

*National Action Plan for Tourism**Motion to consider ..*

facilities of international standards.

tourists an insight in to the rich cultural heritage.

Trade Fairs

In order to promote tourism in India, a Tourism Trade Fair would be held once in three years.

In conclusion, I would like to say that the National Action Plan for tourism can succeed only through the active support of Central Ministries, States Governments and the private trade engaged in the development and promotion of tourism.

Foreign Investment

In tune with the liberalised industrial policy special incentives have been announced for promoting foreign investment in hotels and tourism related industry.

I might add that in the last few months we have already been implementing some aspects of the Action Plan I am glad inform the Hon'ble Members that these efforts have started yielding results and from October 1991 there has been a turnaround in tourist traffic which culminated in the peak tourist arrival figure of 2,03,000 in December 1991 an all time record for any month. Figures for April 1992 are also at record levels even when compared to the best tourist year so far - 1929.

Destination Marketing

Instead of promoting India as a generalised entity marketing efforts will now be concentrated on 15 specified circuits/destinations in different parts of the country for concentrated development along with publicity and promotion abroad.

Our optimism for tourism growth are therefore well founded. We need your continued advice and guidance to enable tourism to make a major contribution to the national economy and take its rightful place high on the national agenda.

Special Tourism Area

A new scheme for setting up a few special tourism areas in different parts of the country is being introduced. Special tourism areas will be defined areas with integrated infrastructure facilities along with tax concessions and fiscal incentives for eliciting investments in hotels, tourist complexes, sports and recreation facilities and the transport network. The scheme will be introduced in States which are willing to give maximum concessions for the project to flourish and grow.

I am happy to place the National Action Plan for Tourism on the Table of the House. [Pleas'd in Library; See No. LT -1919/92] It is a sincere endeavour to draw up a well defined and comprehensive plan of action for the promotion of tourism in India.

16.45 hrs.

FINANCE BILL 1992 *Contd*

[*English*]

MR. CHAIRMAN: Let us continue now.

Shri Janarthanan.

Cultural Tourism

The National Action Plan for Tourism will seek to develop the multi-factors cultural manifestation of different regions for providing to

SHRI M.R. KADAMBUR JANARTHANAN (Tirunelveli): Mr. Chairman, Sir, I rise to support the Finance Bill moved by our hon. Finance Minister on behalf of our Party, All India Anna D.M.K.

[Sh. M.R. Kadambur Janarthanan]

At the outside, I want to quote for the information of this august House what our political mentor Anna told on those days; "India is not a poor country, but Indians are poor."

Further, our Anna, before becoming the Chief Minister of Tamil Nadu, just thirty years back, in 1962 told this and I quote: "If Tamil Nadu is given thousand crores of rupees in the Fifth Plan, my Party will not contest the General Election". That was what he told in 1962. Accordingly, if Tamil Nadu was given thousand crores of rupees, we do not know what would have been our Party's fate. Thousand crores of rupees is a very big sum. The then Finance Minister, Shri C. Subramaniam indirectly cracked a joke also on our political mentor Anna. If thousands of crores of rupees was big then, lakhs and crores of rupees are spent now. Now, it is the Tenth Lok Sabha. But still improve a lot without eliminating poverty.

Now, our hon. Prime Minister has found a correct Finance Minister.

In Tirukkural, there is a saying:

Ethanai inthanal evan mudikkum
endruaindu adhanai avankann
Vidal.

So, he is best Finance Minister. The man who can discharge the duties had been selected and that is Shri Manmohan Singh. Why I say Shri Manmohan Singh is the best man? It is because, Mr. Palkiwala, who never praised or appreciated any Finance Minister so far as I know as an M.P. for the Third term, has praised him.

Now, I will come to the subject. Dr. Raja Chellai is a Tamilian. He belongs to my neighboring village. He was born in Kovilpatti. His recommendation is really good.

The Tax Reforms Committee headed by Dr. Raja Chellai had recommended in its interim report, an *ad valorem* excise duty structure or a combination of specific and *ad*

valorem duties for most goods like tyres, textiles and tobacco.

Though Dr. Manmohan Singh had declared in the Parliament that he had accepted the recommendation of the Committee, to our disappointment, nothing material has been done to implement the same. Therefore, throughout, excise duty on cigarettes had been increased. On the cigarette packets, we are printing "Cigarette smoking is injurious to health" and I would therefore consider this industry as an industry which is injurious. The Government is encouraging this industry indirectly for earning more money. It is earning more money from this multi-national company. Therefore, I have given a Motion. I would like to draw the attention of the hon. Minister to the Motion for modification. I had given a notice relating to the excise duty on cigarettes. The Motion has been admitted and published in the Lok Sabha Gazette of 29th April. So, I want to go on record as to how the cigarette industry was functioning prior to 1987 and how, in spite of increase in excise duty, it is functioning now.

The indirect taxation enquiry committee and Technical study group on central excise traffic (1985) recommended to the Government that the effort in general should be to have *ad valorem* pattern on central excise duty or have a combination of specific cum *ad valorem* pattern of central excise duty rather than purely specific—so that the difference in quality and value of the goods is maintained.

