

[Sh. G. M. C. Balayogi]

ing committees in this area are coming forward to pay donation upto ten to fifteen crores of rupees for the said bridges. I, therefore, request the Minister of Petroleum and Natural Gas to coordinate with the State Government of Andhra Pradesh and the local public and marketing committees and take immediate steps to see that the two bridges should be constructed as pucca bridges instead of footpath bridges.

12.44 hrs

FINANCE BILL, 1994

[English]

MR. SPEAKER : Now we take up item No. 5 Finance Bill. The hon. Minister may move that the Bill be taken into consideration.

[Translation]

SHRI NITISH KUMAR (Barh) : When will voting take place on it?

[English]

MR. SPEAKER : We have allotted ten hours for this Bill. So, after ten hours, may be tomorrow in the evening, we will have the vote

(Interruptions)

MR. SPEAKER : Ten hours have been given. We can sit for one or two hours late in the night, if it is necessary, to give time to the Members to speak on this Bill, because this is a reflection of the Budget. We have discussed the Budget, then we have discussed the

Demands. They have been considered by the Standing Committee. Now the proposals given in the Budget Speech are being turned into the Statue. That is all. Ten hours have been given for this. Let us see how it goes.

[Translation]

SHRI NITISH KUMAR : Voting will take place tomorrow evening or day after tomorrow on Friday at 12.0 clock? At least, Members should have this information.

[English]

If you all agree that for some reason or other if one or two hours should be given out of the Private Members' time also and the Private Members may sit late in the night to make up the time, then we can complete it.

[Translation]

DR. LAXMINARAYAN PANDEYA (mandsaur) : Mr. Speaker, Sir, Voting should take place on Friday before lunch.

[English]

MR. SPEAKER : For some reason if that is not, I will take it that you agree to that kind of proposal and we will do it on Friday.

[Translation]

SHRI NITISH KUMAR : Sir, it will be better if the position is made clear.

[English]

MR. SPEAKER : With that understanding, then we will do it on Friday.

[Translation]

DR. LAXMINARAYAN PANDEYA :
Mr. Speaker, Sir, it will be better if all the Members are informed about it.

[English]

MR. SPEAKER : Yes.

THE MINISTER OF FINANCE
(SHRI MANMOHAN SINGH) : Sir, I beg to move :*

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1994-95, be taken into consideration".

Sir, this House is aware that the budget proposals contained many important and far reaching changes in the structure of customs and excise duties. I am encouraged by the strong support voiced by so many hon. Members for the proposals of the Finance Bill. I express my gratitude to the several valuable suggestions made by a number of Hon. Members highlighting the problems of some specific sectors of the industry. Suggestions have also been received from the general public and from trade and industry. I have gone through these suggestions very carefully. I also deputed officers from the Ministry to ascertain the actual difficulties being faced at the ground level by the small scale sector. Whenever there was an immediate need for amendment I have taken action in such cases without any further delay. These changes were announced as part of my reply to the general debate on the budget in this august House. I have made these changes without deviating from the main structure of the budget which is to move towards a simple tax structure that has a wide tax base, moderate tax rates, is well administered,

reduces scope for evasion and litigation and promotes economic efficiency, growth and equity.

In my reply to the budget debate in the House on the 25th April, 1994, I had taken the opportunity to outline the measures I have taken to remove the difficulties faced by certain sections of the small scale industry. I do not want to take up the time of the House by re-counting them. But I would like to once again emphasise that in our endeavour to move towards a broad based, equitable tax system, I have tried to ensure that the genuine problems of the small scale sector are taken care on. I must emphasise that, in general, removal of product-specific exemptions and extension of the general SSI scheme for excise concession gives small scale units a real competitive edge *vis-a-vis* larger units who alone will have to pay duty. Procedures for assessment and payment of excise duty by small scale units has been greatly simplified.

Sir, having regard to the representations received from certain sectors of the small scale industry and the views expressed by many hon. Members, I am persuaded to announce some further duty concessions.

Representations have been received against levy of duty on soap made without the aid of power. Many hon. Members have also stated that it is a labour intensive industry which needs to be encouraged. Accordingly I propose to exempt soap made without the aid of power from duty.

SHRI NIRMAL KANTI
CHATTERJEE (Dumdum) : Thank you very much.

*Moved with the recommendation of the President.

SHRI MANMOHAN SINGH : Many hon. Members cutting across party lines have suggested exemption from excise duty on umbrellas. Even though the SSI exemptions cover almost all the units manufacturing umbrellas excepting a few, in deference to the wishes of the Members, I propose to fully exempt umbrellas from excise duty.

SHRI NIRMAL KANTI CHATTERJEE : Thank you once again.

