

[Sh. C. Sreenivassan]

considerably less. This will, in turn, greatly affect the foreign exchange earnings of about Rs. 800 crores per annum out of the export of this item.

Moreover, Sir, the leather industry is already facing recession because of other external factors. With the continuing recession and the proposed burden of 10 per cent export duty on finished leather, it is feared several lakhs of employees engaged in the leather industry as also in the export business particularly in Dindigul in Tamil Nadu, which is under my constituency, will be displaced thus aggravating the unemployment situation in the country. Any proposal for levy on leather would only lead to retardation in production and export of leather items and foreign exchange earnings.

I would, therefore, request the hon. Finance Minister to look into this matter and take immediate action to withdraw the proposed 10 per cent export duty on finished leather so that the interests of exports and the people engaged in this industry may be protected.

MR. SPEAKER: The House stands adjourned to meet again at 2.25 p.m.

14.27 hrs.

*The Lok Sabha then adjourned for Lunch till*

*Twenty-five minutes past Fourteen of the Clock*

*The Lok Sabha re-assembled after Lunch at thirty minutes past Fourteen of the clock*

[SHRI SHARAD DIGHE *in the Chair*]

FINANCE BILL, 1992 - CONTD.

[English]

MR. CHAIRMAN: Shrimati Geeta Mukherjee to continue her speech on the Finance Bill

SHRIMATI GEETA MUKHERJEE (Panskura): Hon. Chairman, to refresh the memory of the House. I shall give a very brief gist of the points made by me yesterday.

I observed, this Finance Bill will enrich the richer and hit the poorer. In this connection, I mentioned that eighty per cent of the Government revenue still comes from the indirect taxes whose burden is being borne by the commonmen. I pointed out, how the decision to allow big industrial houses to open their own mutual funds and exempting such funds from income-tax will lead to speculation rather than inducing industrial production. I took exceptions to the exemptions to Wealth Tax and some of the Capital Gains Tax. I pointed out that these things are hitting not only poor men but also small scale industry sector which is still a biggest employer in our country. I mentioned the suicide and starvation deaths taking place among the textile workers.

Today I will straight away come to the point on which I was talking in the middle. That is the question of resource mobilisation. Yesterday, some Members of this House have rightly pointed out that there is a possibility of serious drought this year and some are also talking about cyclone. I believe both may be there. Undoubtedly this is a very dangerous situation.

Yesterday, I objected to the fact that this Government is refusing to tax a very big section, that is rural rich, while it is making all attempts to enrich the richer. They are not touching the rural rich. I would like to state here that during the Question Hour, something was discussed about raising of procurement prices and strike in the *mandis* of Punjab on the one hand and on the other, there was this question of why should the Government import wheat. The hon. Minister, Shri Tarun Gogoi actually played a very innocent role. He neither denied that they had decided to import nor had he said that they would import it. But he said one thing, the implications of which he kept rather hidden. He said, "Yes, the Government wanted to import at a particular moment but it has not yet decided upon it."

Then he said :-

"In response to the tender floated, very high price has been quoted".

He did not say who quoted this high price.

Let me make it clear that that fact is known to me unfortunately. It is the same people of the Punjab green belt and the green belt elsewhere who did not cooperate in the procurement nor this Government try seriously. One thing more. It is they who were the first, the Punjab lobby was the first, to respond to this tender and let me state that this tender which he did not state, the first tender, was not less than Rs. 630/- per quintal. Just imagine. Not sellign even at the market price, holding on to it and now wanting Rs. 630/- from our own country, from our own Government! What I would like to say is that you cannot have it both ways. You must take one way. You must look at the poorest of the poor. You will have to import wheat this time is due to the fact that you could not procure. He said procurement is as poor as last year. But the situation is not as it was last year. Therefore, what will happen? Will you pay this price? Otherwise, you would not get it. Because international market is not like that, that even they will quote lesser price now. It is, in fact, the other way. It is also very high. Therefore, how will the Government keep the public distribution system running, if it is running at all, to the extent that it is running? Wherefrom will it have to give away? Yesterday I said that the mutual fund, for that, neither Shri Rameshwar Thakur nor Shri Dalbir Singh nor I will pay. Here I will say the same thing. Who will pay for that? This is really terrible and moreover this pressure of inflation will be there. So, with that, what is likely to happen to the poor? Starvation deaths, not only of the textile workers which are being reported, it will be galore among the poorer people. I would like to know how you are going to meet this situation.

In this connection, I would like to say something about women. A lot was said about women yesterday and it was said that women entrepreneurs are being given income-tax exemptions so that they can

flourish and so on and so forth. Excuse me, this is really a political gimmick. Nor do I agree with those who want even higher slabs also be exempted, as Shri Santosh Mohan Deb said. The point is if you wanted to do something for the millions of women, the first thing that you should have done is not to levy so much excise duty on the essential commodities. It is there where the key lies. You throw that away and show us why the income-tax slab you kept will be given some exemption. This is not the way to deal with women. I will tell you what our country's experience is. All the movements we fought till the time that I remember joining the movement—I joined the movement in 1939—up to today, every movement which won, it is the women who participated in it. Otherwise, no movement had ever won. I can tell the Government straight that if this remains the policy, women will not let you go. They are meek but when occasion arises, they can really flare-up. That will be the situation.

Moreover, there is another thing with regard to allocation of funds. The total allocation for Agriculture, Flood Control and Rural Development was reduced by Rs. 40 crores, that is by five per cent, in July to March of 1991-92. This time, it has been said that in this year, under this Head, there will be an increase of 10 per cent. Let us just remember that the rate of inflation is 12-13 per cent. Therefore, this 10 per cent increase will be eaten up, in real terms, by inflation. So, this allocation for agriculture will really not be an increase. On top of that, the Handloom Sector's allocation has decreased from Rs. 262 crores to Rs. 216 crores. Taking the inflation into account, it will be naturally much less in real terms. Therefore, imagine the scene that will be there among the rural poor, among the weavers. The textile industry as a whole will be hit. But the Handloom Sector will be much more hit. Therefore, please just try to understand the scenario.

Sir, there is one thing. A lot has been said about the recently-given relief to the middle-classes. But I must say - every paper has commented and I have also worked

[Shrimati Geeta Mukherjee]

out - that whatever has been given by one hand has been really taken by another hand. Maybe, even more has been taken back. The whole calculation has to be made. But, doubtlessly, nothing has been really given. It has been stated here. I do not think this way is a very honest way of putting things. Please excuse me about my use of language. This is with regard to what I said about the concessions.

About women, earlier I told and I will tell you another thing. You have imposed the taxes which I have said earlier. You have increased the Government Employees' Dearness Allowance. But those who are widows of employees, they will not get Dearness Allowance if they are employed. You say that there is double payment of Dearness Allowance. Why should it be so? The point is she is earning; she is giving her labour. That is why you are giving her the Dearness Allowance and that is because of the fact that she is entitled to the pension. Why should they not be given the Dearness Allowance?

May I remind you of the *Anganwadis* and the *Balwadis*? I fell ill and I could not listen to the answer of our Minister for Human Resources when I raised this point. I would like to know one thing. To the very big part of the women community, how much really are you going to give? I put this question because a lot of letters I am getting from them, being the President of one of the All-India Unions.

Lot has been said about garnering of black-money or your taking steps against tax avoidance etc. But may I ask, before this particular Government came to power - in between there were Governments of somebody else and earlier to that the Congress Government - in these years, which are the main houses who gave zero tax returns in India? Is it not the Tatas etc? So, their zero tax returns will be very much encouraged by your present attitude towards monopolists and multinationals. Yesterday, I dealt with it at great length. Will they be so good that they will just jump and get into your

net? I do not believe at least that such a thing will take place.

Before I conclude, I will just like to know one thing because some gentlemen and ladies have asked me about it. I have heard that Shri Manmohan Singhji had an appointment with the freedom fighters. And they made a plea that the freedom fighters' pension should be raised. If one had been always fighting for the cause of freedom fighters. Sontosh Da knows it very well. How many genuine cases are there who are getting Rs. 700 excepting the spurious ones that your Government has given? There is a *Swatantrata Sainik Sammelan Puruskar*. But I would like to know whether you are keeping that commitment.

In any case, with the points covered by me yesterday and today, it is most natural that I am opposing the Finance Bill as it stands and the philosophy behind it, as it stands, on my behalf and on behalf of my party the CPI.

Since Shri Manmohan Singhji has come, I just want to say one word. Last time also you did not have the courtesy to be present when I spoke on the Finance Bill. You told me that you would be discussing with me. But you never discussed. I will ask you the same thing. I had thought that I would raise the same point if you are present.

About saving foreign exchange, I suggested that you cancel among other things, at least some domestic flights. But instead of that you have increased the number of domestic flights. I do not use flights very much. But one day I went to Nagpur and to Raipur. What did I see there? I saw that the flight was fifty per cent empty. One day I wanted to go by the Vayudoot and I asked about the availability of seat. They said that they have 75 seats vacant. The same was the thing when I was coming from Shri Scindia's Gwalior. Is this the way to do things? What have you done? Why did you introduce more flights after last time? This point should be answered by you. Do not answer like you answered last time that, "I want to disrupt all the communications." It is

because no poor person uses this communication of domestic flights.

