

AND MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RANGARAJAN KUMARAMANGALAM) : Sir, I beg to move :

"That this House do agree with the Sixth Report of the Business Advisory Committee presented to the House on the 13th September, 1991."

MR. SPEAKER : The question is :

"That this House do agree with the Sixth Report of the Business Advisory Committee Presented to the House on the 13th September, 1991."

The motion was adopted

FINANCE (NO.2) BILL - CONTD.

[English]

MR. SPEAKER: I would like to take the Matters under rule 377 at the end of the debate. Let us start with the reply of the Finance Minister now.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : Mr. Speaker, Sir, I am very grateful to all the hon. Members on all sides of this august House who have taken part in the debate on the Finance Bill. The Finance Bill forms part of the overall Budget, even though it deals only with the tax elements of the Budget. It was, therefore, quite natural that several hon. Members brought up general issues of policies, and the issues that they brought up are issues of profound importance to the future of our country. For example, reference was made to the primacy of agriculture. Shri Chandrakar brought out the massive problem of land and water degradation in our country which, if not tackled, will hurt the living standard of millions and millions of farmers living in our country on the edges of subsistence. Shri George Fernandes brought up the issue of regional imbalances and these regional imbalances should be a source

of concern to all segments of this House. Reference was made to the growing problem of unemployment. This again is an issue which ought to be the concern of all segments of this House. So, all these problems have been mentioned. The same way Shri George Fernandes specifically referred to the inadequacy of the infrastructure of power in Bihar how it is contributing to the continued backwardness of a potentially very rich State of the Union. All these are very live issues and these must be tackled if this country is to achieve its full developmental potential, if the aspirations of the people of this country for a better tomorrow are to become a living reality.

But how is it to come about? I submit to this august House that these aspirations cannot be given a living reality if the fiscal mess in which we have got into, is not set right.

India today has unsustainable fiscal deficit and this is a point on which all shades of public opinion, all shades of economists — Left or right or Centre — are agreed. You can go on quarrelling as to how this fiscal deficit came about, how it gave rise to unsustainable foreign exchange deficit. I think we can spend a lot of time on this. But real issue before us today is, having got where we are, what steps are we going to take that this crisis is contained and over a period of time this crisis is reversed and that this crisis is, in fact, used as an opportunity to set in motion those forces of reforms which alone can see that this country's great developmental potential, which is lying unutilised, is, I think, made a reality.

I submit to you that by presenting the Budget in this House six or eight weeks ago, I do not claim that I have performed wonders. But, if you look at the situation that this Government inherited - for whatever reasons to which our party might have contributed or other parties might have contributed - that was a situation of almost certain default on international obligations. If we had not acted the way we acted, you have my assurance, India would have, by now,

been declared a defaulter. What are the consequences of default? To know the consequences of default, we have to look around. What has happened in Latin America? What has happened in Africa? Once the country defaults on its International obligations, nobody would touch it. They have to import on a "Cash and carry" basis. Nobody gives credit. Even after that, I think, sooner or later, these countries end up with a hat in hand before their International creditors in the I.M.F., or Paris Club or London Club. We have, I think, prevented that situation. It has been my sincere effort and the effort of our Government that somehow we must keep the honour of this country in tact and also our unblemished record of holding all our commitments in tact. I think that unblemished record must be maintained.

I do submit to you that we have succeeded in doing that. But, I am not promising you that if this country goes on spending the way it has been spending and if everybody says that subsidies should be increased and if everybody says that the tax rates must be reduced and if the productivity of investment in this country remains as low as it is today, I do not promise you that there is a divine law which would ensure that India would not face default, if we continue to do all these things.

Therefore, all that I can say is that I have bought some time. This is the time we must use for retrospection, to set in motion those reform processes which would convert this crisis into opportunity. If we do not do that, I can assure you, you will face unemployment and inflation of the type you have never seen before, in this country.

I regret that I had to do, what I had to do, in cutting the fertilizer subsidies. I wish, it had been done over a period of time and gradually. Yesterday, hon. Member Shri Devegowda quoted a report of a very famous Agriculture Secretary and a gentleman from Karnataka and for whom I have great respect - Shri G.V.K. Rao - who had, in that report, clearly recommended that fertilizer prices have to be raised and they

ought to be raised gradually, over a period of time. But, if you had not raise the fertilizer prices for the last decade and here I am faced with a budgetary subsidy of Rs. 7,000 crores, then if I do not cut it, I would not be worthy of being the Finance Minister of this country. Despite all the blame and despite all the abuse that you may shower, I think, I did the right thing for this country in cutting these subsidies. I do feel that what we have done, by way of, compensating the farmers - my distinguished colleague, the Minister of Agriculture is here - farmers have been adequately compensated for the increase in fertilizer prices. We stand committed to promoting the welfare of the farmers' community and if there are any problems, in months to come, we are ready to attend to them.

13.00 hrs.

The second thing that I want to say is that we have to restructure our economy. We must restructure our trading system so that we don't have to go and beg abroad. And let me be very candid with you, the International Monetary Fund or the World Bank have no solution, nobody abroad has solutions to the problems of a country of our size and if you are under the impression that they are eager to come here to lend us, I think that is also a misconception I think the rest of the world today is in such an arrogant mood saying that 'if India does not reform itself, well, let India go the way it was to go, the rest of the world care less'. So, what we are doing, I assure you, is not something we are doing, to please IMF, I do need the support of the IMF today because we have a crisis of creditworthiness — this crisis of creditworthiness in which international bankers from whom billions of Dollars have been borrowed in short-term, I think they are wanting to be assured that India is going bankrupt. We have got about 11 billion dollars of non-resident deposits, these people are nervous, they have been taking money out of this country. In the first four months of this financial year, one billion Dollars of these deposits went out of the country and if that process has gone on for

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a month or two, this country would have been without reserve and if this country would have been without reserve, what would have been the consequences?

We consume about 12 million tonnes of fertilizers in our country. Of that, about three million tones of fertilizers come from abroad and if India had become a defaulter and if we had no foreign exchange, you take it from me, you would have in this country a fertiliser famine, a rise in fertiliser prices which you have never seen in the history of the country.

Today we consume about 60 million tonnes of petroleum products. We produce about 34 million tonnes domestically, and this year despite all what we are saying, there will be a further shortfall of 3 to 4 million tonnes and today we have no foreign exchange to import all these petroleum products on cash basis. We have been importing this on credit terms. We have no money to import even newsprint on cash basis, this has been imported on credit terms. Now, who will go on giving credit to a country which becomes a defaulter? And if we had become a defaulter, you would have seen a breakdown of India's transport system of the type which would have, I think, disastrous consequences for industrial production as well as for agricultural production. It is in this overall context that you must view the Budget that I have presented. I am not saying that it is an ideal Budget, I had not even a fortnight to apply myself to the Budget because there were pressing international issues to which I had to immediately devote attention. But I do claim, contrary to what some Members said here that in history I would be judged as having committed the greatest crime — I submit, I do not plead, history will of course pass its own judgment, but I do claim with some credit that I have got some time for this country to take the right sensible decisions to maintain India's unblemished record and this is something which I thought I would mention to this House in the beginning.

Now, several tax proposals have been discussed. Let me say that in a poor society almost everybody has a just grievance against the Government, our society, that is the politics and economics of scarcity. I recall, Panditji used to say in those days our population used to be about 35 crores, that in India each person has a problem and maybe they are justified. In a poor country people's aspirations have risen with education, with the knowledge of what is happening in the rest of the world, our people are impatient for change. Our system's capabilities to satisfy those aspirations have not increased. This is leading to discontent. Now, in the short run, this leads to frustration, this leads to anger, this leads to terrorism, and all those other things. If I had a free hand and if I did not have the compulsions to contain the expenditure, I would have gladly accepted the several demands which have been made in this House. I respect the sentiments of his House, whether they are on this side or that side. It is my duty, as the Finance Minister, to reflect upon all that has been said in this House. Let me say that even though today I am not able to improve upon the package I that have submitted to you, I am only five months away from next year's Budget; I would give a serious thought to all those concerns which have been expressed here and may be when I come next year before this House I could improve upon the package.

Now, there has been a persistent demand that the exemption limit of income tax ought to be raised. In isolation this looks reasonable. But, I beg of you to look at this problem in the context of the emergency situation that we are facing and in which we are putting burden on even the smallest farmers of our country. Also, when references were made to the exemption limit, people forget that income tax payers - I do not say by way of any small talk - and that those who have a secured job in some sense constitute a privileged class in this country, where a great majority of our people do not get two square meals a day. There is the basic exemption limit of Rs. 22,000/-; salary earners, in addition, get a standard

deduction of Rs. 12,000/- if a person's gross income is Rs. 33,000/- . So, upto Rs. 33,000/-, nobody has to pay any tax, if he is a salary earner. Furthermore, if he has any financial assets, upto Rs. 13,000/- he can also escape the tax net. Then, 20 percent of savings by way of contribution to Provident Fund, Life Insurance Corporation, these are also deductible from tax. I would submit to you that taking into account the overall poverty of our country, taking into account the other pressing claims on the resources of this country, I think, today is not the right moment to go about raising this limit to Rs. 50,000/- or Rs. 48,000/-. But I do recognize that inflation creates problems and inflation creates problems not only for middle class, but it also creates problems for those who earn their living on the basis of their daily wage, who do not have a secured job and who are not even covered by the public distribution system. Our public distribution system, unfortunately, does not cater to the needs of the most under - privileged. They do not have the means or the capacity to buy ration for a week or a fortnight. So, it is in this context that we must view the problems of this country. (Interruptions)

[Translation]

SHRI MOHAN RAWLE (Bombay South Central): Mr. Speaker, Sir, I oppose it. We, the Members of Shiva Sena walk out of the House in protest against not raising the limit of Income rebate tax upto Rs. 36,000.

(Shri Mohan Rawle and some other hon. Members then left the House).

[English]

SHRI MANMOHAN SINGH: Several Members have brought up this question of price rise. They have alleged that the Budget has made a direct contribution to an upsurge in price rise. Let me say that I am deeply worried about the price situation. I share the worry and the concern of the hon. Members on both sides of the House. But how has this situation come about? I have narrated a situation where inflation was taking place at

an average annual rate of about 13 per cent to 14 per cent last year. Normally, the Budget of the Government is presented in February and usually as a result of the Budget, some rise in prices inevitably takes place in an economy like ours. That process was not performed in February. The Budget, therefore, came in July. From July to September, even in a normal year, even when crops are normal, you have a sharp seasonal rise in prices. Then, of course, there was the change in exchange rate which was unavoidable. All these three factors combined, I do admit, have strengthened the inflationary force in the short span.

But you have my assurance that our fiscal policy remains tight, our monetary policy remains tight. Yesterday, one hon. Member — I think, it was Shri Jha — said we should control credit for trade. That is precisely what the Reserve Bank did last week when it tightened credit to foodgrains, rice and wheat. It is my hope that as the crops come into the market by beginning of October, you would see a downtrend. Also as our balance of payment situation gradually improves, you would see the supply side of certain goods improving.

In the last one year, we have not been able to import any vegetable oil. But during the last 10 years, this country used to import up to million tonnes of vegetable oil. Today we do not have foreign exchange to import that vegetable oil. So, inevitably there will be some upward pressure on prices. Even though we are short of resources, we have now made some arrangement to import vegetable oil. My hope is and I feel confident that by about first half of October, you would see a positive impact on the prices situation as a result of the Budgetary strategy that I have outlined.

I come to several specific points that have been made. It was Shri Nirmal Chatterjee who has brought out that it is an emergency situation that you have been talking about, why are you then allowing for this import of baggage. He mentioned Rs. 873 crores customs revenue being collected

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by way of baggage. He mentioned Rs. 873 crores customs revenue figure that he quoted and the impression that he tried to create that I have given liberal concessions, unfortunately is unwarranted. The increase is simply a reflection of the exchange rate change that has come about. He has also mentioned, if we are in emergency, why are we allowing for large imports? What is it that I am allowing? I have said that this country will have to live with a total oil bill which is no higher than last year. In real terms, the volume of imports that I have planned for in the foreign exchange budget is lower than last year. Last year itself, we had drastically squeezed the import and let me say I am worried greatly about the effects of that import squeeze. But to suggest that I am trying to mislead the - I am taking of emergency but at the same time, I am having an import bonanza - I think, is something which is not warranted by the facts of the situation.