SHRI MANMOHAN SINGH : Corrugated boxes and cartons are manufactured mostly in the unorganised sector. I understand that a number of processes involved in the making of these boxes and cartons have to be done from outside on job work basis. User industries also are not able to avail of MODVAT in many cases. In view of these practical difficulties, I propose to fully exempt corrugated boxes and cartons from excise duty. This should try to reduce the packaging cost.

Excise duty on motor vehicles with Gross Vehicle Weight of less than 2,700 kilograms was prescribed at 40 per cent. I am informed that a number of vehicles satisfying this criterion have been designed by the manufacturers to cater to the needs of rural transport. It has been represented that the high rate of duty of 40 per cent, which is also the rate applicable to cars, would affect the promotion of such vehicles for rural transport use. I, therefore, propose to reduce the duty on such vehicles from 40 to 25 per cent.

In view of administrative difficulties faced by the exempted utensil manufacturers, I propose to exempt the circles used captively in the manufacture of such

utensils.

I am also proposing to extend proforma credit of yarn duty to manufacturers of narrow woven fabrics.

The woollen industry has represented that the increase in excise duty on fabrics and yarn without any MODVAT benefits would have adverse effect on fabric prices. I therefore, propose to extend proforma credit on woollen yarn duty to woollen fabrics as well.

On knitted and crocheted fabrics, I propose a uniform duty of 10 per cent as against of 5 per cent, 10 per cent or 20 per cent depending upon the value.

Sir, the house would recall that I had proposed conversion of duty on air-conditioners from specific to *ad valorem*. It has been represented that the imposition of 60 per cent *ad valorem* duty on split air-conditioners for use in buses has resulted in a sharp increase in incidence of duty. This would be against the interest of promoting tourism. I, therefore, propose to reduce the *ad valorem* duty on such split air-conditioners to 30 per cent.

Sir, I had announced certain changes with regard to customs duty levied on import of medical equipment. I had proposed these changes with a view to rationalizing the complex procedures prescribed for availing of concessions and exemptions provided for charitable hospitals. I had also kept in mind the need to encourage domestic industry for the production of medical equipment. Since then I have received a number of representations from Members of Parliament, medical profession and the industry to make some changes in the proposals

particularly in regard to import of life saving equipment. I have considered all these representations and I propose to enlarge the list of imported life saving medical equipment exempt from the payment of customs duty. The list of goods attracting 15 per cent customs duty is also being enlarged further. Spare parts of such medical equipment which attract 15 per cent plus nil c.v. duty and 40 per cent with c.v. duty will now generally attract a uniform rate of 15 per cent plus c.v. duty. Similarly, the excise duty on medical furniture which in my budget proposal attracts 20 per cent excise duty will be reduced to 5 per cent. It has been represented to me that there is need to enlarge the list of life saving drugs which at present attract nil rate of duty. I will examine this proposal in due course, in consultation with the appropriate technical authorities.

The exemption notification relating to the changes in the indirect taxes will be placed on the Table of the House in due course.

Sir, I now move to the changes. I propose in the clauses pertaining to direct taxes.

Honourable Members would be glad to learn that the objective of increasing the share of direct taxes as a proportion of total tax revenues and of GDP is being gradually realised. Between the period 1990-91 and 1993-94, the share of direct taxes as a proportion of total tax revenues has increased substantially from 19.2 per cent to 27.6 per cent. Similarly, the share of direct taxes as a proportion of GDP has also increased from 2.32 per cent to 2.94 per cent during the same period.

As a part of the process of simplification and widening the tax base, I had proposed introduction of a new estimated income scheme for truck owners who own upto ten trucks. The proposal in the Finance Bill stipulated estimation of income at Rs. 2,000/- per truck per month (i.e. Rs. 24,000/- per year) for light and medium commercial vehicles and Rs. 2,500/- per truck per month (i.e. Rs. 30,000/- per year) for heavy trucks. The proposed estimated incomes are comprehensive, that is, deduction of depreciation and other business expenses are deemed to have been taken into account and no further deduction will be allowed.

Many representations have been received from transport associations and others, pleading that the estimated figures of income of Rs. 30,000/- per annum for heavy trucks and Rs. 24,000/- per annum for light and medium trucks are too high and need to be revised, especially when a high rate of depreciation of 40 per cent, is admissible on trucks in the normal assessments.

It has been suggested that the estimated income should be so structured as to take into account the age of the truck.

Sir, the estimated income scheme has been introduced with the hope that this will usher in simplicity for truck owners and would reduce the cost of compliance. Normally, for a new truck, depreciation allowance and interest are quite high but there is negligible cost for repair. In subsequent years, depreciation and interest decrease substantially but repair costs increase. The taxable income, thus, remains more or less constant irrespective of the age of the truck.