[Translation]

SHRI CHANDULAL CHANDRAKAR (Durg): Mr. Chairman, Sir, our Budget has been presented in the month of February since the British period. They had started this tradition for their benefit. After passage of a long time the Budget is still being presented in the month of February which has been causing an estimated loss of thousands of crores of rupees to the country. If you present this Budget after the rainy season, say in the end of November, all the information relating to foodgrains produced, irrigation facilities made available and electricity generated in the country can be made available easily. That is why, in our country, business community prepares its budget after Diwali. I would like to urge upon the hon. Finance Minister, who has been observing the economic situation for the last several years, to present the Budget again in the month of November so that it could present the real position of the country.

Now-a-days you prepare the Budget on the 5th of February and the funds are made available in the last week of April or first week of May to any village or district. That money cannot be used properly due to rains. What would be the use of the funds in Assam. The allocation of funds reaches Assam when it starts raining there. In the same manner, some other states also face the same situation. I would be grateful if you present the Budget in the month of November.

Secondly, the budget is a mirror of the economic situation of our country. There are two-three major problems in our country. The country should ponder over these problems. Increasing unemployment is the constant problem of our country, which should have been given and is to be given a serious thought. There is no doubt that the number of unemployed youth is increasing here day by day. According to the Government calculation it is 4 crore and 20 lakh, but actually the number is many times more. There is a need to take some concrete and

comprehensive steps which are not seen in the Budget. I would like to suggest that there are about 1 lakh 15 thousand Gram Panchayats in our country and in all these Panchayats at least small and medium scale industries should be set up where at least 100 boys and girls may be employed. There is a lot of scope in it. These industries can be Agro industries or otherwise. Owing to setting up everything in the cities, the people of the villages are coming to the cities. That is why, a number of problems relating to housing, water, electricity and others are increasing. If you set up industries in the villages, they will get their employment there and the number of problems will also be less.

For the purpose, late Leader Shri Rajiv Gandhi set up a small and tiny industry development Bank with its headquarter at Lucknow. His intention was to set up more and more small and tiny industries in the villages. The regard and the importance which should have been given to this Bank are not being given. Our Finance Minister and our Government hope that they will be in a position to meet the requirement of all the small, medium and big industries to be set up in the country. I hope that these industries to be set up in the country. I hope that these industries will be set up in big cities like Bombay, Delhi and Ahmadabad. But will the hon. Finance Minister ensure that more and more industries will be set up in the areas where there are no industries, and in the small cities and in the capitals of our States, so that all the industries do not concentrate only in the big cities but also spread to the small cities. Many people will get employment therein and the problem of environment, water and electricity will also be solved to some extent. On one hand we are liberalising the rules and regulations to set up big industries, which of course should be done for the purpose. But on the other hand the control on the small and medium industries is increasing. How is it increasing? As there are 10, 12 or 15 departments, when the industry inspectors of these 10, 12 or 15 departments visit the industries, their work suffers. The small industrialists do not have accountant, clerk or that much staff to show their accounts and other papers daily. This

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results in the fall of production and rise in corruption. I will submit to the hon. Finance Minister that the grip of rules on these industries should be loosened. But it is also necessary to have some control over them but it should not be in the way that it may affect production and give rise to corruption. Today what is happening in our country, the youth want to enter into industries or into contractorship but these Mafia people keep such youth at bay at gun point. They people get contracts even in Government offices at gun point and do not allow the youth to come nearby.

Then they further sell these contracts to someone. This practice is on the increase. Not only this, even if the young men succeed in getting contract, they people do not allow them to complete these contracts. The collector and S.P. in the districts support the mafia, the dada or the unsocial elements and derive benefits from them. They do not let these youth make progress, who enter into this field. What is this going on? We talk of privatisation and joint venture in Public Sector. When the private industry becomes sick then it is said that the Government should take over it. when we talk about public sector, it is said that it should be given to private sector. Last our brethren from Bengal should get annoyed. I would like to submit that it is clear that many sectors are mixed there and many others have gone to private sectors immediately. We do not want that it should be done like this. Today, whether it is a private sector, public sector or joint sector, everywhere efficiency is needed. It means that in every field, attention should be paid towards efficiency in management. Workers come and work and go away after taking their wages. If the private industries, public sector or joint sector are becoming sick, it means that the management is defective there. Hon. Finance Minister, sir, start come management training courses or give them to the management professionals to bring improvement since there are I.A.S., I.F.S. or I.P.S. everywhere. Therefore, a few years back I.E.S., Indian Economic Service was started, since the I.A.S. people did not allow

them to function. Therefore, the professionals should remain there so that industries in the private sector public sector or joint sector may not become sick. The electricity boards and state transports in every State are in very poor condition and these are running in loss. To improve their condition, it is said that these should be given to private sector. Do you think that their condition will improve by handing them over to the private sector? Bring in the efficient management and do not let the politics come into it. Let them do some work and exercise some control on them. State transport and electricity board should be brought under control. I do not want to discuss the small industries. What is going on in our country? We have made seven five year plans but the regional imbalance is growing whether you have a look at Northern Uttar Pradesh, Northern part of Madhya Pradesh or the Jharkhand area of Bihar, there are many such areas. My suggestion is that you put the proposal to form small States in the cabinet. It is said that many disputes will come up by opening the issue of reorganisation of States as it is like a Pandora's Box, but we have at present 32-33 States which may increase upto 40. One should not be afraid of it. If the administrative expenses will increase as a result of it then the benefits will also be more. For example, I want to submit that there are seven districts of Madhya Pradesh which are called Chhattisgarh. Government receives a large amount of revenue from the region. Bastar, Raigarh, Shadol, Nalgaon, and Durg etc. are included in Chhattisgarh. Government receives revenue from Bhilai Steel Plant, from Corba, from the jungles of Bastar, from Belladila or from the minerals found in that area. But the State Government spends only one hundred to one hundred and half crore rupees there. The youth, the farmers, the labourers the businessmen and all others want that Chhattisgarh should be given the status of a State, a separate State should be formed.

15.00 hrs.

That is all the more necessary from other point of view also that the unemployment is increasing there and the

youth there do not get any work. When Madhya Pradesh was formed, it was formed from the remaining small parts of North, South, East and West.

There are seven rivers in Madhya Pradesh but the State Government is not utilising the waters of these rivers properly. Water should be utilised, properly, whether it goes to Bihar, Gujarat, Orissa or U.P., we do not have any objection. But the farmers of Madhya Pradesh must get water first for irrigation, which they are not getting, as big irrigational projects are not constructed on the rivers there. We have been observing for many years that the land is fertile there the labour is hard working and the people are comparatively honest. Therefore, if the irrigation facility is made available there then Madhya Pradesh can give more production of oilseeds, pulses, wheat, rice etc. to the country. As America is saying that she would not give wheat to India because the later is giving rice to Cuba, this type of situation will also not come up. We can have good production. Therefore, my submission to you is that the water of the seven rivers of Madhya Pradesh should be utilised and for it the Government there should be requested and there should be some control on the grant given by the centre with a view to ensure that it is being utilized properly. Therefore, whenever the issue of making small States comes up, Chhattisgarh should be made a State.

The hon. Finance Minister has taken some very important steps to encourage industries and to increase production, I extend thanks to him for it and welcome these steps. Besides, we want that small industries, domestic industries, rural industries and medium industries should also be encouraged. Apart from it, the agriculture production should also be increased. There is a dire need to enhance the production of fruits, and other agricultural items. The Government should encourage to increase the production of pulses and oilseeds. Besides, attention should be paid to check the deforestation. The people in Madhya Pradesh, plant Sagaun trees and cut down it after five to six years. Therefore, proper arrangements should be

made to look after the jungles.

There are three Horticulture Universities in the world. The first is in Canada, the second is in Switzerland and the third is in Himachal Pradesh. The subject of afforestation and planting fruits trees should be taught in the horticulture university and encouragement should be given for it. If you encourage our agriculture, our production will increase and we shall get more production of foodgrains. Since the population is increasing rapidly and for that we need more foodgrains. The Government has launched many programmes to contain population growth, but despite that it is increasing by leaps and bounds. Although certain drastic measures were adopted in 1977, for which the congress party had to bear the brunt. I would again ask the hon. Minister of Finance to gather courage and take stern steps to check unbridled population growth.

Mr. Chairman, Sir, we have taken very concrete steps in the Eighth Five Year Plan to increase agricultural production including that of fruits, oilseeds, pulses etc., and for afforestation. Although the Centre provides subsidies to all the States for oilseeds and pulses, yet the farmers do not benefit from it. One is at a loss to understand as to where it disappears. Therefore, hon. Minister of Finance, Sir, I would suggest that instead of allocating funds to the States for providing subsidies to the small farmers, the Government would do well to increase the procurement prices of foodgrains. I would also like to point out here that the existing procurement prices are too inadequate keeping in mind the heavy expenditure the farmers have to incur on power, irrigation interest on bank loans etc. Similarly, the prices of pesticides and fertilizers have also gone up, adding to the farmers' woes. Therefore, the Government should at least increase the procurement prices, so that the farmers may produce more and thus lessen our dependence on imported foodgrains. Keeping this objective in mind, the Government should pay more attention towards the establishment of such industries, which would benefit the agricultural sector.