This point has been discussed in the Tax Reform Committee under the chairmanship of Prof. Raja J. Chellai also and the Tax Reform Committee was of the view that the Government should have *ad valorem* duty in the interest of the Government revenue which will keep an indirect check on the unlimited profit (exploitation of the situation) of the manufacturers. The Tax Reform Committee had discussed in length merits and demerits of the present pattern of specific rate of duty vis-a-vis *ad valorem* pattern of central excise duty or a blend of specific cum *ad valorem* as

mentioned on page 113 of Dr. Raja Chelliah Report and report of the study group of Consultative Committee of the Ministry of Finance.

Prior to 1987 as per report submitted to the Government by one of the Government agencies, who after studying the annual report of all cigarette manufactures submitted that profits after 1987 of all the cigarette companies are increasing to heights beyond control and recommended that central excise duty structure should be reviewed.

The merit of the proposal under reference has been further discussed by the Tax Reform Committee under the heading "Replacement of specific duty by *ad Valorem* duty rate."

Similarly, the Technical Study Group on central excise tariff (1985) have also recommended that in order to make the review elastic, the group could recommend a combination of specific cum *ad valorem* rather than purely specific duties so that difference in quality and value of the goods receive due weightage. Here I can give an example. In 1987, the price of one packet of 10 cigarettes was fixed at 1.70, but the duty was 1.25. So, the duty rate is 73 per cent. This was the cheapest cigarette in those days. The costlier cigarette was Rs. 5.50 and the duty was 4.00; and the present day duty is 72 per cent. But, today, after you have increased the excise duty rate, the present day duty is as low as 62 to 63 per cent. So, cigarette smoking, whether it is 60 mm or 10 mm or 70 mm, is dangerous; it is injurious to health. Therefore, discrimination in the length of the cigarette alone will not do any good for the Government because you cannot earn more; on the contrary, the multinationals are making huge profits. From this chart it can be observed that the margin of which cigarette industry was operating till 1987 was very less and all the cigarette companies were making good profits and prospering even with the meagre margins, but as on date, instead of central excise duty being raised the percentage of central excise duty on the printed price has gone down from 57.9 per cent to approximately 70 per cent or so on

various brands. The Tax Reform Committee has dealt at length of the demerits of the specific pattern of central excise duty in their report and the same is reflected in para 9.24 and 9.25 and have brought out a clear case of evasion on account of mis declaration by manufacturers and have held that in process of solving the valuation dispute one may end up in solving classification disputes.

Since I have moved the amendment Bill from the point of view of increasing Government Revenue and also keeping in mind public interest at large by maintaining the same level of specific rate of central excise duty as applicable today, but by introducing a blend of specific-cum *advalorem* rate of excise duty, it is meant that any further increase in retail prices by the cigarette manufacturers would invite *advalorem* excise duty at the rate of 75 per cent. It would mean that without disturbing the present system of working, the cigarette manufacturers have to pay Government treasury 75 per cent of increased price to the Government and 25 per cent will be their credits.

This methodology will (i) keep check on the price line, (ii) will act as an instrument on the unlimited profits of the cigarettes manufacturers, (iii) will amount to increase in Government revenue without controversies.

I, therefore, suggest that the Finance Minister in public interest will accept my suggestion and can raise roughly few hundred crores extra for the Government and may think that amount can be utilised to either raise income tax limit to please BJP friends or may think to give relief to common man.

With this I come to the textile industry. In the cotton textile industry the excise duty for the medium count, low count, 10's, 20's, 30's the duty before the Budget was Rs. 0.375 per kg. Today it is Rs. 0.65 per kg, 73 per cent more than what was. For 30's count, yarn it is 204 per cent more than what it was. These are the low counts of cotton yarn used by the common man clothe that is, the Janata cloth. For the 60's count the excise

[Sh. M.R. Kadambur Janarthanan]

duty has been reduced by 28 per cent ! Therefore, the Budget which aims at the welfare of the poor people should reduce the excise duty on the medium count cotton yarn used by the poor people. So, this must be reconsidered in the interest of the industry. The entire textile policy should be reconsidered.

The textile industry is at the cross-roads in 1992. The textile industry created in black market in 1942 during the World War. Now after 50 years it is again at the cross-roads, when we meet for the next session here we may find lot of *hallagulla* here on the textile policy.

You were exporting cotton yarn in November 1991 but in February 1992 you have permitted imports. You have stopped export of cotton yarn now. That will tell upon the Tamil Nadu textile spinning units very much. After all, you have exported only four per cent, while China and Pakistan are exporting 36 per cent of it. They are our biggest rivals now. So, taking into consideration all this, the textile policy should be reviewed and the import and export policy of cotton and cotton yarn should be received by the Government.

For that, I want to tell the Government that our Chief Minister DR. PURATCHI THALAVI Jaya Lalitha, requested the Central Government to include the Sethusamudram project in the Eighth Plan. It is in the interest of not only the State of Tamil Nadu but also the whole country. Otherwise, whatever problems we had in 1962 along Himalayas we will have in 1992 along the sea costs. Therefore, the Sethusamudram project is a must India for the betterment of defence as well as economic considerations.

The Central Government has permitted us the Aromatic Plant at a cost of Rs. 20 crores for which our hon. Chief Minister has thanked the Prime Minister wholeheartedly. I once again request that the Sethusamudram Project should be included in the Eighth Plan. It may be taken up foremost by 2060,

or 2500, that is a different matter. If you are not including it in the plans, then that means that you are not planning at all. It is a great disgrace that you are not planning at all. I can quote Thiruvalluvar here, if need be. Whatever your officers say, the present conditions are very grave. Our leader is not with us now. We have lost our leader, Shri Rajiv Gandhi. Because of whom, have we lost him?