It was Shri Nirmal Chatterjee who has again mentioned that I have done nothing for the States. In fact, if you read my original Budget speech, you would notice that I have very of the total additional resource mobilisation of Rs. 2600 crores, Rs.612 crores accrue to the State Governments. This is the resource mobilisation I have done for the State Governments though this will very marginally change in view of the amendments to the Finance Bill. Overall, the states share of taxes and duties in 1991-92 will be substantially higher at Rs. 16255 crores compared to Rs. 14535 crores in the Revised Estimates for 1991. Overall, the total resources proposed to be transferred to the states and the Union Territory Governments in the Budget Estimates for 1990-91. It has an increase of over Rs. 5000 crores. Let me share with this House one aspect. There was an intense pressure on me saying; "in a situation in which you are placed, the least you should do is to impose a cut on Central assistance for State Plans." I said that is something which I would avoid as far as possible. Despite the emergency that our country faces, I have succeeded in insulating the State Governments from that sort of a cut.

Sir, let me also be very candid with you that fiscal discipline in this country cannot be sustained if the Central Government maintains fiscal deficit but the state Governments continue to behave as they were and maintain things as they were, if Public Enterprises in the States are not maintained properly. Therefore, we have a duty. The Central Government and the State Governments must all sit together and it is only then that you can set the fiscal system of this country right(Interruptions) You have my assurance that as Finance Minister I will fully cooperate in evolving a cooperative approach in dealing with the Center-States problems.

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum): I have mentioned about consignment Tax and shall savings. What is your response to that?

SHRI MANMOHAN SINGH : About shall savings, I would like to mention that in response to suggestions which came from - among others - the Government of west Bengal, I have got a specific amendment to give the benefit of Section 80L to the National savings Certificate VIII series. There have also been demands that the interest rate on Shall Savings should be increased. Yesterday, my colleague also was questioned in the other House and he informed the House that with effect from first October, rates of interest on various Shall Savings Instruments are also being revised upwards.

SHRI NIRMAL KANTI CHATTERJEE: What about Consignment Tax ? What is your response to that ?

SHRI MANMOHAN SINGH : Well, on Consignment Tax I have had extensive discussions with the Chief Minister of West Bengal and I think we have set in motion a process. Within a period of two to three months, it is my hope that we can find a solution which will be acceptable to all the states. You must not forget that there are differences of opinion on this matter. But I am making every effort to see that these things can be handled satisfactorily in the next two

to three months. I have explained this in great detail to the hon. Chief Minister.

SHRI SOMNATH CHATTERJEE (Bolpur): He has said that he needs two to three months time.

SHRI NIRMAL KANTI CHATTERJEE : That is welcome.

SHRI MANMOHAN SINGH : I think about the Cooperative Banks I took note of what was said on the floor of this House. As far as Agricultural Cooperative Banks are concerned, as far as Primary Cooperative Societies are concerned, as far as Land Mortgage Banks are concerned, I have taken them totally out of the purview of the tax reduction as well as the interest tax.

Several Members particularly from Maharashtra and Gujarat — because these are the States where urban cooperative banks flourish - have brought to me certain difficulties. Even though I am not in a position today to promise them that I can do something yet I think I will reflect on the type of concerns that they have expressed. It is not my intention in any way to hurt the cooperative movement whether it is in the urban areas or in the rural areas because I do feel that a healthy cooperative movement in our country provides an important impetus for the protection of the weaker sections of our society.

Some other points have been raised. Shri Kashiram Rana mentioned that the additional excise duty in place of sales tax should be shifted to the fiber stage yarn stage to check evasion of excise duty at the fabric stage. This matter has been discussed with several states. But I have to inform that the Chief Minister of Maharashtra has suggested that this matter need be discussed further in the Inter-State Council before any decision is taken. So, when the Inter-State Council takes a decision, we would take further action in this matter.

It was Shrimati Vasundhara Raje who brought up this issue of the taxation on the

glass industry in our country. As far as I remember, I have not imposed any additional burden on this industry. But I do note that the present levy is considered excessive and therefore, I would like to give you the background of the present situation. For the labour intensive mouth blown process, the excise duty, at the moment is only 15 per cent. For the automatic sector, the excise duty on containers is no doubt forty per cent. But a substantial portion of these containers go to the liquor industry. Reduction in excise duty will result in the substantial revenue loss which is about Rs. 120 crores in a full year.

As far as plastic containers are concerned, they attract tax of only fifteen per cent if MODVAT is taken into account. But duty on plastic granules is 30 per cent.

Regarding the paper container, excise duty on waste paper is about 30 per cent. Users of glass containers in the aerated water sector, dutiable drugs, cosmetics, will in any case get the MODVAT benefit. Therefore, they do not have to worry about this 40 per cent as it stands. Any reduction will also reduce the duty advantage enjoyed by the labour intensive mouth blown glass industry. This is the present position. Therefore, I regret to say that I have not been able to do anything further for the glass industry. But I would further reflect in the coming months if something genuinely needs to be done.

Several Members brought up a problem of panel doors and said that this was a taxation on the small scale sector. The position with regard to the panel door is that the excise duty of 30 per cent has been levied on panel doors because such doors are functional and price-wise comparable to flush doors which are already subjected to 30 per cent duties. Even price-wise flush doors and panel doors are in the same range. While it is true that the panel doors are generally manufactured in the small-scale sector, the item is covered under the small-scale exemption scheme under which, first clearances up to a value of Rs. 20 lakhs

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per year are fully exempted from excise duty. Subsequent clearances up to a value of Rs. 75 lakhs are required to pay a duty at the concessional rate of 20 per cent for such panel doors.

Several other Members raised this question—I think, Dr. Debi Prasad Pal from this side of the House brought out this issue of depreciation—as to why I have reduced the depreciation. Quite honestly, I have reduced the depreciation rate as a measure of resource mobilisation. If resource position improves, I could reconsider to change the depreciation rate because this is not my intention in any way to hurt the health of Indian industry. It is only by creating and generating more wealth in this country that we can solve the basic problems of poverty and under-development. But I face an emergency situation where the corporate profits are booming but the revenue of the State is in the state of distress. And I have no other alternative but, I think, to soak a little bit the corporate sector.

As far as I understand, the share markets have taken it well. They have taken it well. They have taken it in their strides. Therefore, nobody need worry that what I have done on the depreciation front, will necessarily halt a climate for investment in our country.

Several Members also brought out the question of valuation of the shares and there, I have made some amendments. I introduced the averaging principles which would, I believe, substantially take care of the points that Dr. Devi Prasad Pal and some other Members made on this subject.

With regard to expenditure tax on air-conditioned restaurants, I think, there was justified criticism that the qualifying criteria probably needed modification. In deference to the wishes of several Members on both sides of the House, I have now made an unambiguous commitment that this tax will apply only to air-conditioned restaurants.

Now I do recognise that air-conditioning sometimes is necessary. I am not saying that we should not air-condition restaurants. But I do believe that in a country as poor as ours, those who have resources to go the air-conditioned restaurants, share a part of their expenditure with the exchequer. If there are any administrative problems, I think, we would remain alert. It is not my intention to harass any honest tax-payers. If any administrative problems in implementing this particular piece of taxation are brought to my notice, I would, I think, remain alert. (Inter-uptions)

Several Members have questioned the need for interest tax. Now in the present situation, in which inflation is at the rate of 15 per cent, some increase in the interest rates is necessary if we want to maintain the viability of our banking industry. Several Members have mentioned here that many banks are sick. Now if banks pay a competitive rate of interest on deposits, if they are not in a position to charge comparable interest rates from their borrowers, if loan losses go on multiplying, whether as a result of loan melas or loan waivers, this would have a grave effect on the health of our banking system. I can assure you that while there should be no alarm about the overall situation, I am not very pleased the way the Indian banking system is functioning. If we do not change our way, I think, we would end up making this vital industry as also a very sick industry. When the financial sector becomes sick, all our development objectives, which are sought to be achieved through the banking system would also, I think, be in jeopardy. Therefore, I need the support of this House to see that the banking system is depoliticised to the maximum extent possible, that top level bank appointments are made on merits, that bank loans are not given on political considerations because that is the only way we can maintain the health of the banking system.

As regards the interest tax, it is once again an emergency measure. It is a fiscal measure with a monetary impact. It was levied in 1974. When inflation situation im-

proved, it was removed. It was again levied in 1980. It was again removed when the inflation situation improved. My own feeling is that if you follow my advice, in three years' time, the inflation rate in this country will be comparable to inflation rate in any other country. If I succeed that, I would have brought down the interest rates to no more than 5 per cent to 7 per cent, that would usher in a new era in the history of India's development. But there are no instant remedies for the chronic problems that our country has. Our country's productivity has remained low year after year. These things will take time to correct. The fiscal system is also far from good. The tax administration, in many ways, is far from being what it ought to be. All this will take time. Now, in the meanwhile, the country must have patience. It must accept the logic of financial discipline because without financial discipline, no social justice is possible. We must learn what is happening in Yugoslavia. We must learn what is happening in the Soviet Union. Their political problems and the political disintegration of one vibrant society are rooted in the basic malfunctioning of the society. And if we do not correct these distortions at source, then as Shri Fernandes pointed out yesterday, that Bihar will go the way of Assam, the situation will become bad. And I do worry about that.

Several Members on this side and the other side referred to the problems of North-Eastern India. Now, these are the states which are totally depending on the Central Government for financing their administration and for financing their development. Today, Jammu and Kashmir is a big drain on the central exchequer. Even the richest States of the Union like Punjab are a big drain on national exchequer. How will a bankrupt central treasury go to the help of North-Eastern States? How will it provide resources for the development of Jammu and Kashmir? How will it provide resources to take care of the regional imbalances to which Shri George Fernandes pointedly drew our attention yesterday? I think all of us have a collective responsibility to correct this fiscal mess and see that India's fiscal system

regains its position. And it is my intention to reduce the fiscal deficit to 6.5 per cent of our GDP. I mean this because my credibility is at stake if I do not succeed and that would be a minus point. I do not want to stop there. It is my intention to persist on this path for the next two to three years. In the following year, I propose to reduce this deficit to about 5 per cent of GDP and thereafter, do a further consolidation so that at the end of the third year, India's fiscal system regains its normalcy, so that it becomes a source of strength to revitalise our planning process.

I also want to point out that the process of structural reforms that we have launched is not a one-sided affair. Fiscal consolidation is a pre-condition for this. But it must be followed by reforms in the trading system. We have begun this process.

Now, we cannot stop there. I had been abroad in Geneva where GATT is located. Whenever I went to the meetings, people ask me about our customs duties. And then I pointed out that our customs duties are sometimes 500 per cent or 300 per cent or 150 per cent or 100 per cent. People laugh at it. The world has changed beyond recognition and India cannot live in isolation. Therefore, we have to take note of winds of changes.

In Europe there is a common market. The whole of Europe is becoming one common market with no tariff barriers.

The United States, Mexico and even Latin America are talking of one common market. East Asia, Japan and the whole Pacific region is going to become one common market. If you people think that you could be an exception to what is happening in the rest of the world, that the rest of the world can dismantle tariff barriers and that this blessed country of ours can survive, flourish and achieve its national and international ambitions by the types of tariff regimes and quota regimes that we have followed, then I am afraid, you are certainly mistaken. When we will go abroad, people will say that these are men and women from

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mars. Therefore, we must modernise our tariff system. It is my intention, in the next five years, to drastically reduce the degree of protection that has been enjoyed by the Indian industry.

Shri Fernandes referred to the problems of poverty. How has India become poor? There is a conspiracy of silence when we talk about the root causes of poverty in this country. Now, all these years, in the name of planned development, we have provided indiscriminate protection to Indian industry. And when you give protection to somebody, this protection is at the cost of somebody else. The rural sector, the farmers of this country have been the worst sufferers of this excessive protection that has been given to the Indian industry. (Interruptions)

SHRI HARIN PATHAK (Ahmedabad)

: All these years, Congress has been ruling this country. What is their contribution? (Interruptions)

SHRI MANMOHAN SINGH: People talk about fertilizer prices. Why is the fertilizer industry inefficient like other industries? All our industries are excessively protected. There is no intention to reduce the costs and they operate in isolation. If we have a more competitive economy, they would have justified themselves in the market place. If they are not efficient and if we have a society which is responsive to the needs of consumers, then you will find that in that process you would reduce this growing gap between the urban and rural areas. Therefore, the reform of the protection system is an integral part of the reform process.

In the same way is the reform of the financial system. I have already mentioned about the health of the banking industries. Someone in this House mentioned about the loan melas. I do not deny the contribution of loan melas. But I think, equally grave is the contribution of the massive scheme of loan waivers which has hurt the credit-worthiness, which has hurt the axis of repay-

ment, which is the basis of a sound banking system. Our banks are committed to social banking. Let me be very clear. I think, there is no base for any fear that we are going to renege on our commitment to use the banking system as a major instrument of development. Social banking in this country has come to stay. The challenge is not to renege on that commitment but to make social banking also profitable banking. And that is the challenge that banks must face. Banks must serve the needs of our society, particularly the needs of the poorer sections, the artisans and small industrialists. But they must, simultaneously, remain as viable entities because if they are not healthy, they cannot perform the functions which we want them to perform. Therefore, financial reforms are very important.

