meant for NREGA, is being used. Therefore, it is high time it was not allowed. It is meant for the livelihood of the common man and for 150 days work in a year. That should be achieved because not even 30 per cent people are being covered under this scheme.

You have mentioned a penalty tax rate of 45 per cent under the Declaration of Undisclosed Income Scheme which is likely to come up in a few days or a few weeks.

The Capital Gains Tax of 100 per cent within five years, I find it to be on the higher side. The Affordable Housing Scheme under which there is 100 per cent grant up to 30 square metres is welcome. So, overall I appreciate it.

श्री सुधीर गुप्ता (मंदसौर) : माननीय उपाध्यक्ष महोदय, कसद्यान विधि संशोधन विधेयक, जिसमें कुछ छोटे तकनीकी सुधार का एक बड़ा प्रयास किया गया है और इसमें एंटी ट्रिपल टैक्स है कि कार्य कितना ही छोटा हो, लक्ष्य बड़ा रखकर हर छोटे कार्य को बड़ा उद्देश्य रखकर किया जाता है। इसी उद्देश्य से यह विधेयक इस सदन में आया है।

इस विधेयक के बिन्दुओं पर चर्चा करने के पहले मैं भारत सरकार को, माननीय प्रधान मंत्री जी को और विशेष रूप से अरुण जेटली जी को बधाई दूँगा, धन्यवाद दूँगा कि उन्होंने जीएसटी जैसे बिल को, जिसका लक्ष्य 16 सालों से देश इंतज़ार कर रहा था, उसको देश को दिया। जीएसटीएन सिस्टम, जो 14 राज्यों में बहुत तेजी से लागू करने के लिए माननीय वित्त मंत्री जी प्रयास कर रहे हैं, उसके लिए भी मैं माननीय वित्त मंत्री जी को धन्यवाद दूँगा। मैं इसलिए भी धन्यवाद दूँगा कि पिछले बजट के दौरान जिस तरीके से छोटे कर्दाताओं को आसकर में छूट दी, उससे दो करोड़ व्यक्तियों को देश में आसकर छूट का लाभ मिला है। उसके साथ-साथ हाउसिंग सैक्टर में जो इनकम टैक्स रिटीफ के कारण बेंनिफिट आया, वह सारे देश में हम सब देख पा रहे हैं। छूटों का फायदा 60 साल और 80 साल की उम्र के और व्यक्तियों को भी हुआ, उसके लिए भी मैं धन्यवाद देना चाहूँगा। मैं चाहूँगा कि आज हम जो कसद्यान विधि संशोधन विधेयक लेकर आए हैं, इसमें हम सब देख रहे हैं कि जिस तरीके से आसकर अधिनियम के तहत एमलगेमेशन के लिए जो कैपिटल गेन में छूट दी गई है, हम सब उसमें देखते हैं कि जो भूमि आज बीएसएनएल के सैक्टर में लगी है, उसका बड़ा फायदा देश को हाउसिंग सैक्टर में होने वाला है। हाउसिंग सैक्टर के साथ-साथ इस भूमि का उपयोग जब देश करेगा तो कृषि भूमियों का भी उपयोग इसके साथ-साथ होगा क्योंकि वे भूमियाँ, जो निवास और आवास के लिए उपयोग की जानी थीं, कृषि के उपयोग के लिए हम देश भर में उसका उपयोग देख पाएँगे। हम सब जानते हैं कि जिस तरीके से आज हम सबने औद्योगिक क्षेत्र में 240 दिनों की अवधि को कम करके 150 दिन लाकर खड़ा किया है। उससे वस्तु उद्योग, परिधान विनिर्माण में लाभ होने वाला है, रोज़गार वृद्धि होने वाली है। इससे वस्तुओं की लागत कम होगी और वस्तु उद्योगों का स्थायीकरण होगा। वस्तु उद्योग मौसमी प्रकृति के होने के कारण उद्योगों को भी इससे बढ़ावा मिलने वाला है।