One last point you must understand for the future. The Sethusamudram Project is a must for India and therefore, it should be included in the Eighth Plan.

And I am telling the Government, I want to tell, as one of the hon. Congress Members of Parliament has said, that whatever be the Plan, you can go the moon — whatever be the project, our people who are our masters who have not seen Delhi or even Madras they want rice and what. I have been elected thrice to Parliament. The people, through the public distribution system want rice and wheat to be supplied. They should be supplied at a rate as cheap as possible. That was the policy adopted by Shri Rajiv Gandhi. He exported only two lakh lacks of cotton. But the greatest wrong was committed by Shri Devi Lal when he exported 13 lakh tonnes of wheat. Never has it happened so in the history of India. Never did it happen like that.

17.00 hrs.

Now, we are suffering for that. Please follow the path of Rajiveji in the policy of import and export of textiles. Only in 1985-86, during Shri Rajiv Gandhi's period, there was export of Indian yarn to the other parts of the world. The present Textile Policy you are following on the export and import front should be revived.

Lastly, I would like to say something about black money. I am hearing the word black money only in India. In Singapore, Japan, London, or America, they say only dollar or yen or sterling and they do not call it as black money. When British ruled over India during the Second World War, that is, in 1942, 50 years back, the black money was

created. should we not be ashamed of this black money which was created and is still continuing? We have not been able to eradicate the black money even after 50 years.

According to the Doordarshan Programme 'Money Matters' in fifteen minutes, Rs. 1 crores of black money is being created in our country. Every hour, we are producing Rs. 4 crores of black money. It is announced on the T.V.

My Congress friends have told about the bidi industry, which is by hand only and in our Tamil Nadu the matchstick is produced by hand only. Our hon. Finance Minister, Shri Rameshwar Thakur, knows the details. Our Chief Minister has stated on the floor of the Tamil Nadu recommended to the Central Government to remove excise duty on handmade tiny matchboxes. Now, about 10 to 12 lakh bundles of match boxes are lying idle without sale because of the excise duty problem. The match stick industries are mainly in five districts of Tamil Nadu namely, Kamarajar District, Chidanbaranar, Pon Muthur malingam, Tirunelveli and Ramanathapuram districts. They were all Congress national leaders. The districts have been named after them by our leader, late MGR. We have named even a university after Kamarajar. Therefore, Kamarajar's name will be there in Tamil Nadu even after three thousands years. Therefore, we have given such an importance to Kamaraja's name. Shri Era Anbarasu is requesting to name one railway station after him.

Puratchi Thalaivi Dr. Jayalalitha has requested the Central Government to include Sethu Samundram Project in the Eighth Five Year Plan.

Sir, with these words, I conclude.

SHRI RAM NAIK (Bombay North): Sir, on the 29th February, when the Finance Minister presented the Budget and also the Finance Bill, everywhere it was welcomed. Actually, it was a speech glittering through the whole of India and entire nation saw it and heard it also. A section of the Indian

population, who do not understand all the implications of the Budget, welcomed it. I would say that the joy can be compared to the joy of the family where a baby is born after twenty years of marriage. Likewise, everywhere some of the persons welcomed the new Budget. (Interruptions)

[Translation]

SHRI HARCHAND SINGH (Ropar): You are well versed in Hindi. So please speak in Hindi.

SHRI RAM NAIK: I have no objection. Many hon. Members were delighted by the Budget proposals as if a child had been born in to a family 20 years after their married life. However, people like me, who have some knowledge of the Budget remarked that;

[English]

all that glitters is not gold.

[Translation]

That's why I submit that there is nothing for the Common man and the middle class in this Budget. I have already said that the Budget proposals will cause undue hardship to the people. The Common man is suffering badly because of raising prices and the magnitude of suffering can be gauged from the fact that the value of one rupee has been reduced to 10 paise taking 1947 as base year. When the prices are rising and the value of rupees is going down, Laxman, the Great Cartoonist working with "The Times of India" made his observations in his cartoon in a befitting manner. We come across his cartoons everyday. He is know all over the world for his cartoons. The Budget was presented on the 29th of February and Laxman's first cartoon about the Union Budget appeared on the 9th March. It was in English. Reacting the Budget, he made the following observations below the cartoon. He wrote.

[English]

X "The first day it looked really great."

[Sh. Ram Naik]

[Translation]

The second day he wrote:

[English]

The second day a bit of alarming.

[Translation]

He writes that that there is definitely some deception in it and it is not that all the good things are there in the Budget and he wrote again.

[English]

"X" and today it seems horrifying, marking me wish for the good old pre-Budget economic order".

[Translation]

After six-seven days he felt that the pre-Budget economic order was better. He did not feel that there were new proposals in the Budget for the commonman. That's why he made an observation that the conditions in the economy have deteriorated with the presentation of this Budget. Two months have passed since the presentation of this Budget and all the observations and beliefs the people about the Budget proposals have proved wrong. Now it is quite clear that there is nothing special for the commonman and the middle class. This belief is now increasingly gaining ground among the people.

Sir, the day demands for grants to the tune of Rs. 2,33,000 crore were guillotined in the House within five minutes, I was thinking about the situation that would develop in the country. The hon. Minister of Finance has also waged a war against the intellectuals in addition to the middle class. All this becomes evident when we analyse the Budget. Therefore, I appeal to the hon. Minister of Finance that besides taking care of the views of his party colleagues he should also pay attention towards our

speeches. I hope that the hon. Minister of Finance will pay due attention towards the Views of both the treasury and the opposition benches.

