

SHRI GEORGE FERNANDES
(Muzaffarpur) : No.

SHRIMATI DIL KUMARI BHANDARI
: Sir, I hope, while constituting the Delegation, the hon. Minister would not forget the small Parties also.

MR. DEPUTY SPEAKER : We, the people of India, feel extremely happy today that the white rule has ended in South Africa and South Africa has now become a democratic nation which is being headed by Mr. Nelson Mandela who underwent imprisonment for more than 27 years. We share the joys with the South African people. We wish them the best days ahead.

We are really very happy that the Minister of Parliamentary Affairs has made a suggestion that a team of Parliamentarians shall have to visit South Africa at the time of sharing the responsibility by Mr. Nelson Mandela as the Head of the State.

14.23 hrs.

FINANCE BILL, 1994-*CONTD.*

[English]

MR. DEPUTY SPEAKER : The time allotted for this discussion is nine hours. If we were to allot ten minutes each, then we will be able to cover 80 or 90 Members.

The hon. Members who will be speaking in the initial stages, if they take more time than the subsequent speakers will be very much hardpressed for time. That will lead to injustice.

Therefore, my request is that if all

of you stick to ten minutes each, then I think we will be able to do justice to each and everybody. Then everybody will feel extremely happy.

In the list which is given to me, in this list the names of 80 to 90 Members are there. Of course the time allotted to the respective Parties is very good—Congress (I) two hours and forty minutes, BJP one hour and fourteen minutes, Janata Dal twenty-four minutes, CPI(M) twenty-four minutes, CPI nine minutes, AIADMK eight minutes, Telugu Desam four minutes and so on.

No adjustment of time and cooperation are absolutely essential.

[Translation]

SHRI BHAGWAN SHANKAR RAWAT (Agra) : Mr. Deputy Speaker, Sir, the hon. Minister of Finance has announced some reliefs in the morning. He has also made some announcements before this but these have not brought any changes in the basic format of taxation proposals and the Finance Bill. He has announced excise exemption on Umbrellas. I congratulate him. He has given relaxation on hand made soap for which also I congratulate him. By doing so he has done something good. Of course, it took quite a time but it is better late than never. Had he given relaxation in the case of other items also, I would not have risen to criticise the Finance Bill and it would have been the first ever instance when the major opposition party would congratulate him for providing a right economic direction to the country. But I cannot do so because though he has reduced excise on umbrella, the umbrella of budget proposals has many big holes, in spite of Shri Manimohan

Singh's best efforts to patch these holes. But the hands, holding this umbrella will not be able to save the people of this country from getting drenched in the rain. I want to draw your attention towards the harm being caused by these proposals to the people of the country.

He has tried to adopt a new type of process in a stylish way. He has announced imposition of *ad-valorem* tax. Now the excise duty will be calculated on the basis of the value of a product and not on its quantity. He says that he is trying to evolve a new taxation system which paves way for value added taxation, but it is the ultimate result of the pressure from MNCs, the World Bank and GATT which can well be seen in his budget proposals and Financial Bill. Therefore, these proposal will ultimately ruin the economy of the country. I, therefore, want to submit that this is the biggest mistake that Excise Duty has not been reduced in proportionate to the reduction in Custom Duty. there are number of items which if imported attract nominal duty but if these are manufactured in the country will be levied much higher excise duty. I am unable to understand as to what principles of economics he has applied in taking such steps. Sometimes, I feel that the Finance Minister of India forgets that he is working as the Finance Minister of India and not as a representative of some international organisation. No doubt, he has a long experience of working in international financial organisations but he will have to discard that type of thinking and think a fresh on the national lines. This will definitely benefit the country.

Dr. Raja Chelliah, whose recommendations are readily accepted and encouraged by the Finance Minister and

Government of India and who seems to be working as the principal advisor of the Government and who has a great contribution towards determining the finance policies, is of this view that the articles being produced in the small scale units should be dereserved.

It clearly speaks of their veiled intention imposing of excise duty on small scale sector units in the budget proposal and it is a part of this conspiracy to ruin them.