In the same way, the role of the management and the working of our public sector is an integral part of the reform process. A public sector which is profitable, which is dynamic and which is the pace-setter in technological development, is a source of great strength to our country. But a public sector which absorbs and sucks resources year after year, and which does not generate resources, I can assure you, neither helps growth, nor does it help to promote the cause of social justice.

We admit that these are the critical issues. Not that I have provided solutions to all these problems, but what I have done is, I think I have bought time for this country to reflect on these critical areas. In months to come, this country must find a more meaningful national consensus so that we can together evolve a new Indian approach to dealing with these problems. This we owe to ourselves, this we owe to our children and this we owe to our grand children. It is only when we find solutions to these problems, we would regain for this country, the prestige that this country deserves. We have in our native language, Punjabi, a saying "Duniya maandi jora din, lakh lahnat kamzoran din". You cannot have an independent foreign policy on the basis of a collapsing economy. If you have any international ambitions and why should a country

of 850 million people with a great civilization, which has given so much to the world, not have international ambition? Why should we not have ambition of having a major share on the international arena? But that can become reality not by speaking in the United Nations but on the basis of what we do here to revitalise our economy; to make India an internationally competitive economy so that the foreigners take seriously what happens here and we become a part of the world economy. We give and we take. That is the only base on which you can regain the respect of the rest of the world. This Budget is a part of that strategy.

With these words I commend the Finance Bill to this august House.

MR. SPEAKER : The question is

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1991-92, be taken into consideration."

The motion was adopted

MR. SPEAKER : Now, we will take up Clause-by-Clause consideration of the Bill. Since there are no amendments to Clause 2, 3 and 4, I shall now put Clause 2 to 4 to the vote of the House.

The question is :

"That Clause 2 to 4 stand part of the Bill."

The Motion was adopted

Clauses 2 to 4 were added to the Bill

Clauses 5- Amendment of Section 10

MR. SPEAKER : There is an amendment to clause 5, suggested by Shri Girdhari Lal Bhargava. Mr. Bhargava, are you moving your amendment?

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : I beg to move :

Page 5, line 45,-

add at the end-

"and the sum received from time to time in the money back scheme" (20)

[English]

MR. SPEAKER : I shall now put the amendment moved by Shri Bhargava to the vote of the House.

Amendment No. 20 was put and negatived

MR. SPEAKER : Now the question is:

"That Clause 5 stand part of the Bill"

The Motion was adopted

Clause 5 was added to the Bill

MR. SPEAKER : There are no amendments to clause 6, Now, the question is :

"That clause 6 stand part of the Bill"

The Motion was adopted.

Clause 6 was added to the Bill.

Clause 7

Amendment made :

Page 6, for clause 7, substitute,-

'7, In section 12A of the Income-tax Act, in clause (a) for the proviso, the following proviso shall be substituted, with effect from the 1st day of October, 1991, namely:-

"Provided that where an application for registration of the trust or institution is made after the expiry of the period aforesaid, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution,-

[Sh. Girdhari Lal Bhargava]

- (i) from the date of the creation of the trust or the establishment or the institution if the Chief Commissioner or Commissioner is, for reasons to be recorded in writing, satisfied that the person in receipt of the income was prevented from making the application before the expiry of the period aforesaid for sufficient reasons;-
- (ii) from the 1st day of the financial year in which the application is made, if the Chief Commissioner or commissioner is not so satisfied,"

(49)

(Shri Manmohan Singh)

MR. SPEAKER : The question is :

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

The Motion was adopted

Clause 7, as amended, was added to the Bill

MR. SPEAKER : There is no amendment to clause 8, Now the question is:

"That Clause 8 stand part of the Bill"

The Motion was adopted

Clause 9- Amendment of section 17

MR. SPEAKER: There is an amendment suggested by Dr. Debi Prosad pal, are you moving?

DR. DEBI PROSAD PAL (Calcutta North-West): No.

MR. SPEAKER : Shri Girdhari Lal Bhargava, are you moving your amendment?

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : I beg to move :

Page 7, Line 17;-

for "inserted, namely" substitute-

"inserted with effect from the 1st day of April, 1982, namely" (37)

Page 7, lines 45 and 46;-

For " seventy-five thousand rupees" Substitute "the limit as may be prescribed" (38)

MR. SPEAKER: There are also Government amendments. Shri Manmohan Singh.

Amendments made :

"Page 7, in lines 33 to 35, for "five thousand rupees, in the previous year, in the case of the employees and further five thousand rupees in the case of his family; ",Substitute "ten thousand rupees in the previous year;" (50)

"Page 7, in lines 33, for" Seventy-five thousand Substitute "one lakh" (51)

(Shri Manmohan Singh)

MR. SPEAKER: I shall now put the Amendments number 37 and 38 moved by Shri Girdharilal Bhargava to the vote of the House.

Amendments No. 37 and 38 were put and negatived

MR. SPEAKER: The question is :

"That Clause 9, as amended, stand part of the Bill"

The Motion was adopted

Clause 9, as amended, was added to the Bill

MR. SPEAKER: There is no amendment to clause 10 - Now the question is:

"That clause 10 stand part of the Bill"

The Motion was adopted

Clause 10 was added to the Bill

Clause-11 Amendment of Section 32

MR. SPEAKER: There are Amendments suggested by Shri Jaswant Singh, Dr. Laxminarayan Pandeya and Shri Rajendra Agnihotri. Shri Jaswant Singh, are you moving your Amendment?

SHRIJASWANT SINGH (Chittorgarh)
: I beg to move :

Page 8, -

Omit lines 8 to 13 (8)

MR. SPEAKER : There is also a Government Amendment.

Amendment made :

Page 8, for lines 3 to 7, *substitute*, -

- (a) for the second proviso, the following proviso shall be substituted, namely :-

"Provided further that no deduction shall be allowed under this clause in respect of -

- (a) any motor car manufactured outside India, where such motor car is acquired by the assess after the 28th day of February, 1975, unless it is used-
- (i) in a business of running it on hire for tourists; or
- (ii) Outside India in his business or profession in another country; and
- (b) any machinery or plant if the actual cost thereof is allowed as a deduction

in one or more years under an agreement entered into by the Central government under section 42." (52)

(Shri Manmohan Singh)

MR. SPEAKER: I shall now put the Amendment number 8 moved by Shri Jaswant Singh to the vote of the House.

Amendment No. 8 was put and negatived

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

MR. SPEAKER : There no amendments to clauses 12 to 14.

The question is :

"That clause 12 to 14 stand part of the Bill"

The Motion was adopted.

Clauses 12 to 14 were added to the Bill

Clause 15- insertion of new section in 43 D

MR. SPEAKER: There is a Government Amendment.

Amendment made:

"Page 9, in lines 13 and 14, *omit* "with effect from the 1st day of April, 1992. (53)

(Shri Manmohan Singh)

MR. SPEAKER: The question is :

"That Clause 15, as amended, stand part of the Bill".

The motion was adopted

Clause 15 as amended, was added to the Bill

MR. SPEAKER: There are no amendments to clauses 16 to 18.

Now the question is:

"That clause 16 to 18 stand part of the Bill"

The Motion was adopted

Clause 16 to 18 were added to the Bill

Clause 19-Amendment of Section 48

SHRI GIRDHARI LAL BHARGAVA : I beg to move :

Page 9, line 53, -

for " fifteen thousand rupees" substitute
"thirty thousand rupees" (21)

MR. SPEAKER: I shall now put amendment no. 21 moved by Shri Girdharilal Bhargava to the vote of the House.

The amendment was put and negatived

MR. SPEAKER : The question is :

"That Clause 19 stand part of the Bill."

The Motion was adopted

Clause 19 was added to the Bill

MR. SPEAKER: There are no amendments to clause 20 to 25.

The question is :

"That clauses 20 to 25 stand part of the Bill."

The Motion was adopted

Clauses 20 to 25 were added to the Bill

Clause 26 Amendment of Section 80 G

SHRI GIRDHARI LAL BHARGAVA : I beg to move :

Page 10,-

omit lines 51 to 54 (22)

MR. SPEAKER: I shall now put amendment no. 22 moved by Shri Girdharilal Bhargava to the vote of the House.

The Amendment No, 22 was put and negatived

MR. SPEAKER: The question is

"That Clause 26 stand part of the Bill".

The Motion was adopted

Clause 26 was added to the Bill

MR. SPEAKER: There are no amendments to clause 27.

The question is :

"That Clause 27 stand part of the Bill"

The Motion was adopted

Clause 27 was added to the Bill

*Clause 28- Amendment of Section 80
HHC*

SHRI JASWANT SINGH : I beg to move :

Page 12,

omit lines 23 to 27 (9)

SHRI BHAGWAN SHANKAR RAWAT (Agra) : I beg to move :

Page 12,-

for lines 23 to 27, *substitute-*

(l) after clause (a), the following clause shall be inserted, namely:-

"(aa) Provisions of section 80 HHD of the Income-tax Act regarding Hotels or tour operators shall also be applicable to the sale proceeds in foreign exchange in a shop, emporium or any other establishment situated in India under 'export out of India.'" (31)

SHRI GIRDHARI LAL BHARGAVA : I beg to move:

Page 12,-

for lines 23 to 27 *substitute-*

(l) after clause (a), the following clause shall be inserted, namely:-

(a) "Export out of India " shall include any transaction by way of sale or otherwise to foreign tourist giving undertaking to carry goods out of India against convertible foreign exchange in a shop emporium or any other establishment situated in India." (39)

Amendments made ;

Page 11, after line 57, *insert*, -

"provided that the profits computed under clause (a) or clause (b) or clause (c) of this sub-section shall be further increased by the amount which bears to ninety percent of any sum referred to in clause (IIa) (not being profits on sale of a license acquired from any other persons), and clauses (IIb) and (IIc), of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assess." (54)

Page 12, in line 39, *for*

"ninety per cent of any receipts",

substitute "ninety percent of any sum referred to in clauses (IIa), (IIb) and (IIc) of section 28 or of any receipts". (55)

(Shri Manmohan Singh)

MR. SPEAKER : I shall now put amendment no. 9 moved by Shri Jaswant Singh, amendment no. 31 moved by Shri Bhagwan Shankar Rawat and amendment No. 39. moved by Shri Girdharilal Bhargava to the vote of the House.

Amendments No. 31 and 39 were put and negatived

MR. SPEAKER : The question is :

" That Clause 28 as amended stand part of the Bill"

The motion was adopted

Clause 28 as amended, was added to the Bill

Clause 29 - Amendment of Section 80 HHD

Amendments made:

Page 13, *omit* lines 15 to 25 (56)

Page 13, in line 25 *for*"(e)", *substitute* "(d)". (57)

Page 13, in line 30, and 31 *omit*, "as reduced by the payments made by him to the other assess as referred to in the proviso to sub-section (3)". (58)

Page 13, in line 32 *for*, "(f)", *substitute* "(c)". (59)

(Shri Manmohan Singh)

MR. SPEAKER : The question is :

" That clause 29, as amended, stand part of the Bill."

The motion was adopted

Clause 29, as amended, was added to the Bill

Clause 30 - Insertion of New Section 80 HHE

MR. SPEAKER : Clause 30. Shri Manmohan Singh to move an amendment.

Clause 30

Amendment made :

Page 13, after line 54 insert,

Explanation,— The said consideration shall be deemed to have been received in India where it is credited to a separate account maintained for the purpose by the assessee with any bank outside India with approval of the Reserve bank of India. (60)

(Shri Manmohan Singh)

MR. SPEAKER : The question is :

"That Clause 30, as amended, stand part of the Bill.

The motion was adopted

Clause 30 as amended, was added to the Bill

MR. SPEAKER : There are no amendments to clause 31

The question is :

"That clause 31 stand part of the Bill".

The Motion was adopted

Clause 31 was added to the Bill

Clause 32 - Insertion of New Section 80-IA

MR. SPEAKER : There is an amendment, No. 61 to clause 32.

Amendment made ;

Page 17, in line 10 for "thirty-five", substitute "sixty". (61)

(Shri Manmohan Singh)

MR. SPEAKER : The question is :

"That Clause 32 as amended, stand part of the Bill."

The motion was adopted

Clause 32, as amended, was added to the Bill

MR. SPEAKER : Shri Manmohan Singh.

SHRI MANMOHAN SINGH : 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. 62 to the Finance (No.2) Bill, 1991 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. 62 to the Finance (No.2) Bill, 1991 and that this amendment may be allowed to be moved."