अगर हम रोज़गार की दृष्टि से देखें तो जहाँ ग्रामीण क्षेत्रों में लोग मनरेगा के रोज़गार से लाभान्वित हैं, आज आपने जो यह प्रयास किया है, यह निश्चित रूप से देश के लिए लाभकारी है। सीमा शुल्क टैरिफ में यह जो सुधार आप लेकर आए हैं, यह आयातों पर और नियंत्रण करेगा और इससे स्थानीय निकायों को जीवनदायी और अधिक के रूप में लाभ होने वाला है। हम सब जानते हैं कि सारी दुनिया से और जिस तरीके से भारत के ऊपर एक व्यावसायिक दबाव है, उस स्थिति में विश्व व्यापार संगठन की बाध्यकारी सीमाओं का पालन करते हुए आयात पर नियंत्रण के लिए 40वाँ का कैप लगाया है, निश्चित रूप से यह देश के लिए लाभदायक है।

इस संबंध में मैं एक बात कहना चाहता हूँ कि जिस तरीके से माननीय वित्त मंत्री महोदय ने अपने वित्तीय बजट भाषण में जिन नौ बिन्दुओं का उल्लेख किया था, वे सभी नौ बिन्दु, इस छोटी-सी चीज़ में हैं। देश में जब-जब कसद्यान और कर व्यवस्थाओं के लिए अवसर प्राप्त हुए हैं, योजना बनाते वक्त उन योजनाओं का पूरा लाभ छोटे कर्दाताओं को रहत देने का एक बड़ा प्रयास है।

दूसरा बिन्दु, विकास और रोज़गार सृजन करने का जो वादा माननीय वित्त मंत्री जी ने किया था तो इसमें विकास भी है और इसमें रोज़गार का अवसर भी है।

तीसरा बिन्दु, जो माननीय वित्त मंत्री जी ने देश के सामने कहा - मेक-इन-इंडिया। मेक-इन-इंडिया के तर्ज़ पर आज उद्योगों को बचाने का यह एक बड़ा प्रयास है।

उपाध्यक्ष महोदय, इसमें पाँचवाँ बिन्दु था - सस्ते आवास निर्माण को बढ़ावा देना। माननीय वित्त मंत्री जी का वह संकल्प एक छोटे-से वित्त विधेयक में भी आकर समाहित हुआ है कि सस्ते आवास निर्माण को बढ़ावा इस विधेयक के कारण मिलेगा। कृषि और ग्रामीण अर्थव्यवस्था में भी इसका लाभ मिलने वाला है। जवाबदेही निर्धारित करने के लिए प्रौद्योगिकी का प्रयोग - इस बात के लिए मैं धन्यवाद देना चाहता हूँ कि वित्त मंत्री जी ने जी.एस.टी. जैसे बिल पारित करने के बाद कसद्यान का वादा यह एक छोटा-सा ही लक्ष्य हो, लेकिन बड़ी तेजी से एक-दो दिन के प्रयास से ही इसे देश के सामने लाकर खड़ा किया है।

धन्यवाद।

KUMARI SUSHMITA DEV (SILCHAR): Hon. Deputy-Speaker, thank you very much for giving me this opportunity to speak on this legislation.

We have had a very comprehensive debate on this amendment Bill, after the hon. Finance Minister introduced the Bill, on various points. The first amendment relates to Section 219 (a) (a). It has been stated by the Government that this amendment in case of BSNL -- which is in the process of being disinvested, or facing merger -- the tax neutrality provision will apply and therefore a huge burden on the Government of paying Capital Gains Tax on the basis of surplus land that has gone to the Government and it will save some money. Nobody as such can object to that. But I think, without repeating it, the point that has been made by Shri Premachandran is an important point about the transfer of that land to the Government after it has been disinvestment.

The second amendment is in relation to the manufacturing factories with a requirement of 240 days which is now being reduced to 150 days. I have very less time at my disposal. So, I would like to ask this question. Will this be counter-productive in the sense that whereas 240 was the minimum requirement, now will this push these industries to reduce it to 150 days and then avail that incentive? Do we dilute that requirement of 240 days?

