

nt>

Title: Further discussion on the motion for consideration of the Finance (No.2) Bill, 1998 moved by Shri Yashwant Sinha on the 15th July, 1998. Motion for Consideration - adopted

13.50 hrs.

MR. CHAIRMAN The House will now take up further consideration of the motion moved by Shri Yashwant Sinha on 15th July, 1998.

DR. RAVI MALLU (NAGAR KURNOOL): Sir, I have given notice.

MR. CHAIRMAN: You must have given notice after 10 o'clock today.

DR. RAVI MALLU : I have been waiting to raise a very important issue, Sir. I will take only one minute.

MR. CHAIRMAN: You will be given chance on Monday.

DR. RAVI MALLU : I have given notice to raise an important issue regarding law and order situation in Andhra Pradesh.

MR. CHAIRMAN: I have allowed all those Members who have given notices before 10 o'clock today.

... (Interruptions)

MR. CHAIRMAN: I call Shri Motilal Vora to speak. Shri Vora, will you complete your speech in five minutes?

SHRI MOTILAL VORA (RAJNANDGAON): As there was not much time to speak yesterday, I had made a request to the hon. Speaker that my name be called today. ... (Interruptions) My name has been approved by the Speaker. I have to be given full time now. ... (Interruptions) I will not be wasting the time of the House. ... (Interruptions)

MR. CHAIRMAN: Nothing will go on record except what Shri Vora says.

(Interruptions)*

MR. CHAIRMAN: Dr. Mallu, your matter must be very important but why have you not given your notice before 10 o'clock today?

(Interruptions)

*Not Recorded.

MR. CHAIRMAN: I will not allow you. I have called Shri Motilal Vora. Nothing but what Shri Vora says will go on record. We cannot stretch 'zero hour' further. Please take your seat. Please do not waste the time of the House. Shri Vora.

(Interruptions)*

MR. CHAIRMAN: Dr. Mallu, I am requesting you to take your seat. Do not waste the time of the House. I have exhausted the list. I have allowed all the Members who had given their notices by 10 o'clock today.

(Interruptions)

MR. CHAIRMAN: We will have to complete this item of business by 3.30 p.m. today. Private Members' Business will have to be taken up at 3.30 p.m. Please take your seat. I will not allow you. You raise it on Monday.

(Interruptions)

MR. CHAIRMAN: Nothing will go on record except what Shri Vora says.

(Interruptions) *

*Not Recorded.

श्री मोतीलाल वोरा (राजनांदगांव): सभापति जी, मैं मंत्री जी का ध्यान इस बात की ओर आकर्षित करना चाहूंगा। आज फाइनेंस बिल के ऊपर चर्चा हो रही है और आज ही माननीय मंत्री जी उस पर जवाब देंगे। मैं आज जब सदन में आ रहा था तो बाहर देश की कपड़ा मिलों के लगभग १५ से २० हजार मजदूर इस बात के लिए प्रदर्शन कर रहे थे कि देश की २३३ कपड़ा मिलें बंद हो गयी हैं। मैंने आज कपड़ा मंत्री जी का जवाब सुना तो मुझे सुनकर ताज्जुब हुआ कि २३३ कपड़ा मिलों में काम करने वाले ७-८ लाख लोग बेरोजगार हो गये हैं और लगभग ४४४ करोड़ रुपये मजदूरों को आईडल वेजेस के नाम पर दिया जा रहा है।

उसके बाद भी सरकार ने इन मजदूरों की तरफ ध्यान नहीं दिया। कभी हैंडलूम की बात कही जाती है, जो कम्पोजिट मिल्स हैं चाहे महाराष्ट्र में हों, मध्य प्रदेश में हों या गुजरात में हों, मैं मंत्री जी का ध्यान इस ओर आकर्षित करना चाहता हूँ कि आपकी एन.टी.सी. द्वारा इतनी मिलें चलाई जाती हैं लेकिन सरकार की तरफ से उनको कोई धन नहीं दिया जाता, यदि उनकी बैंक की लिमिट खत्म हो जाए तो उसके बाद वे मिलें बंद हो जाती हैं। सरकार उनको बिठाकर आईडल वेजेस देने के लिए तैयार है। देश में ४४४ करोड़ रुपये का आईडल वेजेस दिया जा रहा है। मैं मंत्री जी का ध्यान इस ओर आकर्षित करना चाहूंगा कि वे इस दिशा में भी देखें कि देश की कपड़ा मिलों में काम करने वाले मजदूरों की आज क्या हालत हो गई है।

दूसरा सवाल देश के किसानों का है। मंत्री जी ने बहुत विश्वास के साथ कहा कि उन्होंने किसानों के लिए अपने बजट में बहुत कुछ रखा है। मैं उन्हें इस बात के लिए अवश्य धन्यवाद दूंगा कि कृषि मंत्रालय ने योजना आबंटन में ५८ प्रतिशत की वृद्धि की है। पूरे देश में कुल ३७ प्रतिशत जोत का रकबा सुनिश्चित सिंचाई में आता है। जो बहुसंख्यक किसान परिवार है, वह वर्षा पर निर्भर करता है। इन सारी मदों के बारे में मंत्री जी ने कहा है कि हमने इस वर्ष के बजट में बहुत अधिक आबंटन किया है। जब मैं मंत्री जी के प्लान आउटले के बारे में कहूंगा तब इस बात की जानकारी हो सकेगी कि दरअसल जितना प्लान आउटले बताया गया, वह स्थिति नहीं है और वह स्थिति न होने के कारण कृषि के बारे में आज भी माननीय प्रधानमंत्री जी ने चिन्ता जताई है। प्रधानमंत्री जी ने कहा है कि फसलों की कम पैदावार हो रही है। कृषि उत्पादन की ५ प्रतिशत वृद्धि का लक्ष्य पूरा करने के लिए कृषि अनुसंधान पर ज्यादा से ज्यादा निवेश किए जाने की आवश्यकता है। भारतीय कृषि अनुसंधान परिषद की जो बैठक हुई थी, उसके उद्बोधन में कल उन्होंने कहा था। एक बहुत अच्छे इकोनॉमिस्ट्स हैं, उन्होंने भारत में गेहूँ के उत्पादन में तीन फीसदी की गिरावट के अनुमान का उल्लेख किया है। आखिर देश में १९९७-९८, मैं कृषि के बजट पर नहीं बोल रहा लेकिन हमारा देश कृषि प्रधान देश है और आपने जो कहा कि ५८ प्रतिशत कृषि की पैदावार के लिए आबंटन किया है, मैं यह कहना चाहता हूँ कि १९९६ में २०० लाख मीट्रिक टन अनाज का उत्पादन होना था लेकिन अनाज का उत्पादन १७० लाख मीट्रिक टन हुआ, कम से कम ३० लाख मीट्रिक टन की कमी हुई। यदि यही स्थिति रही तो आने वाले पांच सालों में लोगों को खाने के लिए अनाज नहीं मिलेगा क्योंकि हमारी आबादी निरंतर बढ़ती जा रही है जिसके कारण अनाज की पैदावार कम हो रही है।

मंत्री जी ने सेंट्रल प्लान आउटले के बारे में कहा है -

We have stepped up the Central Plan Outlay by Rs.24000 crore raising it from Rs.81033 crore in RE 1997-98 to Rs.105187 crore in BE 1998-99.

Mr. Chairman, Sir, he has compared the Budget Estimates with the Revised Estimates. No doubt, he is a very clever Finance Minister. I appreciate his cleverness. He tries to please everybody. In the same way, he has tried to please the farmers of the country. In the Central Plan Outlay, he has compared the Budget Estimates with the Revised Estimates of the previous year, which is non-computable.

14.00 hours (Dr. Laxminarayan Pandey in the Chair)

As the hon. Finance Minister knows it well, 'the normal practice is to compare between Budget Estimates figures of the comparable year.' He has taken the other side. 'If we take into account the Central Plan allocation for the year 1997-98 at Budget Estimates stage, it was Rs.91,839 crore. Then the step-up is not Rs.24,000 crore.' I would like to ask the hon. Finance Minister where from this figure of Rs.24,000 crore has been raised. It is only Rs.14,000 crore.

Everywhere, I think, the Finance Minister has tried to take credit of higher allocation of comparing the figures between Revised Estimates of 1997-98 and Budgets Estimates of 1998-99. I think, he knows it full well that in

1997-98, the Central Plan Expenditure was reduced by Rs.10,000 crore. This Central Plan Outlay has been enhanced. I would like to ask from the hon. Finance Minister why all this jugglery of funds and figures has been done.

माननीय सभापति जी, मैं पांच मिनट लूंगा। मैंने तो बहुत मुश्किल से आपसे समय लिया है।

सभापति महोदय : आपके सुझाव बहुत अच्छे हैं, लेकिन ३.३० बजे के पहले हमें इसको पारित भी करना है।

श्री मोतीलाल वोरा : मैं आपकी जानकारी के लिए दो-तीन बातें कहूंगा कि किस प्रकार का प्रस्तुतीकरण हुआ है, लेकिन इस बजट का जो सार है, इस सार के अन्दर और कितनी बातें कही जायें। कल कहा गया कि आज देश में आम आदमी की चाय का जो भाव है, सब ने कहा कि चाय महंगी हो गई है, मसाले महंगे हो गये हैं, बहुत से ऐसे आइटम्स हैं, जिन पर आपने बहुत अधिक वृद्धि कर दी है, ब्रांडेड बटर पर कर दी है। मैं समझता हूँ कि सभी लोगों ने एक ही बात का उल्लेख किया है और सारी बात जब बार-बार कही जाये तो उसका असर माननीय वित्त मंत्री जी पर होना जरूरी है। जहां तक चम्मच का सवाल है, चम्मच का इसमें उल्लेख है, ठ

spoons, forks, laddles, etc. of heading 82.15'

इसमें भी आपने बढ़ोतरी कर दी। ठ

Turbine for hydro-electric equipment of a capacity...'

इन सारी चीजों के ऊपर आखिर आप इस देश में आम आदमी को इस बजट के माध्यम से क्या देना चाहते हैं? आपने महंगाई दे दी और इतनी कमर तोड़ महंगाई दे दी, माननीय सभापति जी, मैं आपसे इस बात की अनुमति चाहूंगा, माननीय प्रधान मंत्री जी ने पिछली बार विरोधी दल के नेता के रूप में जब अपनी बात कही थी, क्योंकि आपने कहा था कि मैं अपनी बात को समाप्त करूँ, लेकिन मैं इस बात को कहना चाहूंगा कि आखिर हम यह बजट किसके लिए बना रहे हैं, यह फाइनेंसियल बिल किसके लिए है? देश में आम आदमी जो गरीब है, किसान है, कमजोर वर्ग का है, उसका ध्यान न करके क्या हम अमीरों के लिए सारा काम कर रहे हैं? जब बजट प्रस्तुत होता है तो देश का किसान सोचता है, देश का मजदूर सोचता है, देश का गरीब आदमी सोचता है कि उसको राहत मिलेगी, लेकिन माननीय वित्त मंत्री जी, आपसे बहुत अपेक्षाएं हैं। हम आपके प्रशंसक हैं और प्रशंसकों को आप उर्निंदक नियरे राखिये, आंगन कुटि छवाय', आपकी वैसी प्रशंसा करने वाले बहुत लोग मिल जायेंगे, लेकिन दरअसल मैं आपने जो बजट पेश किया था, इसमें इन चीजों की कीमतें इतनी बढ़ा दी हैं कि आम आदमी की कमर पूरी तरह से टूट तो नहीं गई, लेकिन झुक अवश्य गई। मैंने पिछली बार भी आपने अनुरोध किया था कि आखिर यह सारा काम क्यों हो रहा है।

श्री विजय गोयल (चांदनी चौक): बजट का महंगाई से सम्बन्ध है क्या?

श्री मोतीलाल वोरा : हां।

श्री विजय गोयल : बताइये, वह कैसे है?

श्री मोतीलाल वोरा: जैसे ही बजट प्रस्तुत हुआ, उससे चीजों का इन्फ्लेशन हुआ, मुद्रास्फीति आपकी कितनी बढ़ी है, आपने शायद इस बात पर गौर किया होगा कि उस वक्त जब आपने बजट पेश किया था,

The inflation had jumped from five per cent to 6.35 per cent. Today, it is 7.4 per cent.

यह महंगाई नहीं तो माननीय गोयल जी और क्या है।

श्री विजय गोयल : बजट मैं ऐसी कौन सी चीज है, जिससे महंगाई बढ़ी है।

सभापति महोदय :गोयल जी, उन्हें समाप्त करने दें, समय बहुत कम है।

श्री मोतीलाल वोरा: बजट का मतलब सिर्फ आंकड़ों से ही नहीं है, इसका असर पूरे देश पर पड़ता है। मैं वित्त विधेयक के बारे में यह कहना चाहता हूँ कि बजट के माध्यम से हर चीज की कीमत में बेतहाशा वृद्धि हुई है। दुनिया के कई देशों ने हम पर जो संकशंस लगाई हैं, उनका असर भी कितना जबर्दस्त हुआ है, इसका शायद आपको अंदाजा नहीं है।

श्री शंकर प्रसाद जायसवाल (वाराणसी): यह बात कहनी चाहिए और इसको स्वीकार भी करना चाहिए कि चुनावों के कारण महंगाई बढ़ी है।

श्री मोतीलाल वोरा : मैंने स्वीकार किया है, लेकिन जो सेंकशांस हम पर लगाई गई हैं उससे देश के अंदर विभिन्न क्षेत्रों में जो काम चल रहे थे, उनमें कमी आई है और वे बंद हुए हैं। यहां तक कि तेलुगू देशम् के नेता और आंध्र प्रदेश के मुख्य मंत्री ने भी कहा है कि सेंकशांस लगाए जाने से विश्व बैंक के जितने भी प्रोजेक्ट्स हैं, उन पर पूरी तरह से रोक लगी है।

श्री ओमप्रकाश (गाज़ीपुर) : सभापति महोदय, मेरा व्यवस्था का प्रश्न है। हमारे लिए सदन में सीटों का जो अलाटमेंट हुआ है, यह समझ में नहीं आ रहा है कि किस तरह से किया गया है।

श्री सुरेन्द्र प्रसाद यादव (जहानाबाद) : क्या ये सीटें सीनियोरिटी से या जूनियोरिटी से अलाट की गई हैं ?

... (व्यवधान)

MR. CHAIRMAN I will convey your feelings to the hon. Speaker. That is all. Please sit down. Hon. Speaker will do it. Kindly sit down.

श्री सुरेन्द्र प्रसाद यादव :हम जानकारी चाहते हैं।

सभापति महोदय: मैं आपकी भावनाओं को अध्यक्ष महोदय, तक पहुंचा दूंगा, क्योंकि इसका निर्धारण वे ही करते हैं। अब आप बैठ जाएं।

श्री सुरेन्द्र प्रसाद यादव : यह तो वही हाल हो गया कि किसी बीमार को अस्पताल ले जाओ तो वहां पर मौजूद सर्जन कहे कि सीनियर डाक्टर से कहो

... (व्यवधान)

हमने आपसे नहीं पूछा, हमने सभापति जी से पूछा है।

... (व्यवधान)

हम भी सदन के सदस्य हैं

... (व्यवधान)

सभापति महोदय: आप बैठ जाएं।

... (व्यवधान)

सभापति महोदय: श्री राजेन्द्र अग्निहोत्री के अलावा और कुछ रिकार्ड में नहीं जाएगा।

(व्यवधान) ...।

@ _____

*Not Recorded.

