

631 *Stat. Res. re. disapproval of Prev. of Illicit traffic in Narcotic Drugs & Psychotropic substances (Amend.) Ordn.; & Prevention of Illicit traffic in Narcotic Drugs & Psychotropic substances (Amend.) Bill* SEPTEMBER 3, 1990 *Stat. res. re. basic exc. duty leviable on motor cars & other motor vehicles* 632
res. re. disapproval of cons. of foreign exch. & Prev. of smuggling activities (Amend.) Ordn. Cons. of foreign exch. & Prev. of smuggling activities (Amend.) Bill

SEVERAL HON. MEMBER: Yes.

Amendment No.2 was, by leave, withdrawn

MR. DEPUTY SPEAKER: Since there is no amendment to clause 3, I shall put clauses 2 and 3 to the vote of the House together. The question is:

"That Clauses 2 to 3 stand part of the Bill."

The motion was adopted

Clauses 2 to 3 were added to the Bill.

MR. DEPUTY SPEAKER: There are no amendments to Clause 1, enacting formula and the long title. The question is:

"That Clause 1, the Enacting Formula and the long Title stand part of the Bill."

The motion was adopted

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

[Translation]

PROF. MADHU DANDAVATE: I beg to move

"That the Bill be passed."

[English]

MR. DEPUTY SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted

15.03 hrs.

Automobiles

STATUTORY RESOLUTION RE. BASIC EXCISE DUTY LEVIABLE ON MOTOR CARS AND OTHER MOTOR VEHICLES

[English]

THE MINISTER OF FINANCE (PROF MADHU DANDAVATE): I beg to move:

"That in pursuance of sub-section (2) of section 3 of the Central Excise Tarrif Act, 1985 (Act No. 5 of 1986), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 136/90-Central Excise, GSR 721 (E), dated the 22nd August, 1990, which was laid on the Table of the House on the same day, increasing the basic excise duty leviable on motor cars and other motor vehicles principally designed for the transport of persons (other than those of Heading No. 87.02), including station wagons and racing cars from 40% *ad valorem* to 50% *ad valorem* from the date of issue of the said notification."

MR. DEPUTY SPEAKER: Motion moved:

"That in pursuance of sub-section (2) of section 3 of the Central Excise Tariff Act, 1985 (Act No. 5 of 1986), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 136/90-Central Excise, GSR 721 (E), dated the 22nd August, 1990, which was laid on the Table of the House which was laid on the Table of the House on the same day, increasing the basic excise duty leviable on motor cars and other motor vehicles principally designed for the transport of persons (other than those of Heading No. 87.02), including station wagons and racing cars from 40% *ad valorem* to 50% and *ad valorem* from the date of issue of the said notification."

SHRI P.R. KUMARAMANGALAM (Salem): Normally, matters relating to an increase of excise form part of the budget. It should not be brought piecemeal in this manner. It clearly shows that this has been a development which is nothing but an after-thought, which came to this house in the form of a statement, which has really two parts in it. The first part was dealing with government vehicles not being used on Sundays. We were hoping that in the normal course government vehicles were not used on Sundays. We thought that for non-official work they were not normally supposed to be used, even though this is the background. We made a hue and cry about the fact that a restriction had been placed with the Government vehicles not plying on Sundays. I wonder whether this applies to the Ministers because we had seen that certain Ministers especially the Prime Minister's cars had moved out on Sundays. Or is it that the Prime Minister's car or the Government's car exempted due to security reasons? We would like to know where does that stand though it does not really form part of the Statutory Resolution, but which is really linked to the earlier statement which announced an increase in the excise duty for vehicles as a part of the move to bring in control on consumption of petroleum products especially petrol and diesel. It is sincerely my view that this increase in duty on motor vehicles would not bring any control on the consumption of petrol. All that it would bring in an additional revenue and make the vehicles even more dearer for people who want to buy them.

There was a time when we were told that Maruti car would be a middle class or low middle class transport vehicle. But, today, with all the duty and all the cost that going to it including the price of the Yen having gone up, it has become a vehicle of the upper class. Only those who are rich and who can afford it can buy it. This flat increase of 10 per cent, all that is going to do is to harm the lower middle-class people who have moved into slowly what is called middle-class and have started wanting to have a vehicle for the family, unable to buy it, because of the increasing costs.

I would like to go on record to say that whatever may have been the intentions behind this notification, it is quite clear that costs of not only the vehicles will go up but also of the spare parts. And when the cost of spare parts goes up it hurts many of us who have vehicles which have crossed the decade age quite sometime ago and we cannot effort to buy a new car today because of the increase in prices. And, we are invariably dependant on what spare parts are available. So, it is not going to affect those who want to buy the vehicles only, but it is also going to affect those who have vehicles and it is not necessary to understand the objectives in reality behind this increase in duty.