Sir, apart from that I would like to ask the hon. Minister that we agree that when it comes to the marble and granite industries we are having to compete with China. But in the Sixth State Review Policy of India, as prepared by the WTO, it has expressed some concern that although the Government of India will now have more flexibility between the 10 per cent and the 40 per cent capping, the question is, will tariff become unpredictable? That is a question that has been raised in the Report.

Sir, every Member who spoke from the Treasury Bench has applauded this Government for yet another job creating provision that has been brought in especially in the manufacturing industry but repeatedly the mood of the House has been that while we are talking about eight per cent

growth, are we heading towards a jobless growth? Is it based on the Labour Bureau's data or is it based on your own BMS? It is consistently saying that India is heading towards jobless growth. We have seen the hon. Prime Minister traveling abroad but we have also seen in the past that FDI does not necessarily always add to the manufacturing growth. It is always concentrated towards certain sectors. We should be careful about that.

There is a primary promise of this Government to a country where its demography is such that 65 per cent of India is young and that is job. It was the biggest promise of this Government. We feel that we are heading towards jobless growth. Will the hon. Finance Minister please address this issue?

DR. RAVINDRA BABU (AMALAPURAM): Sir, our Party has already supported this Bill wholeheartedly but I have one small doubt.

The demerger clause which was there in the Income Tax Act is now sought to be applicable to the Public Sector Undertakings also. Public Sector Undertakings are Government Undertakings. There, the percentage of Government representation would be more than 50 per cent and therefore, all the Government rules, reservations and other things will apply there. In case, after the demerger of the Public Sector Undertakings, the percentage of Government investment comes down below 50, then all Government relaxations, reservations, concessions and facilities available to SCs, STs and OBCs will not be there naturally.

Is my apprehension correct that this demerger of PSUs would also mean dereservation for the people of this country? This is my small doubt. Will the demerger of the Public Sector Undertakings also lead to dereservation for the employees belonging to SCs and STs of these companies?

*m18

SHRI ADHIR RANJAN CHOWDHURY (BAHARAMPUR): Sir, I have brought two amendments.

Sir, I am thankful for your gracious attitude towards me. I would like to draw the attention of the Finance Minister that so far as Explanation is concerned, I have submitted for omission of the last two lines where it has been stated as "also fulfils such other conditions."

You should not bring a legislation in such a cavalier manner because a few months ago, you have presented the Budget and Finance Bill and now, you are talking about serving the interests of private entities. You have already earned the kudos of Fortune 500 companies that it is the Government of the Corporate, for the Corporate and by the Corporate.

Secondly, hon. Finance Minister has stated that it is only to facilitate the apparel sector that this kind of a legislation needs to be brought into. I think it will further aggravate the unemployment scenario of the apparel sector.

Thirdly, in so far as marble sector is concerned, marble industry is forced to sell out at higher prices for importing finished marble from countries like China and Indian marble industry is seeking Rs. 2000 crores for open permit and removal of import limits. They are also seeking open general licence. Shri Arjun Ram Meghwal is also present here. If rough marble is allowed, we can import and become competitive by re-exporting finished marble after value addition leading to huge foreign exchange earnings.

With these words, I would like to draw the attention of the hon. Finance Minister and strongly oppose this kind of legislation which has been brought to serve the interests of some special personalities.

SHRI ARUN JAITLEY: Sir, I am extremely thankful to a very large number of Members who have spoken on this subject.

I will broadly respond to the broad arguments which have been made and some questions which have been raised. Shri Hooda who opened the debate had one valid point to make. He said that one of the statements that the Government has made repeatedly – he is right on that – is that when the corporate tax rates come down, they will be accompanied by phasing out of exemptions. The reason is that our tax books are not clean. Ostensibly, tax plus cess is about 34 per cent. But with the kind of exemptions which are given in income tax, the corporate tax rate effectively realised in this country is about 22 to 23 per cent. Therefore, one of the intentions of the Government is that to the extent possible, except those which are absolutely essential, the exemptions be phased out and the corporate tax rate would come down to 25 per cent. A neat 25 per cent rate without exemptions would actually be higher than what is the position today. So, optically we are a high tax rate economy, but actually we are recovering less. The bulk of the litigation is because of this complicated system that we follow.