Thereafter, the Government of India will deserve those products which are reserved at present for small scale sector and permit multinational companies to manufacture them. At present, the Government did not dare to do so. Therefore, it has imposed excise duty on these products. After imposing excise duty on them they would no more remain in a competitive position. On the contrary the Finance Minister alleges that even big companies get the products manufactured from SSI units at cheaper rates and thus avail the concessions on that basis. There are 22 lakh SSI units in the country. Their number was 9,87,000 during 1988 but after having a growth of 182 per cent during last 15 years it rose to 22 lakh units. It has an industrial production of 1,50,00,340 and nearly 1 crore 50 lakh people are employed in this sector. The money invested in these units is to the tune of Rs. 2793 crores. 61 per cent of such units have less than 4 employees, 15 per cent have 5 to 9 employees and 87 per cent have more than 9 employees. These industries do not face any labourer problem. Some of them are run by family members. A effort is on to ruin such an ideal system. It is not a healthy practice. An effort is being made to do so through these budget

[Sh. Bhagwan Shankar Rawat]

proposals. I demand that the compulsion of having brand name should be done away with as it is a labourer intensive. Therefore exemptions available to these units should continued. Otherwise big industries will start producing those items and labourers will be rendered jobless. If this is done, it may increase the production but it will ultimately result into an unbalanced economy and people will die of starvation. It will give rise to anarchy, terrorism or Naxalism in the country. It will create a situation in which there will be bumper production but the people will lose their purchasing power and rendered jobless. They will be on the roads.

Secondly, the exemptions withdrawn by the hon. Minister should be restored. I agree with him when he says that there is a long list of as many as 393 exemptions, which is creating problem in their interpretation. If necessary a notification should be issued for this and those exemptions should be restored. He has particularly resorted the exemption being given earlier on the import of medical instruments. I welcome it, but it seems that he is more worried about importing life saving drugs. Everybody's life is valuable. It hardly matters if his life is saved by indigenous drugs or drugs of import. There are two types of India. One type which lives in and around Delhi in India and other one which lives in villages is Bharat. The people of first category can afford imported instruments and imported medicines for their treatment. About 90 per cent of the total population lives in villages. I would have congratulated the Finance Minister and the Government of India had they shown their concern for these people. These poor people live in farflung areas of the country. Had their interests been taken care

of then all the medicines belonging to traditional medical system, be it the Ayurveda, the Unani, the Homeopathy, the Acupuncture or the Naturopathy, would have been exempted from taxation. He has mentioned a point which clearly indicates that he is obsessed by GATT. In ancient times, Charak system was prevalent in India. Even Dhanvantri had written books on Ayurveda. The Minister of Finance says that if the medicines are prepared by using the ancient formula, he will give exemptions but if someone by doing further research makes some changes in the original components of the medicines then he will not be given the benefit of the exemption as GATT puts an embargo on it.

I cite one example. Chyavanprash was invented by a sage named Chyavan. If today Chyavanprash is prepared by using same components which were used in the ancient times then exemption will be given but in the light of present day environmental situation and the food which we eat if one wants to prepare Chyavanprash by adding 'swarn bhasma' to it in order to make it more effective, then he will not get the exemption. I, therefore, want to submit that we should promote such system of medicine as it is cheaper. Every poor person uses these medicines. Whenever he suffers from bad cold he prefers Unani 'Jushanda' to Antibiotics, because he gets it at a very nominal price.

Tax exemption limit for SSIs has been fixed at Rs. 30 lakhs. Considering the ever diminishing of purchasing power of rupee, it is very low. It should be refixed as per the increase in the Price index. Considering all such aspects, it should be at least raised to Rs. 75 lakhs. Thereafter it should be linked with the Price Index. On the one hand we talk of

ad-valorem tax and on the other we want to increase it from the back door so that the Government is exposed. I, therefore, request that price rise should be linked with Price Index. *Ad-valorem* depends on the rate and when there is a price rise then it will pave way for inflation which will be responsible for an increase in the prices. It will ultimately result in increased quantum of tax. I, therefore, would like to submit that it should also be linked with the price Index so that the SSI units do not suffer loss due to price rise.

Mr. Deputy Speaker, Sir, at the time of independence the exchange rate of a dollar was less than Rs. 4 but today it stands at Rs. 32. The prices are rising constantly and the Government is unable to check them. It will, therefore, have to adopt such policies which may control price rise. The implementation of *Ad-valorem* system will be proper only if price rise is under control, otherwise while making a digression, I would like to submit that America controlled inflation in their country by controlling the prices of energy. If the Government of India decides once that it would not increase the prices of energy sources like power, petroleum products, coal etc. to make good the budgetary deficit and keep their prices under control. I am sure, the Government can effectively check the price rise and only then its entire budgetary process will prove to be beneficial to the people.