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Mr. Chairman, Sir, recently the Prime Minister said that the functioning of the Public Distribution System would be improved and strengthened. Lately, I have been to my State of Madhya Pradesh and I have found that the system is lying absolutely paralysed. Many items including wheat, rice, sugar and kerosene are not made available for the past three to four months, sugar has not been supplied. One is at a loss to understand the reason behind all this. The Government should order a probe into it and find out the guilty. The people are complaining that things are not being made available to them, despite the Prime Minister's assurance to the country. The Government should find out ways and means to redress this grievance. Let not the people accuse the Prime Minister of making false promises. The Government should not let this happen.

SHRI MOHAN SINGH (Deoria): Mr. Chairman, Sir, I would like to thank you for providing me an opportunity to speak against this Finance Bill.

Sir, it would be an exercise in futility to complain that the successive Congress Governments responsible for the present State of Affairs viz. poverty, price-rise, unemployment etc. In fact, the perpetuation of these ills is an integral part of their policy and identity. Therefore to expect the elimination of poverty, mortgages and unemployment as a result of any Finance Bill or a budget would be living in a fools paradise and such expectations arise in the minds of only those who expect something from the policies that are being pursued since the past 40-45 years. The policies adopted and being followed assiduously since last year is bound to give a fillip to these problems. When the last Budget was presented the Union Finance Minister gave repeated assurance within and outside the House that the price-rise would be checked within the next two months and that gradually the Government would be able to exercise and effective control over it. Later on, he said that the Government would be able to check price-rise by October or November and now the hon. Finance Minister

has come out with a statement that the price-rise would be gradually checked within the next three years. The Finance Minister doesn't possess the resolve and courage to stick to his promises because he is very well aware of the fact that his policies are not going to check price-rise, eliminate unemployment or even put an end of the famine and drought that hits the country, every year.

Mr. Chairman, Sir, just now we were talking about inflation during the course of which the Finance Minister claimed that very soon it would be brought to a single digit, but even last month, it was recorded at 13.27 per cent and as per the weekly reports in newspapers, the figure even now stands at 13.7, 13.5 and 13.17. So far as the question of price rise is concerned, the whole sale Price Index as on 20.4.91 stood at 192.9 and although this year it was said that the price rise would be brought down to last year's figure, the achievement is that it has gone up and the figure as on 19.4.92 stood at 218.5. Thus, the rise in prices is comparatively faster than inflation and it can by no means be compared to the progress made by the country. It is impossible to achieve the ambitious 5-6% growth rate as envisaged by the Government. The pace of inflation and price rise is four times higher than the Government's wildest imaginaitons. Same is the situation of unemployment. So, first of all, I would like to say that poverty or scarcity cannot be eliminated through a Budget or a Finance Bill. There is famine in 9 States of the Union and there is an acute shortage of foodgrains throughout the country and according to the weather forecasts, the coming monsoon won't be that favourable as to accelerate agricultural production to meet the challenges posed by the famine. Therefore, sir, we will have to think about our policies afresh and if the Government doesn't change its thinking, then the unemployed, the famine and drought stricken people of this country will compel them to change their policies. This Budget or this Legislation does not provide any encouragement to the Public Sector. Almost every day, the Prime Minister goes assurances to the workers that the policies pertaining to Public Sector won't had to retrenchments but apart from the

voluntary retirement scheme, there is no provision in the Budget to strengthen the Public Sector and encourage its workers. Kanpur is an old city and there textile mills under National Textile Corporation and the British India Corporation. 25,000 employees have not been paid wages since April, 1, last year. Similarly, w.e.f. May 1, 1992, 3,500 workers of the F.C.I.'s Gorakhpur Unit have not been paid any wages. The unit has been lying locked since the last one and a half years. Despite the closure of the unit, they were being paid the wages, but with effect from May 1, when the entire country was celebrating May Day (Workers' Day) there employees have stopped receiving their salaries. Unfortunately, the Union Government and the Minister of Finance is not paying any attention towards the plight of these workers. Therefore, I would like to ask them that Service conditions of the workers of these Public sector Units should remain intact. Prime Minister gives assurance that the service conditions of the public sector workers shall be honoured, I would like to submit to the Government that it should consider it seriously why the wages of the labourers have not been paid. We expect that Finance Minister would give some positive reply to this serious issue while replying to the Finance Bill.

Secondly, there is the question of Centre-State relations. It has been submitted time and again that if small States are formed, country would make progress. That is not so. The country would make progress only when they do not depend on Centre. Our position has changed. The smaller States being formed by the Government continue to depend on Centre for resources to a great extent. The Government should seriously consider the guidelines prescribed by Sarkaria Commission for financial resources. Delivering a lecture at the meeting of NDC, the Finance Minister himself had admitted that the increasing deficit in the States would compel the Centre to stop the amount of assistance to be given to States for developmental processes. With the passage of time the Centre would not be able to release any assistance in the power sector as the deficit economy is becoming a burden.

A total deficit of about rupees twenty thousand crores by all the States together is on the increase. So long as the States would continue to depend on the Centre and so long as the deficit continues to be the responsibility of the Centre, the economy of the country cannot improve.

Tax structure and tariff rates differ from State to State. Octroi system has been withdrawn in some States. In other States the rates of sales-tax is comparatively low than that obtaining in other States. As a result people smuggle goods from one State to the other in order to evade taxes. Dishonest people try to find out other means for doing such business. It is the responsibility of the Central Finance Ministry to call a meeting of all the States and to bring about uniformity in tax structure. Similarly, the rates of tariff should be revised from time to time and the Centre should provide guidelines to States for fixation of rate of taxes. There is great difference in electricity rate per unit in Uttar Pradesh and Bihar and in Delhi. Uttar Pradesh has enormously increased the electricity rates. The result is that the Uttar Pradesh Government has drastically increased electricity rates recently at the Centre's directives. The direct impact of the increase is that small and medium industries in Uttar Pradesh, which is industrially backward State, would become sick and perish. The Government should take this factor into consideration.

Similarly there is great difference between the credit deposit ratio in Banks in one State and the same in other State. It is highest in industrially forward States like Gujarat get the maximum benefit of credit deposit ratio today but the credit deposit ratio in Uttar Pradesh and Bihar is low and I would like to say it frankly that all our public financial institutions and undertakings about a discriminating attitude towards industrially backward States in respect of development, industry and all other areas. Its limits should be prescribed, uniformity should be brought about and the Government may give a thought to increase credit deposit ratio, particularly in industrially backward States. I hope the Finance Minister would lay down



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some guidelines in this regard.

Secondly, I would like to point out that the estimated cost of the projects started by Central Government goes up when these projects are not completed in its stipulated period. The report of the Programme Implementation Committee for the year 1991-92 states that the estimated cost of 307 projects of the country has risen from Rs. 70,043 crore to rupees 94,511 crore since these projects have not been completed in their stipulated period. Emphasis is laid on financial discipline here again and again but due to this financial discipline all our projects are being affected adversely as they cannot be completed in time. The nexus between officials and contractors results in escalation of cost of projects. This is putting a new kind of burden on our economy. Government needs to think over it seriously.

The Government and the Finance Minister of the country has granted concessions to smugglers just to win their laurels. That concession is that we can bring five kilograms of gold from foreign countries. Earlier the Government had imposed heavy tax on it but now it has brought it down. I would like to ask whether it would help in any way in checking smuggling of gold? Three hundred tonnes of gold is consumed annually in this country and three fourth part of it is brought into the country by smugglers. The Government may go on lowering tax to any extent it likes but the greatest way to hide the ever generating black money is to purchase gold. Dishonest people of the country succeed in hiding the black money by purchasing gold. The Budget or the Finance Bill presented by the Government of India do not suggest the ways to plug the generation of black money. Instead, the Government is adopting finer means of encouraging or boosting black money.

The Government had imposed tax at the rate of nearly 14 to 15% on gold to be brought by NRI's but it has reduced it now to 7 to 8%. In Pakistan, the rate is 3%. If the Government reduces it further, that country

will make it tax-free. So the smuggling of gold from that country to our country is continuing. It knows no end. In order to curb black money effectively, the Government should take stringent steps.

Mr. Chairman, Sir, hon. Finance Minister has given some concessions in wealth-tax and income-tax retaining some existing provisions. I would like to submit in this regard that section 80 CCA under which people were encouraged to seek early retirement and engage themselves in self-employment, has been deleted. This provision enabled people to save more money so that they would take to self-employment. I would like to request the hon. Finance Minister to restore 80 CCA and 80 L. The Government has constituted SEBI to regulate capital investment, brokers and banks and to put the policies to an end that encouraged illegal trades. It should be strengthened to curb all forms of black money.