What is more important for us to understand is, if the objective is only to reduce the number of vehicles that will ply on the road then you are not going to achieve very much because the major buyer of vehicles invariably is either the Government on the one hand or the corporate sector on the other. The private purchasing of vehicles comparatively, in percentage-wise, is very little and I do not think that it is going to affect these two major sectors which are anyway not going to be affected by this 10 per cent increase in costs. But whether this will actually reduce petrol consumption and consumption of petrol products including the diesel I have sincere doubts. And I think the hon. Finance Minister should look into it from a different angle. Increasing the cost of equipment of transport which is required, is it going to benefit the nation or is it better to find another method by which you could reduce the consumption of petrol? In fact, I welcome the one-day-a-week appeal, that some people should not drive the vehicle for one day a week. That appeal would really have more enforcement.

I do recollect that abroad there was a technique that toll tax was higher when one person travels in a car and was less when three or four people travel in a car. There are other methods by which you can discourage the use of vehicles than increasing duty and adding to the burden on the common man. It is up to the Minister, of course, ultimately, but I would like to end by saying that it is

[Sh P R. Kumaramangalam]

unfortunate that the Government is adopting this technique

Prof Madhu Dandvate, when he was here sitting on this bench was strongly disapproving these increases

PROF MADHU DANDAVATE There is nobody there What a vacuum is created there now!

SHRIP R KUMARAMANGALAM That I agree We would welcome you back here There is no problem

But the point that is necessary and I think he should remember is he should not have values which change when he changes sides This taxation and revenue collection are matters of Budget, which should come and form part of the Budget and not be brought suddenly in September-October, or August-September, in fact, within a few months On 18th March last the hon Minister propounded his taxation policy in total in his Budget and so soon he has decided to think that he wants to increase the duty on the vehicles! What is the occasion? He knew that himself, that the petrol consumption was on the rise After all, when a country develops, he cannot help it that energy consumption will go up and petroleum products being one of the basic products, he knew that this was going to happen At the time when he brought the Budget he said that he was increasing duty on petroleum products only to reduce consumption Has the consumption actually reduced? Please do not give us the figures, that when you did it at seven O' Clock in the morning till seven O' Clock in the evening it reduced, because actually it has not reduced All that happened was instead of filling a car or a vehicle in town, you did it outside the town You had gone to the bunk which was 10 kms away from the town instead of the petrol bunk which was 8 Kms away from the town That is all you have

achieved You caused more consumption of petrol

I seriously request the Minister to reconsider whether he would like this really to be passed as a Statutory Resolution

[Translation]

SHRI RAMESH BAIS (Raipur) Mr Deputy Speaker, Sir, I would support this resolution but it will be better to consider its effect on the people The way the tax has been increased on two wheelers and three wheelers is bound to be a burden on the Middle class You have increased the prices of cars It appears that in your opinion only public transport type passenger motor vehicles which are under heading 87 02 are tax but three wheeler Auto Rickshaw, etc which are under heading 87 03, 87 04, 87 06 should not come under the tax It means that there is no tax on three wheelers while tax has been levied on both the two and three wheelers This would directly affect the common man and salaried class It will not have any effect on the people having black money For example, we take Maruti Car Its proposed price was Rs 42000 So that the middle class persons could have it, but it is selling at Rs 1 20 lakh today which is beyond the capacity of middle class persons

Sir, I would like to remind you one more thing TBLCO has increased the prices of chassis of Trucks by Rs 12 5 thousand and the prices of trucks even before this resolution As per Telco's annual budget, it has earned a net profit of Rs 3 crore only during 1987-88 This profit has gone upto Rs 100 crores by 31st March '90 It appears that the Government is encouraging the industrialists to indulge in indiscriminate profiteering I would like to request the Government that it should provide some relief to middle class people instead of letting free the industrialist to indulge in profiteering It is a wrong interpretation that the increase in prices of cars and vehicles will lead to reduced consumption of petroleum Today, scooters and cars have become necessities and they are no

more luxuries. Therefore, any increase in their prices is a direct blow to the middle class and common consumer.

Sir, I thank you for giving me time to speak.

[English]

MR. DEPUTY SPEAKER: The question is:

"That in pursuance of sub-section (2) of section 3 of the Central Excise Tarrif Act, 1985 (Act No. 5 of 1986), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 136/90-Central Excise, GSR 721 (E), dated the 22nd August, 1990, which was laid on the Table of the House on the same day, increasing the basic excise duty leviable on motor cars and other motor vehicles principally designed for the transport of persons (other than those of Heading No. 87.02), including station wagons and racing cars from 40% *ad valorem* to 50% *ad valorem* from the date of issue of the said notification."

The motion was adopted

15.15 hrs.

DEMANDS FOR GRANTS (PUNJAB)
1990-91

[English]

MR. DEPUTY-SPEAKER: The House will now take up discussion and voting on the Demands for Grants in respect of the Budget for the state of Punjab for 1990-91 for which three hours have been allotted.

Hon. Members whose cut motions to the Demands for Grants have been circulated, may, if they desire to move their cut motions, send slips to the Table within 15 minutes indicating the serial number of the cut motions they would like to move. Those cut motions only will be treated as moved.

A list showing the serial numbers of cut motions treated as moved will be put up on the Notice Board shortly. In case any Member finds any discrepancy in the list he may kindly bring it to the notice of the officer at the Table without delay.

Motion moved:

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the Fourth column of Order Paper be granted to the President out of the Consolidated Fund of the State of Punjab to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1991, in respect of the heads of demands entered in the second column thereof against Demands Nos. 1 to 30."