">

श्री राजेन्द्र अग्निहोत्री (झांसी): माननीय सभापति जी, मैं वित्त विधेयक का समर्थन करने के लिए खड़ा हुआ हूँ। देश के अंदर जिस तरीके से महंगाई बढ़ रही है, आम आदमी की जिंदगी के साथ बहुत बड़ा खिलवाड़ बनता चला जा रहा है। इसलिए वित्त मंत्री जी को महंगाई को नियंत्रित करने के लिए जो भी उचित उपाय हो, वे करें, यही मेरी उनसे प्रार्थना है। मैं वित्त मंत्री जी को बधाई देता हूँ कि जिस प्रकार का बजट उन्होंने देश के सामने उपस्थित किया है, वह आर्थिक चुनौतियों का सामना करेगा। बजट में देश को स्वदेशी स्वावलम्बन, कर्ज मुक्त भारत के संकल्प की छलक दिखाई पड़ती है। सभापति महोदय, मैं आपके माध्यम से माननीय वित्त मंत्री को स्पष्ट कहना चाहता हूँ।

आज देश के कई राज्य ऐसे हैं, जहां पर क्षेत्रीय असंतुलन है। इसे आपको मिटाना होगा। इस क्षेत्र की प्रतिभा को उभारना होगा। राष्ट्रीय एजेंडा में तीन नए राज्यों - उत्तरांचल, वनांचल और मध्य प्रदेश के छत्तीसगढ़ - को बनाने की बात संकल्प के रूप में आई हुई है। महोदय, देश में इन क्षेत्रों से भी बड़े क्षेत्र हैं, क्षेत्रफल में भी और आबादी में भी, लेकिन इन क्षेत्रों के बारे में नहीं सोचा गया है। ये क्षेत्र पिछड़े हुए हैं और भुखमरी के कगार पर हैं, न वहां पर पीने के पानी की व्यवस्था है, न सड़के हैं, न उद्योग हैं। यह बुन्देलखण्ड का क्षेत्र जिसमें उत्तर प्रदेश के सात जिले और मध्य प्रदेश के नौ जिले आते हैं। इस प्रकार यह १६ जिलों का क्षेत्र है। इन जिलों की आबादी के मुकाबले पंजाब, हरियाणा की आबादी ज्यादा है और क्षेत्रफल भी ज्यादा है। इस क्षेत्र को राष्ट्रीय एजेंडा में राज्य का दर्जा देने की बात नहीं उठी है। मैं माननीय वित्त मंत्री जी से कहना चाहता हूँ, आवश्यकता इस बात की है कि आपको इन क्षेत्रों के विकास की ओर ध्यान देना होगा और इस बजट में इनके विकास के लिए एक आर्थिक पैकेट देना होगा। पिछले दिनों अखबारों में छपा है कि बुन्देलखण्ड क्षेत्र के अन्दर भुखमरी के कारण प्रतिवर्ष ५०-६० मृत्यु हो जाती हैं। इस क्षेत्र में ६० प्रतिशत स्थान पर पीने का पानी नहीं है। उद्योग नाम की कोई चीज नहीं है, पीने के पानी की व्यवस्था नहीं है, शिक्षा की व्यवस्था नहीं है, स्वास्थ्य के लिए कोई व्यवस्था नहीं है। इसलिए मैं वित्त मंत्री जी का ध्यान दिलाना चाहता हूँ कि ऐसे क्षेत्र के विकास के लिए आर्थिक पैकेज की घोषणा करें, जिससे वहां की समस्याओं का समाधान हो सके। इस क्षेत्र में शिक्षण संस्थानों की व्यवस्था की जाए, खेती के साधन मुहैया कराए जायें। जब तक इस क्षेत्र में उद्योगों का विस्तार नहीं होगा, जब तक इस क्षेत्र में छोटे-छोटे उद्योग नहीं पनपेंगे, तब तक इस क्षेत्र में बेकारी की समस्या समाप्त नहीं हो सकती है। इस क्षेत्र में जब तक नौजवानों के हाथ में काम नहीं आएगा, तब तक इस क्षेत्र का विकास नहीं हो सकता है। इसलिए आवश्यकता है कि इस क्षेत्र के विकास के लिए एक आर्थिक पैकेज देकर यहां का विकास किया जाए। इसके साथ ही बैंकों से कम ब्याज पर ऋण देने की व्यवस्था की जाए। विद्युत गृहों का निर्माण किया जाए, आज यदि आप जानकारी करना चाहें तो यह क्षेत्र विद्युत के नाम पर शून्य है। वहां ६० प्रतिशत ऐसे क्षेत्र हैं जहां आपको विद्युत के पोल ही नहीं मिलेंगे। बुंदेलखंड क्षेत्र में आंकड़ों के अनुसार १६ लाख नौजवान बेरोजगार हैं।

माननीय वित्त मंत्री जी ने जो बजट प्रस्तुत किया है, वह देश में खुशहाली लाने वाला बजट है। लेकिन मैं उनसे निवेदन करना चाहता हूँ कि उनको ऐसे क्षेत्रों के विकास के लिए खास ध्यान देना होगा। विद्युत गृहों के साथ-साथ आपको परती भूमि के विकास की ओर भी ध्यान देना होगा। मैं इस क्षेत्र के विकास के लिए आपसे मांग करता हूँ। माननीय सदस्य श्री वीरा जी ने जो बीमा योजना की बात कही है, मैं उसका समर्थन करता हूँ।

विद्युत को जब तक आप निजी क्षेत्र के हाथों में नहीं देते हैं तो राज्य सरकार की आज ताकत नहीं है कि विद्युत व्यवस्था को मजबूत कर सके। इसलिए इसे निजी क्षेत्र में ले जाने की बात सोची जाए। कृषि क्षेत्र में अगर विकास करना है, गांवों में किसानों की क्रयशक्ति को बढ़ाना है तो कृषि को उद्योग का दर्जा दिया जाए, क्योंकि जब तक कृषि को उद्योग का दर्जा नहीं दिया जाएगा तब तक गांवों में किसानों की क्रयशक्ति नहीं बढ़ेगी, गांवों में कभी खुशहाली नहीं आ सकती है और जब तक किसानों की क्रयशक्ति नहीं बढ़ेगी तब तक कल-कारखाने बंद पड़े रहेंगे, वे चालू नहीं हो सकते।

महोदय, शायद पूरा सदन इस बात का समर्थन करेगा कि स्थानीय निकायों में लगे जो सफाई मजदूर हैं, जो समाज के सबसे छोटे गरीब तबके के लोग हैं, जिनका काम उनके भाग्य के साथ जुड़ा हुआ है, उन्हीं स्थानीय निकायों में छः-छः, सात-सात महीने से, बल्कि साल-साल भर से उनको वेतन नहीं मिल रहा है। चाहे उत्तर प्रदेश हो, मध्य प्रदेश हो या कोई भी राज्य हो, आज सफाई मजदूरों को कोई भी स्थानीय निकाय वेतन नहीं दे पा रही है। मैं मंत्री जी से कहना चाहता हूँ कि ऐसे सफाई मजदूरों को सरकार अपनी वित्त व्यवस्था से सीधे वेतन देने का कार्य करे।

महोदय, मैं पुनः वित्त मंत्री जी को धन्यवाद देते हुए इस बात को दोहराता हूँ कि अगर आज ऐसे पिछड़े क्षेत्रों की उपेक्षा की गई तो आप निश्चित यह समझ लीजिए कि वे देश में अशांति का कारण बनेंगे। इसलिए ऐसे पिछड़े क्षेत्रों को दूसरों के समकक्ष लाने के लिए देश के सभी राज्यों में जो क्षेत्रीय असंतुलन है इसको समाप्त करने के लिए आप आर्थिक पैकेज की घोषणा करें, तभी कुछ अच्छी व्यवस्था हो सकती है।

... (व्यवधान)

>>THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Chairman, Sir, I rise to reply to a very interesting discussion which has taken place on the Finance Bill in this House spread over the last three days.

A total of 37 Members, out of which two spoke just now, participated in the discussion. As I have said, a number of very important and interesting suggestions have been made in the course of the debate. I would like to say that I am particularly grateful to the Standing Committee on Finance, headed by my friend, Shri Murli Deora. The Standing Committee on Finance has examined various issues. They have submitted their Report and they have made some very valuable suggestions. I would like to assure the House that in formulating my reply, I have taken into account the suggestions made on the floor of the House and the recommendations of the Standing Committee on Finance. As I said, when I moved the Bill, suggestions and recommendations have come from a wide variety of sources including through the media.

We set out to discuss the Finance Bill, but not surprisingly, the discussion wandered into a general discussion of the Budget which we had in the earlier part of this Session. It will not be possible for me, at the time which is at my disposal, to go back into a re-reply of the Budget today that we had in this House.

I would, however, like to confine my remarks to two or three very important points which have been made and I think those deserve to be responded to in this House.

Cutting across various party lines, a mention has been made once again about the impact of sanctions on our economy and concern has been expressed about the fact that the Government somehow is concealing the facts from the people of this country and is not tackling this problem up-front. Sir, we have had questions in this House on this. I remember, this morning during Question Hour, my colleague, the Commerce Minister, had something to say on this issue. On the question of sanctions, we have had other occasions also when the Government had put its point of view before this august House. But because this matter has been highlighted once again, I think it is important that I respond to this concern.

As the hon. Members are aware, some industrialised countries, following the nuclear tests in May, announced different types of unilateral measures affecting our economic interests. These measures limited new bilateral aid commitments to different degrees in different countries. The G-8 countries have also agreed to defer consideration of new loans from multilateral institutions, except those which are described by them as basic human needs. I would like to make a few things clear. We faced a difficult external environment in 1998. But this is not only because of sanctions; the economic environment all over Asia has deteriorated very significantly because of East Asian crisis which erupted in the middle of last year and now appears to have both deepened and got more prolonged than was imagined initially. This is a very very important factor that we have to keep in mind when we are talking about the external environment. The Japanese economy is showing signs of persistent weaknesses which is worrying international financial market. The Russian economy is in severe crisis. We are all aware of the fact that recently they have received huge assistance from the International Monetary Fund. These developments are likely to contribute to a slow down in trade and growth of world economy as a whole. India is obviously affected by these developments and we must recognise this reality and try to deal with it. But we must clearly be able to distinguish the effect of these adverse international factors and sanctions. Often we tend to mix all these and put everything at the door of sanctions. This is a point which I had made even when I was replying to the Budget debate that this is something which we must remember that if India has gone ahead and globalised during the last several years, it cannot be said now that we shall dispel and discard whatever is not in our interest and accept only what is in our interest. You cannot do it in a globalised economy. You have to take the bad with the good and suffer the consequences of globalisation. That is the situation that the country is facing today.

Some concern has been expressed about the downgrading of the credit rating of India as a sovereign nation by the Moody's. I would like to inform the House that because of the apparent slow down in exports which took place last year and the perception that economic reforms last year were stalled, it was in February, 1997 that Moody's changed India's outlook to negative.

It was in January, 1998, a few months before this Government came into power, that they announced a possible downgrade, and the actual downgrading had taken place in June. Now, we came into power in March. All this is ascribed to our door, all this is ascribed to the Budget as if there was no past and nothing happened in 1997-98. I am sorry that my friend and my predecessor Shri P. Chidambaram is not in the House once again. Last time, he showed the courtesy of coming to me.(Interruptions) He was there in the morning. I wish he was here now because I do not want to say things behind somebody's back. Last time, he had mentioned to me that he had to go for a family function to Chennai and I told him that he could go. I do not know what is holding him up today.

Sir, I have deliberately avoided criticising the previous Governments. I have deliberately done so because it is not in the national interest that we denigrate what has been done in the past, but certain facts have to be brought to the notice of this House and the people of this country. We are being charged as if we are responsible for the Moody's downgrade, for the downgrading by Standard and Poor, and by other credit rating agencies. Last year, everyone knows, was a very bad year. What is it that I received in legacy? On the economic front, it was one of the most difficult situations that this Government inherited and we are trying to do our best to take the country out of this economic crisis in which we plunged last year, the year before and the year before that. Therefore, it is true that spreads have spread. I mean that interest rates have gone up. They have gone up for us internationally because of this downgrade. But I would like to say that even before the Moody's downgrade actually came - the East Asian crisis took place after November, 1997 - the interest spread went up by 250 base-points in November, 1997. I had not presented my Budget then. We were nowhere on the scene. Why did interest rates on credits for India went up by 2.5 percentage point?

We are talking of sanctions. Shri Chidambaram talked of indirect impact of sanctions. Now, what is the indirect impact of sanctions? The indirect impact of sanctions is that interest spreads will rise and some credits might become more difficult. It actually went up when he was the Finance Minister by as much as 2.5 percentage point. I had mentioned it in this House in reply to one of the questions that after the Pokhran tests, the rise in interest rates was only one percentage point. The East Asian crisis erupted once again. The international environment has become, as I said, very adverse and interest rates have increased, but to suggest that all this is happening only because of nuclear tests, all this is happening only because of sanctions is far from truth. This is where I would like to take this House into confidence and say that all these factors have to be taken into account.

Now, it is not that we are not concerned. I would not like to indulge in any bravado on the question of sanctions. We are concerned. We are watching the situation. Every moment, everyday and every week, we are trying to explain our position to these countries and we have reasons to believe that our explanations are carrying conviction. A change in attitude is quite clearly visible. We are hopeful that as the days go by, our position as a sovereign nation - we have not violated any international law - will be better understood. It will be better appreciated and those countries which have imposed sanctions - there is only one country, I have explained in this House, which has imposed sanctions in a legal term and that is the USA - and other countries which have reacted negatively in certain ways will change their position. Ultimately, it will be possible for the country to come out of the present difficulties.

But I would like to make one more point on sanctions. I have made it before in this House and I would like to repeat it once again and, that is, no project in this country, no single project which had contracted any loan internationally which has got delayed or disrupted as a result of these sanctions - there are some US Exim Bank loans which have got disrupted - will be allowed to suffer. I would like to assure the House with all the emphasis at my command that we are in a position, nationally, domestically, to take care of all those projects and not a single project will be allowed to be disrupted as a result of sanctions. We have enough money in our system, we have enough money in foreign exchange to be able to take care of that problem. Sir, sanctions have been imposed; fine. (Interruptions) But I would like to plead humbly with the entire House, cutting across party lines - that let us not spread a sense of despair in this country, a sense of despondency and a sense of helplessness in regard to these sanctions. We are a huge country. We have a huge diversified economy. This has been built over the decades. We do not have anything to fear. We can stand to any international blackmail. This country has the capacity to be able to withstand it.

Sir, the other point which was raised from this side, from that side and from all sides of the House when we were discussing the Finance Bill was the question of inflation. It is very natural for Members of this House to express their concern in regard to inflation, reflect on the proposals in the Budget and try and find out whether there is any relationship between the two or not. There have been charges made in the course of the intervention that the Budget is inflationary and that the present rise in the rate of inflation is directly related to the Budget.

Sir, when Shri Motilal Vora was speaking Shri Goel was trying to ask this question as to how inflation is related to the Budget and, once again, I regret the fact that my predecessor Shri Chidambaram is not present in the House. But I have to refer to the fact that while speaking on the Budget and while speaking on the Finance Bill, on both the occasions he made much of the fact that he was in total control of the situation on the price front, that he had broken the back of inflationary expectations in the economy and that this demon was raising its head once again, as if everything has gone wrong in the last 3-4 months that we have been in power and everything was hunky-dory when he was the Finance Minister.

Sir, there has been a spurt in inflation, we know it is causing problems to the people, we share the concern expressed in this House and we are taking various measures to ensure that we get control over inflation. But we have to examine the nature of this inflation and we have to examine the causes as to why inflation has gone up. Inflation goes up for various reasons. One of the most important reasons - any economist worth his salt will tell us - for rising inflation is lack of control, lack of discipline on the fiscal front. And what is the discipline which was shown on the fiscal front last year? Did not the Government of the day say that they would control the fiscal deficit and keep it pegged to 4.5 per cent? Is it not a fact that instead of ending at 4.5 per cent we ended the year with 6.1 per cent fiscal deficit and we have a slippage of that magnitude?

Mr. Speaker, Sir, then no one can prevent its impact on the economy. If Shri Chidambaram had been the Finance Minister, he would be facing the same situation instead of preaching to me from across the House.

Now, what was the M-3 growth? Everyone knows if the money supply which is called M-3, is allowed to rise to a level which is not within the limits of tolerance, then it will have an impact. What was the rate of growth of money supply, namely, M-3 in 1997-98? It was 17 per cent. Everyone knows that when money supply increases it affects the prices and inflation with a time lag of three to six months. We are facing that situation because of the legacy that we inherited, viz., 17 per cent growth rate of M-3.