The motion was adopted

New clause 32 A

Amendment made :

"Page 17, after line 15, insert, -

"32A. In section 80L of the Income-tax Act, in sub-section (I), for sub-clause (ia), the following sub-clause shall be substituted, with effect from the 1st day of April, 1992, namely:-

"(ii) interest on National Savings Certificates (VI Issue) or National Saving Certificates (VII Issue) or National savings Certificates (VIII Issue) issued under the Government Savings Certificates Act, 1959," (62)

(Shri Manmohan Singh)

MR. SPEAKER : The question is :

"That new Clause 32A be added to the Bill."

The motion was adopted

New Clause 32A was added to the Bill

Clause 33 - Amendment of Section 80

Amendment made ;

"Page 17, for clause 33, substitute,-

"33. In section 80-O of the Income-tax Act, with effect from the 1st day April, 1992,-

- (a) after the words "an Indian company", the words and brackets "or a person (other than a company) who is resident in India" shall be inserted;
- (b) for the words "technical services", the words "technical or professional services" shall be inserted;
- (c) the words "under an agreement approved in this behalf by the Chief Commissioner or the Director General;" shall be omitted;
- (d) the first and second provision shall be omitted;

(e) In the third proviso, for the words "Provided also",

the word "Provided" shall be substituted;

(f) In the Explanation, after clause (ii), the following clause shall be inserted, namely:-

"(iii) services rendered or agreed to be rendered outside India shall include services rendered from India but shall not include services rendered in India." (63)

(Shri Manmohan Singh)

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

MR. SPEAKER : There are no amendments to clauses 34 to 36.

The question is :

"That Clauses 34 to 36 stand part of the Bill."

The motion was adopted

Clauses 34 to 36 were added to the Bill

Clause 37 - Amendment of Section 88

SHRI BHOGENDRA JHA
(Madhubani) : I beg to move :

"Page 18, -

after line 12, insert -

"(e) a small scale industries unit." (15)

MR. SPEAKER : I shall now put amend-

ment No. 15 move by Shri Bhogendra Jha to the vote of the House.

Amendment, No.15 was put and negatived

14.00 hrs.

MR. SPEAKER: The question is :

"That Clause 37 stand part of the Bill."

The motion was adopted

Clause 37 was added to the Bill

MR. SPEAKER: There are no amendments to clauses 38 to 50.

Now the question is:

"That clauses 38 to 50 stand part of the Bill.

The motion was adopted

Clauses 38 to 50 were added to the Bill

Clause 51 - Amendment of Section 194A

SHRI RAM KAPSE (Thane) : I beg to move :

Page 20,-

for clause 51 substitute -

"51. In section 194A of the Income Tax Act, in sub-section 3, in clause (vii), the words, figures and brackets 'with a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of the Act, or' shall be omitted with effect from the 1st day of October, 1991. (1)

Amendment made:

Page 20, for clause 51, substitute,—

"51. In section 194A of the Income-tax Act, in sub-section (3), for clause (vii),

the following clauses shall be substituted with effect from the 1st day of October, 1991, namely:-

"(vii) to such income credited or paid in respect of deposits (other than time deposits) with a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act);

(viii) to such income credited or paid in respect of, —

- (a) deposits with a primary agricultural credit society or a primary credit society or a cooperative land mortgage bank or a cooperative land development bank;
- (b) deposits (other than time deposits) with a cooperative society other than a cooperative society or bank referred to in sub-clause (a), engaged in carrying on the business of banking;

Explanation. — For the purposes of clauses (vii) and (viii), "time deposits" means deposits (excluding recurring deposits) repayable on the expiry of fixed periods." (64)

(Shri Manmohan Singh)

MR. SPEAKER: Now, I will put amendment no. 1, moved by Shri Ram Kapse, to clause 51 to the vote of the House.

The amendment was put and negatived.

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

Clause 52 - Amendment of Section 194
BB

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA
(Jaipur) : I beg to move

Page 20,—

for clause 52, substitute—

52. In section 194BB of the Income-tax for the words five thousand rupees" The words "ten thousand rupees" shall be substituted." (23)

[*English*]

Amendment made

Page 20, for clause 52 substitute,—

'52. In section 194BB of the Income-tax Act, for the words "five thousand rupees", the words "two thousand five hundred rupees" shall be substituted with effect from the 1st day of October, 1991.' (65)

(Shri Manmohan Singh)

MR. SPEAKER : The Amendment no. 23 to Clause 52, moved by Shri Girdharilal Bhargava to the vote of the House .

Amendment No. 23 was put and negatived

MR. SPEAKER: The question is :

"That Clause 52, as amended, stand part of the Bill."

The motion was adopted

Clause 52 as amended, was added to the Bill

Clause 53 - Amendment of Section 194EE

SHRI RAM NAIK (Bombay - North) : I beg to move :

Page 20, line 57,—

for "two thousand five hundred rupees"
substitute "twenty five thousand rupees" (2)

SHRI ANNA JOSHI (Pune) : I beg to move :

Page 20, —
after line 59

Insert — "Provided also that nothing contained in this section shall apply to the payment of the said amount when a person gives a declaration to the effect that he has paid the tax in advance after considering the total income by way of interest". (3)

SHRI JASWANT SINGH (Chittorgarh) : I beg to move :

Page 20, line 57, —

for "two thousand five hundred rupees"
Substitute "ten thousand five hundred rupees". (10)

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA
(Jaipur) : I beg to move :

Page 20 line 57,—

for "two thousand five hundred rupees"
substitute "twenty thousand rupees" (24)

[*English*]

MR. SPEAKER : Now, I will put amendment No. 2 and 3 to Clause 53 Moved by Shri Ram Naik and Shri Anna Joshi to the vote of the House.

Amendments No. 2 and 3 were put negatived

MR. SPEAKER : Now, I will put amendment No. 10 to Clause 53 moved by Shri Jaswant Sing to the vote of the House.

Amendment No. 10 was put and negatived.

MR. SPEAKER: I shall now put amendment No. 24 moved by Shri Girdhari Lal Bhargava to the vote of the House.

Amendment No. 24 was put and negatived.

MR. SPEAKER: The question is:

"That clause 53 stand part of the Bill."

The motion was adopted.

Clause 53 was added to the Bill.

Clause 54 - Insertion of New Section 194G and 194H

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): I beg to move:

Page, line 8,—

for "ten percent" substitute "five percent" (25)

Page 21, line 18,—

for ten per cent " substitute "five per cent" (26)

Page 21, line 22,—

for "two thousand five hundred rupees" substitute "ten thousand rupees" (27)

[English]

MR. SPEAKER: Amendments No. 42 and 44 are same as amendment No. 27. So, they are not being moved.

[Translation]

SHRI DAU DAYAL JOSHI: I beg to move:

Page 21,—

after line 18 insert—

"provided that the recipient of the commission or brokerage who retains the said commission or brokerage or in any other manner is in receipt of the same without being given by the person responsible for paying the said commission or brokerage shall be required to deposit the income-tax deductible at source, namely at the rate of ten per cent on the amount of commission or brokerage so retained or received by him and all the provisions applicable to the person responsible for paying the commission or brokerage shall apply to such recipient of the commission or brokerage accordingly." (43)

[English]

SHRI MANMOHAN SINGH: Sir, I beg to move;

Page 21, for line 5, substitute,—

"way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding one thousand rupees shall, at the". (66)

Page 21, for lines 19 to 22, substitute,—

"(2) The provisions of sub-section (1) shall not apply —

- (a) to such persons or class or of persons as the Central Government may, having regard to the extent of inconvenience caused or likely to be caused to them and being satisfied that it will not be prejudicial to the interests of the revenue, by notification in the Official Gazette, specify in this behalf:

- (b) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed two thousand five hundred rupees." (67)

MR. SPEAKER: I shall now put amendments No. 25, 26 and 27, to clause 54, moved by Shri Girdhali Lal Bhargava to the vote of the House.

Amendments No. 25, 26 and 27 were put and negatived

MR. SPEAKER: I shall now put amendment No. 43, to clause 54, moved by Shri Dau Dayal Joshi to the vote of the House.

Amendment No. 43 was put and negatived

MR. SPEAKER: I shall now put Government amendments No. 66 and 67 to the vote of the House.

The question is :

Page 21, for line 5, substitute, —

"way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding one thousand rupees shall, at the ". (66)

The motion was adopted

MR. SPEAKER: The question is :

Page 21, for lines 19 to 22, substitute, —

"(2) The provisions of sub-section (1) shall not apply—

- (a) to such persons or class or

classes of persons as the Central Government may, having regard to the extent of inconvenience caused or likely to be caused to them and being satisfied that it will not be prejudicial to the interests of the revenue, by notification in the official Gazette, specify in this behalf;

- (b) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to the payee, does not exceed two thousand five hundred rupees." (67)

The motion was adopted

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

MR. SPEAKER: There is no amendment to clause 55,

The question is :

"That clause 55 stand part of the Bill."

The motion was adopted

Clause 55 was added to the Bill

New clause 55A

SHRI MANMOHAN SINGH: Sir, I beg to move :

"That this House do suspend clause (i) of Rule 80 of the rules of Procedure

[Sh. Manmohan Singh]

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. 68 to the Finance (No. 2) Bill, 1991 and that this amendment may be allowed to be moved.

MR. SPEAKER : The question :

"That this House do suspend clause (1) 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. 68 to the Finance (No. 2) Bill, 1991 and that this amendment may be allowed to be moved.

The motion was adopted

Amendment made :

Page 21, after line 40, insert, —

'55A. In section 196A of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, with effect from the 1st day of October, 1991, namely:—

"(3) Notwithstanding anything contained in this Act, no deduction of tax shall be made from any income payable in respect of units issued under any scheme of the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963, to any institution or fund where such income is not liable to inclusion in its total income under the provisions of section 11 and 12 clause (22) or clause (22A) or clause (23) or clause (23AA) or clause (23C) of section 10." (68)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That new clause 55A stand part of the Bill."

*The motion was adopted.**New clause 55A was added to the Bill*

MR. SPEAKER: There are no amendments to clauses 56 to 58.

The question is:

"That clause 56 to 58 stand part of the Bill."

*The motion was adopted**Clause 56 to 58 were added to the Bill**Clause 59 - Amendment of Section 204*

Amendment made :

Pages 21 and 22, for clause 59, substitute —

'59. In section 204 of the Income-tax Act, in the opening portion, after the word, figures and letter "section 194E" the words, figures and letters "section 194EE", "section 194F, section 194G section 194H", shall be inserted with effect from the 1st day of October, 1991".

(Shri Manmohan Singh)

MR. SPEAKER : The question :

"That Clause 59, amended, stand part of the Bill".

*The motion was adopted**Clause 59, as amended, was added to the Bill*

MR. SPEAKER : There are no amendments to clause 60 to 62.

The question is:

"That clause 60 to 62 stand part of the Bill."

The motion was adopted

Clause 60 to 62 were added to the Bill

Clause 63

Amendment made :

Page 22, in lines 19 and 20 omit "out of the places specified in relation to other Benches" (70)

(Shri Manmohan Singh)

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

Clause 64 - Amendment of Section 245D

Amendment made:

Page 22, in line 23 for "six months", substitute "one hundred and twenty days" (71)

(Shri Manmohan Singh)

MR. SPEAKER :The question is :

" That Clause 64 as amended stand part of the Bill".

The motion was adopted

Clause 64, as amended , was added to the Bill

MR. SPEAKER: There are no amendments to clauses 65 and 66.

The question is :

"That clause 65 and 66 stand part of the Bill".

The motion was adopted

Clause 65 and 66, were added to the Bill

Clause 67 Amedment of Section 273A

Amendments made:

Page 22, for line 44, substitute, -

"other assessment year or years if he makes an application to the income-tax authority refered to in sub-section (4) at any time before the 1st day of April, 1992." (72)

(Shri Mamohan Singh)

MR. SPEAKER: The question is:

"That clause 67, as amended, stand part of the Bill."

The motion was adopted

Clause 67, as amended, was added to the Bill

Clause 68- Amendment of section 279-

Amendments made:

Page 23, for line 3, substitute,-

"compounded by the Chief Commissioner or Director General". (73)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That Clause 68, as amended, stand part of the Bill".

The motion was adopted

Clause 68, as amended, was added to the Bill

Clause 69- Insertion of twelfth schedule

Amendments made:

Page 23, in line 27, for "crushing and screening" substitute "screening or crushing and screening". (74)

Page 23, in line 31, for "rocks", substitute "rocks including cut and polished granite". (75)

(Shri Manmonhan Singh)

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 - Consequential amendment

MR. SPEAKER: The question is:

"That clause 70 stand part of the Bill".