Mr. Chairman, Sir, some concessions have been given in excise-duty on taxis. A particular category of people have taken undue advantage of the concession and it has appeared in newspapers that the cars have been shown as taxis and thus evasion of excise-duty to the tune of Rs. 20 crore has been done. Excise-duty was evaded by Fiat, Maruti and Ambassador car agents. Those who do not drive Tax, but have purchased cars for personal use, have misused the concession by getting bogus registration of their cars as taxis done. I would like to submit that the Government should give it a rethinking provide concession only to those taxi-drivers who have got themselves registered with R.T.O. or find out some other ways to curb tax-evasion. The hon. Finance Minister may find out some ways to curb it.

SHRI GEORGE FERNANDES  
(Muzaffarpur): A Member of Parliament also owns an agency.

SHRI MOHAN SINGH: A Member of Parliament also owns an agency that distributes cars. That person has taken maximum advantage of the provision. An inquiry should be ordered in this case also.

SHRI GEORGE FERNANDES: Inquiry has not yet been conducted.

SHRI RAJVEER SINGH (Aonla): Does a Member of Parliament also have an agency?

SHRI MOHAN SINGH: Of course, Sir, it has appeared in newspapers that there is an agency in Pune and that agency has sold highest number of cars in two months and all the cars sold through that agency have been shown as taxis. It might have been in the knowledge of the Government or Finance Minister but neither the matter was ever considered nor inquiry was made into it.

Mr. Chairman, Sir, in this manner, all the firms of Hindalco were raided last year. An FIR and a charge sheet were prepared against it. But the charge sheet was not produced in the Court. The officials must be having some conspiracy in it.

My submission is that the Government should think seriously in regard to the amount involved in the suits pending in the Court. This matter should be given serious thought.

Taxes worth billions of rupees are due against a Tobacco company alone and the amount is pending due to litigation. There are a number of such companies the owners of which have made their tax dues a matter of fake litigation and kept it pending in the courts by getting stay orders, in order to continue their activities of tax evasion. A Parliamentary Committee should be set up to go into this matter and a legislation should be enacted in this regard which may enable the Government to check the practice of keeping such matters pending in the courts for a long time which ultimately help the tax evaders to keep themselves engaged in the same practice. The Government should find out a way to stop tax evasion as also the practice of obtaining stay orders and it should also take steps to ensure the recovery of taxes in time.

In the last, I would like to put forward a suggestion. Demands of Union Ministries involving more than about Rs. 88,000 crores

have been passed by the House without any discussion. Parliamentary Consultative Committees should be authorised to discuss the Budget of various departments and to give suggestions. This would enable the House to discuss the Budget of various departments, which otherwise becomes difficult due to constraint of time. We would also be able to keep control over the Consolidated Fund of India.

With these words I conclude.

[English]

SHRI K. P. SINGH DEO (Dhenkanal): Mr. Chairman, I rise to support the Finance Bill 1992 since it gives effect to the financial proposals which is the Budget presented to Parliament of the Central Government for the financial year 1992-93, which has been lauded as a landmark Budget by many financial experts, appreciated by many and criticised by few.

It is rather interesting to quote from *The Statesman*, April 2, 1992. I would like to refer to an article by one of our former Chief Vigilance Officer with whom I had the honour of working together in the same Ministry. He says as follows:

"Some have called this Budget a fraud on the people of India. The usual refrain is that the Budget is anti-poor and, being inflationary, it will hurt the poor most. Reduced Plan allocation for the anti-poverty programmes, both in actual and real terms, are considered an indication of the unfairness inherent in the proposals."

He goes on to say further as follows:

"12 per cent inflation, the 1992-93 with allocation is smaller."

Then he further goes on to say as follows:

"But there are some new schemes for rural employment, a revamped

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public distribution system and the announcement of an additional Rs. 500 crores for the National Renewal Fund for special employment generation schemes in rural areas. There is also the provision for a new agency, the "Small Farmers", Agri-Business Consortium"; to initially start 12 major projects for rural industrialisation.

He then further goes on to say as follows:

"The existing rural development schemes - like the Integrated Rural Development Programme, Jawahar Rozgar Yojana - have been yielding diminishing returns, with large scale funds' misutilization eroding their effectiveness. The Comptroller and Auditor-General of India has brought to notice such misdemeanours through his audit reports. According to one report these funds were misutilized for the purchase of jeeps, cars, air-conditioners, video cameras and for investment in National Savings Certificates."

This is rather serious. On this very aspect most of the Members of Parliament from Orissa have been raising this issue both in the November Session as well as in the Budget Session. We have met the various Ministers, the Rural Development Minister, Shri Uttambhai H Patel. He very kindly visited Orissa, Bhubaneswar, where my friend Shri Lokanath Choudhury and myself; had an occasion to bring to his notice this fact; and the State Government there had to admit that there was certain hanky-panky going on in certain districts. The reason I quoted was this. This gentleman is no less a person than the former Chief Vigilance Commissioner and also the former Union Secretary of the Union Ministry of Economic Coordination; and I had the privilege to serve with him in the Ministry of Personnel in 1985.

Therefore, when it comes from such a

person who was the Central Vigilance Commissioner, I think it needs the attention of the Finance Minister and the concerned Ministries to scrutinize it, in fact, deeply. He further goes on to say:

"The IRDP visualized helping those below the poverty line with income generating assets, partly through low-interest bank loans and partly through subsidy. The subsidy was as high as 50 per cent of the cost of an asset in the case of Scheduled Caste or Scheduled Tribe beneficiaries. Unfortunately, more benefits were cornered by the comparatively better off. Unscrupulous officials and non-officials posing as 'sevaks' and 'pujaris' of the 'daridranarayan' started helping themselves with more of the offerings meant for the poorest of the poor under the anti-poverty programmes, debasing the quality of the field level administrative machinery of the blocks and banks. "Loan meals" had already led to a large scale misappropriation of bank funds, falsely shown to have been disbursed to the poor. Much of these loans, of around Rs. 10,000 crores, became irrecoverable and had to be 'waived' by the Janata Dal Government in 1990."

The reason why I quote this is only yesterday my hon. friend, from Kalahandi, Shri Subash Chandra Nayak — although he spoke in Oriya, it was translated — described the pathetic state and the appalling conditions in which the people from the tribal affected areas of Kalahandi and Koraput have been living and surviving and how mass scale exodus and migration have taken place.

Many a time in this very House we have discussed this matter and because it is a State subject many of my hon. friends from that side objected to referring to it but human misery cannot be left to a State or a Panchayat or a Municipality. It is a concern of the nation and I think it is time that we took a proper

deeper look at the malady.

Shri U.C. Aggarwal, whose article from *the Statesman* of 2nd April, 1992 I have quoted, has this to say:

"Reduction of expenditure under normal circumstances should lower inflationary pressures and help lower prices. Those who may immediately feel hurt by the Budget proposals are gold smugglers, "havala" merchants, and persons making easy and not "earned" money, by obtaining all kinds of licences, quota, permits which were then sold at high premiums. The poor should have no reason to feel aggrieved as chances of gainful employment are likely to improve if the Budget proposals are wholeheartedly carried out and also followed for a few years. For the present one can only feel happy that well begun is half done. Unless ill luck strikes the country, through a bad monsoon, or the Government develops cold feet due to pressures from vested interests and lapses into its old habit of populism and living beyond its means, the country can look forward to days of genuine prosperity."

While speaking on the drought only yesterday and day before yesterday my friends, Shri Mukul Wasnik and others, and also my friends from West Bengal were raising the question, or the spectre of drought which is on us where States like Gujarat, Madhya Pradesh, Maharashtra, West Bengal, Orissa and three other States have been mentioned, and this was predicted by the Worldwide Watch Institute which had forecast two years earlier that India will be in the grip of a drought. We had a string of three good monsoons over the past three years and by the law of average we are in for a bad drought this year and therefore the consequential shortage of drinking water, especially potable water is a thing which we will have to live with in the next three months.

I do not see any sense of urgency either on the part of the States or of our concerned Ministries here to tackle this problem which has been apprehended by many Members only yesterday during the Zero Hour.

The Finance Minister in Part B of his Budget speech on the 29th of February, 1992, had given an indication of his mind and conveyed to Parliament the taxation proposals in the Finance Bill.

In his intervention on 30th April, while moving for the consideration of the Finance Bill, he has given some reliefs and concessions as a result of representations from Members of Parliament, Chambers of Commerce, Industry, trade unions and individuals. He has indeed been attentive and sensitive, as he has mentioned in the Part-B of his speech in the first page.

I would like to quote from the Finance Minister's Speech where in he has said about the increase in the exemption limit and the reduction in tax rates, many of the income tax concessions were no longer justified. I had, therefore, announced the withdrawal of deductions under Section 80 L, 80CCA and 80CCB of the Income-tax Act. Then, he goes on to say that the withdrawal of Section 80L will cause hardship, especially to pensioners and taxpayers in the lower income groups who have invested their savings in specified financial assets. Several Members of this august House both from the Treasury benches and from the opposition have urged reconsideration of the decision to withdraw concessions under Section 80L. In deference to their sentiments and in recognition to the need to protect to the maximum extent possible the interest of taxpayers in lower income groups, I propose, as an interim measure, to restore the deduction under Section 80L with a monetary ceiling of Rs. 7000. Taking into account the increase of Rs. 6000 in the exemption limits as originally proposed in the Finance Bill, the amendment I now propose with regard to Section 80L should take care of most of the complaints I have received from tax payers in the lower income groups.