Did inflation begin to rise after this Government came to power? I have the figures here. Shri Chidambaram may or may not take credit for the fact that in August last year, the rate of growth - I am talking of monthly figures - of inflation (WPI) touched a low of 3.7 per cent in August. It was 3.8 per cent in September last year and then it started rising. In January, it rose to 5.8 per cent. When this Government came to power in March, the monthly average was five per cent. It was not that the rate of inflation was going down but when we came suddenly the rate of inflation started going up. The rate of inflation had started going up from October, 1997 and it has unfortunately continued to rise. But what is the nature of this inflation?

U.F. Government as compared to 1992-93?

SHRI YASHWANT SINHA: Shri Baalu, I mentioned the figure of 3.7 per cent monthly average. Let us understand the other point because we, sometimes unwittingly or knowingly or deliberately tend to relate the present inflation to the Budget and say that prices have gone up because of this Government's Budget. It is very easy to make this political point. But it is not based on facts. Let us understand the nature of this inflation. The nature of this inflation is that this 2.3 or 4 per cent rise which has taken over five per cent which we inherited is largely accounted for by fruits and vegetables. Eighty-six per cent of the increase is accounted for by these two categories, viz., fruits and vegetables. It is not that we are not concerned. We are concerned and the Government has initiated a number of steps to get over the problem and make sure that the consumers get the best deal possible. But if potato production has declined by 60 per cent, if onion production has gone down this year if the vegetables has dried up in the fields as a result of intense heat, these are natural factors which everybody is aware of ... (Interruptions). Please do not laugh.

SHRI ANIL BASU (ARAMBAGH): What about edible oil?

SHRI YASHWANT SINHA: The edible oil prices have gone up for the simple reason that Indonesia and Malaysia which are the exporters of palmolein, have run into great difficulties ... (Interruptions). Palmolein used to be imported. It is a product which is on O.G.L. Why are private traders not importing under this facility and bring down the prices? It is for the simple reason that internationally palmolein prices have firmed up. That is why, they are not finding it profitable to import. It is because of this, the Government has decided to import 150 thousand tonnes of palmolein to bring the market prices down. That is why, this Government has decided to reduce the import duty on edible oils by 10 per cent so that our importers could take advantage of that and start importing. These are the measures that we have taken to bring the prices down. I can assure the House - with all the little understanding that I have on these issues - that I see nothing in the price rise which is a cause for concern in the long run.

If we exclude the vegetable prices and fruit prices, then the rate of inflation would be something around 5.5 per cent. I am determined to keep the money supply under check. I am determined to keep the fiscal deficit under check. I would like to assure the House that I shall not allow the fiscal deficit to slip beyond 5.6 per cent, despite all the concessions that I have given or I might announce today. Despite all those concessions, I would like to assure the House that I have enough cushion in my Budget not only to keep the fiscal deficit to the projected level of 5.6 per cent, but even to be able to bring it down. That is why, we will do all, within our power, on the monetary front, on the supply side to be able to get over this problem of inflation.

Another issue was raised here by many Members and that was the issue of Centre-State relations. Since the Central taxes are distributed to the States, it is important that this issue be raised and it is important that I

respond to that issue. The present devolution to the States is taking place on the basis of the recommendation of the Tenth Finance Commission. ... (Interruptions)

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): You have appointed the Eleventh Finance Commission.

SHRI YASHWANT SINHA: I have not even spoken on the subject.

SHRI VARKALA RADHAKRISHNAN: The Tenth Finance Commission has recommended that we should take the aggregate tax income of five years together and then share it between the Centre and the States. The question is, would you implement it?

SHRI YASHWANT SINHA: I have not even started speaking on the subject, when I was confronted with this question. But I would like to say that the present devolution is taking place on the basis of the recommendations of the Tenth Finance Commission. The Government has already constituted the Eleventh Finance Commission. I presented to the House the Terms of Reference of the Eleventh Finance Commission, and the Terms of Reference of the Eleventh Finance Commission are very very progressive, which will get the States a much better deal than they have been getting in the past.

Sir, the moment I took over, the House will recall, when I presented my Interim Budget in this House in March, I announced that we shall disburse the VDIS collections to the States before the 31st of March, 1998. I stuck to that promise and I have distributed it. In fact, I gave them more than what was perhaps warranted. I did not even wait for the full accounts. Now, this is the attitude which this Government has that we want to help the States. The recommendation which has been supported by all the parties, the recommendation which has been adopted by the National Development Council that the States should get 29 per cent share in the Central taxes calls for a Constitutional amendment. I have introduced in this House a Bill to that effect the other day and, I hope, when that Bill comes up, we will be able to pass it with unanimity. I would like to inform the House that based on 29 per cent devolution, the States will be able to get a much better deal than they are getting at present. That is the commitment of this Government.

A large number of issues have been raised. My good friend, the former Chief Minister of Bihar, Shri Lalu Prasad, is not here. He had given a very vigorous speech in the House on the Finance Bill. He had raised various issues. One of the issues that he raised was that there must be land to the tiller, forgetting that land reforms or revenue is an issue which is a concern of the State. He had been the Chief Minister of Bihar for seven long years without doing anything in that regard. It is very easy to start preaching when you go from this side to that side.

SHRI A.C. JOS (MUKUNDAPURAM): Now, you realise it!

SHRI YASHWANT SINHA: We were preaching you from that side. We have not gone back from here.

When I was responding to the Budget debate, I said that there is hardly anyone in this House, any party or any formation in this House, which has not been in Government before and which has not been supporting a Government.

Therefore, we all must talk with a sense of responsibility. It is very easy to criticise, and it is very easy to preach when you are not in power. But it is very difficult to implement when you are in power... (Interruptions)

Now, I come to the Finance Bill. (Interruptions) I have already spoken. Probably you were not here. I spoke at length on infrastructure.

The broad approach in the Finance Bill represents the continuation of the tax reforms initiated by previous Governments and I have no hesitation in accepting it. Government is a continuous process. In the medium term, our objective is to have laws which are simple and transparent and improve the quality of tax administration. At the same time, Tax-GDP ratio which continues to be below 10 per cent must be increased significantly to enable the Government to pursue a policy of fiscal prudence. Within this framework, the proportion of direct taxes to

gross revenues of the Central Government has also to be suitably enhanced along the lines of all other countries undertaking major tax reform initiatives.

Our policies contained in the current year's Finance Bill are designed to lend stability and continuity of rates of direct taxes -- a point which I made when I presented the Budget -- enabling individuals and corporates to undertake sensible planning. To widen the tax base significantly, the application of one by six criterion has been made which would increase the total number of people who filed their income-tax returns by 50 per cent, according to our estimate, in three years. Simultaneously, the mandatory application of a Permanent Account Number is a major step in minimising incidence of tax evasion and coupled with rapid computerisation, represents a major effect in modernising the direct tax structure. Declogging of the system to realise the revenue locked up in innumerable litigations and bringing about an attitudinal change in the relationship of tax authorities with assesseees remains a major priority. As a result of this effort, the direct tax - GDP tax ratio will increase from 2.91 per cent in the RE of 1997-98 (excluding VDIS collections) to 3.03 per cent in the current year. Over the medium term, the rise will be more significant, as the exercise to widen the tax base gets going.

I would like now to respond to the suggestions which have been made in regard to my proposals relating to direct taxes. Much as I would like to positively respond to all representations for tax exemption, the economic compulsions of moderate tax regime for better compliance by the tax-payers, and bringing about a higher tax-GDP ratio, to bridge the fiscal deficit, restrain me in contributing further to the complications in the fiscal management. After carefully evaluating all the valuable suggestions received, I am moving certain amendments to the Finance Bill.

The Finance Bill proposed to withdraw the status of "not ordinarily resident". It was also proposed to withdraw the exemption available in respect of interest paid on external commercial borrowings. The provisions relating to the status of NOR had lived for a long time on our statute book. A resident Indian going abroad and acquiring the status of non-resident for a few years continued to enjoy the benefit of exemption of foreign income after returning home after nine years. However, it has been represented to me that these proposals, if approved, may adversely affect Government's effort to encourage investment of NRIs in India. The burden of taxes in respect of External Commercial Borrowings would eventually pass on to the Indian Corporate sector and this would be to the detriment of the economy and especially in view of the adverse external environment, I propose to restore the exemption of NOR category and also in respect of interest paid on External Commercial Borrowings.

The proposal to withdraw the levy of Gift Tax on gifts made on or after 1st day of October, 1998 has been welcomed widely. The Finance Bill also contained proposals to tax gifts as deemed income in the hands of donees. This proposal was mooted for the reason that the abolition of Gift Tax may give opportunity to the people to split their income. The donor-based Gift Tax was also being misused for obtaining bogus gifts from different persons. However, I have received a number of representations raising large apprehensions in the mind of the public with regard to the taxability of gifts as deemed income. Responding to the suggestions and comments received in this regard, I propose to withdraw the proposal to tax the value of gifts as income of the recipient. Consequently, all the gifts made on or after 1.10.1998 shall be free from any tax. I hope that this taxpayer friendly measure would be welcomed by the hon. Members of this House.

In the Budget, I had proposed that the blanket exemption available to educational and medical institutions be withdrawn. The proposal stipulated that these institutions will have to file their returns of income and make an application after adhering to certain conditions which are similar to those prescribed for persons deriving income from property held for Charitable or religious purposes. This proposal emanated from the background that a large number of educational and medical institutions exist as profitable commercial ventures. But they continue to enjoy the exemption without filing the return of income tax. However, the proposal invited a large number of representations stating that this would impose hardship on small educational and medical institutions which will have to go to the Income Tax Office time and again to avail the tax exemption with all its attendant consequences. In response to these suggestions, I propose that all educational and medical institutions, which are financed and managed by Government, should continue to enjoy the benefit of exemption. Other institutions, whose annual receipts do not exceed rupees one crore per annum which is proposed to be prescribed in the rules, should continue to avail of this exemption as in the past. But the remaining educational and medical institutions would be required to follow the same conditions as are prescribed for Funds, Institutions and Trusts established

for Charitable purposes or for public religious purposes. Hence these institutions would be required to make an application to the prescribed authority for grant of exemption. To enable these institutions to shift their investments to specified investments and not use the funds to take over companies, I propose to give them time until March 2001 which is a long enough time. I hope these proposals would also be welcomed by the House and by the medical and educational institutions and they would go a long way in obviating their difficulties.

In the Budget, it was proposed to discontinue the weighted deduction for scientific research and development expenses as it would be difficult to monitor the eligible expenses. This is a point which Shri Chidambaram as also the other Members made. In response to requests from the industry as also the Department of Scientific and Industrial Research, and the points made here by the hon. Members, it is proposed to extend this tax benefit up to 31st March, 2000.

In the Finance Bill, several tax benefits were proposed for the housing sector. In response to various representations including suggestions from the Ministry of Urban Affairs, these provisions have been suitably modified.

The Finance Bill had proposed to extend tax holiday to Radio Paging Services and Domestic Satellite Owners. Now it is proposed to extend this benefit also to Trunk Services and EDI services.

A number of representations were received against the proposal to substitute the fair-market value of land with the value adopted by State Government authorities for the purpose of stamp duty for calculating Capital Gains. These representations point out that as the circle values fixed for the purpose of stamp duty are arbitrary, a large number of bona fide transactions shall be affected by the proposed amendment. The value of properties fixed by the State Government do not always represent the fair-market value. I agree with the apprehensions expressed in this regard and hence withdraw the proposal to calculate capital gains tax on the basis of circle rates of stamp duty.

The proposed Kar Vivad Samadhan Scheme evoked intense discussion in this House as also it, in fact, evoked a positive response from a large number of organisations and tax professionals.

The lack of clarity in regard to waiver of interest and penalty in relation to settlement of tax arrears under the Indirect Tax enactment is being taken care of by re-wording the relevant clauses of the Finance Bill. I have also carefully considered the suggestion emanating from various quarters including the Standing Committee of Parliament on Finance to extend the scope of this scheme so as to include tax disputes irrespective of the fact whether tax arrears are existing or not. But as I said, there are two elements. One is litigation and the other is arrears -- Kar and Vivad. If both are not present, then it is very difficult to accept this. The scheme is not intended to settle disputes when there is no corresponding gain to the other party. The basic objective of the scheme at this point of time cannot be altered. We will see what experience we gain from this. And if there is anything which needs to be done, we will come back to the House later when I am presenting the Budget for the next year.

I would like to make one point clear here because a lot of apprehension has been expressed in this House. We are not taking away anyone's right. If somebody has paid tax and has gone in appeal, it is because he has a strong case. It is quite likely that he might win. If he wins and we have to return the money, we shall certainly do so. Maybe, he will end up getting a better deal than what we will give him under the Kar Vivad Scheme.

My attempts to make available tax concessions to business reorganisations where proprietary concerns or firms are succeeded by a company, have been widely welcomed. It has also given rise to the growing demand to extend such concessions to business reorganisations involving restructuring and demerger of companies for rationalisation of production system and better utilisation of resources. While I am supportive of the need for tax concessions for such reorganisation of business, the subject is quite complicated and requires careful evaluation of tax issues so that the tax incentives are not misused for reasons other than genuine restructuring of business. I am setting up a Committee to examine the issue of business reorganisation in its entirety. The recommendations of the Committee will be examined and incorporated in the next Budget.

The proposal to make it obligatory to quote the Permanent Account Number for certain transactions was made with a view to ensure better tax compliance. However, I accept the suggestion that certain categories of persons such as agriculturists and foreign tourists should be exempt from these provisions. To mitigate the hardship to persons who are not having a Permanent Account Number or a GIR number, I propose to provide that such persons can file a declaration and also proof of their identity, if the transactions are made in cash. There are representations from the members of the stock exchanges that the limit of Rs.50,000 for transactions in shares is too low. I propose to raise this limit to Rs.10 lakhs in the notification to be made in this regard.

यहां पर यह कहना बहुत जरूरी है क्योंकि मुझे बताया गया है कि गांव-गांव में इस बात की चर्चा की जा रही है कि शायद सरकार ने अब बैंक एकाउंट खोलने पर पाबंदी लगा दी है। जमीन जायदाद खरीदने पर पाबन्दी लगा दी है। मैं स्पष्ट करना चाहूंगा कि ऐसी कोई बात नहीं है। जो इन्कम टैक्स असेसी नहीं हैं, जिनके पास परमानेंट एकाउंट नम्बर या जी.आई.आर. नम्बर है, उनके लिए आवश्यक किया गया है कि अगर वह कुछ तरह के ट्रांजैक्शन करते हैं तो कृपया वे वहां पर उसको कोट कर दें जिससे हमें जांच करने में सुविधा हो जायेगी। हर केस को हमें जांच भी नहीं करना है लेकिन कैश में बड़े-बड़े ट्रांजैक्शन होते हैं तो फिर हमारा कान खड़ा होता है कि कहीं न कहीं कोई बात है और उसकी जांच करने के लिए यह व्यवस्था की गयी है। यह आवश्यक नहीं है कि हर व्यक्ति को परमानेंट एकाउंट नम्बर या जी.आई.आर. नम्बर लेना है। अगर वह इन्कम टैक्स का असेसी नहीं है तो फिर उसको यह कहना है कि मैं इन्कम टैक्स का असेसी नहीं हूँ और उसके बाद एक छोटा सा डिक्लरेशन भरकर जिसमें कि कोई बेनामी न दे रहा हो, वह उसे भरकर अपना काम करेगा।

SHRI MURLI DEORA (MUMBAI SOUTH): Banks are insisting on this Permanent Account Number.

SHRI YASHWANT SINHA: That is wrong. We will issue clarifications to the banks that they cannot insist in law, on new clients coming to them, to quote their PAN. If they do not have a number, they do not have.

SHRI MURLI DEORA : Shri Raja Chelliah who was the Chairman of the Committee, which went into this, himself told this. He has made a statement that banks are insisting on this.