I remember correctly, while speaking on the Finance Bill last year, I had made some suggestions with regard to the Budget. I would like to repeat them in brief. My first suggestion was that the incomes tax imposed on Co-operative Banks and Co-operative Societies should be withdrawn. Secondly, I had opposed the provision which envisaged the deduction of income-tax from the interest on bank deposits. Thirdly, I had suggested that the tax imposed on air-conditioned hotels was unjustified and hence be withdrawn. Fourthly, I had said that the tax imposed on the Glass industry was unfair. When I made these suggestions, the hon. Minister was all praise for it, but unfortunately those very points, with which the hon. Minister fully agreed have been ignored while formulating this Budget. Therefore, I would like to make a humble submission that unlike last year, when the hon. Minister agreed to my suggestions 7-8 months after the passing of the Budget, this time, the Government should take an immediate decision on these suggestions, in the larger interests of the nation. The Government should take a decision in this regard, without looking upon it as a prestige issue.

Now, if one looks at the concessions announced on April 30, finds the the Government is keen to provide all facilities to the big industrialists, that the Government is keen to help people to convert their black money in to white money, that the Government has schemes to legalise even the activities of smugglers, but at the same time, apart from the rebate of Rs. 7,000/-, the Government has not made any concession for people with salaried income. The Government has neglected the middle class, which consists of the country's intellectuals and forms the country's backbone. This much neglect is uncalled for.

Mr. Chairman, Sir, I have some suggestion to provide relief and concession to middle class families. The income tax

exemption limit which has been raised to Rs. 28,000 should be raised further, keeping in mind the present value of rupee. The prices have gone up considerably as compared to last year and the actual value of Rupee has gone down. That is why I have given notice for an amendment to raise the income tax exemption limit to Rs. 48,000/-. I would not like to repeat the reasons behind this demand for raising the income tax exemption limit to Rs. 48,000, although the sky-rocketing prices and inflation are among the major factors.

Mr. Chairman, Sir, Secondly, the Government should raise the second stage of income tax levy from Rs. 50,000/- to Rs. 75,000/-. The third stage of Rs. 1,00,000/- is alright and it need not be changed. Further, we have also given suggestions with regard to the amount of income-tax. If the Government accepts them, it would provide great relief to the Middle Class families. It is not correct to inflict such taxes from time to time on the salaried class, who earn their bread, sincerely and honestly.

The Government has given a tax rebate of Rs. 7,000/- that too under 70 L and 80 CCR. Without going into all that, I would like to say only this much that the Government should continue with the tax concessions announced last year. If it done, nobody will bother to think about beneficiaries and losers of the newly announced schemes. In this connection, I would also like to mention here that the Government should not change the provision of tax concessions every year. It is neither in the interest of the people, nor that of the Government. This will only erode the confidence of the masses in the Government.

Mr. Chairman, Sir, in this regard, let us take an example. Say, a person takes a 'Jeevandhara' policy for Rs. 40,000. Now, when he took the policy, it did not come under the purview of the taxes and he takes it for a minimum period of 10, 15 or 20 years, thinking that the premium on his policy would be exempt from income-tax, but the Government suddenly changes its decision, resulting not only in loss to the investor, but also in building up a feeling of mistrust

against Government's policies. This means that there should be some commitment in Government's policies. The people should have complete confidence that no tax would be levied on insurance policies up to a certain amount. This, the hon. Minister can very well do, as this Department also comes under his Ministry. This can be done by amending the Insurance Act. It is a matter of Contractual liability. Therefore, the entire structure at income-tax should be such that changes in incomes tax concessions should not take place, every now and then.

If people purchase units from U.T.I. the hope of gaining some interest, they would be land in trouble if the Government imposes different rates of taxes on this interest, every year. Therefore, it is my humble submission that such changes, every now and then is undesirable. It is my suggestion that the income-tax concessions should be announced for a period of five years, on the lines of the import-export policy. It should not be changed for a minimum period of five years. Why are we adopting different postures vis-a-vis the income tax policy and the import-export policy? There should be some sort of permanence. This will enable the layman to make sound investments. People will also develop confidence in the Government. If a person upon his retirement receives a lumps gratuity amount of Rs. 70,000/- he will be able to make a sound investment plan. If the Government makes changes from time to time, then the pensioners will be the worst suffers as they will invest their entire amount in one scheme and one fine morning, they will find to their bewilderment that they stand to lose a good amount in the form of taxes, as a result of policy changes. Therefore, all concessions should be made for a period of five years. In this contact, I have given notice for several amendments and in very session, I have stressed the need for continuing the concessions till 1995-96. The Government should actively consider this proposal.

The Government has also made changes with regard to Hindu Undivided family. The HUF, as per our ancient tradition, is in itself a social scheme. If a handicapped

[Sh. Ram Naik]

person, who is unable to earn his livelihood is considered a member of a Hindu Undivided family. Then there is no need for him to take an individual insurance policy. In the progressive countries of the world, social security schemes are in vogue, but not in our country. Unless and until such schemes are launched in this country. The Government should not make change in the provisions provided in the Hindu undivided family.

In principle, the Government has agreed that there won't be any double taxation. It is my suggestion that the Government should impose taxes on them from the partnership and also on other income.