[Sh. K.P. Singh Deo]

If I may say, the income tax proposals in the 1991-92 financial year provided for a basic exemption of Rs. 22,000/- and an exemption of Rs. 13,000/- under Section 80-L. There was thus an effective exemption of Rs. 35,000/-. There was in addition, provision for Rs. 50,000/- to be deducted from the taxable income u/s 80-CCA and another Rs. 10,000/- u/s 80-CCB.

In the current Finance Bill, the hon. Finance Minister initially said in response to the views expressed by hon. MPs from both sides of the House, he had increased the basic exemption limit from Rs. 22,000/- to Rs. 28,000/-. This was in his Budget Speech. He got a round of applause for this gesture, although not from my BJP friends but from some other sections of the House. The Finance Minister in a latter part of his speech said that he had withdrawn the provisions of Sections 80-L, 80-CCA and 80-CCB. His proposals have thus cruelly hit the fixed income groups of salary earners who are already reeling under the price increase, which is at the moment 12 percent and it was 16 per cent last year.

The hon. Finance Minister has now announced partial restoration of the concessions u/s 80-L at Rs. 7,000/-, which I quoted from his reply given on 30th April. Thus what he has done with the present announcement is only to really bring the exemption to the level of the 1991-92. He has in real terms granted no concessions to the salaried class. By increasing the concessions u/s 88 to Rs. 60,000/- from last year's level of Rs. 50,000/- he has played only a further cruel joke on the fixed income groups as for making an investment of Rs. 10,000/-, the investor gets a tax concession of only Rs. 2,000/-. I would like to be corrected, if I am wrong Mr. Finance Minister. But, this is my view of reading it and I do not claim to be a financial wizard nor I am an economist; I am a simple soldier from a very backward State like Orissa.

I would like to bring to the notice of the hon. Finance Minister that his personal

income tax concessions to the high income group by reduction in the upper slab of income should not be at the cost of middle income groups. Under his present proposals, individuals with income over Rs. 3 lakhs have been given substantial relief while hitting at salaried classes with incomes below that. Is this the message of social and economic justice which Government wants to send down to the Government servants - the Government is supposed to be an ideal employer - who are already bitter with the Government because of the stagnation and total blockage of promotion prospects because of our economy drive?

Now, the Finance Bill has referred to the Chellaiah Committee for the simplification, rationalisation and restructuring of the tax structure and interim report has been referred to. I do wish that Parliament will have a chance to discuss the Chellaiah Committee Report in toto so that the House can also be taken into confidence. There are provisions relating to direct taxes, income-tax, welfare measures for the handicapped, dependents medical treatment, tax incentives to working women, special relief to senior citizens, payments under the Voluntary Retirement Scheme, enhanced incentives for savings by artistes, authors, sportsmen, actors - my friend Sunil Dutt should be happy - medical benefits for employees in private hospitals, exemption of compensation received by victims of Bhopal gas leak disaster and exemptions to cooperatives promoting the interests of Scheduled Castes and Scheduled Tribes. Then, there are measures against tax avoidance - he has tried to plug the loopholes - modification of tax concessions relating to savings; measures to widen the tax bases, which is a laudable measure; measures for simplification, rationalisation; measures relating to Charitable Trusts and Institutions; streamlining of provisions relating to deduction of tax at source and recovery of taxes; restructuring taxation on firms; restructuring capital gains taxation; measures to promote capital market; Wealth Tax; Interest Tax; Exemption Tax; Customs; and Union Excise Duties.

Sir, the Finance Minister has waved his

magic wand and has done a laudable job. There is no doubt about it. He has given some reliefs which some of my friends in the opposite side say, lack the human aspect; it should have been more humane.

I would like to bring to your notice that although concessions have been given to many, I had the occasion to draw the attention of the hon. Minister of Finance of the polyester staple fibre industry because one of the largest polyester staple fibre plants in Eastern India has been located in my constituency. Whereas the import duty and Excise Duty has been rationalised and lowered for most of the other industries, the polyester fibre industry has somehow been singled out for punishment. I do not know why. The import duties have been reduced to a maximum of 110 per cent (Basic + Auxiliary) to bring down the cover it provides to domestic products. Import duties on all manmade fibre inputs (basic raw materials, such as, Acrylonitrile for Acrylic fibre, Caprolactum for Nylon Fibre and Wood Pulp for Viscose fibres) have been rightly kept at a lower percentage. In the case of polyester staple Fibres, the import duty cover for domestic pricing of inputs for PSF, namely, LDMT, PTA and NEG has been retained at the same level, that is, 110 per cent, as duty on the Polyester Staple Fibre of 110 per cent. This disparity of artificially high prices of DMT/PTA/MEG under the cover of import duties is the most significant and avoidable cause of high prices of polyester staple filament resulting in arrest of demand and consequential sickness in the PSF industry. Therefore, I would once again appeal to the Finance Minister to take a look at it. When I met him for the second time, he wanted the Chemicals and Fertilizers Ministry to put forward the proposal. I do hope the Chemicals and Fertilizers Ministry would do that. In the event it does not, then I request the Finance Minister to himself take the initiative and call for the Chemical and Fertilizers industry to put forward the case of the staple fibre plant.

MR. CHAIRMAN: Now please wind up.

SHRI K.P. SINGH DEO: I have three-four more points, Sir. I would request you to bear with me.

My next point is the Centre-State relationship, although it does not concern the Finance Bill directly. As I said, I come from a very backward and under-developed State like Orissa and the problems of my State are the same as that of West Bengal, Bihar, Assam and Madhya Pradesh.

AN HON. MEMBER: Kerala also.

SHRI K.P. SINGH DEO: I am being educated. Sir, Kerala, I thought was not in the same category.

Sir, one has to go back historically to see that the drain of resources, was there right from the East India Company days when West Bengal was a very flourishing and one of the leading States in India. At one time it was called the jewel in the Crown of India. And like the British drain, in West Bengal, with all its potentialities, the state of affairs was no different after Independence.....(Interruptions).

MR. CHAIRMAN: Now please conclude.

SHRI K.P. SINGH DEO: You have to bear with me, Sir, I have been waiting for two and a half days to speak and if you give me ten minutes, it is not fair. I would like to take a little more time.

So, Sir, along with that West Bengal, Orissa, Bihar, Madhya Pradesh and Assam it is a paradox with them that having abundant natural resources, minerals, jute and forest resources, in the economic ladder these five States are still the lowest and lower than the All India national average and in spite of our Gadgil formula and in spite of our modified Gadgil formula and in spite of our consensus formula, now the Mukherjee formula with our Minister of Planning was mentioning, the fact still remains that these States have remained backward in spite of Five-Year Plans, in spite of Planning Commission's disbursement and in spite of nine Finance Commissions having given their recommendations. The Ninth Finance Commission had given a normative approach and on that normative approach it has identified some of the backward and under-developed States, the Finance Commission

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would give grant and 5 per cent inflation and been rated for it. Now, in the Finance Minister's own admission over the last two Budgets, when last year the inflation rate was about 22 per cent, not at the moment while we are discussing the Finance Bill it is 12 per cent. These two inflation indices have not been taken into consideration. Therefore, although there was a 40 per cent deficit as a result of the normative approach of the Ninth Finance Commission, it will, in real terms, be somewhat around 60 per cent and now at a time when the spectre of drought — and today we also discussed the cyclone which has taken place in Orissa, and only two months back we had discussed on the *suo moto* statement of the Agriculture Minister, the floods in various parts of the country. So, these three friends of ours, the drought, flood and cyclone, have been constant companions historically for many many years and there is no way where the State Government has the resources to meet these situations because the present practice is that you are giving advances again their plan proposals. Therefore, these are again inflationary because they are like those of others, they neither create any permanent assets nor do they generate the desired amount of employment which should be given to people who are affected. These are not man-made, these are natural and therefore, although you do have a calamity fund for meeting such contingencies, it is not sufficient. Every year we discuss flood, cyclone and drought here, thousands of crores worth of natural resources are wasted, damaged and destroyed, and also many people die in the bargain, but yet we will not find a satisfactory solution. This is something we have to look at and create a special scheme somewhat like that of the hill areas or some special scheme which we have for the tribal development blocks or for the Scheduled Castes and Scheduled Tribals because a number of States are regularly in the grip of drought or flood or famine or cyclone. Therefore, I leave it to the hon. Finance Minister because he is a wizard in thinking of schemes and I do hope he finds them for West Bengal, Orissa, Madhya Pradesh, Assam and Bihar.

I come to the question of infrastructure which the Finance Minister in his Budget speech (Part A) had referred to and some of the States which I have mentioned are far below the All India average as far as infrastructure, i.e., power, communications, railways, roadways are concerned and although there is a scheme for attracting private participation in power generation and in infrastructure development which the hon. Prime Minister has also mentioned to the Chief Ministers and also in this House, I would like to state as a matter of caution that the left hand know that the right hand does, and I have brought it to the hon. Finance Minister's notice about a month back that the schemes which he is formulating here, in Parliament, are not known or the schemes by those concerned Ministries specially the Ministry of Energy which is in charge of power generation has been sending their instructions to various authorities, even outside the company, in trying to involve foreign participation. They give a totally different message than what the Finance Minister and the Prime Minister would like us to believe. Therefore, I do not know what is the response of the foreign participation in power generation, because the left hand is taking away what the right hand is trying to give.