श्री यशवंत सिन्हा: ठीक है, राजा चलैया के ध्यान में है, मेरे ध्यान में नहीं है और मैं यह बिल्कुल स्पष्ट करना चाहता हूँ कि ऐसी कोई आवश्यकता नहीं है। हम किसी को भी बैंक में खाता खोलने से रोकना नहीं चाहते। यदि मेरे पास परमानेंट एकाउंट नम्बर है, मैं बैंक में जाता हूँ, बैंक हमसे पूछता है तो मैं अपना परमानेंट एकाउंट नम्बर दे दूंगा। अगर मेरे पास नहीं है तो मैं कहूंगा कि मैं इन्कम टैक्स असेसी नहीं हूँ। लेकिन यदि उसके बाद उस खाते में लाखों- करोड़ों रुपये के सौदे होते हैं तो कोई न कोई इन्कम टैक्स वाला वहां पहुंचेगा।

श्री विजय गोयल (चांदनी चौक): इसका मतलब जो असेसी होगा, उसे देना पड़ेगा।

श्री यशवंत सिन्हा: उसे देना पड़ेगा, उसको कोई दिक्कत नहीं है क्योंकि हम सब जानते हैं कि हमारा पैना और जी.आई.आर. नम्बर क्या है। उसमें कोई दिक्कत नहीं है।

Sir, several other changes have been made in response to demands and suggestions received. These include making the amendment with regard to valuation of inventory prospective, extending the tax concession to investment by financial institutional investors to unlisted securities and making donations to National Culture Fund 100 per cent exempt, a recommendation which I received from my colleague, the Human Resource Development Minister. In addition to the proposals made in the Budget, suggestions for further tax benefits have been received. The proposals made with regard to Section 10(23G) of the Income Tax Act have invited various suggestions from different quarters. I have examined those suggestions and I propose to modify proposals relating to Infrastructural Capital Funds. The income of such funds including Capital Gains would continue to be exempt if the investee company or the company in which these funds have been invested, are wholly dedicated to this exemption. This exemption would also be applicable in respect of the secondary market transactions. There would be no restriction on lending institutions. This is an important point. There would be no restriction on lending institutions and the provision for a three year lock-in period for venture capital funds is proposed to be removed. Development of infrastructure is necessary for the country's economic and social development. And hence to give a boost to infrastructure project, it is proposed to include them as eligible business for purposes of this exemption.

The Task Force set up by the Government on Information Technology, and I have taken the House into confidence the other day about the proposals that we were having in that regard, has recommended that benefit as allowed to "supporting manufacturers" under Section 80 HHC may also be extended to "supporting software contractors" under Section 80 HHE. To further augment the country's software export drive, similar benefits are

being extended to supporting software contractors. Other concessions announced by me at the time of commending the discussion on the Finance Bill have also been suitably incorporated in the proposed amendment of the Finance Bill

Mr. Speaker, Sir, now, I come to the area of Indirect Taxes.

SHRI MURLI DEORA (MUMBAI SOUTH): One minute, Sir.

Those who are owning the telephone, they are included to pay the tax or they have to file the return. An 85-year old freedom fighter who gets telephone at half the rate is asked to file the tax return now. It is just not possible. So, please make clarification on this. Several freedom fighters have come and represented to us whether this will entitle or this will be obligation on them to file the tax returns.

SHRI YASHWANT SINHA: Sir, I am glad that Shri Murli Deora has raised this point. I would like to clarify that it is not the intention of the Government to harass anyone. And, therefore, we have already taken a decision that elder citizens, senior citizens will be exempted from this category -- it is just on one telephone -- and we will take care of that properly.

As the House is aware that in the last few years, several creditable steps have been taken to reform the indirect tax structure. The rates of excise duties have been moderated gradually and the excise duty structure considerably rationalized. In order to reduce the cascading effect, MODVAT credit scheme has been extended in its scope and coverage and procedures have been simplified. Sir, I may mention that on the customs side I have inherited so many things and I am saying this because it has been pointed out as if I do not know what I have done with the tax rates. I have spoiled...

SHRI MURLI DEORA (MUMBAI SOUTH): Now, Shri P. Chidambaram has come... (Interruptions)

SHRI YASHWANT SINHA: It has been pointed out as if I have done violence to the reforms in the tax system which has been carried on so efficiently in the past years and all that. I may mention, Sir, I have inherited the tax structure on the customs side with seven main rates of basic customs duty ranging from 3 per cent to 40 per cent.

This includes two isolated rates of three per cent and five per cent. I have added one single commodity at 35 per cent and retained the tax structure as such. The perception that I have distorted the tax structure is far from true. I have only made adjustments in duties within the pre-Budget tax structure handed over to me.

I also wish to clarify to the hon. Members the point which I took opportunity to clarify yesterday that once we have signed the WTO agreement, we are committed to follow the binding. It is in this context that the rate of customs duties on products like whisky and other liquors have been moderated. It is not that I have shown any deliberate preference for this particular sector. I would request the hon. Members to appreciate that the Budget proposals in this context have to be judged in a proper perspective.

Many hon. Members, including my distinguished predecessor, have questioned the justification for a Special Additional Duty of Customs.

SHRI MURLI DEORA (MUMBAI SOUTH): Dr. T. Subbarami Reddy had also raised this point.

SHRI YASHWANT SINHA: Yes, Shri Reddy also mentioned this point.

SHRI MURLI DEORA (MUMBAI SOUTH): He was very upset because you went away.

SHRI YASHWANT SINHA: I know that I went away.

SHRI MURLI DEORA (MUMBAI SOUTH): But he is satisfied that the Press has covered his speech.

SHRI BASU DEB ACHARIA (BANKURA): There has been an extensive coverage of his speech by the entire Press.

SHRI YASHWANT SINHA: I was referring to my distinguished predecessor because he is the one single person in this person who I expect will appreciate and understand the difficulties which I face. The others may not be understanding to that extent because he was the Finance Minister for about 125 days or 120 days before me. The ink is not yet dried on what he wrote on the files. I expect better understanding, better appreciation of the problem that I face. He has suggested that it is a very regressive tax. Other Members have also talked about it. Shri Prithviraj Chavan also talked about it that these are regressive taxes and that I should do away with them.

I would take some time to explain once again what is the rationale behind it and what is the coverage of this tax. Shri Chidambaram imposed a duty of 2 per cent across the board in his Budget of 1996 which he raised to 5 per cent through an ordinance in September 1977. Maybe, he had good reasons to do that. But if that 5 per cent was not inflationary, then how can this 4 per cent be inflationary? If his fiscal deficit was not inflationary, how can my fiscal deficit be inflationary? If everything he did was virtuous, how is it that my doing the same things become vicious? This is something which I do not understand.

The House is aware that the country has a heterogenous commodity taxation structure. I wish to assure the House that the Special Additional Duty of Customs is designed not as a protectionist measure. This is how it has been projected - Swadeshi tax, this and that. If I wanted to impose a Swadeshi tax, then it would have been much different from this 4 per cent. This is not a protectionist measure. But it is meant to remove the disability which is suffered by indigenous goods on account of Central Sales Tax and other local taxes. This is a point which I made up-front. I did not conceal this. I consulted the various Chambers of Commerce, various people in trade and industry. When it was represented to me that this was not just 8 per cent which was what it was originally, but it was much higher than 8 per cent and that certain sectors of our industry were suffering, then we took this conscious decision. I would like to assure this House and the people of this country through this House that it cannot be the policy of this Government, as indeed it should not be the policy of any Government of this country, that we should build new industries on the ruins of existing industries.

We will not allow that to happen. If Indian industry has been protected, if Indian industry has functioned in a totally protected environment, that is not thanks to us but thanks to you for forty to fifty years. Indian industry needs a little more time to adjust and this Government is prepared to give it that time.

PROF. P.J. KURIEN (MAVELIKARA): I fully appreciate what you said. You said that Indian industry should be protected. Of course, that is not by changing the policy.

The tax which you have proposed now is for a level-playing field. If this is so, I am bringing before you a specific case. As a result of import of polyurethane in Kerala and the other Southern States, about 300 small scale industries are suffering. The rubber growers are suffering because polyurethane is imported at a very very lower rate. I requested your predecessor, the former Minister of Finance to change it. I confess that he did not do it. I am making a request to you. Will you consider it? Two lakh rubber growers in the South are suffering because of this. Three hundred small scale industries are suffering. I agree with this particular policy that you have mentioned. Will you consider it on the basis of this policy so that these small scale industries which are about 300 in number do not suffer? You may just increase the import duty of polyurethane and allied chemicals. Will you consider this?

SHRI YASHWANT SINHA: This is a very very specific and pointed question but I will talk about general principles.

PROF. P.J. KURIEN (MAVELIKARA): Why do you not consider it?

SHRI N.K. PREMACHANDRAN (QUILON): General principles are applicable to specific cases.

SHRI BASU DEB ACHARIA (BANKURA): For a specific question, the reply should also be specific.

PROF. P.J. KURIEN (MAVELIKARA): I gave you an example to illustrate your own concern. So, why do you not react? Why do you not try and impress that you are sincere?

SHRI YASHWANT SINHA: I am not able to react because you are not giving me a chance to react.

I have said this in order to mitigate the disability which Indian industry faces as a result of the Central Sales Tax and other local taxes. Why did I roll it back to four per cent and earn the sobriquet, 'roll-back Sinha', in the media? I did it for a very simple and very strong economic reason and that reason is that the rupee had depreciated in the meanwhile and I took that into account. I tried to be honest. I did not stand on prestige. I said: 'I will roll it back to four per cent.'

Professor Kurien, I now come to the specific question which you have raised. My point is, this is the principle and we will examine it. We have received a number of representations in regard not only to the items you have mentioned - I cannot even pronounce it properly - but we have received representations in regard to various other items also. This is a power which the Government has under the statute and the rules in this Finance Bill. It is not our intention to hurt Indian industry by this process. If something which we have done to help them starts hurting them, any responsible Government must look at it. The suggestion and the point that you have made is something which shall be definitely looked at with keenness by us.

Similarly, on the excise duty, the pre-Budget tariff included eight main rates of excise duty ranging from five per cent to forty per cent. There are a few isolated rates applicable to individual commodities. I have not done anything to cause disturbance to the on-going reform process of our excise duty. I have not raised the number of rates. On the other hand, I had very much desired to further rationalise the excise duty structure and bring compression to a number of rates. But what was the problem that I faced? When I looked at any product, I found that it was going through a slow down, the performance was sluggish, the industry was facing a crisis. It is this which prevented me from strongly achieving that congregation towards the mean rate. But I would like to assure the House that the three rate structure is the direction in which this Government would like to move and when the situation improves, that will be the kind of exercise that we shall undertake in the field of excise.

I wish to respond to specific issues. (Interruptions)

SHRI PRITHVIRAJ D. CHAVAN (KARAD): You have not answered as to why you have excluded trade on the customs side. Secondly, why is this duty non-MODVATable? Because it is countervailing duty. Also, on the excise duty side, the five per cent disallowance has not been answered.

SHRI YASHWANT SINHA: I need a little time. Various Members have made various specific points. I am keeping them towards the end. If I have time, I will respond.

I have given very careful consideration to the suggestions made by the hon. Members. On seeing the overwhelming response in regard to some of these items, I am persuaded to restore some of the exemptions. Accordingly, I propose to restore the excise duty exemption on branded ghee, skimmed milk powder, butter and cheese. Many hon. Members from this side as well as from that side, including the Leader of the Opposition, had personally requested me to consider this point. ... (Interruptions)

To remove the anxiety of many hon. Members, I hasten to add that the excise duty that was imposed on sweetmeats and namkeens stands withdrawn. Branded spices shall also be now free from excise duty.

I also restore the exemption to coir mattresses and writing ink. Spectacle lenses shall be exempt from excise duty as before except costly frames, not lenses, above the value of Rs. 500.

I propose to reduce the excise duty on medical furniture from thirteen per cent to eight per cent. Many hon. Members cutting across party lines have suggested withdrawal of excise duty on packaged tea. ... (Interruptions) I have decided to meet their demand half way. Henceforth, tea packed in packages upto 100 grams shall continue to enjoy exemption from excise duty. Packages above 100 grams and upto 25 kgs. shall attract excise duty of eight per cent.

I would like take the House into confidence. Let us not make much of this point. I had detailed discussions with the representatives of the tea industry. I asked them a simple question: What has been the rise in the price of tea

since 1991 when the duty was withdrawn? Do you know what it is? It is more than 100 per cent. If industries raise the price of tea, it is customer friendly and if the Government imposes a small duty, it becomes very unfriendly. This should not be the argument which any responsible person, at least not the Members of Parliament, should back.

In my Budget proposals, I had raised the excise duty on marble slabs and tiles from Rs.30 to Rs. 40 per sq. metre. My friends from Rajasthan may kindly note that I propose to confine the higher rate only to slabs and tiles of value above Rs. 400 per sq. metre.

Textiles is the core sector of our industry. In my Budget proposals, I had announced some duty concessions to this industry. I wish to announce some further concessions. I propose to raise the duty free exemption for shoddy fabrics and shoddy blankets from Rs. 100 to Rs. 150 per sq. metre. Fabrics produced in 100 per cent Export-Oriented Units from indigenous raw materials and sold for domestic consumption shall henceforth be charged excise duty at the normal excise rate and not at the rate related to customs duty on imported fabrics.

I also reduce the rate of compounded levy for embroidered fabrics from Rs. 60 to Rs.45 per metre length of the machine per shift.

For the textile sector, I have also some proposals on the customs side. I propose to reduce the customs duty on carpet grade wool, flax fibre and nylon tyre yarn by five per cent ad valorem. As a singular exception, I propose that the general restriction of five per cent in the availability of MODVAT credit that I had proposed in the Budget shall not apply to POY used as input for making textured yarn and to the removal of yarn and fabrics from one factory to another by multi-locational composite mills.

... (व्यवधान)

श्री लाल मुनी चौबे (बक्सर) : महोदय, मैं सरकार से एक बात पूछना चाहता हूँ कि बड़े पैमाने पर लघु उद्योग फँसाए जा रहे हैं, उद्योगों के डिसेंट्रलाइजेशन की सरकार की नीयत है, इसमें जो कालीन के उद्योग आते हैं तथा जो दूसरे उद्योग हैं, जिन्हें बैंक वकिंग कॅपिटल देते हैं जिससे वहाँ कालीन बनते हैं और वे एक्सपोर्ट होते हैं। बैंकों से एक्सपोर्ट के लिए जो पैसा आता है, वे बैंक सीधे-सीधे रिजर्व बैंक से पैसा ले लेते हैं और वकिंग कॅपिटल के लिए कोई पैसा नहीं देते। इस तरह अनेकों उद्योग इसमें फँस कर दम तोड़ चुके हैं और भारी पैमाने पर लोगों पर केस किये गये हैं, जिस पर चक्रवर्द्धि ब्याज लगा कर पैसा वसूला जा रहा है। वकिंग कॅपिटल न देना और वकिंग कॅपिटल देकर उसका पूरा का पूरा पैसा देना, वकिंग कॅपिटल न देना, इससे उद्योग का मर जाना, क्या सरकार ऐसी बैंकिंग व्यवस्था को दुरुस्त करेगी और जितने इस तरह के लोग परेशान हैं, जिनका उद्योग बंद हो गया है उनको पैसा दिलाएगी?

SHRI YASHWANT SINHA: In order to encourage the use of pre-fabricated buildings, I exempt such buildings and their parts from the levy of excise duty. I am glad that my colleague, the Urban Affairs Minister is present here now. The excise duty that was imposed on specified tyres for animal drawn vehicles also stands withdrawn. I have made certain changes in the scheme of excise duty exemptions on specified copper alloys in order to help deserving sectors of user industry.

I also propose reduction in the rate of excise duty applicable to fire works from 18 per cent to 13 per cent.

I have received representations about the service tax on tour operators. My colleague, the Tourism Minister is here. He informed me yesterday that they were going to have a 'Visit India Year', from the 1st of April 1999 and that tour operators will have a major contribution to make, so as to make that 'Visit India Year' a success. In deference to his wishes, I am giving an exemption to tour operators from service tax for a limited period, for this year and the next year only.

I restore the exemption from basic customs duty on glazed newsprint. I also propose to exempt four specified drugs for AIDS treatment from customs duty. I have decided to reduce the burden on aluminium scrap which is energy saving. This would henceforth be subject to basic customs duty at a concessional rate of ten per cent. I also propose to reduce the customs duty on carbon black feed stock and methanol by five per cent ad valorem and bring them in line with all feed stock. In order to reduce the cost of production of paper and newsprint, I propose to exempt waste paper imported by actual users from the special duty of customs.