The motion was adopted.

Clause 70 was added to the Bill.

Clause 71- Amendment of Section 5

SHRI DAU DAYAL JOSHI (Kota): Sir, I beg to move:

Page 24,—

After line 5 insert—

(a) after sub clause (a) of Explanation I to Clause (viii) the following proviso shall be inserted, namely:-

"Provided that the stridhan jewellery for every married lady equivalent to 1,000 grams of gold or its equivalent value for precious, semi-precious jewellery or jewellery made of metal and other precious metal like silver, platinum, shall not form part of jewellery" (45)

MR. SPEAKER: I shall now put the amendment moved by Shri Dau Dayal Joshi to the vote of the House.

The amendment No. 45 was put and negatived

MR. SPEAKER: The question is:

"That clause 71 stand part of the Bill".

The motion was adopted

Clause 71 was added to the Bill

MR. SPEAKER: There are no amendments to clauses 72 and 73.

The question is:

"That clauses 72 and 73 stand part of the Bill"

The motion was adopted

Clause 72 and 73 were added to the Bill

Clause - 74 Amendment of section 18B

Amendment made:

Page 24, for line 37, substitute,—

"other assessment year or years if he makes an application to the wealth-tax authority referred to in sub-section (4) at any time before the 1st day of April, 1992." (76)

(Shri Manmohan Singh)

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- Amendment of section 22BA

Amendment made:

Page 24, in lines 44 and 45, omit "out of the places specified in relation to othe Benches". (77)

(Shri Manmohan Singh)

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 - Amendment of section 22D

Amendment made:

Page 24, in line 48, for "six month". substitute "one hundred and twenty days". (78)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That clause 76, as amended, stand part of the Bill."

The motion was adopted

Clause 76 as amended, was added to the Bill

MR. SPEAKER: There are no amendments to clause 77 and 78.

The question is:

"That clause 77 and 78 stand part of the Bill".

The motion was adopted

clauses 77 and 78 were added to the Bill

Clause-79

Amendment made:

Page 25, for line 14, substitute, — "by the Chief Commissioner or Director General." (79)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That clause 79, as amended, stand part of the Bill."

The motion was adopted

Clause 79, as amended, was added to the Bill

MR. SPEAKER: The question is:

"That clause 80 stand part of the Bill."

The motion was adopted

Clause 80 added to the Bill

Clause 81

Amendment made:

Page 25, for lines 26 and 27, substitute,—

(a) in rule 9A,—

(i) after the words "at the option of the assessee", the words "or a company" shall be inserted:

(ii) for the words "four assessment years", wherever they occur, the words "nine assessment years" shall be substituted; (80)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That clause 81, as amended, stand part of the Bill."

The motion was adopted

Clause 81, as amended, was added to the Bill

MR. SPEAKER: There are no amendments to clauses 82 to 87.

The question is:

"That clause 82 to 87 stand part of the Bill."

The motion was adopted.

Clause 82 to 87 were added to the Bill.

Clause 88

Amendment made:

Page 26, for line 28, substitute,—

"by the Chief Commissioner or Director General." (81)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That clause 88, as amended, stand part of the Bill."

The motion was adopted.

Clause 88, as amended, was added to the Bill.

Clause 89- Amendment of section 2

SHRIBHAGWAN SHANKAR RAWAT (Agra): Sir, I beg to move :

Page 26, — Omit lines 42 to 45 (4)

SHRIRAMNAIK (Bombay-North): Sir, I beg to move:

Page 26, lines 43 to 45 omit

"or a cooperative society engaged in carrying on the business of banking (including a cooperative land mortgage bank or a cooperative land development bank". (5)

Amendment made:

Page 26, in lines 14 and 45, for

"(including a cooperative land mortgage bank or a cooperative land development bank)" substitute "not being a cooperative society providing credit facilities to farmers or village artisans". (82)

(Shri Manmohan Singh)

MR. SPEAKER: I shall now put amendment No. 4 moved by Shri Bhagwan Shankar Rawat to the House.

Amendment No. 4 was put and negatived

MR. SPEAKER: I shall now put amendment No. 5 to the vote of the House.

Amendment No.5 was put and negatived

MR. SPEAKER: The question is:

"That clause 89, as amended, stand part of the Bill."

The motion was adopted

clause 89, as amended, was added to the Bill

MR. SPEAKER: There is amendment to clause 90, The question is:

"That clause 90 stand part of the Bill."

The motion was adopted

clause 90 was added to the Bill

Clause 91- Amendment of section 4

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Sir, I beg to move:

Page 27, line 44, —

for "there percent" substitute—
"two percent" (29)

MR. SPEAKER: I shall now put the amendment moved by Shri Girdharilal Bhargava to the vote of the House .

The amendment No. 29 was put and negatived

MR. SPEAKER: The question is:

"That clause 91 stand part of the Bill.

The motion was adopted

Clause 91 was added to the Bill

Clause 92 Substitution of new section for sections

Amendment made:

Page 27, for line 49, substitute,—

'credit institutions) accruing or arising to the credit institution in that previous year:

Provided that any interest in relation to categories of bad or doubtful debts referred to in section 43D of the Income -tax Act shall be deemed to accrue or arise to the credit institution in the previous year in which it is credited by the credit institution to its profit and loss account for that year or, as the case may be, in which it is actually received by the credit institution, whichever is earlier.".'. (83)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

"That Clause 92, as amended, stand part of the Bill."

The Motion was adopted

Clause 92 , as amended, was added to Bill

MR. SPEAKER: There are no amendments to clause 93 to 107.

Now, the question is:

"That clauses 93 to 107 stand part of the Bill."

The motion was adopted.

Clauses 93 to 107 were added to the Bill.

Clause 108 - Substitution of new sections for sections 23 to 26

Amendment made:

Page 33, in line 10, for

"the Board or a Chief Commissioner or a Director", substitute "the Chief commissioner or Director". (84)

(Shri Manmohan Singh)

SHRI MANMONAN SINGH : Sir, I beg to move:

"That the House do suspend clause 1 of rule 80 of 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. 85 to the Finance (No.2) Bill, 1991 and that this amendment may be allowed to be moved."

MR. SPEAKER: The question is:

"That the House do suspend clause 1 of rule 80 of 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. 85 to the Finance (No.2) Bill, 1991 and that this amendment may be allowed to be moved."

The motion was adopted

Amendment made:

Page 33, after line 15, insert, —

"26C. Notwithstanding anything contained in any agreement under which any term loan has been sanctioned by the credit institution before the 1st day of October, 1991, it shall be lawful for the credit institution to vary the agreement, so as to increase the rate of interest stipulated therein to the extent to which such institution is liable to pay the interest-tax under this Act in relation to the amount of interest on the term loan which is due to the credit institution.

Explanation:- For the purposes of this section, "term loan" means a loan which is not repayable on demand. (85)

(Shri Manmohan Singh)

MR. SPEAKER: The question is:

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

The motion was adopted

Clause 108, as amended, was added to the Bill

MR. SPEAKER: There no amendments to clauses 109 to 111.

The question is:

"That clauses 109 to 111 stand part of the Bill."

The motion was adopted.

Clauses 109 to 111 were added to the Bill.

Clause 112 - Amendment of Section 2

SHRI RAM NAIK (Bombay North): Sir, I beg to move:

"Page 33, lines 36 to 41, -

omit "or have any of the following three facilities, namely:-

- (i) they are equipped with, or have access to, facilities for air-conditioning;
- (ii) they have at least two separate cloak rooms fitted with modern sanitary fittings;
- (iii) they have a telephone installed therein;
- (iv) they are equipped with, or have access to, cold storage or deep-freezing facility; (12)

SHRI BHOGENDRA JHA (Madhubani) : Sir, I beg to move:

Page 33, -

omit lines 40 and 41 (18)

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Sir, I beg to move that

Page 33, after line 41. insert—

"(v) they are equipped with centralised video viewing facility". (30)

[English]

Amendment made:

Page 33, for lines 36 to 41, substitute,

"premises, at the beginning of any month, are equipped with, or have access to, facilities for air-conditioning;". (86)

(Shri Manmohan Singh)

MR. SPEAKER: I shall now put the Amendment Nos. 12, 18 and 30 moved by Shri Ram Naik, Shri Bhogendra Jha and Shri Girdhari Lal Bhargava to the vote of the House.

Amendments Nos. 12, 18 and 30 were put and negatived

MR. SPEAKER: The question is :

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

The motion was adopted

Clause 112, as amended, was added to the Bill

[Translation]

Clause 113 - substitution of new sections for sections 3 to 5

SHRI BHAGWAN SHANKAR RAWAT (Agra): I beg to move that

Page 34, —

after line 17 insert—

"explanation- The expenditure incurred on rent for accommodation hired or taken on lease in such hotel for sale of goods in foreign exchange shall be

exempted therefrom." (32)

[English]

MR. SPEAKER: I shall now put Amendment No. 32 moved by Shri Bhagwan Shankar Rawat to the vote of the House.

Amendment No. 32 was put and negatived.

[Translation]

SHRI LAL K. ADVANI (Gandhinagar): Will the finance Minister still be ready to reconsider income tax exemption limit? I would request you that it would be better if he considers it today

MR. SPEAKER: There are amendments to the First Schedule.

SHRI RAM NAIK : I beg to move :

Page 37,-

for lines 11 to 20 substitute—

"Rates of Income-tax

Rates of Income Tax

(1) where the total income does not exceed	Nil;
(2) where the total income exceeds Rs. 48,000 but does not exceed Rs. 60,000	10 per cent. of the amount which the total income exceeds Rs. 48,000;
(3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 75,000	Rs. 1,600 plus 30 per cent of the amount by which the total income exceeds Rs. 60,000;
(4) where the total income exceeds Rs. 75,000 but does not exceed Rs. 1,00,000	Rs. 3,450 plus 20 per cent of the amount by which the total income exceeds Rs. 75,000;
(5) where the total income exceeds Rs. 1,00,000 total income	Rs. 8,450 plus 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000

[Translation]

The limit would be increased upto Rs. 48000/-, hence I move it.

ernment.

(6)

SHRI JASWANT SINGH (Chittorgarh) :
I beg to move :

[English]

I expect positive response from the Gov-

Page 37 --
for lines 11 to 20 *substitute* --

**Rates of Income-tax*

(1) where the total income does not exceed Rs. 48,000.	Nil
(2) where the total income exceeds Rs. 48,000 but does not exceed Rs. 80,000	20 per cent. of the amount by which the total income exceeds Rs. 48,000;
(3) where the total income exceeds 60,000 but does not exceed Rs. 80,000.	Rs. 2,400 plus 30 per cent . of the amount by which the total income exceeds Rs. 60,000;
(4) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000	Rs. 8,400 plus 35 per cent of the amount by which the total income exceeds Rs. 80,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 15,400 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,00,000 (13)

SHRI BHAGWAN SHANKAR RAWAT
(Agra) : I beg to move :

Page 37, -

for lines 11 to 20, *substitute* -**Rates for Income-tax*

(1) where the total income does not exceed Rs. 48,000	Nil
(2) where the total income exceeds Rs. 48,000 but does not exceed 56,000	20 percent of the amount by which the total income exceeds Rs. 48,000;
(3) where the total income exceeds Rs. 56,000 but does not exceeds Rs. 76,000.	Rs. 1,600 plus 30 per cent . of the amount by which the income exceeds Rs.56,000
(4) where the total incime exceeds Rs. 76,000 but does not exceeds Rs. 1,00,000	Rs. 76,000 plus 40 per cent the amount by which the total income exceeds Rs. 76,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 17,200 plus 50 per cent. amount by which the total income exceeds Rs. 1,00,000 (33)

Page 37, line 31, -
for "one member" substitute - (34)
"half of the members"

Page 37, line 33, -
for "Rs. 22,000" Substitute
"Rs. 48,000"

Page 37, for line 34 to 45,
substitute (35)
"Rates of Income-tax"

- | | |
|--|--|
| (1) where the total income does not exceed Rs. 48,000 | Nil; |
| (2) where the total income exceeds Rs. 48,000 but does not exceed Rs. 56,000 | 20 per cent; of the amount by which the total income exceeds Rs. 48,000; |
| (3) where the total income exceeds Rs. 56,000 but does not exceed Rs. 76,000 | Rs. 1,600 plus 30 per cent of the amount by which the total income exceeds Rs. 56,000; |
| (4) where the total income exceeds Rs. 76,000 but does not exceed Rs. 1,00,000 | Rs. 7,600 plus 40 percent of the amount by which the total income exceeds Rs. 76,000; |
| (5) where the total income exceeds Rs. 1,00,000 | Rs. 17,200 plus 50 per cent of the amount by which the total income exceeds Rs. 1,00,000 |

(3)

I move these amendments and would like to appeal to the Government to stop being obdurate. The way prices have skyrocketed and devaluation of rupee has taken place it seems the injustice is being done to the hardworking masses and employees in the fixed income group. The

Government should shed obduracy.