Sir, the Finance Minister has left agriculture entirely on the State Governments to look after, if I am correct. In his Budget speech, he has said that agriculture is the bedrock of our development. Now, if irrigation, fertiliser and agriculture are left entirely to the State Governments, I do not know whether the bedrock of our development is going to succeed or agriculture will still remain totally dependent on the vagaries of the monsoon. The irrigation proposals which have come from the various State Governments, especially the medium and major irrigation projects are the ones which concern the Centre. In my own home State, the water potentiality tapped is only 30 per cent of the water resources on pen and paper. But the actual is around 17 per cent and the all India average is a little more than 36 per cent. Therefore, after seven Five Year Plans, if this is our achievement, I think, we shall have

to do a little introspection and see that some of the major projects like Rengali, Subarnareka, Upper Indravati and Upper Kolab are completed, which are not only for the State of Orissa, but the States of West Bengal, Bihar and Madhya Pradesh are also involved.

Then, along with power depends employment because power is necessary for agriculture and industrial development and the aspirations of our educated youth, the aspirations of our semi-skilled youth can only be harnessed if we provided infrastructure which will also generate employment. I come from a State where we have a lot of village fires during summer, because we do not have expensive houses or fire-proof houses and as yet, there is no such scheme either by the State Government or by the Central Government. Therefore, I would like to mention here that rural appropriate technology and the technological missions which had been created by late Shri Rajiv Gandhi should be directed to focus their attention to these problems which would, in many ways, minimise the incidents and also prevent diversion of scarce funds there.

So, far as environment is concerned, we have been debating here about the massive pollution. I come from an area where the rivers of Brahmani and Mahanadi have been polluted by the Central as well as State public sector undertakings and as yet, in spite of so many legislations in the environmental law, no punitive or preventive action has taken place. I think, this also does need a fresh look.

My last point is about the Ex-Servicemen and the soldiers who are preserving our freedom and the morale of our servicemen depends on how we look after them. We are concerned about freedom fighters here, in this House. This morning, I think, Mrs. Geeta Mukherjee raised it as a special mention. We are concerned about trade unions; we are concerned about other weaker sections of our society who are vocal, who have a lobby in Parliament and who can speak through their representatives, but these Ex-

Servicemen and soldiers have no such facility and they are deployed in very difficult terrains, inhospitable terrains and in inclement weather conditions. When they retire, we do not even look after them. I would like to refer to the high-level committee on Ex-Servicemen which had recommended one-rank-one-pension. That has been nullified and watered down. I was talking with my hon. friend Shri Jaswant Singh, a fine soldier and a very able parliamentarian who was with me in the high-level committee on Ex-Servicemen, where in 1984, we wanted to cater to all the 35 lakhs of Ex-Servicemen, because at the ripe old age, it is the Ex-Servicemen who require help, since they were getting a meagre pension. It is he who requires help and not the one who retired after 1986 because the Third Pay Commission and the Fourth Pay Commission have given him adequate amount of compensation for the rise in price index.

I conclude by saying the quality of our Budget proposals rather than the quantity or the amount which we use for the Budget is the crux of the matter. The evaluation, assessment, implementation and effective monitoring which are lacking at the moment, are the only things which can get as desired result. The accountability and responsibility has to be fixed.

I agree with my friend, Shri Chandulal Chandrakar that we should get out of the colonial outlook of having our Budget Session in April. We should have it in September so that the Finance Bill can be passed at October or November so that we get full working season after monsoon, from November to till next monsoon.

[Translation]

SHRI RAJENDRA KUMAR SHARMA (Rampur): Efforts have been made by the hon. Minister of Finance to improve the economy of the country. He also made efforts to improve the position of foreign exchange reserve and to reduce the Budget deficit. Efforts have also been made to increase the investment of capital. However, imbalance still continue in the country. The



[Sh. Rajendra Kumar Sharma]

16.00 hrs.

system being followed for the last 44 years in the country has been making poor poorer and the rich even richer. What will be situation in nature is still not clear. I would refer to the reasons of it in detail in the House later on, the need of the hour is that our entire economy should be linked with rural areas and rural people, which is not the case at present. The center of our life should be rural areas and not urban areas. The increasing population and growing unemployment has been posing a great threat to the country today. I do not hesitate to say that not even a single Member can evade the problems created by it. What is our condition — we are not able to provide employment to even a single person after we are elected and visit our constituency.

A few days back the Ministry of Industry had pointed out that development would take place by improving the infrastructure which infrastructure do they mean? In rural areas, neither electricity is available nor there are means of transport. Inspector rule still prevails there, which has shaken the public life completely. Big companies are being invited here, whereas big industries of our own country have not been allowing the small scale and tiny industries to flourish. The Government should specify some products to be manufactured only in small scale industries. The Government must be aware that leaving aside Tatas, Birlas and the foreign companies, the small scale and tiny industries in the country have been facing a severe economic crisis. Therefore, attention should be paid towards this.

Referring to the growth rate in the year 1992-93, the hon. Minister stated that it would be increased from two and a half per cent to four per cent soon, and the rate of inflation would be brought down from 13 per cent to 6 or 7 per cent. But all these are just imaginary things like dreams, it is not possible in the real life. Because the monsoon forecast by the weather experts in regard to the Kharif Crop this year is also not favorable.

The coming years will be of more concern for us. The House and the hon. Minister of Finance in particular, must be well aware of the fact that there has been a bumper crop this year, but it is very unfortunate for our country that our economy has been totally mixed. FCI has not been able to procure even 50 per cent of the procurement this year as compared to the last year, because the traders, businessmen and the big industrialists have been hoarding the foodgrains; and thus this problem will pose a challenge to the poor in near future. Therefore any submission is that the State Government and the Central Government should work in a co-ordinated manner and procure wheat. There is no scarcity of wheat in our country, but our system is faulty due to which we have not been able to achieve the desired results.

Sir, this year the production of sugar in the country is estimated to be 12 million tonnes. As per my information this quantity might be even higher than that; while the consumption of sugar in our country is just 10 million tonnes. In this manner about two to three million tonnes of sugar may be available for export. A few days back I had talked to the hon. Minister of Agriculture in regard to the 144 applications from Uttar Pradesh which were pending for licences for setting up new sugar mills. He said that prices in the foreign market were very low, therefore the Government would not like to export it. It is very unfortunate and distressing that even the persons holding such prestigious post as Ministers do not take these matters seriously. My submission is that it is due to the permission given for bringing gold up to 5 kg, which has been the cause for inflation in the country. Why should we not export sugar at the market rate and import gold with our own currency. This would solve the problem by generating resources from within the country itself.

Sir, you might be aware of the fact that the gas for domestic use worth about Rs.

32,000 crores is going waste in the country at present and it requires about 32000 crores of rupees either to store it or to make it available to the people.

Sir, at present the total forest area should be 33 percent out it has gone down to 10 percent is the Government concerned about it or not? The only concern has been to seek power. Nothing more than this seems to be in right which may proper the country in future.

Sir, the allocations for the communications has been increased from Rs. 3200 to Rs. 4200 crores and the telecommunication facility is being provided even at Panchayat level, where as the condition of the telephone system in the cities is in deplorable condition. Through you, I would like to submit that priority should be given to the matters which are related to the poor of the country of 80% people of this country.

Sir, through you, I would like urge the hon. Minister of State Shri Thakur -since he gave reply to one of my question in this House—that nobody seems to be concerned about the grants given by the World Bank and kept by the State Governments. The entire amount is going waste as the State Governments are not providing the matching grants. The Governments should take care of such grants. Whether it is meant for irrigation projects or power Projects. The assistance provided by the World Bank may be utilized for implementing such schemes. Sir, I have just spoken industries. Some blocks have been identified by the Ministry of Industry. In Uttar Pradesh also 7 or 8 blocks have been identified. There is neither the facility of roads nor electricity not any other facility like that in these blocks. I would like to request through you that such programmes should be taken up. No one can really stop the growth of industrialisation in our country if you solve problems of electricity, transport and inspector -rule.

Sir, I would like to say one thing about the sales-tax. It should be sorted out at national level by the Central Government

involving all the States because, you see, at one place the Sales-tax is 14 percent and in some other State it is 3 per cent.

Sir, there has been a long discussion about reducing the rate of taxes and raising the limit of income-tax but this limit has virtually not been raised from 22 thousand to 28 thousand keeping in view the devaluation of rupee and rate of inflation. The fact is that what was 22 thousand rupees last year has now become equal to Rs.28 thousand. According to the section 80L of income-tax Act there was a relaxation on interest upto 13 thousand rupees, now the limit has been lowered to 7 thousand rupees. It is clearly an injustice to tax-payers because the tax-payers are not going to be benefited by it because the prices are soaring high these days.