In my Budget proposals, I had raised customs duty on kerosene imported for parallel marketing to 32 per cent. I have received representations that imported kerosene is also used as feed stock for extraction of N-Paraffin which, in turn, is used for making LAB, an important input for detergents. It is argued that the customs duty burden in this case would add to costs which should be avoided by exempting customs duty in this case. In response to this demand, I have decided not to collect customs duty on the quantity of kerosene actually consumed for such purposes. On the remnant, no duty will be payable if it is sold to public sector company for PDS.

The proposals relating to excise duties are estimated to result in a revenue loss of Rs.192 crore in one year.

The customs duty changes estimated to result in a revenue loss of Rs.71 crore in a year. The above proposals relating to changes in excise and customs duties shall be given effect from 18th July, 1998 except for the one relating to kerosene for which notification will be issued in due course of time. Copies of the notifications shall be laid on the Table of the House in due course.

I am also proposing certain amendments so as to rectify some drafting errors in Finance (No. 2) Bill, 1998. As I said in the beginning, a number of points have been made by hon. Members of the House. Since I have little time, I would like to respond to that briefly.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF TOURISM (SHRI MADAN LAL KHURANA): Sir, under Rule 388 of the Rules of Procedure and Conduct of Business in Lok Sabha, with your consent, I move that, in order to enable the House to complete important financial business, Rule 26 relating to Private Members' Business be suspended.

MR. SPEAKER: If the House agrees, it may be suspended.

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS, MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION (SHRI RAM NAIK): It is only for completing the Finance Bill....(interruptions)

SHRI BASU DEB ACHARIA (BANKURA): For half-an-hour, it may be suspended...(interruptions)

AN HON. MEMBER: Till what time?

श्री मदन लाल खुराना: जब तक यह बिल कम्प्लीट होता है, चाहे १५ मिनट में होता है या आधे घंटे में होता है। .

..(Interruptions)

MR. SPEAKER: It is only till the Finance Bill is passed.

SHRI BASU DEB ACHARIA (BANKURA): If it is till the Finance Bill is passed, then it is all right.

SHRI YASHWANT SINHA: Now, a point was made by my friend Shri Chavan that various lobbies were in operation and the tax rates have been increased or decreased under the pressure of lobbies. I would like to assure him and reassure him repeatedly that no lobbies are at work. Even if they are at work, nobody has the capacity to influence this Government. We have taken our decisions in the best interest of the economy of this country and no lobby has been allowed to prevail and no lobby shall be allowed to prevail in future also.

It has been pointed out that revenue targets may not be achieved. This point is something which I cannot answer now. The Budget has just begun. I am confident at this point of time that the revenue targets shall be achieved.

There is another point made by my distinguished predecessor and even Shri Chavan that the moment the Budget was presented, there was thumbs down signal given to the Indian economy. Just because there was some decline

in sensen, that was a thumbs down signal! I have earlier explained the position but much has been made of the fact that foreign investors are fleeing this country. They are leaving in droves and that millions of dollars are being withdrawn from this country. I have some figures here which I would like to quote for the benefit of the hon. Members of the House.

The East Asian crisis erupted last year. As a result of that, in November, 1997, 111 million dollars were withdrawn in one month. In December, 155 million dollars were withdrawn. In January, 1998, 81 million dollars were withdrawn. It turned positive in February, 1998 and March, 1998. It turned slightly negative in April. It was around 24.90 million dollars. Before the Budget was presented in the month of April, because of the factors entirely unrelated to the Budget, net disinvestment by Foreign Institutional Investors was 216 million dollars. After the Budget, in June, it came down to 206 million dollars. If the Budget was the reason, then this figure should have gone up. I am happy to inform the House that until 15th July, the net outflow of FIIs has been only 0.80 millions. So, that trend has been stopped.

I would tell the hon. Members with all the frankness and emphasis that are there at my command that this is not related to Budget. After 1st of June, it was said that anything that happened in the country was because of the Budget.

I said, "Thank God, nobody is saying that the crisis in Japan is also because of the Budget presented by Yashwant Sinha. And the crisis in East Asia is because of the Budget presented by me!"

Let me assure you that the choices before me are very clear. I could have treaded the path of the previous Governments. I could have kept infrastructure investment low. I could have kept agricultural investment low. I could have kept small-scale industries stalled. I could have kept housing sector by giving it the step-motherly treatment. I decided not to do it because it was not in the interests of the economy of this country to do so. We wanted to give a push to the economy of this country. It is most unfortunate that in the last many years, no major investment has taken place in this country either in the private sector or in the public sector. The Government abandoned its role. They said, "The public sector will not make investment and the private sector investment could not take place because no clearances were forthcoming." What happened to fast tracks is something which is well known not only in this country but also throughout the world. We are trying to encourage both kinds of investments.

Much has been said about IEBR. I will make sure that we fulfil our targets. I will make sure that we put on stream immediately all the schemes which are on the shelf and which are in various stages of approval both in the public sector and in the private sector. And it is possible by giving encouragement to housing, by giving encouragement to agriculture, by giving encouragement to rural development, and by giving encouragement to all the sectors of the economy. It is the intention of this Government to see that we impart momentum to this economy and take it out of the slow down phase in which it has been caught. That is the direction in which this Government shall continue to move under the able guidance and leadership of our Prime Minister.

A very important point was made by my friend, Dr. T. Subbarami Reddy. This was in regard to Foreign Exchange Regulation Act. I would like to assure the House that we have taken a decision to bring an amendment to the Foreign Exchange Regulation Act to convert it into the Foreign Exchange Management Act as well as the Anti-money Laundering Act. We have considered those suggestions. They are in the last stages of examination. It is my intention to bring them before this House in this Session. So, we shall take all the steps which are necessary to realign our laws and policies and to see that we give a push to the economy of this country.

SHRI MURLI DEORA (MUMBAI SOUTH): What about insurance? ... (Interruptions)

MR. SPEAKER: There is no time please.

... (Interruptions)

DR. T. SUBBARAMI REDDY (VISAKHAPATNAM): Sir, the most important thing about which the entire House should know is this. I understand that ten lakh tonnes of sugar are available in the market today for free

sale. I understand that a substantial quantity of sugar is being imported from Pakistan. I also understand that the customs duty being imposed now is less than the money that the Indian manufacturer is actually paying for sugar. The All-India Sugar Mills Association is feeling very much concerned that if it continues, it might kill the indigenous sugar industry. Therefore, I pointed it out yesterday. But I am surprised that the hon. Minister of Finance has totally ignored this point.

There will be 12 per cent customs duty on imported sugar whereas the tax on sugar manufactured in our country will be 20 per cent. Please clarify it.

SHRI YASHWANT SINHA: This was not in The Economic Times today!

SHRI K. YERRANNAIDU (SRIKAKULAM): Sir, I and some other MPs represented regarding reduction in duty from ten per cent to five per cent on import of pulp. The former Minister of Finance imposed it at the rate of ten per cent. On representation, he reduced it to five per cent. This year again, it has been raised from five per cent to ten per cent. We have again requested about it. But there is no mention about that.

SHRI PRITHVIRAJ D. CHAVAN (KARAD): Sir, I am trying to help the Minister of Finance. All the hon. Members have asked him to lower the customs duty and excise duty and he will lose revenue. I am asking him to increase the customs duty. Why has he excluded trade from the special customs duty? On behalf of the manufacturing sector of this country, I am pleading not to introduce this distortion.

SHRI YASHWANT SINHA: Shri Chavan, the simple reply to that is the philosophy under which this tax has been imposed. When the traders import goods into this country they are required to pay tax. Under the rules, we would be making enough provisions to ensure that they pay taxes. This is in lieu of the sales tax and therefore it cannot be imposed on the traders. That is the simple logic.

To the point made by Shri Reddy about sugar, I would like to submit that it is this Government which imposed a duty on sugar. The hon. Member knows that sugar was being imported absolutely on zero duty. We only have imposed a duty of 12 per cent. This four per cent additional duty would also apply to them. So, we are watching the situation. It was only as a result of the close watch that this Government kept on the sugar situation that we decided to impose that duty. We would continue to keep a close watch on the sugar situation, as indeed on all imports and wherever corrective measures are necessary we shall not shirk from taking them.

Sir, due to paucity of time I have not been able to reply to many of the other issues, like the one raised by Shri Yerrannaidu.

SHRI MURLI DEORA (MUMBAI SOUTH): Please clarify the position in regard to the insurance sector.

SHRI YASHWANT SINHA: Sir, I would like to submit that there are various other things and those will be taken care of, not through an amendment to the Finance Bill but through a notification of the Customs Department which we shall place before the House.

Sir, Shri Deora has repeatedly been asking about the insurance sector and I would just like to respond to that. The matter is under the active consideration of the Government. We are formulating specific proposals and as soon as we are ready with the IRA Bill, we would come before the House.

SHRI N.K. PREMCHANDRAN (QUILON): Sir, what about the caprolactic products? The factories producing such goods would be affected.

SHRI YASHWANT SINHA: You please ask Shri Chidambaram about it.

Sir, the point is that there is no unanimity in trade and industry; there cannot be any unanimity in this House as well. There cannot be any unanimity in this House in regard to these various duties. It is because some people would ask for raising the custom duties and some others would ask for reducing the custom duties. It is the

responsibility of the Finance Minister to take care of all these things and take a holistic view and come to the conclusions that he wishes to come to.

Sir, I think, I have taken care of most of the points which have been raised by the hon. Members. If there are any specific areas which have not been replied to, I would ask to be forgiven by those Members. With these words I would like to conclude.

PROF. P.J. KURIEN (MAVELIKARA): Sir, I have a point to make ... (Interruptions)

MR.SPEAKER: There is no time now.

... (Interruptions)

PROF. P.J. KURIEN (MAVELIKARA): Sir, I would like to submit on an issue which is a concern for all the Members of this House ... (Interruptions) Mr. Finance Minister, I would like to have your attention please. By deleting clauses 22 and 23 of Section 10 of the Income Tax Act, the Finance Minister has imposed a new tax on the educational institutions and hospitals. Earlier, they were not under the purview of the Income Tax Department. This year, the Finance Minister has brought them within the purview of the Income Tax Department ... (Interruptions) The limit is only rupees one crore. But the income and expenditure of the educational institutions and the hospitals, even that of the mediocre level institutions, are beyond the limit of rupees one crore. That means, practically the exemption given to them becomes ineffective. These are the areas where the Government is not fulfilling its duty adequately.

Sir, my request to the Government would be that the hospitals and the educational institutions should be totally exempted. They are doing a great service to the nation which the Government is not able to do... (Interruptions)

MR. SPEAKER: Shri Kurien, please understand that there is no time. The time is very short.

PROF. P.J. KURIEN (MAVELIKARA): Sir, I am not speaking for those institutions which are taking capitation fees. But I am speaking for the educational institutions and hospitals that are doing a great service in the areas where the Government is not able to fulfill its duties.

SHRI YASHWANT SINHA: Mr. Speaker, Sir, I have already responded to that point and let me assure you and the House that no genuine institution shall be subjected to any harassment but those who are indulging in mischief and malpractices must be taken to task.

PROF. P.J. KURIEN (MAVELIKARA): You should accept all such institutions which do not charge capitation fees.

SHRI SHARAD PAWAR (BARAMATI): A request was made that the Member of Parliament Area Development Fund be raised from Rs.1 crore to Rs.2 crore. Has any decision been taken on that?

SHRI YASHWANT SINHA: Sir, I am aware of the proposal because I have attended meetings with you. I have attended meetings with the Chairman, Rajya Sabha. This is outside my jurisdiction. An announcement to this effect must come from the Speaker of the Lok Sabha.... (Interruptions)

SHRI RUPCHAND PAL (HOOGLY): Are you satisfied with the reply? While major further concessions are being given to richer sections of the society, the poorer sections are being denied of these benefits. Price rise is... (Interruptions)

संसदीय कार्य मंत्री तथा पर्यटन मंत्री (श्री मदन लाल खुराना): इसको बाद में आपके साथ बैठकर तय करेंगे।

... (व्यवधान)

श्री मोहम्मद अली अशरफ फातमी (दरभंगा): इस बारे में आप सदन में ही अनाउंसमेंट कीजिए।

... (व्यवधान)

सारा सदन इस बारे में जानना चाहता है।

... (व्यवधान)

प्रधानमंत्री (श्री अटल बिहारी वाजपेयी): माननीय सदस्य जो मांग उठा रहे हैं, उस पर गंभीरता से विचार किया जा रहा है।

SHRI RUPCHAND PAL (HOOGLY): Sir, many questions have been raised from this side, particularly the issue of price rise... (Interruptions)

SHRI K. BAPIRAJU (NARSAPUR): Sir, I have to put only one supplementary to the Finance Minister. It is with regard to drinking water. His Excellency, the President of India had said that in the Five Year Plan he would see to it that every village gets sufficient drinking water. The hon. Prime Minister has also said that this is not the intention but the commitment of the Government and that he would see to it that in the next five years this commitment is fulfilled.

I would like to know from the hon. Finance Minister as to how many villages have been identified under this and what is the estimated amount that would be required to fulfil this commitment. You can, at least, spell out the rough estimates.

SHRI BASU DEB ACHARIA (BANKURA): Sir, five years back, customs duty on bifocal lenses was 80 per cent. It has been reduced to 20 per cent now. Because of this reduction, the imported 'flint button' has now become cheaper than the one produced indigenously. There is only one unit in the country which is producing the flint buttons and that is the Bharat Ophthalmic Glass Ltd. There is no other industry in the country which produces this item. As a result of this reduction in customs duty, this industry has become sick. I would like to know from the hon. Finance Minister whether he would enhance the customs duty substantially and bring it to the rate which was prevalent five years back.

MR. SPEAKER: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1998-99, be taken into consideration."

The motion was adopted.

Clause-by-Clause Consideration

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

Clauses 2 and 3

MR. SPEAKER: The question is:

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

श्री शकुनी चौधरी (खगड़िया): अध्यक्ष महोदय, अभी-अभी जो पांचवां वेतन आयोग बैठा, उसमें सरकारी कर्मचारियों के पैसे बढ़ाए गए, लेकिन सांसदों का एक पैसा भी नहीं बढ़ाया गया।

... (व्यवधान)

मैं आपके माध्यम से वित्त मंत्री जी से आग्रह करना चाहता हूँ कि सांसदों की तनख्वाह भी बढ़ाई जाए।

... (व्यवधान)

Clause 4

Amendments made:

Page 3, line 26, for "means,-" substitute-

"means a group of assets falling within a class of assets comprising-". (52)

Page 3,-

omit lines 35 to 38. (53)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clause 5

MR. SPEAKER: The question is:

"That clause 5 stand part of the Bill."

The motion was negatived.

MR. SPEAKER: Clause 5 is dropped from the Bill. Subsequent clauses may be re-numbered accordingly.

Clause 6

MR. SPEAKER: The question is:

"That clause 6 stand part of the Bill."

The motion was negatived.