SHRI GIRDHARI LAL BHARGAVA
(Jaipur): I beg to move:-
Page 37,-

for lines 11 to 20 substitute-

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 48,000. | Nil; |
| (2) where the total income exceeds Rs. 48,000 but does not exceed Rs. 1,00,000 | 25% of the amount by which the total income exceeds Rs. 48,000; |
| (3) where the total income exceeds Rs. 1,00,000 | Rs. 13,000 plus 40 per cent of the amount by which the total income exceeds Rs. 1,00,000 (40) |

Page 38, --
for lines 8 to 15 substitute --

Rates of income-tax

(1) where the total income does not exceed Rs. 25,000	Nil.
(2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	6 per cent of the amount by which the total income exceeds Rs. 25,000
(3) Where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,500 plus 12 per cent of the amount by which the total income exceeds Rs. 50,000
(4) where the total income exceeds Rs. 1,00,000	Rs. 7,500 plus 18 per cent of the amount by which the total income exceeds Rs. 1,00,000 (41)

In very strong words, I demand these amendments be circulated. Besides, I am sure the hon. Finance Minister would certainly accept our proposal of increasing the limit of income tax from the casting Rs. 22000 to Rs. 48,000. Prices are increasing very fast and the masses are in a miserable plight. Therefore, I would appeal to rouse the ceiling limit upto Rs. 48,000 and at any cost it should be raised to at least Rs. 30,000.

SHRI DAU DAYAL JOSHI (Kota): I beg to move:-

Page 41, -
after line 47 insert-

"Provided further that where the total income exceeds Rs. 75,000 the surcharge on the income-tax payable shall not exceed 30% of the difference between the total income on which income-tax is payable and the sum of Rs. 75,000." (46)

(*Interruptions*)

[English]

MR. SPEAKER: With your concurrence, I am putting all these amendments to the First Schedule, namely amendment Nos. 6, 13, 33, 34, 35, 36, 40, 41 and 46 to the vote of the House. No. 6, 13, 33, 34, 35, 36, 40, 41 and 46.

Amendment were put and negatived.

MR. SPEAKER; The question is:

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

The motion was adopted

The First Schedule was added to the Bill.

MR. SPEAKER; There are no amendments to the second Schedule and the Third Schedule. The question is 'That the second schedule and the third schedule stand part of the Bill.'

The motion was adopted.

The second schedule and the third schedule were added to the Bill.

The fourth schedule

SHRI BHOGENDRA JHA (Madhubani):
Sir, I beg to move:

Page 53,
Omit lines 16 and 17 (19)

Amendments made:

Page 53, Line 46
for "74.12" substitute "74.11" (47)

Page 54 line 8, --
for "the activity of body building"

substitute "building a body" (48)

(Shri Manmohan Singh)

MR. SPEAKER: I shall now put amendment No. 19 moved by Shri Bhogendra Jha to the vote of the House.

Amendment No. 19 was put and negatived.

MR. SPEAKER: The question is:

"That The fourth Scheduled, as amended, stand part of the Bill."

The motion was adopted

The Fourth Schedule, as amended, was added to the Bill

MR. SPEAKER: The question is:

That the fifth Schedule start part of the Bill."

The motion was adopted

The Fifth Schedule was added to the Bill.

MR. SPEAKER: The question is:

"That the Enacting formula on the Long file stand part of the Bill

The motion was adopted Clause 1, the Enacting Formula and the long Title were added to the Bill.

The Motion was adopted

SHRI MANMOHAN SINGH: Sir, I beg to move:

The Fifth Schedule was added to the Bill

MR. SPEAKER: The question is:

"That the enacting formula and the long title stand that of the Bill."

The Motion was adopted

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

SHRI MONMOHAN SINGH: Sir, I beg to move:

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

SHRI CHANDRAJEET YADAV (Azamgarh): I Have given notice to speak.

MR. SPEAKER: Motion moved:

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

[*Translation*]

SHRI LALK. ADVANI (Gandhi Nagar): Mr. Speaker, Sir, with the passing of the Finance Bill the Budget procedure is coming to an end today. I remember when the new Finance Minister presented the Budget in July, this year, we were really disappointed with the Budget speech. Let me at the outset today, say, that the reply to the debate on Finance Bill by the hon. Finance Minister is to be appreciated for the plain speaking he has done about the economic situation of the country. I am glad that he is straight forward in his approach, though at the time of Budget speech I felt that the Finance Minister was squarely laying the blame on the previous Government, as part of the collective attack. I felt as if the economic crisis suddenly cropped up within a year when Congress was not in power. But today things are different. While replying to the Debates he said irrespective of the party which is to be blamed-whether it is this party that party or my party-we should come face to face with factual position. We should think how can we overcome the crisis. Another thing that is worth appreciating is that he said he does not claim that the Budget would resolve the crisis altogether and he has give the necessary time gap for it. I respect the

sentiments of the hon. Minister. Though the Budget is not satisfactory but the approach that has come to light in the reply to the general discussion on the Budget seems worth appreciating. All of us should seriously think about it. When he said that the industrialists are not to be squarely blamed for the crisis and the leaders are to be equally blamed for it because the industrialists have merely taken advantage of the protection they have to enjoying for the last 40 years because of the system. Today, when we talk of liberalisation many industrialists say that liberalisation is good but it should not be allowed in my field because they know that it would encourage competition and it would in turn benefit the poor. Not all industrialists want this.

I think we have not still overcome the crisis. This is a giant crisis and the poor, and middle class are suffering on this account. I was hopeful that the Government would certainly consider about those things which are clear. Yesterday he gave some concessions. He could have expressed his inability to do so and stuck to his earlier decision but he still gave concessions though he believed that they were illogical and irrational and we suffered to some extent on that account.

Today when we were discussing many friends emphasized that all sections of society were hit hard by the rising prices but the hardest hit was the fixed income group. Last year we had requested the hon. Finance Minister to raise the exemption limit of income-tax from Rs. 18,000 to Rs. 30,000 but he did not accept it and instead raised it to Rs. 22,000 only. If we go by the value of rupee when the exemption limit was fixed at Rs. 18,000 we may have to fix the ceiling at Rs. 50,000 today. We have moved an amendment to raise the ceiling to Rs. 48,000 on that ground. I would urge the hon. Finance Minister that if we cannot raise it upto Rs. 48,000 at least it should be raised upto Rs. 30,000 which is a fair equivalent to Rs. 22,000 of last year keeping in view the devaluation of rupee. I hope you would seriously think about it. While replying to the

Debate he asked us to wait for another five months because by that time things would be different. It would have been better had the hon. Minister calculated the amount and made necessary amendments in the Schedule, in difference to the sentiments of the Members and raised the ceiling limit to at least Rs. 30,000 if not Rs. 48,000. Had you done this it would have sent a definite hint that the Government is in favour of economic reforms. If you accept my suggestion, the human element in the economic policy will not be missing.

With these words I request the hon. Finance Minister to take my suggestion into account even at this late stage. Otherwise, I would have no other option but to abstain from voting to register my anger and resentment.

[English]

SHRI CHANDRA JEET YADAV (Azamgarh): Sir, in spite of a very persuasive speech of the Finance Minister, Shri Manmohan Singh, I am sorry that I have to oppose this Bill. He has shown optimism but, I cannot fully share his optimism. It is good that the Finance Minister of this country, at this stage, is self confident to manage the economy, within a reasonable period.

The main reason of my opposition was about the way the Budget was presented. Since the presentation of the Budget, the prices have been galloping like a race-horse today. If one goes to market, the common consumer finds that almost there is 20-25 per cent of price rise and every week the prices are rising at the rate of 1.5 per cent, which is unprecedented. I do not share his optimism that we are going to control inflation within a reasonable period. Inflation has also become uncontrollable. It has never been so serious as it is today.

The major mistake which the Government has committed is the presentation of new industrial policy along with the Budget. Both together, have created a great uncertainty and the total atmosphere is vitiated.

The atmosphere has been created in such a manner that the people do not know as to what is going to happen and there is total uncertainty in our economic. I may tell you that in spite of all assurances given by the Government, to the foreign investors, the foreign investors are still apprehensive. They are very apprehensive about this policy and whether it will continue and will have any kind of continuity and stability. The Prime Minister, during his recent visit to Germany had to face this situation from the German investors. The German investors were asking the Prime Minister invariably; "How do you give the guarantee that your policy will continue?" I would like to draw the attention of the Government to this kind of uncertainty that is prevailing.

One reason is, another mistake which was committed was not from the top of the house but from top of the country. The Finance Minister and several Ministers were telling the whole world that we have gone bankrupt and they were giving the impression as if they are going with a begging-bowl to save our country. I think that has also created a wrong impression.

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON CONVENTIONAL ENERGY SOURCES (SHRI KALP NATH RAI): Shri V. P. Singh had said this. (Interruptions) Remember Shri V.P. Singh. (Interruptions)

SHRI CHANDRA JEET YADAV: Even the Finance Minister, perhaps, with his honest assessment, has said on the floor of the House, that we are facing an unprecedented crisis. This crisis is the biggest crisis in our independent India. It was his assessment. Why do you object it? (Interruptions) We are all concerned because we deem it as a national problem. We are not saying that it is a party problem. We are saying that it is a national problem and a country like India has to face this problem. But, what I am saying, Mr. Finance Minister, is that "Please do not go on emphasising that we have become a part of the global economy; an integrated part of the world economy. Nobody objects

to that. We cannot live in isolation. India had played a major part. You yourself had done a great service as Secretary-General of the South Cooperation. I think, you yourself suggested many measures that the newly liberated countries, the countries belonging to Third World, should also take collective decisions. They must act collectively. We cannot be thrown just to the international capitalist economy.

In the present situation, we are not objecting that you do not take loan from the IMF. From time to time, one has to take the loan. That is not that we are criticising your decision to take the loan. But we have to remember the way it was created. The impression we have given is that perhaps we are collapsing and, therefore, it became inevitable for us.

After making two or three points, I will conclude because I do not want to make a long speech. The Finance Minister has pointed out that our productivity is going down. I think, that in the coming months, certain concrete measures must be taken to improve our productivity. That is a national problem.

India is weak in the management of its economy. We are rich in our resources. But our certain organisations, for example, STC, MMTC, need to be streamlined. They do not know how to work in the international market. Sometimes we do export at a throwaway prices. Sometimes we miss a right kind of an opportunity. Sometimes we do not know how to advertise our own items. When I go to Europe or any other country....

MR. SPEAKER: Please do not elaborate it now.

SHRI CHANDRA JEET YADAV: some time I feel it hurts the national pride when I see that the Indian tea is being sold as Ceylonese tea. I think that the time has come when effective measures should be taken for austerity. We have not yet suc-

succeeded in creating an atmosphere of austerity.

Now I come to the last point, I think, to save the common consumer, the necessary effective steps should be taken for effective functioning of public distribution system so that further burden may not increase on the common consumers. With these works, I conclude.

MR. SPEAKER: Shri Nirmal Kanti Chatterjee.

(Interruptions)

MR. SPEAKER: You made a good speech.

(Interruptions)

MR. SPEAKER: You want to improve upon it!

(interruptions)

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Sir, what do you want me to say? You threatened me that as soon as I rise to speak, you will call for quorum. You were absent when I spoke. So, I would continue my speech.

Sir, I am really sad after listening to our Finance Minister. He has noted that prices have risen. He has even conceded that prices have risen this year at a higher rate than last year. He should have added that it is not only a higher rate but this is in addition to what has happened last year. This is taking a heavy toil in the level of living of our people. Unfortunately, the only answer he has provided to that is that we are left to the seasons and to God.

MR. SPEAKER: Mr. Nirmal Kanti Chat-

terjee, as a good parliamentarian, you should know that you don't have to criticise his speech. But you have to tell us why the Bill should be passed or why it should not be passed.

SHRI NIRMAL KANTI CHATTERJEE:

That is what I am saying (*Interruptions*) Had he been able to assure the House that against this threat of galloping inflation, he would be engaged in proving a thorough public distribution system all over the country, I would have been pleased. He has failed to promise that.

Secondly, when Mr. Fernandes talked, he was joked. He is present here. He had a powerful oration and was depicting the condition of Bihar and was heard by the Finance Minister. As he wanted to concentrate on other points he did not mention about the policy of freight equalisation. Regions of West Bengal, Orissa, parts of Madhya Pradesh and Bihar, the most poverty-stricken area, have been deprived of the facilities which nature has given to them. There is not a word as to what we can do in that regard. The bounties which nature has given to them has been denied by the leaders of the Government. They should undo this and allow the bounties to those States., Not a word has been mentioned by him about dismantling of freight equalisation. Sir, that creates difficulty for use to support the Finance Bill.