Sir, besides this, the exemption limit of income-tax should be increased from 28 thousand rupees to 48 thousand rupees which is now very essential and so far as I know all the members of the House hold the same view. Sir, under the clause 42 the middle class salaried persons will be affected by 80 C.C.A. Similarly, the Public funds under N.S.S. will get a Setback on which the Government has to give only 11% interest. And the State Governments will be affected badly because all the amount deposited under this scheme goes to the State Governments. The State Governments will be deprived of a big source, if section 80 CCA is withdrawn and State Government are already experiencing growth of resources. So lease do not withdraw section 80 C.C.A. So that the middle class people and State Governments may get maximum benefit.

Sir, the Central Government has no less in it. Income-tax is paid when money is refunded. I think there is no loss to the Central Government or to our Ministry of Finance as it. It is our greatest duty to continue to give relaxation on 50 thousand rupees to old -aged people. The elderly people are respected everywhere . It is our duty to pay regards to them.

[Sh. Rajendra Kumar Sharma]

I have to say something about minors under clause 35. It has been a tradition in our country that the father or the guardian deposits money in the name of minors only with the intention of saving money. Money comes to minors also through several other sources, for example it comes from their grandfather and grandmother or from maternal grandfather and maternal grandmother, so much so that when their father is dead the money goes in the name of mother in which minors do also have their share. But there is no justification of classing their entire money with the mother.

Sir, last year our Government allowed to bring money from foreign countries. You must know that most of the money thus came as in the name of minors. The people will lose confidence in Government that it is going against its decision taken 6 months ago.

The firm under clause 65 which are in a position of giving tax, will have to pay tax on the maximum marginal rate of its total income, it is improper and unjustified. There should be 30% maximum marginal rate of tax on small firms whose income is below 50 thousand rupees and there should be 50% on those whose income limit is more than 50 thousand.

Sir, I would like to now come on section 80 HHC. Only such manufacturing units come under it which can sell their manufactured goods both inside the country and outside it. I would like to respectfully submit in this regard that there should be a separate assessment for the profit and loss of those who send their goods abroad from those who are confined to the country, the two should not be clubbed together.

[English]

About amendment in Section 269 (ss) in respect of acceptance of deposits and Section 269(d) in respect of repayment of deposits -

[Translation]

There is an ambiguity in it which should be removed. Suppose X has to pay Rs. 20,000 to Y, and 'Y' has to pay to Z. If X makes payment direct to Z then penalty will be imposed on him. Therefore, I want that this ambiguity should be removed.

Sir, to day there is no control on share markets which made the condition of these market is deplorable. Yesterday, while replying in the Rajya Sabha the hon. Minister of Finance said that all these cases, including the one involving Rs. 650 crore of state Bank of India outstanding against a particular person, would be investigated by the CBI. Now the office of the Controller of Public Issues has been wound up. Therefore, my submission is that one or the other control must be there otherwise there is no death of unscrupulous persons in our country who may set up bogus firms. There are experts who can raise the price of a share of Rs. 10 to Rs. 200 or Rs. 300 through manipulation in the market. For example, what M/s Usha Rectifiers did is known to everybody. Now a-days the poor people of the country are investing money in the share market because of a number of temptations and speculation. I want that instead of people getting carried away by the speculation, the money should be channelled effectively for their benefit and for the benefit of the industries.—

Now I would like to make a submission about wealth tax. Various provisions have been made in the Budget about wealth tax. For example, this tax will be levied on Guest Houses, Residential Houses, Farm Houses falling within a range of 25 kms of Municipality Corporations, Notified Town Areas and Town Areas Committees. However, if the property is owned by a company then wealth tax will not be levied. The companies against which crores of rupees of Government are outstanding have been kept out of the purview of the wealth tax. i.e. all the properties owned by these firms have been exempted from this tax. I would like to submit that all this will increase the already grave housing problem. People will not investment money

in the Housing Sector. If a private individual builds an extra house in addition to the one he is residing, it will ultimately solve the housing problem. Now tax will also be levied on him. He will be liable to pay wealth tax. There will be no loss in it.

Sir, the steps the Government propose to take to convert black money into white money through 'Gold Bond Scheme' will definitely prove to be a boon for the people possessing black money, because now they will be paying neither Gift Tax nor Wealth Tax. By the time gold is refunded to them, they will be paid interest for the period of deposit with the Government. No income tax would be levied on the interests of income so earned. Therefore, Government's endeavour to unearth black money will result in generation of more black money, because the policies of the Government have opened gates for the conversion of black money into white through 'Gold Bond Scheme' in the country. The Government should ponder over the issue afresh.

Standard deduction ceiling has been revised to Rs. 15,000 from Rs. 12,000 for women earning up to Rs. 75,000. I want that there should be no discrimination on this ground. All women are equal. The provision to give relief of 33 1/2 percent to low salaried women should be done away with.

Sir, I have moved just a few amendments on the Finance Bill. I request you to accept the amendments

[English]

SHRI PRAFUL PATEL (Bhandara): Mr. Chairman, Sir, thank you very much for granting me this opportunity to speak. I rise in support of the Finance Bill 1992 introduced by the hon. Finance Minister and oppose all the cut motions thereto.

In a vast country like ours, with almost 70 per cent of the population living with very meagre incomes and out of that also a very large proportion of people living below the poverty line, we will have to devise newer ways and effective mechanisms to minor

our fiscal system. and there are lot of things which have been mentioned by the hon. the Finance Minister, a lot of new proposals have been introduced by him in this Budget and also in this finance Bill. But there are also many grey areas which need to be looked into and which needs some introspection.

We have been listening in the last ten months or so, ever since this Parliament was convened, that lot of restructuring necessary, opening up of our economy is necessary because that will lead to a higher rate of growth which in turn will be a solution to lot of ills and lot of problems which are existing in our country. 70 per cent of our population are in such a dire financial position, we will have to think of many ways by which we can support them and strengthen their financial position. Even in a country like United States of America, which the model of a free market economy, there also, I would like to state that the Government does support the poor people who are financially not very well off. They have lot of schemes like social security health schemes and other schemes by which the people who are not so very well off financially, are supported by the State.

And in our country we have been doing this for the last forty years or so. But at the same time, with our population, 70 per cent or so, needing support from the State, we definitely will have to spend more. And we will, therefore, have to collect more by which this percentage, this segment of population can be brought up from the level in which it is at present.

The country has lot of regions where backwardness is, I think, still a nations to many people living in the cities. Although my state of Maharashtra is supposed to be one of the most progressive and most industrially advanced State in the country, but at the same time, the Region Vidarbha, from where I come and especially in my district, which has borders with Madhya Pradesh and Andhra Pradesh on two sides, I still see poverty, unemployment, lack of any facilities like roads, railways, telecommunications and even the public distribution system which is being so much talked about. There

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are lot of grey areas which need a lot of introspection and lot of work and research needs to be done.

Therefore, in a system, where the basic approach is to take from the rich and give it to the poor, I would say and I think everybody will agree on that, that taxes are the price to pay for a civilised society. And there is no reason why any of us should oppose or should come to any misunderstanding or disagreement on the basic concept that is taxation. And raising of the revenues of the State is a very important factor as far as looking after the people of our country, as far as developing the b acquired regions of our country is concerned.

As far as our public distribution system is concerned, as I have mentioned earlier, it is the most vital aspect which the hon. Finance Minister and the Government of India should look into. No matter, whatever schemes we enunciate for the people, the basic concept of food, shelter and clothing needs to be looked into. Today, with rate of inflation of 12 per cent and above, which we have inherited and the way in which the economic is looking up, - there was a drought situation in most parts of the country last year and one does not know what would be the fate of the monsoon this year- there has to be some kind of an analysis as to how the interests of the people who are reeling under the inflation of 12 per cent and above, would be looked after.

Just a few months back, we were travelling in our Constituency during our local Zila Parishad Elections; and the poor man, the common man there felt the pinch, the most in his basic items of food like oil, *mirch*, wheat rice, that is staple food. Therefore, whatever our financial planning may be whatever the fiscal measures our Finance Minister may introduce, they must be consonant with the concept of providing food, shelter and clothing, at the lowest possible rates to the people of our country, to the segment which constitutes almost 70 per cent of our population.

As far as the taxation goes, I would say that, it is the only way by which the States can raise their resources, to look after the interests of the poor or to develop our economy, to give us all the infrastructure. It is unfortunate that over the last 40 years or more, we have come our with Budgets every year; we have had a Budget even this year, but there has been no consistency at all, as far as the taxation laws are concerned, whether it be in the form of direct taxation or indirect taxation. when the Budget is round the corner, it is a night-mare for everybody. It is a question of guessing; and trying to read between the lines and find out as to what would be in store for them. when the Budget is out, then also, there have been usually, a lot of inconsistency and anomalies. Therefore, the first major step which the hon. Finance Minister should take is to come out with such a policy that would be consistent for a minimum of five years; and more, if possible. There should be a stop to this guessing game and to this game of hide and seek, where one year you come out with a certain proposal and the next year you want to repeal it and come out with another proposal.

I think, Shri Jaswant Singh has mentioned it yesterday - I have gone through his speech - that there have been more than 333 amendments in the last two years, as far as tax laws are concerned; and if one would go over the last forty years or so, there might have been thousands of amendments so far. If this is going to be the states of affairs, I am sure - when we cannot follow the laws, when the tax consultants cannot follow the laws - that this is only going to further malpractices— corruption or whatever kind of mistake or anomaly, you would like to call it.