Clause 7

Amendments made:

Page 4,-

(a) omit lines 4 to 6;

(b) for lines 10 to 19, substitute-

(ca) in clause (15), in sub-clause (iv), in the Explanation, after clause (a), the following clause shall be inserted, namely:-

"(aa) the manufacture of computer software or recording of programme on any disc, tape, perforated media or other information device; or". (54)

Page 4, for lines 22 to 40, substitute-

(i) in clause (23C),-

(A) After sub clause (iiiia), the following sub clauses shall be inserted, namely:-

"(iiiab) any university or other educational institution existing solely for educational purposes and not for purposes of profit, and which is wholly or substantially financed by the Government; or

(iiiac) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, at I which is wholly or substantially financed by the Government; or

(iiiad) any university or other educational institution existing solely for educational purposes and not for purposes of profit if the aggregate annual receipts of such university or educational institution do not exceed the amount of annual receipts as may be prescribed; or

(iiiiae) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention of rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, if the aggregate annual receipts of such hospital or institution do not exceed the amount of annual receipts as may be prescribed; or";

(B) after sub-clause (v), the following sub-clauses shall be inserted, namely:-

"(vi) any university or other educational institution existing solely for educational purposes and not for purposes of profit, other than those mentioned in sub clause (iiiab) or sub-clause (iiiad) and which may be approved by the prescribed authority; or

(via) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, other than those mentioned in sub clause (iiiiae) or sub clause (iiiad) and which may be approved by the prescribed authority:";

(C) in the first, second, third, fifth and sixth provisos,-

(1) after the word "institution", the following shall be inserted, namely:-

"or any university or other educational institution or any hospital or other medical institution";

(II) after the words, brackets and letter "or sub clause (v)" the words, brackets and letters" or sub-clause (vi) or sub-clause (via)" shall be inserted;

(D) after the fourth proviso, the following proviso shall be inserted, namely:-

"Provided also that the exemption under sub-clause (vi) or sub-clause (via) shall not be denied in relation to any funds invested or deposited before the 1st day of June, 1998, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section II if such funds do not continue to remain so invested or deposited after the 30th day of March, 2001,";

(j) in clause (23F),-

(a) the third and fourth provisos shall be omitted;

(b) in the Explanation, for clause (c) the following clauses shall be substituted, namely:-

(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the business or generation or generation and distribution of electricity or any other form of power or engaged in the business of providing telecommunication services or in the business of developing, maintaining and operating any infrastructure facility or engaged in the manufacture or production of such articles or things (including computer software) as may be notified by the Central Government in this behalf

(d) "infrastructure facility" means road, highway, bridge, airport, port, rail system, water supply project, irrigation project, sanitation and sewerage system or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions specified in sub-section (1A) of section 801A;'

(k) for clause (23G), the following clause shall be substituted, namely:-

"(23G) any income by way of dividends, other than dividends referred to in section 115-O, interest or long-term capital gains of an infrastructure capital fund or an infrastructure capital company from investments made on or after the 1st day of June, 1998 by way of shares or long-term finance in any enterprise wholly engaged in the business of developing, maintaining and operating any infrastructure facility and which has been approved by the Central Government on an application made by it in accordance with the rules made in this behalf and which satisfies the prescribed conditions.

Explanation.-For the purposes of the clause,-

(a) "infrastructure capital company" means such company as has made investments by way of acquiring shares or providing long term finance to an enterprise wholly engaged in the business of developing, maintaining and operating infrastructure facility;

(b) "infrastructure capital fund" means such fund operating under a trust deed, registered under the provisions of the Registration Act, 1908 established to raise monies by the trustees for investment by way of acquiring shares or providing long-term finance to an enterprise wholly engaged in the business of developing, maintaining and operating infrastructure facility.'. (55)

Page 4, after line 49, insert-

"(iv) a project for housing which fulfils the conditions specified in sub-section (4F) of section 80-IA."

(56)

(Shri Yashwant Sinha)

MR. SPEAKER: The questions is:

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

The motion was adopted.

Clause 7, as amended, was added to the Bill.

SHRI BASU DEB ACHARIA (BANKURA): Sir, five years back, customs duty on bifocal lenses was 80 per cent. It has been reduced to 20 per cent now. Because of this reduction, the imported 'flint button' has now become cheaper than the one produced indigenously. There is only one unit in the country which is producing the flint buttons and that is the Bharat Ophthalmic Glass Ltd. There is no other industry in the country which

produces this item. As a result of this reduction in customs duty, this industry has become sick. I would like to know from the hon. Finance Minister whether he would enhance the customs duty substantially and bring it to the rate which was prevalent five years back.

MR. SPEAKER: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1998-99, be taken into consideration."

The motion was adopted.

Clause-by-Clause Consideration

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

Clauses 2 and 3

MR. SPEAKER: The question is:

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

श्री शकुनी चौधरी (खगड़िया): अध्यक्ष महोदय, अभी-अभी जो पांचवां वेतन आयोग बैठा, उसमें सरकारी कर्मचारियों के पैसे बढ़ाए गए, लेकिन सांसदों का एक पैसा भी नहीं बढ़ाया गया।

... (व्यवधान)

मैं आपके माध्यम से वित्त मंत्री जी से आग्रह करना चाहता हूँ कि सांसदों की तनख्वाह भी बढ़ाई जाए।

... (व्यवधान)

Clause 4

Amendments made:

Page 3, line 26, for "means,-" substitute-

"means a group of assets falling within a class of assets comprising-". (52)

Page 3,-

omit lines 35 to 38. (53)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clause 5

MR. SPEAKER: The question is:

"That clause 5 stand part of the Bill."

The motion was negatived.

MR. SPEAKER: Clause 5 is dropped from the Bill. Subsequent clauses may be re-numbered accordingly.

Clause 6

MR. SPEAKER: The question is:

"That clause 6 stand part of the Bill."

The motion was negatived.

Clause 7

Amendments made:

Page 4,-

(a) omit lines 4 to 6;

(b) for lines 10 to 19, substitute-

(ca) in clause (15), in sub-clause (iv), in the Explanation, after clause (a), the following clause shall be inserted, namely:-

"(aa) the manufacture of computer software or recording of programme on any disc, tape, perforated media or other information device; or". (54)

Page 4, for lines 22 to 40, substitute-

(i) in clause (23C),-

(A) After sub clause (iiia), the following sub clauses shall be inserted, namely:-

"(iiiab) any university or other educational institution existing solely for educational purposes and not for purposes of profit, and which is wholly or substantially financed by the Government; or

(iiiac) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, at I which is wholly or substantially financed by the Government; or

(iiiad) any university or other educational institution existing solely for educational purposes and not for purposes of profit if the aggregate annual receipts of such university or educational institution do not exceed the amount of annual receipts as may be prescribed; or

(iiiiae) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention of rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, if the

aggregate annual receipts of such hospital or institution do not exceed the amount of annual receipts as may be prescribed; or";

(B) after sub-clause (v), the following sub-clauses shall be inserted, namely:-

"(vi) any university or other educational institution existing solely for educational purposes and not for purposes of profit, other than those mentioned in sub clause (iiiab) or sub-clause (iiiad) and which may be approved by the prescribed authority; or

(via) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, other than those mentioned in sub clause (iiiiae) or sub clause (iiiad) and which may be approved by the prescribed authority:";

(C) in the first, second, third, fifth and sixth provisos,-

(1) after the word "institution", the following shall be inserted, namely:-

"or any university or other educational institution or any hospital or other medical institution";

(II) after the words, brackets and letter "or sub clause (v)" the words, brackets and letters" or sub-clause (vi) or sub-clause (via)" shall be inserted;

(D) after the fourth proviso, the following proviso shall be inserted, namely:-

"Provided also that the exemption under sub-clause (vi) or sub-clause (via) shall not be denied in relation to any funds invested or deposited before the 1st day of June, 1998, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section II if such funds do not continue to remain so invested or deposited after the 30th day of March, 2001,";

(j) in clause (23F),-

(a) the third and fourth provisos shall be omitted;

(b) in the Explanation, for clause (c) the following clauses shall be substituted, namely:-

(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the business or generation or generation and distribution of electricity or any other form of power or engaged in the business of providing telecommunication services or in the business of developing, maintaining and operating any infrastructure facility or engaged in the manufacture or production of such articles or things (including computer software) as may be notified by the Central Government in this behalf

(d) "infrastructure facility" means road, highway, bridge, airport, port, rail system, water supply project, irrigation project, sanitation and sewerage system or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions specified in sub-section (1A) of section 801A;";

(k) for clause (23G), the following clause shall be substituted, namely:-

"(23G) any income by way of dividends, other than dividends referred to in section 115-O, interest or long-term capital gains of an infrastructure capital fund or an infrastructure capital company from investments made on or after the 1st day of June, 1998 by way of shares or long-term finance in any enterprise wholly engaged in the business of developing, maintaining and operating any infrastructure facility and which has been approved by

the Central Government on an application made by it in accordance with the rules made in this behalf and which satisfies the prescribed conditions.

Explanation.-For the purposes of the clause,-

(a) "infrastructure capital company" means such company as has made investments by way of acquiring shares or providing long term finance to an enterprise wholly engaged in the business of developing, maintaining and operating infrastructure facility;

(b) "infrastructure capital fund" means such fund operating under a trust deed, registered under the provisions of the Registration Act, 1908 established to raise monies by the trustees for investment by way of acquiring shares or providing long-term finance to an enterprise wholly engaged in the business of developing, maintaining and operating infrastructure facility.'. (55)

Page 4, after line 49, insert-

"(iv) a project for housing which fulfils the conditions specified in sub-section (4F) of section 80-IA."

(56)

(Shri Yashwant Sinha)

MR. SPEAKER: The questions is:

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

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clause 8

SHRI BASU DEB ACHARIA (BANKURA): I beg to move:

Page 5, line 8,-

for "one lakh rupees"

substitute "one lakh fifty thousand rupees" (14)

Page 5, line 10,-

for "one lakh rupees"

substitute "one lakh fifty thousand rupees" (15)

MR. SPEAKER: Now, I put amendments No.14 and 15 moved by Shri Basu Deb Acharia to the vote.

The amendments were put and negatived.

MR. SPEAKER: The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9 was added to the Bill.

Clause 10 was added to the Bill.

SHRI AKBAR AHMAD (AZAMGARH): There should be increase in the salaries of MP's. The present salary of Rs.1500 is below the recognised statutory national wages.

YASHWANT SINHA: Before I move my amendments to this clause, let me assure Shri Akbar Ahamad and all the other hon. Members who are raising this question that the question of Member's salary and allowances is under the very active consideration of the Government.

Clause 11

Amendments made:

Page 5, line 29, after "intangible assets", insert acquired on or after the 1st day of April, 1998". (57)

Page 5, line 50, after "claimed", insert "and allowed". (58)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

Clause 12

Amendments made:

Page 6, after line 46, insert-

"Provided also that any amount credited in the special account or Site Restoration Account by way of interest shall be deemed to be a deposit." (59)

Page 7, for lines 3 to 8, substitute "the case maybe, in the deposit

scheme." (60)

Page 7,-

for lines 20 to 25, substitute-

"(5) Where any amount standing to the credit of the assessee in the special account or in the Site Restoration Account is withdrawn on closure of the account during any previous year by the assessee, the amount so withdrawn from the account, as reduced by the amount, if any, payable to the Central Government by way of profit or production share as provided in the agreement referred to in section 42, shall be deemed to be the profits and gains of business or profession of that previous year and shall recordingly be chargeable to income-tax as the income of that previous year.

Explanation.- Where any amount is withdrawn on closure of the account in a previous year in which the business carried on by the assessee is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that previous year." (61)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 12, as amended, stand part of the Bill."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Clause 13

Amendment made:

Page 8, for lines 16 and 17, substitute-

`13. In section 35 of the Income-tax Act, in sub-section (2AB), after clause (4), the following clause shall be inserted, namely:-

"(5) No deduction shall be allowed in respect of expenditure referred to in clause (1) which is incurred after the 31st day of March, 2000." (62)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 13, as amended, stand part of the Bill."

The motion was adopted.

Clause 13, as amended, was added to the Bill.

Clauses 14 to 19 were added to the Bill.

Clause 20

Amendment made:

Page 9, line 41,-

for "amount of duty leviable under the Customs Tariff Act, 1975 and". substitute--

"amount of duty of excise or the additional duty leviable under section 3 of the Customs Tariff Act, 1975 in respect of which". (63)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

Clause 20, as amended, was added to the Bill.

Clauses 21 and 22 were added to the Bill.

Clause 23

Amendments made:

Page 10, line 14, for "building, machinery, plant, furniture",
substitute "capital asset". (64)

Page 10, lines 28 and 29, for "building, machinery, plant, furniture", substitute "capital asset". (65)
(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 23, as amended, stand part of the Bill".

The motion was adopted.

Clause 23, as amended, was added to the Bill.

Clause 24

Amendment made:

Page 10, lines 45 and 46, for "the benefit availed by the firm or by the sole proprietor, as the case may be",
substitute--

"the amount of profits or gains arising from the transfer of such capital asset or intangible asset not charged
under section 45 by virtue of conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) of
section 47". (66)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted

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

Clause 25

MR. SPEAKER: The question is:

"That clause 25 stand part of the Bill".

The motion was negatived.

Clauses 26 AND 27

MR. SPEAKER: The question is:

"That clauses 26 and 27 stand part of the Bill".

The motion was adopted.

Clauses 26 and 27 were added to the Bill.

Clause 28

MR. SPEAKER: Shri Banatwalla, are you moving your amendment?

SHRI G.M. BANATWALLA (PONNANI): Sir, the Government has positively responded to the question of the Gift Tax. Therefore, I do not want to move my amendments.

MR. SPEAKER: The question is:

"That clause 28 stand part of the Bill".

The motion was adopted.

Clause 28 was added to the Bill.

Clause 29 was added to the Bill.

Clause 30

MR. SPEAKER: Shri Sangwan, are you moving your amendment?

SHRI KISHAN SINGH SANGWAN (SONEPAT): No, Sir, I am not moving.

MR. SPEAKER: The question is:

"That clause 30 stand part of the Bill".

The motion was adopted.

Clause 30 was added to the Bill.

Clause 31

Amendment made:

Page 12,--

(a) line 45 omit "sub section";

(b) after line 53, insert--

`Provided that if any of the conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) to section 47 are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the successor company, shall be deemed to be the income of the company chargeable to tax in the year in which such conditions are not complied with.

(5) For the purposes of sub-section (4),--

(a) "accumulated loss" means so much of the loss of the predecessor firm or the proprietary concern, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business had not taken place;

(b)"unal sorbed depreciation" means so much of the allowance for depreciation of the predecessor firm or the proprietary concern, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern, as the case may be, under the provisions of this Act, if the reorganisation of business had not taken place'. (67)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 31, as amended, stand part of the Bill".

The motion was adopted.

Clause 31, as amended, was added to the Bill.

Clause 32

MR. SPEAKER: Shri A.F. Golam Osmani - Not present.

Shri Kishan Singh Sangwan - Not present.

Shri Madhukar Sirpotdar - Not present

The question is:

"That clause 32 stand part of the Bill"

The motion was adopted.

Clause 32 was added to the Bill.

Clause 33 Amendments made:

Page 13, line 50, for "or sub-clause (iiihg), substitute" or sub-clause (iiihg) or sub-clause (iiihh). (68)

Page 13, after line 53, insert-

`(iiihh) the National Cultural Fund set up by the Central Government; or

(c) in sub-section (5), in clause (i), the words, brackets, figures and letter "or clause (22) or clause (22A)" shall be omitted.' (69)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

Clause 33, as amended, was added to the Bill

Clause 34

Amendment made:

Page 14, line 12, after "Hindu undivided Family", insert "by such family". (70)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 34, as amended, stand part of the Bill."

The motion was adopted.

Clause 34, as amended, was added to the Bill.

Clause 35 was added to the Bill.

Clause 36

Amendment made:

Page 15, line 5 and 6, for "and shall be deemed to have been

inserted with effect from the 1st day of April, 1990", substitute "with effect from the 1st day of April, 1999".

(71)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Sir, I beg to move:

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.71 to the Finance (No.2) Bill, 1998 and that this amendment may be allowed to be moved."

MR. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.71 to the Finance (No.2) Bill, 1998 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 36A

Amendment made:

Page 15, after line 10, insert-

36A `36A. In section 80HHE of the Income-tax Act

(New with effect from the 1st day of April, 1999.-- Clause)

(a) after sub-section (1), the following shall be inserted namely:-

"Provided that if the assessee, being a company engaged in the export out of India of computer software issues a certificate referred to in clause (b) of sub-section (4A), that in respect of the amount of the export specified therein, the deduction under this sub-section is to be allowed to a supporting software developer, then the amount of deduction in the case of an assessee shall be reduced by such amount which bears to the total profits derived by the assessee from the export, the same proportion as the amount of the export turnover specified in such certificate bears to the total export turnover of the assessee.