He is right that it has been the policy. Now, this is in relation to the Income Tax Act.

As far as indirect taxation is concerned, the exemption today being spoken of is in the Customs Tariff Act. The Customs Tariff Act functions on the principle that there is a bound rate and there is an applied rate. The bound rate is the maximum at which the Duties can be charged. The applied rate is the rate at which it is actually being charged at that time. Supposing in relation to a particular item, the bound rate is 60 per cent. It means you are going to charge Customs Duty up to 60 per cent. The Customs Tariff Act is operated by virtue of exemptions that even though 60 per cent is the maximum – that is the roof – the actually applied rate may be only 15 or 20 per cent. That has nothing to do with the Income Tax Act about which you are making a comparison.

Now, why is this change required in marble trade? Currently, we have transient measures, like Quantitative Restrictions, what is the quantity that can come from outside and we have the Minimum Import Price. The MIP also exists just as when the global crisis took place recently on steel

and you had a lot of Chinese steel getting into various parts of the world, we have imposed on certain categories of steel the Minimum Import Price. In the United States, for example, for certain categories of steel, the Anti Dumping Duty went up to 280 per cent. So, they applied only the Anti Dumping Duty. Now, these are various mechanisms which are available.

Now, the present proposal to raise the roof is that some of these measures which we have taken, whether it is the QRs or whether it is the MIP, are transient and there can be a re-think on the duration of these measures. Therefore, if any of these measures is removed, we should not have a situation where a lot of international marble comes in, floods the domestic market and the domestic companies are not able to sell their marbles. Therefore, you are raising the flexibility, creating a new head space between the present 10 per cent which is the bound rate and also the applied rate and giving it a little flexibility by taking it up to 40 per cent. Giving it a little flexibility by taking up to 40 per cent you may not use the entire 40 per cent but you have the flexibility to prevent a certain flush of exports getting into the country itself.

One of the questions raised was this. Will it raise prices of imported material? Well, if you have to protect the domestic industry, that is one of the instruments available. Those consumers who are rich enough and have deep pockets to use imported marble all the time, if the prices go up, they would probably afford to pay a little. So, Shri Hooda should not be seriously concerned about them. You will have other forms of marbles available here itself.

About the VSNL question, if we look at the nature of the amendment, there is only an example of one company which had this kind of a clause where as a part of the shareholders agreement the land was to be hived off from the disinvested company and put in another company. A large chunk of this land, about 52 per cent, will come to the Government of India. How does Government get this land, Shri Premachandran asked. The Government gets this land by virtue of its rights under the agreements which were signed in 2002. There is no dispute. How will the land be used? When the land comes to us, it will be parked in a Special Purpose Vehicle and HPIL, a new Government company - majority holding with the Government - has been created. The land would be parked there. Then the Government has the option to use it in many manners.

For example, we are all aware, recently the new Moti Bagh was developed, and this gave more Government housing for senior officers. Now, you have Kidwai Nagar, Laxmi Bai Nagar and all the Government colonies which are being redeveloped and a particular redevelopment model is taking place. There is scarcity of Government housing in Delhi. Government officers, Judges, Members of Parliament, Ministers, all have to wait before they get their housing. Therefore, housing for Government officers is one option; office spaces for Government can be another option. Depending on the user of the land - once the land vests in a company owned by the Government - the Government will have the flexibility to use this land in many ways. A large part of this land is located absolutely in prime areas of South Delhi. Therefore, this will be a great asset which will vest in the Government. The object is to facilitate this transfer because commercial part of the transaction has taken place and the company was divested 14 years ago. Today, the object is that for 14 years the Government has not taken back its own share of the land. Its resource is being wasted. Therefore, the resource must come to the Government and it must come free from any tax liability. That is the objective. There is no change. The company today is only a land owning company. It has no employees. It is only the land, which is a notional asset of this company. It vests in a Special Purpose Vehicle which has been created. Reservation policy will have no impact as far as this land itself is concerned.