Therefore, the main point we should always try to adhere to is that we should have a consistent Policy as far as tax laws are concerned, which need not be changed from time to time; we should have some kind of a mechanism where we can monitor the taxation effectively, where black money which is a major cause of concern to most of us, to the growth of the economy, to the

health of the nation, can be curbed. Every one has been, time and again pointing out that black money should be effectively curbed and that it should be brought into the mainstream so that it can be put to more productive use and the country can gain and prosper out of that. But the basic question is that how this black money came into being. We have had laws; we have had tax rules where the effective rate of taxation in direct tax - income tax - was more than 97.5 per cent. We had wealth-tax and other taxes added along with the income-tax where the rate of tax for a person was more than 100 per cent. It means where one would like to have said that you keep the taxes and let me keep the income. But it is other way round: the Government could keep the income and the people could have kept the taxes. That would have been more applicable. Our hon. Minister, Mr. Thakur, is also a person coming from the taxation field. Therefore, he understands my sentiments, I am sure, even better. But there has to be some consistency as far as our tax laws are concerned.

Now I come to the black money part. We have such a big volume of black money in our economy. The kind of different laws and the different rules, which we have, are not going to stop the generation of black money. You have reduced the rate of taxation in the case of individuals and in the case of companies. But at the same time, black money is not only generated due to these direct tax laws but you look also at the indirect laws like you have sales-tax. Sales-tax is also very vital aspect of this black money. In one State, the rate of sales-tax is 15 per cent for one item. In the adjoining States, the rate of sales-tax for the same item would be 4 per cent or 5 per cent. To save that 10 per cent also, the people go in for malpractices. They try to put the entire deal or the entire transaction in 'number two'. These are also the aspect which the hon. Minister would need to examine. That would also put a little bit of a check to this black money menace.

You have brought out many schemes for converting the black money into white. You have the foreign exchange remittance scheme. You have the gold bonds scheme.

You have India development bonds scheme. But I am sorry to say that the volume of black money, as we have been talking many times in this House and whatever information one has got through economic journals and the economic survey, I think, is more than Rs. 100,000 crore. You have not been able to mop up more than about Rs. 8-10 thousand crore. That still leaves more than Rs. 90,000 crore or Rs. 100,000 crore in the system by way of black money which again would be regenerating about Rs. 10-15,000 crore annually. It would be adding to that. What you are basically mopping up by way of your schemes, is nothing but just the interest accrual on the existing quantum of black money in the country.

There are a lot of other things to which I would just give a little bit of run through. You have repealed sections 80CCA, 80L - partly restored now after the introduction stage. Mr. Thakur, as you know, you are very well read person. You know all the laws. I think, this is something which is for the common middle class - average salaried worker. He needs some kind of relief. From Rs. 22,000 exemption, you have raised the exemption limit to Rs. 28,000. It has come after a long span of more than two years. With the rate of inflation, I am sure, whatever little advantage he has gained by virtue of raising the limit, that has been wiped out completely.

Then, one has made other contributions under the various schemes. Those contribution may have been for certain other schemes like Jeewandhara which would be for 10 years or 15 years. suddenly you bring a stop to that scheme. What happens to the contributions already made under that scheme? The person would be standing to lose for the contributions made earlier under this scheme. He had ideas by which he would be trying to gain some kind of advantage over a period of time, say when he retires or he grows old. All those benefits, which would have accrued under that scheme, will now stand repealed. Therefore, I am sure that the hon. Minister would consider trying to restore the original limits of Sections 80CCA, 80CCB and 80L because in effect, by raising the limit from Rs. 22,000 to Rs.

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28,000 and by reducing the benefits under these schemes, you are effectively bringing down the existing limit of exemption from Rs. 22,000.

Then comes the minors income. A friend from the other side just mentioned about this point earlier. It would be understandable if the minors income would be brought under tax by clubbing it with the income of the parents if the existing business income of the father or the mother is siphoned off in the name of the minor. But there would be minor's income by way of interest from deposits or other kinds of income which need not have necessarily accrued from the father or the mother. Therefore, if some kind of a relief is given to the minor's income, apart from the business income of the parents, I am sure, you would be doing some justice.

I would just mention one or two points about indirect taxation and excise duty. I would mention about the excise duty of marble and granite. Marble and granite are basically stones used externally, and as you have classified, as decorative stones. The price of marble and granite is almost the same in the higher category. You can get cheaper quality and also an expensive quality of marble and the rate duty on marble is Rs. 15 per square metre whereas in the case of granite, duty is 15 per cent *ad valorem*. Therefore, there has to be some kind of a case made out where marble and granite may both be brought under single classification. If granite is supposed to be a more expensive stone, then instead of *ad valorem*, it can be made, say, Rs. 15 or Rs. 25 or Rs. 30 or whatever it justified. But from *ad valorem* structure it can be brought into specific duty like that of marble.

I have a selfish interest on one point. I would like to tell Mr. Thakur, the hon. Minister about the beedi industry. I represent the beedi industry and therefore, I have a selfish motive. There is an exemption for duty for beedis which are made by manufacturers at the rate of 20 lakh beedis

or less per annum. Now, basically exemption for any item is given to large scale and small scale sectors so that economies of scale can be ensured whereas in the beedi industry, the only machinery is the human hand. You come from a State where there is substantial beedi manufacturing activity. I think even in your home town, lot of beedi manufacturing activities are there. If the rate of manufacturing is 20 lakh beedi per year. that means, the company is employing not more than ten workers whereas the average beedi factory size would be nothing less than 200 to 300 workers. That is the smallest of the smallest beedi manufacturing unit. So, this loophole by which lot of malpractices are taking place and lot of revenue loss accruing to the Government should be looked into. There is no justification for giving exemption for beedi manufacturing at the rate of 20 lakhs or less per annum because there is no question of economy of scale here, whether it is large or small manufacturer. It is because they are using the human hand. Therefore, I think this exemption is unnecessary.

I would just like to wind up by requesting the Government to quickly implement the Chelliah Report fully which presently has been implemented partially so that tax reforms can be made very effective.

As regards backward areas, they need special development but with the new liberalisation in the industrial policy the people of the backward areas are not going to get any advantage out of industrialisation. Therefore, some kind of relief in your taxation system- both in direct and indirect taxes - should be provided to people for setting up business and industry in backward areas, so that there may be incentive for people to go to such areas. Otherwise, places like my constituency Bhandara in Maharashtra, the constituency of the hon. Chairman and the constituency of Shri Manoranjan Bhakta, places such as Lakshadweep, Andaman & Nicobar Islands and other backward and inaccessible areas, are definitely going to suffer with the passage of time, without any development. I therefore, make a strong plea that development of these backward areas should be promoted through some

kind of restructuring the tax system and given concessions in direct and indirect taxes for setting up industries in the backward areas.

[English]

16.36 hrs.

### STATEMENT BY MINISTER

#### National Action Plan for Tourism

[English]

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI MADHAVRAO SEINDIA):

Mr. Chairman Sir, hon'ble Members are aware that when the present Government was formed in June 1991 the tourism industry was reeling under a severe crises forced by both international and national circumstances. The our break of the Gulf war at the begining of the year disrupted tourist traffic not only to India but throughout the world. The events in East Europe and unsettled condition in some parts of the country combined with the General Elections and the most tragic assassination of Shri Rajiv Gandhi created conditions in which tourism witnessed the sharpest decline in recent times.

Recognising the crucial importance of this important sector, Government initiated a series of imperative measures to change the situation.

A tourism Think Tank comprising all section of the tourism industry, travel trade, hoteliers, tourist transporters and the travel media was constituted to review the situation and evolve a positive blue print for a short- term as well as a long-term Action Plan for Tourism. This was done in order to involve a wide cross-section of participants from the industry rather than foist a policy for the top. A number of

meetings were held and all suggestions emanating from the tourism industry were discussed at length.

Since the State Government have a crucial and critical role to play in the promotion and development of tourism a meeting of State Tourism Ministers was convened in December 1991 to obtain their views on the future thrust areas of tourism. A series of unanimous resolutions were adopted at the meeting prescribing guidelines for the Tourism Action Plan.

A large number of Ministers of the Central Government are involved in the implementation of the Tourism Action Plan. I have personally interacted with the Ministers of Finance, External Affairs, Commerce and the Home Ministry regarding solution to the problems which the tourism trade was encountering at the Central level and many suggestions have also been incorporated in the National Action Plan for Tourism.

The National Action Plan for Tourism which I have pleasure in laying on the Table of the House is a result of all these exercise. It is a conceptual frame work which spells out the broad thrust which is necessary for projecting India as an interesting and exciting destination of the 90s. The major objectives of the National Action Plan for Tourism are.

Increasing the share of the foreign tourist arrivals to the country in the Global Tourism Movement from the current level of 0.4% to 1% in the next five years.

Increase foreign exchange earnings from Tourism from Rs. 2,440 crores in 1990-91 to Rs. 10,000 crores by the end of the Century.