(1A) Where the assessee, being a supporting software developer, has during the previous year, developed and sold computer software to an exporting company in respect of which the said company has issued a certificate under the proviso to sub-section (1) there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of the assessee a deduction of the profits derived by the assessee from the developing and selling of computer software to the exporting company in respect of which the certificate has been issued by the said company.";

(b) after sub-section (3), the following sub-section shall be inserted, namely:--

"(3A) For the purposes of sub-section (1A), profits derived by a supporting software developer shall be,--

(i) in case where the business carried on by the supporting software developer consists exclusively of developing and selling of computer software to one or more exporting companies solely engaged in exports, the profits of such business;

(ii) in a case where the business carried on by a supporting software developer does not consist exclusively of developing and selling of computer software to one or more exporting companies, the amount which bears to the profits of the business, the same proportion as the turnover in respect of sale to the respective exporting company bears to the total turnover of the business carried on by the assessee.;

(c) after sub-section (4), the following sub-section shall be inserted, namely:--

"(4A) The deduction under sub-section (1A) shall not be admissible unless the supporting software developer furnishes in the prescribed form along with his return of income,--

(i) the report of an accountant, as defined in the Explanation below sub-section (2) of section 288 certifying that the deduction has been correctly claimed on the basis of the profits of the supporting software developer in respect of sale of computer software export to the exporting company; and

(ii) a certificate from the exporting company containing such particulars as may be prescribed and verified in the manner prescribed that in respect of the export turnover mentioned in the certificate, the exporting company has not claimed deduction under this section:

Provided that the certificate specified in clause (b) shall be duly certified by the auditor auditing the accounts of the exporting assessee under the provisions of this Act or under any other law.";

(d) in the Explanation below sub-section (5),--

(i) in clause (b), after the words "any such programme", the words "or any customised electronic data" shall be inserted;

(ii) after clause (c) the following clause shall be inserted, namely:-

`(ca) "exporting company" means a company referred to in sub-section (1) making actual export of computer software;'

(ii) after clause (e) the following clause shall be inserted, namely:--

`(ea) "supporting software developer" means an Indian company or a person (other than a company) resident in India, developing and selling computer software to an exporting company for the purposes of export." (72)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That new clause 36A be added to the Bill."

The motion was adopted.

New clause 36A was added to the Bill.

Clause 37

Amendments made:

Page 15, for lines 13 and 14, substitute--

`(i) after the words "basic or cellular", the words "including radiopaging, domestic satellite service or network of trunking and electronic data Interchange services or construction and development of housing projects" shall be inserted: (73)

Page 15, for lines 29 to 34, substitute--

`(ba) in sub-section (4B), in clause (ii), for the figures "1998", the figures "1999" shall be substituted;";

(c) in sub-section (4C), after the words "basic or cellular", the words "including radiopaging, domestic satellite service or network of trunking and electronic data interchange services" shall be inserted with effect from the 1st day of April, 1999;

(d)(i) in sub-section (4E), after the words "commercial production", the words "or refining" shall be inserted;

(ii) in sub-section (4E), the following proviso shall be inserted, with effect from the 1st day of April, 1999, namely:--

"Provided that the proviso of this section shall apply in case of refining of mineral oil where the undertaking begins refining on or after the 1st day of October, 1998;";

(da) after sub-section (4E), the following sub-section shall be inserted with effect from 1st day of April, 1999, namely:--

"(4F) This section applies to an undertaking, engaged in developing and building housing projects approved by a local authority subject to the condition that the size of the plot of land has a minimum of one acre, and the residential unit has a built up area not exceeding one thousand square feet;

Provided that the undertaking commences development and construction of the housing project on or after the 1st day of October, 1998 and completes the same before the 31st day of March, 2001;";

(de) in sub-section (5), after clause (v), the following clause shall be inserted with effect from the 1st day of April, 1999, namely:--

"(vi) in the case of a housing project referred to in sub-section (4F), hundred per cent, of profits and gains derived from such business." (74)

Page 15, line 39, for "1st day of October, 1998", substitute "1st day of April, 1999". (75)

Page 15, line 40 and 41, for "and shall be deemed to have been inserted with effect from the 1st day of April, 1991", substitute "with effect from the 1st day of April, 1999". (76)

Page 16, omit lines 4 to 6. (77)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 37, as amended, stand part of the Bill".

The motion was adopted.

That clause 37, as amended, was added to the Bill.

MR. SPEAKER: The question is :

"That clause 38 stand part of the Bill."

"The motion was adopted."

Clause 38 was added to the Bill.

Amendments made: Clause 39

Page 16, line 20, for "during the previous year", substitute "in the previous year for three assessment years including the assessment year relevant to the previous year in which such employment is provided" (78)

Page 16, line 28, for "new workman" substitute "new regular workman". (79)

Page 16, omit lines 39 and 40. (80)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is : "That clause 39, as amended, stand part of the Bill."

The motion was adopted.

Clause 39, as amended, was added to the Bill.

Clause 40 was added to the Bill.

SHRI YASHWANT SINHA: I beg to move :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.81 to the Finance (No.2) Bill, 1998 and that this amendment may be allowed to be moved."

MR. SPEAKER: The question is :

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No.81 to the Finance (No.2) Bill, 1998 and that this amendment may be allowed to be moved."

The motion was adopted.

Amendment made: New Clause 40A

Page 16, after line 48, insert--

'40A. In section 115AD of the Income tax Act, in sub-section (1), for clause (a), the following clause shall be substituted with effect from the 1st day of April, 1999, namely:--

"(a) income received in respect of securities (other than unit referred to in section 115AB); or" ' (81)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That new clause 40A be added to the Bill."

The motion was adopted.

New Clause 40A was added to the Bill.

Clause 41 was added to the Bill.

Clause 42

SHRI G.M. BANATWALLA (PONNANI): I beg to move :

Page 17,--

omit line 7 (3)

It is about the scheme which is called one by six. My amendment is directed towards amending that a person satisfying two of the several conditions, namely, having a telephone or a house etc. to be required to file a return. My submission is that in trying to widen the tax base, the Minister should not cause untold hardship to people who may not be subjected to the tax require them to file the return. I spoke at length when the Bill was under consideration. I hope that the Government would accept the amendment.

MR. SPEAKER: I shall now put Amendment No.3 to the vote of the House.

The amendment was put and negatived.

Amendment made:

" Page 17, after line 12, insert--

"Provided further that the Central Government may, by notification in the Official Gazette, specify class or classes of persons to whom the provisions of the first proviso shall not apply." (82)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is :

"That clause 42, as amended, stand part of the Bill.

The motion was adopted.

Clause 42, as amended, was added to the Bill.

Clause 43

Amendments made:

Page 17, after line 17, insert-

"(a)in sub-section (l), in clause (ii), for the words "fifty thousand rupees" the words "five lakh rupees" shall be substituted; (83)

Page 17, line 21, omit "not". (84)

Page 17, line 29, for "the form", substitute "the form and the manner". (85)

Page 17, after line 30, insert-

"(f) the manner in which the Permanent Account Number or the General Index Register Number shall be quoted in respect of the categories of transactions referred to in clause (b);

(g) the time and the manner in which the transactions referred to in clause (b) shall be intimated to the prescribed authority." (86)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

Clause 44 was added to the Bill.

Clause 45

Amendments made:

Page 17, lines 38 and 39, for "and shall be deemed to have been inserted with effect from the 1st day of April, 1986", substitute "with effect from the 1st day of April, 1999.". (87)

Page 17, lines 40 and 41, omit "(as it stood immediately before the 1st day of April, 1955)". (88)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 45, as amended, stand part of the Bill."

The motion was adopted.

Clause 45, as amended, was added to the Bill.

Clause 46

Amendments made:

Page 18, for line 6, substitute -

"(b)the total undisclosed income relating to the block period shall not include the income assessed in any regular assessment as income of such block period;". (89)

Page 18, line 8, for "every", substitute "any". (90)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

That clause 46, as amended, stand part of the Bill."

The motion was adopted.

Clause 46, as amended, was added to the Bill.

Clause 47 was added to the Bill.

Clause 48

MR. SPEAKER: There is an amendment to Clause 48. Shri P.C. Chacko, are you moving your amendment?

SHRI P.C. CHACKO (IDUKKI): I beg to move:

Page 18, line 14,-

omit "and shall be deemed to have been inserted with effect from the 1st day of July, 1995." (51)

I would like to have an explanation from the hon. Minister.

In the search cases, there is a period of limitation for making the final assessment. It was one year and subsequently made two years. Now, the new amendment, being proposed by the hon. Minister, is giving a new interpretation to Section 158 (B) (E) of the Income Tax Act. Thereby, the word 'executed' is interpreted in a very wrong way. According to the original clause 'executed' means the date on which the search operations start. According to the present interpretation proposed, it is the last date of issuing of panchnama after the search operations are completed. That means, giving officers the unbridled powers to harass the assesseees. They can drag on the search operations for an unlimited period of time. This is very unfair.

SHRI P. CHIDAMBARAM (SIVAGANGA): Let me explain. This is an important amendment. It is not that we want to start a debate on this. The point is that the amendment is being introduced. It could be that the implications have not been thought of. One year was made to two years. They have two years to complete the assessment. Now, what they are saying is from the date the warrant is executed, it is two years. Now, the word 'executed' is being given an artificial meaning. The search could take place in ten different places over a period of three months. The two years period will now come to the last panchnama. All they have to do is to have one more search and extend it again, one more search after three months and extend it again. Let him reflect on it. I do not think this is the intention. I do not think anybody will support it. This will give an unbridled power to the man who searches it.

PROF. P.J. KURIEN (MAVELIKARA): Sir, I also move the amendment because this can be used to unnecessarily harass the people. Once the raid is started, you can extend it to any length of time by this amendment. Therefore, it should be limited and our amendment will serve that purpose.

SHRI YASHWANT SINHA: Sir, I will respond briefly. I have considered the point which has been raised by hon. Members here. While it is not the intention of the Department to harass anybody, it is also true that we should not do anything which will hamper searches and seizures. That is why I am not in a position to accept this amendment.

PROF. P.J. KURIEN (MAVELIKARA): All right, accepted. But you should look into it because this is an unending process.

MR. SPEAKER: I shall put amendment No.51 moved by Shri P.C. Chacko to clause 48, to the vote of the House.

The amendment was put and negatived.

MR. SPEAKER: The question is:

"That clause 48 stand part of the Bill."

The motion was adopted.

Clause 48 was added to the Bill.

Clause 49 was added to the Bill.

Clause 50

Amendments made:

Page 18, for lines 52 and 53, substitute--

(b) "applicant" means any person who--

(i) is a non-resident; or

(ii) is a resident falling within any such class or category of persons as the Central Government may, by notification

in the Official Gazette, specify in this behalf;

(iii) makes an application under sub-section (1) of section

245Q'. (91)

Page 19, line 1, for "the proviso", substitute "the first proviso".

(92)

Page 19, after line 2, insert--

(c) after section 245R, the following section shall be inserted, namely:-

"245RR. No Income-tax authority or the Appellate

Appellate Tribunal shall proceed to authority

decide any issue in respect to which an not to

application has been made by an appli- proceed in

cant, being a resident, under sub- certain

section (1) of section 245R." '. cases.

(93)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 50, as amended, stand part of the Bill."

The motion was adopted.

Clause 50, as amended, was added to the Bill.

Clause 51

Amendments made:

Page 19, lines 29 and 30 for "section 271B, section 271BB,

(94)

Page 19, line 33, for "1998", substitute "1988". (95)

Page 19, for lines 49 to 51, substitute--

`Explanation-- For the purpose of this sub-section, where on or after the 1st day of October, 1998, the post of Deputy Commissioner has been redesignated as Joint Commissioner and the post of Deputy Director has been redesignated as Joint Director, the references in this sub-section for "Deputy Commissioner" and "Deputy Director" shall be substituted by "Joint Commissioner" and "Joint Director" respectively.'.

(96)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 51, as amended, stand part of the Bill."

The motion was adopted.

Clause 51, as amended, was added to the Bill.

Clauses 52 and 53 were added to the Bill.

Clause 54

Amendments made:

Page 20, for lines 27 to 49, substitute--

`(a) in sub-section (1), in clause (a), after the words and brackets "Deputy Commissioner (Appeals)", the words, figures and letters "before the 1st day of October, 1998" shall be inserted;

(b) in sub-section (2), in clause (a), after the words and brackets "Deputy Commissioner (Appeals)", the words, figures and letters "before the 1st day of October, 1998" shall be inserted.'. (97)

Page 20, line 50, for "(3)", substitute "(c)". (98)

Page 21, line 11, for "appeal", substitute "application".

(99)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

Clauses 55 and 56 were added to the Bill.

Clause 57

Amendment made:

Page 21, line 20, omit "on or". (100)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

Clause 58

Amendment made:

Page 21, line 23, for "on or", substitute "against an order made under section 254". (101)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 58, as amended, stand part of the Bill."

The motion was adopted.

Clause 58, as amended, was added to the Bill."

Clause 59

Amendment made:

Page 21, for lines 27 and 28, substitute-

"(1A) Where the High Court delivers a judgement in an appeal filed before it under section 260A, effect shall be given to the order passed on the appeal by the Assessing Officer on the basis of a certified copy of judgement." (102)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 59, as amended, stand part of the Bill."

The motion was adopted.

Clause 59, as amended, was added to the Bill.

Clause 60

Amendments made:

Page 21, for lines 34 to 37, substitute-

"(2) An appeal under this sub-section shall be-

(a) filed within one hundred and twenty days from

the date on which the order appealed against is communicated to the appellant;

(b) accompanied by a fee of ten thousand rupees where

such appeal is filed by an assessee;

(c) in the form of a memorandum of appeal precisely stating there in the substantial question of law involved." (103)

Page 21, after line 47, insert-

"(6) The High Court may determine any issue which-

(a) has not been determined by the Appellate Tribunal; or

(b) has been wrongly determined by the Appellate Tribunal, by reason of a decision on such question of law as is referred to in sub-section(1)". (104)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 60, as amended, stand part of the Bill."

The motion was adopted.

Clause 60, as amended, was added to the Bill.

Clause 61

Amendment made:

Page 22, lines 6 and 7, for "on or before the 1st day of October, 1998 or an appeal made to the High court after that date" substitute-

"against an order made under section 254 before the 1st day of October, 1998 or an appeal made to High Court in respect of an order passed under section 254 on or after that date". (105)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 61, as amended, stand part of the Bill."

The motion was adopted.

Clause 61, as amended, was added to the Bill.

Clause 62

Amendments made:

Page 22, omit lines 14 to 16. (106)

Page 22, line 22, omit "in the case of an order which has been passed". (107)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 62, as amended, stand part of the Bill."

The motion was adopted.

Clause 62, as amended, was added to the Bill.

Clause 63

SHRI KISHAN SINGH SANGWAN (SONEPAT): Sir, I beg to move:

Page 22, line 29,-

for "one thousand rupees"

substitute "five hundred rupees" (30)

बीजेपी के अपने इलैक्शन मैनीफैस्टो में कहा गया था कि आयकर की सीमा ६० हजार तक करेंगे, लेकिन बजट में इन्होंने ५० हजार तक की है।

MR. SPEAKER: I shall now put Amendment No. 30, moved by Shri Kishan Singh Sangwan, to the vote of the House.

The amendment was put and negatived.

Amendment made:

Page 22, line 28, for "on or before the due date", substitute "before the end of the relevant assessment year." (108)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 63, as amended, stand part of the Bill."

The motion was adopted.

Clause 63, as amended, was added to the Bill.

Clauses 64 to 68 were added to the Bill.

Clause 69

Amendment made:

Page 23, line 44, for "seven", substitute "ten". (109)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 69, as amended, stand part of the Bill."

The motion was adopted.

Clause 69, as amended, was added to the Bill.

Clause 70

Amendments made:

Page 23, for lines 54 and 55, substitute--

Amendment 70. In section 5 of the Wealth-tax Act, with effect of from the 1st day of April, 1999,--

section 5

(a) in the proviso to clause (i), the words, brackets, figures and letter "clause (22) or clause (22A) or" shall be omitted;

(b) for clause (vi), the following clause shall be substituted, namely:--

(vi) one house or part of a house or a plot of land belonging to an individual or a Hindu undivided family:

'Provided that wealth tax shall not be payable by an assessee in respect of an asset being a plot land comprising an area of five hundred square meters or less.'. (110)

Page 24, omit lines 1 and 2. (111)

(Shri Yashwant Sinha) MR. SPEAKER: The question is:

"That clause 70, as amended, stand part of the Bill."

The motion was adopted.

Clause 70, as amended, was added to the Bill.

Clause 71

MR. SPEAKER: The question is:

"That clause 71 stand part of the Bill."

The motion was negatived.