[English]

Please do not have separate taxation for partnership firms.

[Translation]

In order to avoid double taxation, the Government instead of imposing taxes on Partnership firms, should impose taxes on the income the Partner gets from the firm as also the income he receives from other sources.

I would also like to make some suggestions with regard to excise duty. The Government has made changes in the Excise Duty laws as well. Last year, we made several representations in this regard and also gave some suggestions. One of the suggestions was that there is wide disparity in the duty imposed on the bodies built for motor vehicles and the bodies built for Jeeps. For Jeep bodies, the Excise duty levied is 66 per cent. If the cost of the body is around fifty thousand, then an amount of about Rs. thirty three thousand becomes payable as excise duty. You know about the garages manufacturing these bodies. They fall in the category of small scale industry. Most of the jobs are done by hands there. For a big bus body only an amount of Rs. 8400 is payable as excise

duty a while Rs. 33,000 is to be paid as excise duty, for a body of jeep of the price of Rs. fifty thousand. This is an anomaly. Therefore, I think such heavy taxes are not justified on the body of motor vehicles which are produced by small scale industries and in small villages. One could understand if a tax is levied on the production of the engine in factories, because some manufacture the body of Premier, some other manufacture the body of Maruti and this is done in garages. This is my first demand that such type of taxes should not be levied on bodies of vehicles manufactured in small scale in garages.

The condition for payment of excise duty for a small scale unit manufacturing cosmetics is that there should be production of items of the value of Rs. .5 lakhs. If such a Unit produces goods of the value of more than Rs. Five lakhs then it has to pay extra excise duty. But if radio, television sets, air-conditioners and fridges are produced in small units, then there is no excise duty upto Rs. twenty lakhs, there should be uniform laws for all the units in the small scale sector. Such an injustice to the person's manufacturing cosmetic articles should be done away with. If the value of the goods manufactured by them is more than Rs. twenty lakh, twenty percent excise duty should be levied.

After informing you about these things, I would like to express my thanks to you for two things. On 30th April, Government has granted concession on articles of thermaware, insulated ware, thermos flasks etc. There are the products which maintain the temperature of the food items. These products provide help in saving the energy. Initially Government had proposed a thirty percent tax on these articles. Many associations and people submitted their memoranda opposing this tax. You considered their plea sympathetically because this will promote the export of these articles. All those articles are manufactured in small scale sector. After the representations from the people were received, Government withdrew the proposed thirty percent tax. I express my

thanks for the withdrawal of tax because seventy percent of the total production of these articles in India. (*Interruptions*)

MR. CHAIRMAN: You should conclude after expressing thanks.

SHRI RAM NAIK: I would conclude after expressing my thank for a one thing. Seventy per cent of the total production of these articles is being contributed by small factories of my constituency. You have done a very good thing. I would once express my thanks for withdrawal of this duty.

I would like to point out once again to the matter which I had referred in the beginning. Government has reduced the excise duty on glad bottles which it had proposed earlier. It would help in increasing the production and manufacturers in the small sector would be benefited. Last time Government had granted concession six to seven months after these were announced by it. You should accept my suggestions specially the amendment regarding raising of exemption limit to Rs. 48000/- and make an announcement while replying to the debate.

In the end I would except from the finance Minister that he would consider the suggestion and accept them so that the people of this country and House feels that these demands had been accepted as we had put the demands in a correct way. Government should bear it in mind that people must not be forced to launch agitations to get and every demand fulfilled. With these words, I conclude.

SHR: ASHOK . ANANDROA DESHMUKH (Parbhani): Mr. Chairman, Sir, I rise to support the Finance Bill which has been moved for consideration and thank the hon. Prime Minister and Finance Minister.

Sir, in my opinion this budget is a Unique Budget. Such a budget has never been presented in the House in the past. Not only that this is historical Budget, but if the opposition Members also supports it, it would prove to be 'Amrit Kallash'. It is a matter of pride that our Finance Minister has presented

such a good Budget. Opposition Members may move some amendments and our hon. Finance Minister should consider these ammendments keeping in view the ideological discussion which has been going on since the last 40 or 42 years. Today one discussion s going on about the measures to be taken to provide food, shelter and clothing to each citizen of the country. We have not been able to provide all these basic necessities to people so far. But if we all join together in supporting this Budget, then it can become a 'Amrit Kalash' and can definitely provide food, shelter and clothing to all the people of the country. I support this Budget, because it is a very good budget. While supporting it, I would also like to submit that hon. Finance Minister has made a serious effort to link Indian economy with the world economy, but the Opposition Members have opposed it on the plea that the arrival of multinationals in this country would prove to be harmful for this country. I would like to ask them about the harm caused by the multinationals since the year 1950 till date. Examples of Korea, Hong Kong and many other countries may be cited, I am trying to say that multinationals do not make any adverse effect on the economy of this country. There are many countries who have welcomed the multinational companies in their country by granting them concessions in taxes. America has given 30% concession Britain has given 40% and Singapore has granted 31% and Hong Kong has granted 15% concession, to multinational companies. I know that ours is a poor country, which is at twentieth position in the matter of literacy, in water supply it ranks 123th and in export to ranked sixteenth in 1950 whole now it is on 43rd position. Therefore the suggestions of the hon. Members are welcome. Today countries like Korea, Hong-Kong, China are much ahead if our country. China is considered to be three times ahead, Korea was at par with us in 1950, but today it is ahead of us. Hong-Kong is thirteen times ahead of us. Korea is thirty times ahead of us. I am of the opinion that we would try to compete with these countries with the help of this Budget.