The third important issue is with regard to garment exports. Why have garment imports shrunk? Why have imports shrunk? In international trade, buyer lives outside the country. You sell to foreign countries. One of the big changes which has taken place in the last two or three years is, when global trade itself has shrunk, and this shrinkage of global trade is because the countries which buy from us, their economies are adversely impacted. So, the buyers today have less money in their pockets. That is the first reality which we must accept. The world trade shrinking, therefore, is a global phenomenon.

There is a second phenomenon which is deceptive in the figures you read. Even their volumes of trade have increased and the values of the goods have shrunk. So, metal prices have shrunk; commodity prices have come down; oil prices have come down. In the export basket of India, crude oil which comes to India, is refined and sent back. Crude oil itself is 18 per cent of our export basket.

If instead of 115 US dollars, the rate is 45 US dollars, then this 18 per cent itself is shrinking. The volume will remain the same, but the values will shrink. So, a lot of shrinkage in values also has taken place. Under these circumstances, what Members have all agreed is that textiles of various forms, whether it is handloom or it is powerloom or it is textile apparel for exports, is an important job creator for India where millions of people are actually employed.

Last month the Cabinet has approved a complete package as far as the growth of apparel exports and textile industry for domestic use in India is concerned and one of the objects is to give a boost to it. Shri Deepender Hooda and Prof. Sugata Bose raised a point that in China, which was a great global supplier of garments, the wages have gone up and, therefore, China is losing that competitive advantage because of the wages that it had. It still has a lot of competitive advantage because there are large volumes in China and they have very modern factories.

Smaller economies like Bangladesh, Cambodia, and Vietnam have started doing well and one of the key reasons why many of them are doing well is that in international trade, each one of them has valuation or taxation advantage over India. Bangladesh, for example, has the advantage of being an LDC. The LDCs have their own quota and their own pricing and taxation regime. So, when the world buys from them, they have a price advantage. Even Pakistan has a price advantage when it exports to Europe. Therefore, we start with a disadvantage of about 8 to 10 per cent. In our domestic manufacturing for exports, when we start with a handicap of 8 to 10 per cent, with our neighbouring economies enjoying an advantage, we have to cover up for that. So, indirectly, unless we are able to incentivise in some manner, we will not be able to compete and 8 to 10 per cent in pricing gives you a competitive edge.

Now, a question has been raised. If 240 days become 150 days, will employment go down? The reality is that Indian garments which are manufactured apparel for export - we can visit any of our export units - are all summer garments like skirts, blouses, western dresses etc. We are not a great exporter of woollen garments and, therefore the nature of this trade itself is seasonal.

SHRI P.K. BIJU: But the production is there in all seasons, not only in the summer season. The production continues in all seasons.

SHRI ARUN JAITLEY: No, it is not there. Therefore, if we are to cover up for this tax disadvantage or handicap that Indian exports have as compared to LDCs and other neighbouring competitors, we have to give our companies some kind of a tax advantage. The whole object is that because it is seasonal in nature, if you expect them to work for 240 days to get that employment incentive, they are not able to do it. So it is only an incentive which we have given on paper. In other industries where there is job for 365 days a year, they can avail of it. But in apparel industry, they are not able to avail of it and that is why this additional advantage is intended to be given. Prof. Bose was right when he said that most of the people employed in this industry are women, 70 to 80 per cent of the people employed in this industry are women. If we go to Karnataka particularly, it is very advanced, in Gurgaon also it is very advanced and most of the employees are women. The nature of the industry is such that this tax advantage is intended to be given to them so that the apparel industry also becomes competitive and they are able to take the cost advantage. I am sure that with these incentives the apparel industry would be able to contribute for the creation of a large number of jobs. Sir, with these two observations, I commend this Bill for the acceptance of the House.