MR. SPEAKER: Clause 71 is negatived and dropped from the Bill. The subsequent clauses may be re-numbered accordingly.

Clause 72

Amendment made:

Page 24, for lines 24 to 31, substitute--

'Explanation--For the purposes of this sub-section, where on or before the 1st day of October, 1998, the post of Deputy Commissioner has been redesignated as Joint Commissioner and the post of Deputy Director has been redesignated as Joint Director the references in this sub-section for "Deputy Commissioner" and "Deputy Director" shall be substituted by "Joint Commissioner" and "Joint Director" respectively.'. (112)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 72, as amended, stand part of the Bill."

The motion was adopted.

Clause 72, as amended, was added to the Bill.

Clause 73

Amendments made:

Page 25, for lines 21 to 24, substitute--

"(a) in sub-section (1), after the word and figures "section 23", the word, figures and letter "section 23A" shall be inserted. (113)

Page 25, after line 29, insert,--

"(d) in sub-section (4), for the words "two hundred rupees", the words "one thousand rupees" shall be substituted.". (114)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 73, as amended, stand part of the Bill."

The motion was adopted.

Clause 73, as amended, was added to the Bill.

Clause 74

Amendments made:

Page 25, omit lines 35 to 37. (115)

Page 25, lines 44 and 45, omit "in the case of an order which has been passed". (116)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 74, as amended, stand part of the Bill."

The motion was adopted.

Clause 74, as amended, was added to the Bill.

Clause 75

Amendments made:

Page 25, line 49, for "sixty days", substitute "one hundred and twenty days". (117)

Page 26, after line 14, insert--

"(7) Assessing Officer shall give effect to the order of the High Court on the basis of a certified copy of judgement delivered under sub-section (6)". (118)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 75, as amended, stand part of the Bill."

The motion was adopted.

Clause 75, as amended, was added to the Bill.

Clause 76 was added to the Bill.

Clause 77

Amendment made:

Page 26, for lines 21 to 23, substitute--

`(b) in sub-section (2), after the word and figures "section 27" the words, brackets, figures and letter "or in sub-section (7) of section 27A" shall be inserted.'. (119)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 77, as amended, stand part of the Bill."

The motion was adopted.

Clause 77, as amended, was added to the Bill.

Clauses 78 to 82 were added to the Bill.

Clause 83

Amendments made:

Page 27, omit lines 3 to 5. (120)

Page 27, line 11 omit "in the case of an order which has been passed". (121)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 83, as amended, stand part of the Bill."

The motion was adopted.

Clause 83, as amended, was added to the Bill.

Clauses 84 and 85 were added to the Bill.

Clause 86

Amendments made:

Page 27, omit lines 28 to 30. (122)

Page 27, line 36, omit "in the case of an order which has been passed". (123)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 86, as amended, stand part of the Bill."

The motion was adopted.

Clause 86, as amended, was added to the Bill.

Clauses 87 to 89 were added to the Bill.

Clause 90

Amendments made:

Page 28, for lines 16 and 17, substitute -

`(I) "disputed tax" means the total tax determined and payable, in respect of an assessment year under any direct tax enactment but which remains unpaid as on the date of making the declaration under section 91. (124)

Page 28, for lines 24 and 25, substitute -

52 of 1962. `(j) "indirect tax enactment" means the Customs

1 of 1944. Act, 1962 or the Central Excise Act, 1944 or the

51 of 1975. Customs Tariff Act, 1975 or the Central Excise Tariff

5 of 1986. Act, 1985 or the relevant Act and includes the rules or

regulations made under such enactment.'; (125)

Page 28, for lines 41 to 46, substitute -

"(i) in relation to direct tax enactment, the amount of tax, penalty or interest determined on or before the 31st day of March, 1998 under that enactment in respect of an assessment year as modified in consequence of giving effect to an appellate order but remaining unpaid on the date of declaration;

"(ii) in relation to indirect tax enactment, -

(a) the amount of duties (including drawback of duty, credit of duty or any amount representing duty), cesses, interest, fine or penalty determined as due or payable under that enactment as on the 31st day of March, 1998 but remaining unpaid as on the date of making a declaration under section 91; or

(b) the amount of duties (including drawback of duty, credit of duty or any amount representing duty), cesses, interest, fine or penalty which constitutes the subject matter of a demand notice or a show-cause notice issued on or before the 31st day of March, 1993 under that enactment but remaining unpaid on the date of making a declaration under section 91,

but does not include any demand relating to erroneous refund and where a show-cause notice is issued to be declarant in respect of seizure of goods and demand of duties, the tax arrear shall not include the duties on such seized goods where such duties on the seized goods have not been qualified.

Explanation - Where a declarant has already paid either voluntarily or under protest, any amount of duties, cesses, interest, fine or penalty specified in this sub-clause, on or before the date of making a declaration by him under section 91 which includes any deposit made by him pending any appeal or in pursuance of a court order in relation to such duties, cesses, interest, fine or penalty, such payment shall not be deemed to be the amount unpaid for the purposes of determining tax arrear under this sub-clause."; (126)

Page 28, line 47, for "in this scheme but not defined" substitute "and not defined in this scheme but defined".
(127)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

Clause 91

SHRI BASU DEB ACHARIA (BANKURA): Sir, I beg to move:

Page 29, line 8, -

for "thirty-five per cent."

substitute "forty-five per cent." (36)

Page 29, lines 10 and 11, -

for "thirty per cent."

substitute "forty per cent." (37)

Page 29, line 13,-

for "thirty-five per cent."

substitute "forty-five per cent." (38)

Page 29, lines 13 and 14,-

for "thirty per cent."

substitute "forty per cent." (39)

Page 29, lines 26 and 27,-

for "one per cent."

substitute "ten per cent." (40)

Page 29, line 32,-

for "two per cent,"

substitute "twenty per cent." (41)

MR. SPEAKER: I shall now put Amendment Nos.36, 37, 38, 39, 40 and 41, moved by Shri Basu Deb Acharia, to the vote of the House.

The amendments were put and negatived.

Amendments made:

Page 29, line 36, for "tax arrears", substitute disputed value of the gift. (128)

Page 29, -

for lines 51 and 52, substitute -

"(1) where the tax arrear is payable under the indirect tax enactment -

(i) in a case where the tax arrear comprises fine, penalty or interest but does not include duties (including drawback of duty, credit of duty or any amount representing duty) or cesses, at the rate of fifty per cent, of the amount of such fine, penalty or interest, due or interest, due or payable as on the date of making a declaration under section 91,

(ii) in any other case, at the rate of fifty per cent, of the amount of duties (including drawback of duty, credit of duty or any amount representing duty) or cesses due or payable on the date of making a declaration under section 91,"; (129)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 91, as amended, stand part of the Bill."

The motion was adopted.

Clause 91, as amended, was added to the Bill.

Clause 92 was added to the Bill.

Clause 93

Amendments made:

Page 30, line 5, after "such determination", insert `towards full and final settlement of tax arrears". (130)

Page 30, line 8, for "authority", substitute "designated authority" (131)

Page 30, after line 10, insert -

"Provided further that the designated authority may amend the certificate for reasons to be recorded in writing." (132)

Page 30, line 22, after "withdrawn", insert "on the day on which the order referred to in sub-section (2) is passed". (133)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

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

The motion was adopted.

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

Clause 94 was added to the Bill.

Clause 95

Amendment made:

Page 30, after line 35, insert -

"Provided that in case an appeal is filed by a Department of the Central Government in respect of such issue relating to the disputed chargeable expenditure, disputed chargeable interest, disputed income, disputed wealth, disputed value of gift or tax arrear (except where the tax arrear comprises only penalty, fine or interest), the appellate authority shall decide the appeal irrespective of such declaration.". (134)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is:

"That clause 95, as amended, stand part of the Bill."

The motion was adopted.

Clause 95, as amended, was added to the Bill.

Clauses 96 and 97 were added to the Bill.

Clause 98

Amendments made:

Page 30, line 47, after "enactment" insert "or in respect of a person who has been convicted for concealment on or

before the date of filing the declaration;". (135)

Page 30, lines 48 and 49, for "any direct tax enactment", substitute "sub-section (4) of section 245D of the Income-tax Act or sub-section (4) of section 22D of the

Wealth-tax Act, as the case may be,". (136)

Page 30, for lines 51 to 53, substitute

"(c) to a case where no appeal or reference or writ petition is admitted and pending before any appellate authority or High Court or the Supreme Court on the date of filing of declaration or no application for revision is pending before the Commissioner on the date of filing declaration;". (137)

Page 31, after line 5, insert--

"(c)in a case where no appeal or reference or writ petition is admitted and pending before any appellate authority or High Court or the Supreme Court or no application for revision is pending before the Central Government on the date of declaration made under section 91."; (138)

Page 31, line 7, after "Indian Penal Code", insert "the Foreign Exchange Regulation Act, 1973". (139)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is :

"That clause 98, as amended, stand part of the Bill."

The motion was adopted.

Clause 98, as amended, was added to the Bill.

The Schedule to Chapter IV

Amendment made:

Page 32, after line 35, insert,--

"23. The Industries (Development and Regulation) Act,

1951;

24. The Tea Act, 1953;

25. The Sugar Export Promotion Act, 1958;

26. The Sugar (Regulation of Production) Act, 1961;

27. The Marine Products Export Development Authority

Act, 1972;

28. Any other enactment imposing the auxiliary duty of
customs or the special duty of excise." (140)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is :

"That the Schedule to Chapter IV, as amended, stand part of the Bill."

The motion was adopted.

The Schedule to Chapter IV, as amended, was added to the Bill.

Clauses 99 to 106 were added to the Bill.

Clause 107

Amendment made:

Page 38, in line 20, omit "but excluding drawback"; (141)

(Shri Yashwant Sinha)

MR. SPEAKER: The question is :

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

The motion was adopted.

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

Clauses 108 to 118 were added to the Bill.

Clause 119

SHRI G.M. BANATWALLA (PONNANI): Sir, I beg to move :

Page 47, --

omit lines 24 and 25 (4)

Page 48, --

omit lines 8 to 11 (5)

Sir, these amendments seek to delete the service tax imposed on the slaughter of bovines. Even sacrificial slaughter will also be subject to this service tax and the service tax is Rs. 1,000 per animal. It will be disastrous for the meat industry. I have spoken at length on this subject. I fervently appeal to the Finance Minister to accept my plea. (Interruptions) He does not even respond also.

Amendment made:

Page 47, for lines 34 and 35, substitute "tourist

vehicle covered by a permit granted under the

59 of 1988 Motor Vehicles Act, 1988 or the rules made thereunder"; (142)

(Shri Yashwant Sinha)

MR. SPEAKER: I shall now put the Amendment Nos. 4 and 5 moved by Shri G.M. Banatwalla to the vote of the House.

The amendments were put and negatived.

MR. SPEAKER: The question is :

"That clause 119, as amended, stand part of the Bill."

The motion was adopted.

Clause 119, as amended, was added to the Bill.

Clause 120 was added to the Bill.

Clause 121

SHRI G.M. BANATWALLA (PONNANI): Sir, I beg to move :

Page 50, line 32,--

for "Rs. 3.00"

substitute "Rs. 2.00" (6)

Page 50, line 34,--

for "Rs. 3.00"

substitute "Rs. 2.00" (7)

Sir, it is about postal rates.

Rs. 2 for envelopes instead of Rs.3 should be maintained. At least somewhere let the Finance Minister respond. I hope it will be accepted.

substitute "Rs.2.00"

MR. SPEAKER: I put amendment Nos. 6 and 7 moved by Shri G. M. Banatwalla to the vote of the House.

The amendments were put and negatived.

MR. SPEAKER: The question is :

"That clause 121 stand part of the Bill."

The motion was adopted.

Clause 121 was added to the Bill.

Clause 122 was added to the Bill.

MR. SPEAKER: Shri Kishan Singh Sangwan - Not moving.

The question is :

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

The motion was adopted.

The First Schedule was added to the Bill.

The Second Schedule and the Third Schedule were added to the Bill.

Fourth Schedule

MR. SPEAKER: Shri G. M. Bantwalla, are you moving your amendment Nos. 8 to 12? SHRI G.M. BANATWALLA (PONNANI): I beg to move :

Page 62, line 11, --

Omit "3907.91" (8)

Page 63, --

Omit lines 8 to 14 (9)

Page 64, --

Omit lines 2 to 5 (11)

Page 64, --

Omit lines 10 to 19 (12)

Sir, I do not move my amendment No.10 because the hon. Minister has kindly responded to the question of excise duty of rubberised coir industry. But then he added excise duty on such items as vegetarian food packages. Already a service tax of Rs.1,000/- on slaughter of bovine animals and then this excise duty of 8 per cent on non-vegetarian food packages is levied. The question of spectacles and lenses is very partially and grudgingly responded to and the Government must not be so grudging. In the case of tea also, a grudging response has come. Instead of buying big packages, we may continue to buy small packages.

MR. SPEAKER: Shri Basu Deb Acharia, are you moving your amendment Nos.16 and 17?

SHRI BASU DEB ACHARIA (BANKURA): I beg to move:

Page 64, line 4,--

for "8%"

substitute "Nil" (16)

I am not moving amendment No.17 because the hon. Minister has already exempted excise duty on masala . But the hon. Minister has partially exempted tea. I want that the 8 per cent excise duty which is being levied should be exempted. It is a very simple amendment. The hon. Minister has partially exempted. Total exemption should be there for tea.

श्री मोहन सिंह (देवरिया): अध्यक्ष महोदय, माननीय मंत्री जी ने कुछ टैक्स रिलैक्सेशन दिया है जो मैं चाहता था। उन्होंने मेरे सुझाव को स्वीकार किया है लेकिन मैं यह बताना चाहूंगा कि जिस दिन आपने यहां प्रस्ताव दिया उसी दिन लोगों ने दाम बढ़ा दिया। जब आप दाम घटा ही रहे हैं तो मैं इस बात का आश्वासन चाहूंगा कि यदि रिलैक्सेशन दिया है, तो वह उपभोक्ताओं तक पहुंचे।

यदि सरकार इस पर पहल करेगी, उपभोक्ताओं तक पहुंचेगा तो मुझे अपने संशोधन को प्रेस नहीं करना है, और यदि मंत्री जी दाम बढ़वाकर फिर उसी पर स्थिर रखने के लिए घटा रहे हैं तो मैं जरूर इसको मूव करूंगा। मैं मंत्री जी से आश्वासन चाहता हूं।

वित्त मंत्री (श्री यशवंत सिन्हा): अध्यक्ष महोदय, मैं पूरी तरह से आशान्वित हूँ कि जहां-जहां हमने करों में कमी की है, वहां कीमतों में भी, यदि बढ़ गई थी तो उनमें कमी होगी। माननीय सदस्य जानते हैं कि एक कनसेप्ट है अनजस्ट ऐनरिचमेंट, और कोई भी व्यापारी अगर ऐक्साइज़ ड्यूटी नहीं लग रही है और उसको पास ऑफ कर रहा है तो उसका अनजस्ट ऐनरिचमेंट होगा और यह कोर्ट द्वारा भी अमान्य कर दिया गया है। इसलिए मैं पूरी आशा रखता हूँ कि उसका लाभ हमारे कंज़्यूमर्स को मिलेगा।

श्री मोहन सिंह (देवरिया) : तो मैं मूव नहीं कर रहा हूँ।

MR. SPEAKER: I shall now put Amendment Nos. 8, 9, 11, 12 moved Shri Shri G.M. Banatwalla and the Amendment No.16 moved by Shri Basu Deb Acharia to the vote of the House.

The amendments were put and negatived.

MR. SPEAKER: The question is:

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

The motion was adopted.

The Fourth Schedule was added to the Bill.

The Fifth Schedule was added to the Bill.

The Sixth Schedule was added to the Bill.

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

SHRI YASHWANT SINHA: Sir, I beg to move:

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

MR. SPEAKER: The question is:

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

The motion was adopted.

SHRI BASU DEB ACHARIA (BANKURA): We are walking out. Since our suggestion has not been accepted by the Minister and since there is no concern for the poorer sections of the people, as a mark of protest, we are walking out.

1648 hours

(At this stage, Shri Basu Deb Acharia and some other hon. Members left the House.)