Respected Sir, Members from the

[Sh. Ashokanandrea Deshmukh]

Opposition have called this budget anti-poor inflationary and have said that multi-nationals would ruin this economy of this country. I do not know about the Dunkel's report but they have criticised the Dunkel's report also. Senior leaders have said many such things in their speeches. Members have just now said that this budget is not in the favour of the rural poor. But I would like to you submit that Government has done a praiseworthy job by granting a subsidy upto five thousand of rupees.

Last time, I had gone out of this House, but today I am present here because Government has given a subsidy of five thousand rupees. Provision has been made in this budget for making arrangement for supply of drinking water to the majority of villages. Shri Nitish Kumar has complained of the reduction in the number of mandays under employment schemes. In 1987, 87 crores of mandays had been generated whereas in 1990-91 ninety crores of mandays had been created. Thus this budget tries to generate more employment by this method of generation of more mandays. In 1988-89 5040 crores of rupees had been spent on rural sector. Now it is the responsibility of Gujarat and Maharashtra State to undertake this job. Respective States should also discharge their duties. Two main specialties of the Budget are partial convertibility of rupee and granting of relaxation under gold law. Among its other major specialties are reduction in the Budget deficit, heavy curtailment in customs duty and a number of concessions on the foreign investment. This budget concentrates mainly on capital market and corporate sector.

Finance Bill not only presents budget proposals but also suggests changes in the tax structure.

17.25 hrs.

[SHRI RAM NAIK *in the Chair*]

In 1950-51, the ratio between the direct taxes and the indirect taxes was 43:57

where as it became 20:80 in 1990-91. The contribution of income tax to total taxes was 32 per cent in 1950-51 whereas it became 10 per cent in 1990. There has been no increase in the contribution of Corporate Tax. From 9.9 per cent in 1950-51 it has been reduced to 9.1 per cent in 1990-91.

Inflation has increased due to imposing indirect taxes and enhancing excise duty. The burden of taxes has increased manifold on the people.

I do not want to level charges against opposition parties. I would like to give some more suggestions. Indian economy has become a high cost economy. The need of the hour is to reduce indirect taxes especially excise duty. I hope that the hon. Minister will not only improve Corporate Tax structure but bring radical changes in the structure of indirect taxes during the ensuing session. I would like to urge upon him to enhance the income tax exemption keeping in view of the inflation. If the income tax exemption limit is increased from Rs. 28000/- to Rs. 40000/- it will provide some relief to salaried class people and middle income groups.

We have to check non-plan expenditure especially interest charges, Defence expenditure and subsidies to reduce the Budget deficit. The estimated budget deficit during the Seventh Five Year Plan was to the tune of Rs. 14000 crore which shot up to Rs. 35000 crore at the end of the Plan. We have been caught in the vicious circle of non-Governmental expenditure and budget deficit because of foreign debt. Instead of foreign debt we require foreign investment. Besides, it is necessary to impose ceiling on borrowing. The problem of black money is eating into the vitals of the economy. It is essential to solve the problem of black money. The hon. Minister has recently stated while addressing the Income Tax officials at a meeting that the tax evaders should be dealt with strictly. It is an appreciable step. This, the hon. Minister of Finance should depute a Minister of State in the Ministry of Finance for the purpose of simplification and effective implementation of the new policies so that these are not ridiculed by the bureaucrats. The hon. Minister

of Finance has done some work in the interest of farmers. He has promoted export and fixed support price. We have made a lot of progress in the production of fruits. There is need for export promotion. While exporting fruits, better quality of packaging is required. Loans are provided for this purpose, to those who are interested in this work but the problem is that very high rate of interest, i.e. 18 per cent is charged from them. I would like that it should be reduced to 4 per cent. Besides, the transportation charges on grapes is also high i.e. @ Rs.80/-. It should be reduced.

I would like to urge the Government to pay more attention in this direction. Many good steps have been taken in the Budget. A small businessman has to pay only Rs. 1400/- as tax. They have fixed a flat rate of taxation. The Government has taken a good step in respect of gold. The exemption limit of the premium on Medical Insurance Policy would be Rs. 6000/-. It was Rs. 3000/- earlier. The exemption limit has been increased from Rs. 6000/- to Rs. 12000/- in case of handicapped people. Standard deduction of Rs. 15000/- has been allowed to working women whose annual income is Rs. 75000/-. Persons above 65 years of age with an annual income of Rs. 50,000/- have been allowed tax exemption of 10 per cent. Tax relief on retirement benefits to Government employees has been extended to private employees. As I have said just now, lot has been done in the interest of farmers also.

Special excise duty will not be imposed on tea, coffee, cement and sugar. In this way, it is a praise worthy budget. I would like to say one thing more. Special surcharge has been proposed on income tax. This would result in heavy loss to the states. In my opinion, it should not be imposed. That is my request to the hon. Finance Minister.

Although I do not know much about the subject yet I have tried to express my views in a short time at my disposal. I would like to request the Members of all parties to extend their whole hearted support to this historical budget with these words I thank you and conclude.

[English]

SHRI M. RAMANNA RAI (Kasaragod): Mr. Chairman, Sir, I rise to oppose the Finance Bill. My submission is that though in certain area, the Budget and the Finance Bill has been lauded yet this Budget and the Finance Bill is not going to help the ordinary and poor people in this country.