The taxation system of Government of India is adhoc. It is not known who will be benefited by the Budget. Some people will approach the hon. Finance Minister or other Ministers and ask for some concession in income tax while others will ask concession in custom duty. This adhocism will not do. The main

reason of downfall of our economy is our faulty tax system and taxation policy. Therefore, I would like to say that we should adopt a long term tax policy only then it can be implemented properly. No tax policy can be implemented properly within a period of one year. Not only that it has adverse effects at the national level, it has adverse effects at the International level also. Therefore, I request the hon. Finance Minister to formulate a long term tax policy.

In addition to it, so far as individual Income Tax is concerned, I do not want to repeat my submissions regarding price-rise but would like to say that income tax exemption limit raised from Rs. 30,000 to 35,000 is insignificant in view of the price-rise and decreasing purchasing power of rupees. The entire House was expecting some relief from the hon. Finance Minister in this regard. I would request that this income tax limit exemption should be raised to Rs. 50,000 because there is no use of raising it Rs. 35,000 only. I would also like to say that as you make *advalorem* system every year similarly you should link price-index with income tax exemption limit so that with the increase of price index the income tax exemption limit should also be increased.

I would like to submit one thing more, perhaps the attention of the hon. Minister of Finance and the Government has not been drawn towards it. The tax limit for HUF should be the same as fixed minimum tax. It is because it has been observed that the social security system in America is in very bad shape. People in that country have unlimited wealth but in old age the parents do not receive any care and love from their children and grand children. I do have the information, if I am wrong the hon.

[Sh. Bhagwan Shankar Rawat]

Minister of Finance may correct me. An ashram named 'old Age House' is being set up in Haryana for the old people of Japan. The older generation in that country is distressed that they do have excess of wealth and property, but they are deprived of love and affection in old age. After conducting survey all over the world they found that it was only in India that love and affection exist. In old age, they want to come to this country. They feel that the social workers, nurses etc. in this country would give more love and affection to them than their on family members.

My submission is that they want safety in old age and the Indian traditional life system strengthens, it. Therefore the Government should allow the social security system to be privatised. It works successfully in private sector too. The Government should strengthen the system of running widow ashram under HUF instead of Government widow ashrams it will also maintain the traditional style of living, which is economical. If in one family there are four sons and two grand children and all the sons are allocated separate houses, the number of consumers increase if the members live in joint family, perhaps one bed room would be sufficient though they may have the provision of more than the kitchen.

India has been maintaining a long standing social tradition. Sir, you are quite experienced. I think that the Hon. Minister of Finance has also, perhaps reached that stage in life where he must have got the opportunity to become grand father. If he has, he must be aware of the fact that grandson is dearer than son. The love and affection between the grand parents and grand children is not hidden

from anybody. When the parents go out to work, the mother wants her children to be looked after by the grand parents. She does not want to keep her children in nursing homes etc. because the love and affection of grand parents keep her children healthy. Therefore, I would like to submit that such a long standing tradition which binds the grand parents and grand children together must be maintained. This would provide relief to the Government.

The Government is not unaware of the unemployment problem. About more than 3 crore people would remain unemployed even after the Eighth Five Year Plan. A young man tries to get more and more education and his parents spend whatever they have on his education with an aspiration that their child would get a dignified job. But the Government fail to provide employment to him. The position regarding employment is bad. The opportunities in Government jobs are also adding away gradually. Due to the mechanisation being done, the scope of work in factories has also been restricted. The Government should take measures at least to restore the tradition of joint families so that people are restricted from committing suicide in distress. The other family members would have sympathy for unemployed member and would help him to make his both ends meet. The Government should not try to shield it in the name of social protection. Our motto is "Vasudhaev Kutumbakam". Joint Hindu family is the source of the origination of this concept. That is why, I have been reiterating that the tradition of joint family should not be allowed to be broken. The Government have made the provision under which if a single member of the joint family is the tax payer, the family would be deprived of other facili-

ties. The minimum limit of tax for a joint family is the tax payer, the family would be deprived of other facilities. The minimum limit of tax for a joint family has been kept at Rs. 18,000/. This should be increased and kept at par. Even if an individual of a joint family pays tax but separately its minimum limit should be fixed equal to that of an individual.