Sir, I would have been happy if the people could be told that price rise would be contained in some manner.

He has not only hurt this kind of people but also, even among the top groups, the smaller borrowers. He has levied interest tax. Yesterday also, I pleaded on this point. Banks have been asked to collect interests tax via raising their interest rates. I men-

tioned that the interest rate market rule is for those who are credit worthy and they can get the credit at a lower rate of interest.

MR. SPEAKER: Is it necessary to repeat it?

SH RI NIRMAL KANTI CHATTERJEE: No Sir. I am Just asking. I told him in the night. And I am still hoping to get a positive reply. He might have forgotten in the darkness of the night

(Interruptions)

MR. SPEAKER: But I was here to hear you.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: I remembered that I had to give company to you.

I want an assurance that the interest rate structure will not be allowed to function against the small borrowers. He should assure at least this much to the House that the higher rate of interest that has been charged will be only against the large borrowers and not against the IRDP borrowers of the country.

MR. SPEAKER: Nirmal Kantiji, appealing yesterday, today and in the Zero Hour is not socialistic chauvinism.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: Sir, I would like to mention only one point. I am thankful that he has conceded about consignment tax. The most dangerous part of his statement is about our economy. That is a worry which will haunt him a year

hence or a few months hence. Sir, at least some people say that the world is divided into South and North. There are two worlds at least. So long we are told, there were two Super Powers in the North World and that is not the picture any longer. If there has to be an integration against the North World, then it is the cooperation among the South integration, among the economics of the South which has to be fostered. Forgetting that, if you try to integrate into the world economy, then that is the road to the IMF, road of bondage to the World Bank, road of bondage to world's number one Super Power, that is, the United States' imperialism. Since there is no reference to this kind of a situation in the Finance Minister's speech, which must go wearily to every citizen of our country, once again they have to tighten their belts and move to fight as they had fought before 1947 to gain their independence. Sir, the threat is looming large before us. I do not know what is going to happen to our country, with these economic policies of last so many years forcing us into a situation...*(Interruptions)* You have not fought for the freedom of our country. You are not freedom fighters. You do not know what colonialism is. You do not know what the boots of the Whites are. Some of you have no experience of things before 1974. If you have a conscience. I appeal to that conscience. I was there in 1943 in Calcutta and I saw our women being assaulted by foreign soldiers. Therefore, I warn that on this question we must be on guard and the entire policy of liberalisation, of opening the womb to the imperialists and to the World Bank prescriptions must be resisted. If that promise is not forthcoming, then we have to dissociate and we have to walk out against the Finance Bill.

AN HON. MEMBER: No, no. NO walk out please.

SHRI NIRMAL KANTI CHATTERJEE:
Okay. Then if they want to be voted out, we can do that too.

[Translation]

SHRI NATHU RAM MIRDHA (Nagaur): Sir, I rise to support the nation moved by the hon. Finance Minister. We hear in the House and outside also that the hon. Finance Minister is not a politician and so does not know much about politics. I have been a member of this House for a long time. I have spoken many times but today is the first time, I am speaking about it... I know that your number has increased from 86 to 117...

SHRI RAM NAIK (Bombay North): You have worked very hard ... (Interruptions)....

SHRI NATHU RAM MIRDHA: Please listen to me. I have heard many people say that the hon. Finance Minister is not a politician and the Budget presented by him is not a good one. We all know that he is an economist of international repute. Given the time at his disposal I think he has presented a very good budget. (Interruptions).... It will take us a very long time to acquire the knowledge that he has. I think he has made a sincere effort to make a Budget that will resolve the economic crisis. Even Shri Advani feels that the hon. Finance Minister has done the right thing. He was not satisfied with the previous Budget. He is satisfied with this one and this assumes more importance since he is the Opposition leader. Nobody else could have presented a Budget as good as this one. This is a voice from my heart... (Interruptions).... I have advocated the cause of farmers throughout my life. (Interruptions).... In my constituency, the people vote as I tell them. I am one of the aged Members of this House. Please listen to me. Shri Manmohan Singh is still young. Our country is passing through a crisis. In our country the agricultural productivity is about 2 tonnes per hectare while in other countries it is 7 tonnes per hectare.

[English]

Now, I am talking about the productivity.

[Translation]

The productivity of the farmer has to be increased. We talk about productivity of industry in our country. They always play safe. There is no competition. Other countries have made a lot of money. I am talking of introducing competition in Indian industry. The protective system should be done away with. The industrial and agricultural policies must be given some direction. You have highlighted a number of shortcomings but these have existed for a long time. Due to the sesame crop we had to import 18 lakh tonnes of edible oil. Yes, I am talking about oil-seeds. We have been importing large quantities of pulses and we are still doing the same. We should not have any objection to high prices of pulses because the cost of living in India is among the lowest in the world. (Interruptions).... Prices are not controlled by us, they are affected by the growth of population. Nobody can check price-rise. If you can do so, we will hand over power to you. The increase in production is not proportionate to the increase in population and this is bound to increase the prices. It is not easy to check rising prices. Do not indulge in unnecessary talk. Prices cannot be brought down overnight. Productivity has to be increased, growth in population has to be checked and unemployment has to be removed. Only then will prices come down to some extent. All these things are linked together. You have knowledge of economics. I have written the report of the Agriculture Committee and the hon. Agriculture Minister, who is himself an agriculturist and he may see the Report. Presently, a L. P. G. cylinder costs Rs. 140/- where as it is sold for Rs. 70/-. How long will the Government provide subsidy? There is a lot of expense on petrol... (Interruptions).... I know you and Ambani very well. One Ambani will not solve the problem. The economy of each individual in the country has to be strengthened and only then can the country's economy be strengthened.

AN. HON. MEMBER: We were not aware of this.

SHRI NATHU RAM MIRDHA: Of course you know everything but you deliberately pose to be ignorant. Sir, I would like to say that all parties should support the initiatives taken by the hon. Finance Minister. I believe that the hon. Finance Minister, being a non political person, will certainly improve the economy and so we all should support him and encourage him.

SHRI SOMNATH CHATTERJEE: Why did you join the Congress?

SHRI NATHU RAM MIRDHA: I am free to join any party. I can even join your party if it is in the national interest. But the hon. Finance Minister is a true patriot. He has nothing to do with any party. He is only concerned with the country's welfare. We all should thank him from the core of the heart. He has presented the Budget of the country in which he has proposed taxes amounting to Rs. 2000 crore. In spite of that, a lot remains to be done. Economy of the country is in doldrums and we have to make further cuts in subsidies. We all have to work together for this purpose. Agricultural productivity has to be increased. Industrial products will have to compete at the international level. Just now hon. Shri Advani said that the income tax limit should be raised to Rs. 30,000. But there are many people who are earning just Rs. 3,000 per year. I can understand your concern about that section of people because we politicians have to take care of this section also. But today instead of pleasing them we must talk of justice. I would like to tell Shri Advani we also want to please them but the economic condition of country is very bad. As the hon. Finance Minister has said there is no possibility to increase the income tax limit above Rs. 22,000 but it can be considered at a later stage and so we should not create hurdles in his way. We all should support the Finance Bill.

SHRI GEORGE FERNANDES (Muzaffarpur): Sir, I am as dejected today

as I was on the day the Finance Minister presented the Budget. The description of the problems is correct but the proposed solutions are not acceptable to us. I do not agree with the concept that linking the Indian economy with the world economy will improve the situation. By World economy we mean the combined economy of the G-7 nations. These nations taken together account for 12% of the world's population and 70% of the world production. How can we compare the economy of poor countries. Like India with the economies of those nations when the per-capita income in India is Rs. 4000 and the per capita income in U.S.A. is Rs. 5% lakhs and in case of G-7 it is between Rs.4 lakhs and Rs.5 lakhs. The needs of the Indian people are different from those of the people of America, Britain and Japan. When we return from visits to foreign countries, we talk about the developments in those countries and want to know why such developments do not take place in India. As a result 'Pizza' Oyster burg and 'McDonald' are introduced here. We always try to adopt the latest trends in foreign countries but this thinking is detrimental to national interest.

Therefore, it is not possible for me to think the way the hon. Minister of Finance thinks, nor do I agree to his views.

Mr. Speaker, Sir, I heard the speech delivered by the hon. Minister of Finance. He reiterated the same point that had we failed to payback the debt we have taken we would have also been in the same condition in which countries of Lat. in America have fallen. I share the concern of the hon. Minister about Lat in America whose condition deteriorated because of their close link with international institutions like IMF, world Bank and other financial institution and multinationals. Therefore, Mr. Speaker, Sir, I would like to tell the people of the country this stark reality that be getting this finance bill passed, the Government is going to take the path which would lead to dangerous situation and which will not be a different situation from the situation of political slavery of the country passed through for a long time, unless

[Sh. George Fernandes]

corrective measures are taken against the implementation of this bill.

Mr. Speaker, Sir, the ultimate goal of Swaraj movement was to instill nationalistic feelings in people and attain self-sufficiency. Gandhi Ji started that movement and many of the present hon. Members of the House did not participate in that movement. At that time they may be too old to participate in the movement. It might be possible that the students in schools were not taught the lofty ideals of our Swaraj movement in the country and political leaders also do not bother to understand it. However, it is a fact that if we do not have nationalistic feelings and fail to achieve self-sufficiency we would be in great difficulty. I know that the Government will be able to get the bill passed in the House, but we cannot associate ourselves with this bill and the policies adopted by the Government. After presentation of this Budget, there has been steep rise in the prices particularly in regard to the fertilisers, and though it has been stated by the hon. Minister as a regional issue, it has further deteriorated the financial condition of farmers.

Mr. Speaker, Sir, in view of the present situation, I fear, the policy adopted by the Government and the Budget would lead the country towards destruction. The hon. Minister has not suggested the solution to these three issues the way he should have. Therefore, I oppose the Finance Bill, there is no question to support it.

SHRI BHOGENDRA JHA
(Madhubani): Mr. Speaker, Sir, I have been deeply disappointed to hear the reply of the hon. Finance Minister. Mr. Speaker, Sir, when Mir Jaffer allowed East India Company to carry business in India, he did not visualise the political ramifications of it. He thought that it was just a trading company. A senior Minister in the Indian Cabinet, I would not mention his name, had stated in America that the Government of India would

invite American investment, though ultimately he did not succeed in getting it done. But the policy the hon. Minister of Finance propose to implement seems to be very dangerous. I am more disappointed because such a great politician like Shri Advani also praised it. World it be possible even for such capitalists as Tata and Birla whom we accuse of imbalancing the Indian economy to compete with Rock Failure and Ford?

Therefore, it is a sign of danger for our economy and also for capitalist system. The industrialists who fail to understand the motive of this Bill will have to repent and face the consequences afterwards.

Mr. Speaker, Sir, I do agree that production should be increased. Shri Advani stated that the industrialists availed concession. Did they avail them to increase the production, the purpose for which the concessions were provided public money has been misused in hotels, smuggling and other unproductive works. Had it been invested to increase the production it would have been a work of patriotism and there would have been a definite increase in the production. At present, the country is in a very bad shape, Shri George Fernandes has rightly stressed upon the need to increase the production in the country. Yesterday, I wanted to know what relief was proposed to be provided to about 170 crore people; what relief was proposed to be provided to small scale and cottage industries so as to make proper utilisation of man power. But I am disappointed to see that very little attention has been paid on these aspects in the Bill.

There are number of banks in our country. The hon. Minister of Finance has been the head of these banks. When nationalisation policy was implemented there were 14 banks. At present various branches of banks are working in every area. In every block and the Government have to bear heavy expenditure for these banks which is of no use. Would it not be in the intent of the country that all the banks should be unified. The Employees Associations through out the country have demanded to unify them.

There is no need to spent so much on banks though it was repaired in 1969.

Similarly, I would like to discuss the matter of income tax. I do agree that the Government should charge income tax according to the policy. But the Government should fix the rate only once so that there is no need to increase it again and again. On one hand prices are rising high and on the other hand Government has been imposing heavy income tax. The hon. Minister of Finance should take measures in this regard also.

You had also given a statement on 3rd of the month in the House. We met the hon. Minister of Finance when Communist MLs and MPs from Bihar stayed dhama; and discussed all the mattress with him. I would not go into the details of the reply he gave. But now the hon. Minister should give reply in regard to freight equalisation as referred to by Shri Chandrajeet just now and which has been causing heavy loss to some states. Besides, I would suggest to fix the royalty of coal on the basis of the price and not on weight. It is in the interest of all the mineral producing states.