MR. CHAIRMAN: Mr. Rai, your Party's time is over. You can take about seven or eight minutes. The time which has been allotted to your Party is over.

SHRI M. RAMANNA RAI: The taxation policy reveals the class character of the Government. The policy of the Congress Government, throughout was to please the capitalists. The policy of the present Government also is the same. The Finance Bill reveals the true colour of the Government which is pro-rich and anti-poor. The congress party's policy throughout was double talk, say one way and do in another way. They are two opposite things. From Avadi to Tirupati, the only glaring feature which we see is that the Congress is always shedding crocodile tears for the poor and the down-trodden. But in practice, it is serving the rich and the capitalists. The Congress is the party which always talks in two ways. In Avadi, the Congress declared that its policy is a socialistic pattern of society. But all the steps taken in all these forty years clearly show that it is shedding only crocodile tears, which actually helped to get the rich people to get richer and the poor people to be poorer.

The wrong policy of the Government, all these years, created thousands of crores of black money in the country. In this Finance Bill and in the Budget, there is no provision to check the black money and to prevent black money.

In this year Budget also, there is no way to check the black money and its growth. The effective way to prevent the black money or to prevent the corruption is that the Congress Government must have a will because if there is a will there is a way. As far as the Congress Government is

[Sh. M. Ramannarai]

concerned, it has no will to prevent corruption, to prevent smuggling and to prevent and check black money. That is why this process continued. And in this Budget also, it is very very clear that black money will be increased.

As I said earlier, the Congress Government sheds crocodile tears. Now it speaks for the farmers. It says that it is for the farmers and for the poor people. If the Government is for the farmers, then why the Government has taken away these subsidies - fertiliser subsidies? It is because it is anti-poor and anti-farmers. This Government has taken away subsidies and at the same time it says that it is for the poor. Is it for the poor? If it is for the poor, then it should have introduced or should not have taken away the subsidy for the food articles provided for the public distribution system. So this Government - the Congress - Government - is only shedding crocodile tears for the farmers and for the poor. But actually, in the heart the rich people's interest is always there.

Now, you said that the time allotted for me is very short. So I cutting my speech also to that extent.

As few days ago, while discussing about a matter which is concerning the Bofors affairs, the Prime Minister has said that his External Affairs Minister handed over a paper to the External Affairs Minister of Swiss Government. Now the interesting aspect is that the External Affairs Minister told that some lawyer handed over a note to the External Affairs Minister to be handed over to the Prime Minister of Switzerland. This version was told to the House more than a month back. Now, if the Government wanted to know who is the lawyer who handed over a paper to the then External Affairs Minister, Shri Solanki, they would have known. Even after more than a month, the Government is not able to find out who is this lawyer who handed over this note. So, the fact behind is that then Government has no will. If there had been a will, the Government would have found out as to

who is the lawyer who handed over the note to the then External Affairs Minister. But after a lapse of more than a month, the Government is not able to find out the truth as to who has handed over the note. The same is the case with eradication of black money; the same is the case with stopping smuggling and the same is the case with stopping corruption. But, the Government has no intention. The Government has no will. That is why, it is continuing. The Government must seriously consider this. If the Government is very serious and truthful to what they say - that it is for the poor and for the farmers - then, the fertiliser subsidy which was taken away, which was beneficial to the farmers, should be re-introduced. Unless and until the fertiliser subsidy which was taken from the farmers is re-introduced, - whatever the Government say, that it serves the poor, it serves the farmers - it is nothing but hoodwinking the farmers and the country as a whole.

This Government obtained external loan from the IMF and from the World Bank. If the loans obtained from IMF and the World Bank were for a good purpose - for more industrial production and agricultural production in this country - then, it is good. It is good if and only if the produce is exported. What is happening now? Even if the idea is good and the loan obtained is for producing more in the industrial sector or in the farming sector, what is the guarantee that we will be able to export? Recently we understood this. Even if our country produces more, even if our farmers and industrialists are prepared to produce more for the export purpose, under the Super 301 of American Law, will we be able to export? what food articles, what industrial produce will we be able to export? But, I am afraid that we will not be able to repay the loans obtained by the Government of India from the IMF and the World Bank. We must seriously consider this aspect.

The last point is this. The American imperialists are threatening our country. They are threatening not only India, but they are threatening every Third World country. Now, I hope you understand that the Russian Government was threatened by the USA.

The only solution for this country is to depend on its own, to stand on its own legs, at least in the food sector. If India is self-sufficient in food sector, then, we need not fear for the American imperialists or other imperialists who are the agents of those imperialists.

So, India must spend more and more money for the farming sector, for the food sector and we should be able to proclaim to the world that India is self-sufficient in food. We will not be able to import foreign cars; we will not be able to improve videos; we will not be able to import luxury articles. But, at least, we will be self-sufficient in food. In food, we need not fear from anyone. My submission in this case is that the Government even at this stage should reintroduce the subsidies meant for farm sector, subsidies meant for productive sector and help the country to stand on its own legs so that we would be able to continue as a free country. India will require that we are not afraid of imperialists. So, this is my submission. There is no provision in the Finance Bill to say that India will be free to decide its fate in future. So, I have to oppose this Finance Bill.