The Government have made the provision to waive of the gift tax after death. Tax will not have to be paid if the person dies. It is a very good step. An individual would save it and not waste it. If the property is divided during the life time, it is good. The Government have given an exemption of one lakh rupees in gift tax. Provision to this effect should be made for the family members like son, daughter, wife and all others. The Government should allow to give gifts during the life time. It hardly matters as to what fate does it receive afterwards. The dispute regarding the gift tax should be curbed once for all.

I have gone through the figures. The total amount of realisation is Rs. 4 crores. If the total expenditure regarding salaries, allowances, stationary etc. of the officers and other employees is estimated, the amount exceeds Rs. 4 crores. The Government should seek the blessings of people. It would be better.

The total collection of wealth tax is estimated to Rs. 91 crores. It would be better if the Government provide relief to this effect. Corporation tax, Capital tax, Capital gain tax etc. have been turned in favour of multinational companies. The people of this country should be treated the way foreigners are being treated. It is unfortunate that at present foreigners

are being given priority.. It is correct that we have been known for our hospitality. But the country had to suffer a heavy loss due to it. At the same time hospitality does not mean depriving the people of our country from the benefits they deserve and adopt a generous attitude towards outsiders. The Government should pay attention towards it.

The facilities provided by the Government to NRIs, domestic companies and foreign institution for investment are different. The Government should rather provide similar facilities to all-whether they are NRIs, domestic companies or others. The Government is not providing the facilities to NRIs like those being provided to the investors of foreign institutions. There is no difference between the NRIs and those investors. They are more patriotic and are more inclined to our country. Similar facilities should be provided to the domestic companies also in this regard.

As I have already submitted that the Budget proposals regarding the economy of the country are unrealistic. The Government is convinced that if 6 per cent to 8 per cent industrial growth takes place during the current year the Budget would be successful, otherwise the situation would remain as it was during the last year. In the Budget for the year 1991-92 the Government had made some promises. We had all appreciated the efforts made by the Government to give a new direction to the country. But thereafter, it appears, as if the Government has been receiving non-cooperation from other sides or their efforts are being sabotaged or they have lost their direction. But finally it is the Government that know the internal situation (Interruptions) I told inside not in front. What

[Sh. Bhagwan Shankar Rawat]

is the infighting in their camp they know it better. But my submission is that so far the information I have gathered from the figures collected from the reference section, the total revenue is 10 per cent lesser as compared to the revised estimates. If at all I am wrong anywhere the hon. Minister may please correct me afterwards. But my submission is that the fact that the previous figures have proved wrong make two things evident. First, that the team entrusted the responsibility of preparing the Budget lack proper imagination, they fail to assess what type of trend is going on in the economy. As a result of which they fail to give proper advice. It is due to this reason that the deficit shown in the previous year's Budget was of Rs. 4314/- crore which factually came out at Rs. 9460/- crores giving a difference of 110 per cent. No economist can appreciate a Budget having such a big difference. We the common people may appreciate it but an economist would laugh at such a big difference and unreality in the figures.

The Government had estimated fiscal deficit of Rs. 36,959 crores which came out to be Rs. 58,557 crore showing a difference of 58 per cent, or one and a half times more than the actual estimate. The present economy of the country is in such a situation that 53 per cent revenue earned by the country is spent in paying the interest of loans. Rs. 46000 crore in all is to be paid in this regard during the current year. The only solution to all this is to increase production, whereas the fact is that the Government, policy is to be blamed that stress on more production is not being laid. The Central Government decided to increase excise duty and reduce the customs duty. Therefore my submission is

that the Government should formulate such policy that encourages production, the government should curtail the excise duty and encourage people. Exemption provided to the SSI units earlier should be restored, then only we can think of achieving something.

I would like to speak the last point before I conclude my speech. A parallel economy of three lakh crore rupees is being run in the country. The Government took several measures but achieved marginal success. Therefore, they should formulate a policy which may help in eliminating the parallel economy and the entire money is utilised properly. Therefore I would suggest to invest this black money in Rural labour Intensive Industries so that these industries get work and the landless people are employed. Incentives should be given in this regard. People in India manage to earn more and more money it hardly matters whether it is through wrong practices - and prefer to keep the entire money in Swiss banks but do not cooperate when the Government offer to give them concessions and suggest to legalise their money by paying the tax. This is my personal opinion. Therefore I would reiterate that the Government must take some measures to utilize the unutilized black money that would be in the interest of the country. It would give a new direction to the economy of the country and the Government would be in a position to bring the shattered economy of the country in proper shape.