In the end, I would like to talk about the fertilisers. We are glad and we consider it to be matter of our victory that exemption has been given to small and marginal farmers. But if the scheme of giving grants to all the farmers is continued, it would be beneficial to increase the production. Instead of keeping it postponed, the Government should provide immediate concessions to agriculture.

[English]

MR. SPEAKER: Is the Minister interested in replying?

SHRI MANMOHANSINGH: I am very grateful to all the hon. Members who have spoken at this late stage and I must express my gratitude to the hon. Leader of the Opposition and other friends who have said kind words for me. After this long debate I think that it is a reward I greatly value and I am very grateful to them.

There is one thing that I do want to say. Our country is indeed in grave difficulties and at a time like this what we should stress to the world and the message should go out, is that we may have political differences, but when it comes to the question of saving India's honour, when it comes to the question of getting this country moving again, I think all sections of this august House start united. And I think if we stand thus united, all this uncertainty about our policies that the hon. Shri Chandra Jeet Yadav was talking about, that will melt. There are, no doubt, people outside India and India has many detractors abroad. And after all, if 850 million people thus wake up, I think there would be many people who would be worried about it abroad. They want India to remain in this loan equilibrium trap. And I think we must have a vision, that we must find ways and means to get out of this trap. Where there is provision, I think people will agree. And if this country has this vision, then there is nothing that the people of this country cannot do, there is nothing wrong with the people of India, there is nothing wrong with the workers of India.

Yesterday, Shri Fernandes mentioned about the workers the peasants of Bihar. I had been to several parts of Bihar. I agree with him. There is nothing wrong with the peasantry of Bihar. They are hardworking peasants as of Punjab. What is wrong is the system - the institutional system as well as the administrative system. If, Shri Fernandes for example, would set the Bihar State Elec-

[Sh. Manmohan Singh]

tricity Board right I assure them that we will get lot of money for investment in the power sector in Bihar.

I respect Shri Advance's sentiments about the effect of inflation, how inflation hurts everybody. I recognise that it hurts particularly the fixed income group squarely. But, I think, as Mirdhaji has pointed out, all these have to be dewed in the totality of circumstances. What sort of a message we want to give to this country? Has this country overnight become so rich in its fiscal system as to give out and hand out? I do not want to create that psychology. Our country is in very serious difficulties. It is the responsibility of each and every citizen of this country to share the burn. It is only then that you will create an atmosphere of austerity.

Sir, I fully share the sentiments that have been expressed by all sides of the House. then I talk about integration into the world economy, I am not talking of aping the lifestyles of the consumption pattern of the affluent West. We cannot afford to do so. even if we could afford to do so, then that would be a negation of what our culture and our civilisation has today.

I do talk of integration into the world economy. We should be able to look every one at the face. We want to be out of this begging game. We want to compete with the rest of the world on an equal footing. Our scientists, our technologists, I think, are capable of that; our entrepreneurs are capable of that. We must shed the inferiority complex that we are a poor country and that we cannot compete with the rest of the world. This is what has destroyed the self-confidence of this nation. I think, we must get out of that mentality. But this does not mean that I want to give McDowell or all

those luxury things. The basic needs of the people of India must have a prime place on the resources.

I would like to remind Shri Fernandes. He has quoted yesterday the Report of South Commission. What I have done in this Budget or what I am saying today is not in negation of anything, which was written in that Report. If you read it, I think, it is clearly stated that third world cannot be isolated and the third world has to be integrated into the world economy. The issue is not whether you want to be integrated or not, but the terms on which it will have to be integrated. That is what the North South dialogue says.

After all the third world is three fourth of the humanity and that we never three relent on our commitment to work together with the other countries of the third world, to put forth before the world community the case of the South. But before we can plead the other case, we must have an economy which is viable. And therefore the prime importance of getting this country moving again, the prime importance of setting our fiscal system in order, the prime important of seeing that our public enterprises run efficiently, the banking system is as efficient as elsewhere and that our economy and our society is imbued with a sense of idealism, with a spirit of enterprise and creativity which our people demand, which our people need. And this only can see us through this crisis.

I have touched upon some of these points earlier points earlier also. I want to assure the House with regard to matters relating to tax reforms, whether it is the exemption limit or whether there are other issues like customs reforms, excise reforms. I do agree with the hon. Members that the tax system in India is far too complex. There is lot of harassment of honest citizens. We

must move towards a simpler system which must be more transparent also. Any matters relating to tax moderation in some sense is better than expropriator taxation's which can never be made effective. Therefore, in the months to come, we will or on those things. Among other things, we will consider also this issue of exemptions, concessions or other things that we can do. This I commit. I have already appointed a Tax Reforms Committee to look into all these aspects of the matter. In the same way, I am committed to do everything in my power to see that India's banking system is reformed. I am not satisfied with the way the banks work in our country. I have been to various countries. In our country, I even in the case of State Bank of India, if you want to get a statement of account, there is a problem. In most other countries, all banking is done over the telephone. If this country has any ambitions to flourish in the world, then we must change our ways. It is the responsibility of banking management, it is the responsibility of the trade unions in the banking system, it is the responsibility of the trade union in the banking system, it is the responsibility of the Government to create an environment where all this can change. These are challenges before our country and I am sure that our country has the capacity to achieve these objectives. So, let us have confidence. Let us not weaken the spirit of self-confidence. Let us not create an environment in which the people of India loose heart because that would simply not help anybody in this country.

With these words, I once again command this Budget to the House.

SHRI LAL K. ADVANI (Gandhi Nagar):

Mr. Speaker, Sir, as I had stated in my speech earlier, I would only briefly mention that there have been four issues during the course of this debate. Firstly, it started with the Rajiv found nation; then it came too the fertiliser subsidy issue; then it came to the one-rank-one -person issue; and today, among other things mentioned in the course

of this debate, we have tried to highlight the need to give relief to the fixed income groups, even though slightly, only to community a message. I would only say that while in the earlier cases I found the Government somewhat responsive, I feel disappointed that on this last issue it has not been responsive, though the Finance Minister has held out a promise of rationalising the whole taxation structure, including this particular aspect. Therefore, as I said at the outset, only in order to show our disappointment and disillusionment with the Government on this score, we would like to stay away from the voting on this Bill.

15.34 hrs.

At this stage Shri Lal K. Advani and some other Hon. Members left the house

SHRI SOMNATH CHATTERJEE:

Mr. Speaker, Sir, so far as we are concerned, we he expressed our views and listened very attentively to the very lucid exposition of his point of view by the hon. Minister. We have heard the Government's policy to deal with the inflationary situation. We are told that we have to wait for three years for the effect to be felt. What will happen during these three years, he has not indicated....(Interruptions). Sir, we have good wishes for these young Ministers. They should also restrain themselves.(Interruptions)

I need not take your advice. The financial and economic problems faced by the country today are very acute. They are faced by a larger section of the people. The hon. Finance Minister. has not spoken a single word about them. We don't know. We have not understood. Not one word has been said excepting that to avoid default in payment of our foreign exchange obligations, the measures were taken. Not one word has been said as to what is the objective of the economic policy of this country? For whose benefit is this policy? What will happen to the crores and crores of unnamed-played youth in this country? Not

[Sh. Somnath Chatterjee]

one word has been spoken. What will happen to the sick industries in this country? Not word about it has been spoken. What will happen to the efforts to remove the regional imbalance in this country which has admitted? Not one word has been spoken.

I found that my hon. friends on the treasury benches, on the Congress side, were very strongly and enthusiastically thumping their desks when the hon. Finance Minister was criticising the functioning of their previous governments. [Interruptions] They had supported the policies and the Budgets which are repudiated by the Finance Minister today. [Interruptions] You had supported the Budgets during Mrs. Indira Gandhi's time and during Shri Rajiv Gandhi's time and now you are also thumping the desk when those Budgets are being repudiated today. This is the consistency of your policy. I am, therefore, not enamored of your policy.

Today we are hearing some new things which are coming up. I do not know whether Shri Nathuram Mirdha had supported the policies then also. [Interruptions] Today he has found a new hope and something new. When I said that what was the objective, he thought that I was freeerring to gem personally. I did not refer to him personally.

I, therefore, say that it is not a pro-people Budget. This is an anti-people Budget. This is a sell-out Budget. India's sovereignty is being bartered away and is being sold today. We have high personal respect for the good Finance Minister. He knows it very well. [Interruptions] I am not going to learn from the new recruits to Youth Congress.

SHRI INDERJIT (Darjeeling): Stop using old and our-dated clich_. Come out with something new.

SHRI SOMNATH CHATTERJEE: Let us see.

SHRI MURLI DEORA (Bombay

South); the age has been increased.

SHRI SOMNATH CHATTERJEE: there is not one word about the freight equalisation which is a very vital issue. You are talking of liberalisation and you are talking of market economy. Then how do you support the freight equalisation? Please tell me. On which principle you will support? What is your policy? What is the principle behind it? Are you not giving the subsidy to some areas of the country? When you are taking away the benefit of geographical location, where is the open competition? You are not able to do that.

Mr. Finance Minister, you are a recent recruit. You have been recently rerouted to the Congress party. You cannot get out of their internal problems which are there. Unfortunately you have got yourself into it.

There is no word about reduction of prices or about solving the unemployment or about freight equalisation. There is no word about removing the economic divide amongst the people of this country. This Budget is meant for a handful of people; the benefactors of the ruling party in this country and of the likes of Shri Murlid Deora. He may represent Nariman Point; but he does not represent 850 million people of this country.

SHRI MURLI DEORA: There are poor people also in Nariman Point. [Interruptions]

SHRI SOMNATH CHATTERJEE: therefore, Sir, we are sorry that we cannot be a party to the bartering away of our economic independence. We do not agree with the Finance Minister. We, therefore, do not associate with this Bill.

15.39 hrs.

At this stage, Shri Somnath Chatterjee and some other hon. Member left the House.

[Translation]

SHRI GEORGE FERNADES (Muzaffarpur) : Mr. Speaker, Sir, the Government of the day has turned a blind eye to

the values of freedom movement. It has bid farewell to the values enunciated by Gandhi Ji and has given up the principles of self-reliance and self-sufficiency. As a protest I and my colleagues boycott the proceedings of the House for the day.

15.40 hrs.

At this stage shri George Fernandes and some other hon. Members left the House.

[English]

MR. SPEAKER: the question is:

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

Motion was adopted.

MR. SPEAKER: the Finance (No. 2) Bill, 1991, as amended, is passed.

15.40 1/2 hrs

MOTION RE. COLLAPSE OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED—*CONTD.*

[English]

MR. SPEAKER: Now, we take up item No.9. Shri Jaswant Singh was on his legs. He may continue his speech now.

15.41 hrs.

[MR. DEPUTY SPEAKER in the Chair]

SHRI JASWANT SINGH (Chittorgarh): Mr. Deputy Speaker, Sir, the hon. Finance Minister has really gone through a very trying ordeal since morning and he looks very tired. So, it would be better that we may break for about 10 or 15 minutes now, so that he can refresh himself and we also can have a cup of coffee.

SHRI SOMNATH CHATTERJEE (Bolspur): Sir, it would be ideal if we adjourn

for about 15 minutes now and we can meet again at 4 o'clock.

MR. DEPUTY SPEAKER: The House stands adjourned to meet again at 4 o'clock.

15.42 hrs.

The Lok Sabha then adjourned till Sixteen of the Clock.

The Lok Sabha re-assembled at four minutes past Sixteen of the Clock.

[SHRI SHARAD DIGHE in the Chair]

MOTION RE: COLLAPSE OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD. (BCCI)—*CONTD.*

[English]

MR. CHAIRMAN: Shri Jaswant Singh.

SHRI JASWANT SINGH (Chittorgarh): Mr. Chairman, sir, we resume the Discussion on the interrupted Motion on BCCI. On Friday last, we adjourned the discussion on a somewhat contentious note, Hon. the Finance Minister has shared some facts about the establishment of BCCI with us and the facts indeed are sacrosanct. I entirely agree with the hon. Finance Minister.

But facts are not, however, open to conveniently selective interpretation of them. I will be verting back to this very shortly. We have also then witnessed a somewhat perplexing spectacle. The Treasury Benches and the Congress Party had gone into paroxysm of simulated horror at the establishing of a representative's office of BCCI in India in 1979. Of course, personally I welcome this demonstration even if it was fake because we are confronted by a very curious reality. In the face of world wide exposure of the misdeeds of BCCI and indeed an universal condemnation of these misdeeds. The present Government of India and the Congress Party appear to be the only two agencies in India, or elsewhere who are