[Translation]

*SHRI V.S. VIJAYRAGHAVAN (Palkkad): Mr. Chairman, I rise to support the Finance Bill. I also support the various concessions announced by him. This year's budget has come against the background of an unprecedented economic crisis. Because of the wrong policies pursued by the previous two Governments the foreign exchange reserve got depleted so much so that we had foreign exchange to import even one month's requirement. It was in such a situation that the Congress Government under the leadership of Shri Narashimha Rao took over. Within six months of coming to power, the foreign exchange reserve grew considerably. This has been achieved by increasing exports as well as cutting down on unnecessary imports. The change that have taken place in the economic sector are truly unprecedented. Through liberalisation the

Indian economy has been integrated with the world economy and thus it has been given a new vigour. Those who say that the Government has jeopardised the freedom and stability of the country by taking loan from the IMF should do well to find out what has been done by China and east European countries. We have come to know that China accepted or had to accept all the conditions put forth by IMF. Do you have nothing to say about it? Naturally a creditor would put forth certain conditions. Through mutual discussions, certain acceptable conditions will emerge. This is the universal practice. So, what is unusual about it? At the same time stand has the Government taken in respect of the patent law? Although the US administration threatened to include India under Super 301 and destroy our foreign trade, the Government did not yield to the pressure. The opposition has been shouting from the house stops for the past ten months that the Government is yielding to US pressure. But the Government has been carrying on serious negotiations with the representatives of US Government on this question and trying to convince them that their stand is wrong. Finally, only when the US Government took action against us, the opposition realised that the Government of India has taken a firm stand on this issue. The other day the opposition in Kerala organised a roadblock against the economic policies of the Central Government. At the same time when the Finance Minister moved the Finance Bill and announced concessions, Shri Somanath Chatterjee was seen nodding his head in appreciation. There they organise roadblock and here nod their heads in appreciation. I do not understand the meaning of this.

The budget is important for many reasons. It is the best cure for the ills which have afflicted the Indian company. Shri Manmohan Singh can be compared to an export surgeon. He started his treatment when the economy was afflicted by a very serious disease. Having realised that a major surgery is required, he performed it. When a surgery is done, there will be pain and loss of bad blood and pus etc. That is what we saw in the last budget. After that

the patient started getting better. So, he has prescribed medicines for improving the health of the patient in this year's budget.

This budget is a part of the policy of liberalisation. With this in view, he has given tax concessions which all welcome. Similarly, I welcome the basic exemption being raised in income tax. But, keeping in view the present level of price rise, the exemption limit of Rs. 28000/- is inadequate. I, therefore, demand that it should be raised to at least Rs. 35000/-. Today, the dearness allowance is taxed. This is quite irrational. The dearness allowance, in the real sense, is not an income. This is just a cushion against the price rise. If it is taxed, the very concept of dearness allowance will lose its meaning. I therefore demand that the dearness allowance should be exempted from tax. I welcome the other concessions particularly the concession on gold.

Sir, budget is the Chief instrument of development. There are many States in India where very great development has not taken place. Kerala is one such State. It has the highest literacy percentage and at the same time it has the highest number of educated unemployed persons. More than 36 lakh persons are estimated to be unemployed in the State. They can be given employment, if there is industrialisation. It has been seen that since 1977 the Central investment in Kerala has been coming down. This has adversely affected Kerala's employment position. Therefore there has to be speedy industrialisation. The Centre must invest money. But that is not Kerala's trend we see now. The work on the thermal power plant at Kayankulam is going very slow. The development of FACT has not taken place. Very meagre amount has been allotted for railway electrification. There are many such proposals which are pending. This has to change. The industrialisation has to be speeded up. Privatisation will not help Kerala because the private industrialists will set up industries in Delhi, Bombay, Madras

and such other places. Therefore the Government should invest in the industrial sector of Kerala. In this connection, I want to make another small submission. The Government of Kerala is supplying rice through PDS at the rate and is suffering loss. The Centre should at least make up some part of this loss and thus help the State Government.

18.00 hrs.

Now, I come to my constituency Palakkad. Palakkad is an underdeveloped district. But it is the rice bowl of Kerala. Since irrigation facilities are inadequate are not able to make a breakthrough in agricultural production. Today many parts of Palakkad are in the grip of a serious drought. When the Silent Valley Project was given up at the instance of the late Indiraji, we were promised that an alternative project would be given to meet the requirement of irrigation and power of this region. They Kurrunkutty Karuppara Project was conceived in this background. But, even this project has been shelved due to the objections from the environmentalists. Since the district is chronically drought prone at least the irrigation part of this project should be sanctioned and the farmers of Palakkad should be saved.

[English]

THE MINISTER OF STATE IN THE
MINISTRY OF PARLIAMENTARY AFFAIRS
AND MINISTER OF STATE IN THE
MINISTRY OF LAW, JUSTICE AND
COMPANY AFFAIRS (SHRIRANGARAJAN
KUMARAMANGALAM):

Sir, if the House agrees, I make a proposal to extend the House for half an hour more. Anyway, there is the IPG meeting at 7 o'clock and if we sit for half an hour or so, two or more Members can have their say. There are a number of members yet to speak.

SOME HON MEMBERS: No please.

They may be given a chance to speak 18.02 hrs.
tomorrow.

MR. CHAIRMAN: Mr. Vijaya Raghavan,
you may continue your speech tomorrow.

*The Lokha Sabha then Adjourned Till
Eleven of the Clock on Wednesday, May
6, 1992 / Vaisakha 16, 1914 (Saka).*