[Sh. Manoranjan Bhakta]

It is for this reason that the age factor has been ignored in determining the estimated figures of income. As regards the estimated figures themselves, I propose to reduce the estimated income for light and medium commercial vehicles from Rs. 2,000/- to Rs. 1,800/- per truck per month and for heavy trucks from Rs. 2,500/- to Rs. 2,000 per truck per month. I hope, with these changes, the starting trouble would be over and the estimated income scheme would move in top gear.

The Finance Bill contains a proposal to change the due dates for furnishing of returns in the case of companies from 31st December, at present, to 31st October. In the case of non-corporate taxpayers, who are statutorily required to get their accounts audited or are required to furnish an accountant report in support of claims of certain deductions and in the case of cooperative societies. The due date was proposed to be shifted from 31st October to the 31st August. Representations have been received from the hon. Members of Parliament, representative bodies of chartered accountants, taxpayers, trade and industries, association etc., that the proposed due dates will result in heavy pressure if work on the audit profession. Further, the amendment will create difficulties in the case of non corporate assesseees who claim deduction under section 80 HHC and 30 HHD, since they are allowed to bring in the export proceeds in foreign exchange by 30th September and thereafter, furnish evidence in support of such remittance. Recognising the problems the new dates may create, I propose to fix the due date for filling returns for companies as 30th November instead of the earlier proposed date of 31st October. Likewise, I propose to

restore the existing due date of filing returns for non-corporate assesseees who are statutorily required to get their accounts audited. Their due date will accordingly, continue to be 31st October and it will not be changed to 31st August.

The Finance Bill seeks to exempt from tax the income of members of the Scheduled Tribes, residing in the State of Sikkim. However, after this concession to Scheduled Tribes in Sikkim was introduced in the Finance Bill in accordance with the wishes of the Chief Minister of Sikkim, the latter has now come with a fresh request that not only Scheduled Tribes but all the people residing in Sikkim should be exempted from taxation. I have also received representations from some Members of Parliament and some other persons suggesting modification in the proposal as contained in the Finance Bill. This has raised new issues which require examination *de novo*, and, therefore, I propose to withdraw, for the time being, the proposal in the Finance Bill seeking to exempt, the income of members of the Scheduled Tribes residing in Sikkim.

I would like to draw the attention of the hon. Members to the proposal made in the Budget for providing a five year tax holiday for new industrial undertakings set up in backward districts of States which are not specified in the Eighth Schedule to the Income-tax Act. This proposal has been widely welcomed. I have now constituted a group which will collect district wise data from the States in order to arrive at a uniform national set of criteria for industrial backwardness and to identify, on the basis of these criteria, districts which are extremely backward. Several hon. Members have recommended inclusion of certain areas

in the list of extremely backward districts to be notified by the Central Government. Letters from the Finance Ministry have been addressed to the State Governments requesting them for making available district wise data on economic and social indicators in order to enable the Group to identify the backward districts within a short time. I hope, the State Governments would respond quickly so that this fiscal incentive can be implemented very soon.

With these words, I commend the Finance Bill to the House and request the hon. Members to give their whole hearted support to it.

MR. SPEAKER : Motion moved :

"That the Bill to give effect to the financial proposals of the Central Government for the financial year, 1994-95 be taken into consideration."

(Interruptions)

[Translation]

SHRI HARIN PATHAK (Ahmedabad) : Mr. Speaker, Sir, if the hon. Minister increases the income tax exemption limit upto Rs. 50,000, then we will make shorter speeches.

MR. SPEAKER : Ten hours have been allotted for this purpose only.

(Interruptions)

13.00 hrs.

MR. SPEAKER : I feel, instead of Friday, this voting can take place on Thursday

(Interruptions)

SHRI SURAJ MANDAL (Godda) : Mr. Speaker, Sir, I would like to draw the attention of the Minister of Finance

MR. SPEAKER : Ten hours have been allotted for this purpose. You may speak on your turn. Not now, please.

SHRI RAJVEER SINGH (Aonla) : If the income tax exemption limit is raised to Rs. 50,000 then the time allocated for this purpose can further be reduced and this discussion can be completed by today evening*(Interruptions)**

[English]

MR. SPEAKER : What Shri Mandal, is saying will not go on record.

Nine hours have been allotted for all the three stages of the Finance Bill, 1994. If the House agrees, we may have six hours for general discussion, two hours for clause by clause consideration, one hour for third reading and one hour for adjustment.

Now the House stands adjourned to meet again at 2.00 p.m.

13.01 hrs.

The Lok Sabha then adjourned for Lunch till Fourteen of the clock

14.05 hrs.

The Lok Sabha re-assembled after Lunch at Five Minutes past Fourteen of the Clock

(MR. DEPUTY SPEAKER *in the Chair*)