HON. DEPUTY SPEAKER: The question is:

"That the Bill further to amend the Income-tax Act, 1961 and the Customs Tariff Act, 1975, be taken into consideration."

The motion was adopted.

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

Clause 2 Amendment of Section 2

HON. DEPUTY-SPEAKER: Shri Adhir Ranjan Chowdhury, are you moving your Amendment No. 1 to clause 2?

SHRI ADHIR RANJAN CHOWDHURY (BAHARAMPUR): Yes, Sir.

I beg to move:

Page 1, lines 17 and 18,-

omit "and also fulfils such other conditions as may be notified by the Central Government in the Official Gazette". (1)

HON. DEPUTY-SPEAKER: I shall, now, put Amendment No. 1 to clause 2 moved by Shri Adhir Ranjan Chowdhury to the vote of the House.

The amendment was put and negatived.

HON. DEPUTY-SPEAKER: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 Amendment of Section 80JJAA

HON. DEPUTY-SPEAKER: Shri Adhir Ranjan Chowdhury, are you moving your Amendment No. 2 to clause 3?

SHRI ADHIR RANJAN CHOWDHURY: Yes, Sir,

I beg to move:

Page 2, line 6,-

for "one hundred and fifty days"

substitute "one hundred and ninety days". (2)

HON. DEPUTY-SPEAKER: I shall, now, put Amendment No. 2 to clause 3 moved by Shri Adhir Ranjan Chowdhury to the vote of the House.

The amendment was put and negatived.

HON. DEPUTY-SPEAKER: Shri N.K. Premachandran, are you moving your Amendment No. 3 to clause 3?

SHRI N.K. PREMACHANDRAN : Yes, Sir.

I beg to move:

Page 2, line 6,-

for "one hundred and fifty days"

substitute "two hundred and fifty days". (3)

HON. DEPUTY-SPEAKER: I shall, now, put Amendment No. 3 to clause 3 moved by Shri N.K. Premachandran to the vote of the House.

The amendment was put and negatived.

HON. DEPUTY-SPEAKER: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

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

HON. DEPUTY-SPEAKER: The Minister may now move that the Bill be passed.

SHRI ARUN JAITLEY: Sir, I beg to move:

"That the Bill be passed."

HON. DEPUTY-SPEAKER: Motion moved:

"That the Bill be passed."

SHRI DEEPENDER SINGH HOODA (ROHTAK): Sir, while the Finance Minister has answered a lot of questions, regarding apparels, trays and exports, the kind of solution that the Government is proposing is going to be detrimental to the workers. A lot of workers will lose their employment. On the other hand, what are the measures the Government should be taking? The Finance Minister is right in saying that a lot of smaller countries are moving ahead of us. Bangladesh, for example -- CRISIL Reports says -- accounts for 4.5 per cent of international trade. India accounts for just 3.5 per cent. So, we need to look into it. The World Bank Report says that it is on account of high Duty on non-cotton fibres etc. So, all these things should be taken care of.

HON. DEPUTY-SPEAKER: Just put your question.

SHRI DEEPENDER SINGH HOODA: This measure is just providing relief to the financially stressed companies. So, we support the Amendment of Shri N.K. Premachandran that the number of days should not be reviewed. It is harsh on the workers providing temporary relief.

HON. DEPUTY-SPEAKER: The Amendments have already been negatived.

Now, Mr. Biju, just ask your question.

SHRI P.K. BIJU : Sir, I would seek a small clarification. In the MNREGA also, we are increasing the days of work from 100 to 200. But here, it is 240. The Minister is saying that it a seasonal job. But the production is not seasonal. It is a continuous work. These 240 days have been reduced to 150 days. The labourers are suffering. How can the labourers survive?

SHRI ARUN JAITLEY: The quantum of work can even be 365 days if you have an order. The issue is, in order to get tax incentive, you should create, at least, 150 days of employment. So, in case, some company has orders, the number of work will depend on the number of orders. Summer clothing orders do not come in winters. That is a global phenomenon.

HON. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.

16.40 hours