

[*Translation*]

(v) Need for an Industrial Growth Centre in Palghat (Kerala)

*SHRI V.S. VIJAYARAGHAVAN (Palghat): Palghat district of Kerala is industrially backward. The growing literacy has pushed up the number of educated unemployed in this district. This district has not received adequate attention for its all-round development even after independence.

I welcome the decision taken by the Government of India to set up a few Industrial Growth Centres in Kerala. Undoubtedly, this step will help in the industrialisation of the State. These centres should be set up in those districts where industrialisation has not taken place and which have great potential for industrial development. The Palghat district on this ground richly deserves a growth centre.

I would, therefore, request that an Industrial Growth Centre may be set up in Palghat District.

[*English*]

(vi) Need for setting up Sugar Factories in Aska region of Orissa

SHRI SOMNATH RATH (Aska): Sugar industry is one of the major agro-based industries. It is necessary that new sugar factories should be started in the Southern region. In some areas of Aska parliamentary constituency, there is good production of sugar-cane. The starting of sugar factories in the proximity of such areas can help the sugar-cane cultivation to boost production. Taking into consideration the production of sugar-cane, three factories should be started, one at Sumandal, the second one in between Soroda and Badagada and the third one in between Purushotampur and Hinjilikatu. It has been admitted that the sugar-cane cultivated in the Southern region particularly in Aska parliamentary constitu-

ency contains more sucrose content. As such, the sugar production can be more in South on account of more sucrose content.

The establishment of three sugar factories in the three places as cited above, can help our country to augment sugar production to meet the rising needs of the country.

[*Translation*]

(vii) Need for announcement of remunerative prices sugarcane

SHRI KALI PRASAD PANDEY (Gopalganj): Mr. Speaker, Sir, the Government has been fixing the Statewise price of sugarcane every year on the basis of price of sugar in the open market. As per the agreement between the Minister of State of the Ministry of Food and Civil Supplies and the mill-owners on 14th September for the purpose of sale of sugar in the open market, sugar is being supplied to the traders at mills' godowns at the rate of Rs. 775/- and Rs. 800/- per quintal. Hence the present retail price of sugar that is Rs. 840/- and Rs. 900/- per quintal in the open market is in accordance with the Government announcement. Under the provisions of the dual sugar policy, the Government should have announced simultaneously the farmers' due share in the increased prices. The difference in the price of levy sugar and retail open market price of sugar for a common consumer has gone up to about Rs. 475/- per quintal. Earlier this margin did not exceed Rs. 150/-. The main reason for the recent price rise of sugar is the smuggling of sugar at higher prices from the border states to Bangladesh, Nepal, Burma and China. In view of this rise in price of sugar, the price of the sugarcane for the farmers should be about Rs. 55/- per quintal and the State Government should announce this price for the sugarcane before the beginning of the crushing season for the year 1989-90 without any further delay. Otherwise, in order to get their due, sugarcane growers would not allow any sugar mill to operate and it will give rise to a very tense

*Translation of the speech originally delivered in Malayalam.

situation. Canegrowers find it very difficult to receive payment from Government sugar mills for the sugarcane supplied. Therefore, I would like to urge the Government to announce the remunerative price of Rs. 55/- per quintal for sugarcane and make immediate arrangement for the payment of this price to protect the sugarcane growers from exploitation.

[English]

(viii) **Need for bringing the controlled cloth under Essential commodities Act and making available yarn to weavers on no profit no loss basis**

DR. PHULRENU GUHA (Contai): The controlled cloth Janata Sari and Dhoti do not reach the poor people. The controlled cloth should be brought under the Essential Commodities Act.

Powerloom and handloom industries, which largely produce controlled cloth, are cottage industries. More than two crore workers are engaged in it. With the increase of yarn prices these industries are now on the verge of closure. The yarn should be made available to the weavers on 'no profit no loss basis'.

I also urge the Government to appoint a Committee to look into the yarn prices.

[English]

DIRECT-TAX LAWS (SECOND AMENDMENT) BILL

MR. SPEAKER: The House will now take up Direct-Tax Laws (second Amendment) Bill.

Shri S.B. Chavan.

THE MINISTER OF FINANCE (SHRI S.B. CHAVAN): Sir, I beg to move:*

"That the Bill further to amend the

Income-tax Act, 1961, the Wealth-tax Act, 1957 and the Gift-tax Act, 1958, be taken into consideration".

In the context of amendments to direct tax laws, it is often said that the Government is making too many changes in tax laws. While there cannot be two opinions that the tax laws should be stable, this cherished goal is not possible because of various other constraints in fiscal policies of which tax policy is one important component. The problem of tax policy are varied and difficult. Often, the effect and impact of various tax policy tools is not too precise and, therefore, while devising tax techniques, there cannot be absolute suvety about the likely effect of tax incentives to economic development, the use of tax techniques to spur 'production, consumption, investment, both internal and foreign, savings and in similar other directions'. Changes also become necessary to simplify and rationalize some provisions. Therefore, constant review of such laws becomes imperative.

The hon. Members would recollect that in order to achieve rationalisation and simplification of the direct tax laws, major changes were effected in the assessment procedure by amendments brought in through the Direct Tax Laws (Amendment) Act, 1987 and the Direct Tax Laws (Amendment) Act, 1989. After coming into force of these Acts, certain anomalies and difficulties relating to the new assessment procedure have come to light. Further, since the passing of the Direct Tax Laws (Amendment) Act, 1989 and the presentation of the Finance Bill, 1989, a number of suggestions for giving certain tax concessions for the benefit of the taxpayers, including the non-resident Indians, were received by the Government. The prime urgency for the introduction of this Bill is to help the taxpayers by removing the difficulties relating to the new assessment procedure as also to grant certain tax concessions, so that the taxpayers can avail of them during the current financial year. The proposed amendments are also meant to reduce litigation and to withdraw a few unintended tax benefits.

*Moved with the recommendation of the President.