At present the income tax relaxation given is not adequate. My submission is that the Government have shown negligence regarding savings in the deductions. Consumerism is being given undue importance in the country. Interests of 15 crore people who can afford

to purchase expensive things have been safeguarded. But there are people other than they, and the Government should give equal importance to them. Therefore the facilities with regard to domestic savings should be restored.

The system that was adopted before that under section 88 during the days when Shri Dandawate was the Minister of Finance should be implemented again, because the percentage of savings is going down. Perhaps the hon. Minister is not aware that it was due to small savings that white Revolution took place in Uttar Pradesh. I am not aware of the situation in Gujarat, but my friend has revealed to me that the same was the origin of white Revolution in Gujarat. Women are confined to houses only. They sell small quality of food grains in intervals to the labourers, and purchase cattle with the money they earn. Earlier, selling milk was considered to be an offence, as it was as bad as selling one's own child. But now the situation has changed, now women believe that it is not bad if milk is sold for bringing up the child. It also helps in improving the financial condition of the family if the income of the earning member is inadequate. Milkmen come quietly, get milk and pay money for it. Thereafter white Revolution came in Uttar Pradesh and Gujarat. People were convinced that milk trade was easy, and it does not need much capital.

14.57 hrs.

(Shri Tara Singh in the Chair)

The percentage of small savings is showing a downward trend, the Government should give incentives in this regard. The States are also suffering loss

due to this, and the developmental process is also being obstructed, as a result of which the Central Government is also suffering loss.

Thirdly, I would like to express my view about presumptive taxation method. The Government have tried to provide relief to truck operators, however. My submission is that regarding presumptive taxation, the methods of taxation valuation, civil construction etc. adopted by Japan and France should be analysed and such a system should be evolved in which the procedure of fixing the income should not be affected. Though the Government pose to stress on the method of recovering the tax by pursuasion but in implementation there is complete lack of it. Harshness is there in the recovery of tax. Therefore I would submit to the Government to follow the presumptive taxation method adopted by Japan and France.

Regarding savings I would like to submit that South Korea and Singapore evolved such a system of house savings that strengthened their economy. The Government is impressed by foreign instances quickly, that is why I have quoted the example of foreign countries. If the Government can learn from the examples set within the country, then they may follow the example of rural women in Uttar Pradesh. I do not have much knowledge of Urdu poetry. But I do remember a couplet of Jaishankar Prasad since I have been a student of Hindi literature.

"Chhil chhil kar chhale phore, mal mal kar mridul charan se,

Ghul ghul kar beh jate, behate karuna ke kan se."

[Sh. Bhagwan Shankar Rawat]

Mr. Chairman, Sir, today lakhs of labourers are suffering loss due to the excise policy. My submission is that small sector should be exempted from the excise duty so that they may keep themselves alive. If the hon. Minister understands English quickly I would like to quote Shakespeare.

[English]

"As flies to wanton boys, so we are to Gods; they kill us for their sport."

[Translation]

What I am saying is harsh and I do not want to speak it but thinking that perhaps the hon. Minister may not understand Hindi well I quoted it. They are in great difficulty, they must be provided some relief.

With these words I conclude.

15.00 hrs.

STATEMENT BY MINISTER

[English]

THE MINISTER OF RAILWAYS (SHRI C.K. JAFFER SHARIEF) : It is with deep anguish that I apprise the House of an unfortunate accident involving train No. 7424 Secunderabad-Tirupati Narayanadri Express and a tractor trailer at about 18.35 hrs. on 2.5.1994 on the Bibinagar-Nadikude B.G. single line section on the Secunderabad Division of South Central Railway. While the train was on run in the block section between Pagidpalli and Valigonda stations and approaching the unmanned level crossing No. 11 at Km. 24/4, a tractor trailer carrying a group of families tried to cross

the level crossing but got dashed by the train engine. As a result of the severe impact of the speeding train and consequent dragging of the trailer vehicle along the track, 31 persons travelling on the tractor trailer vehicle lost their lives and 8 others sustained grievous injuries. There was no injury to either the train crew or train passengers. The injured persons were shifted to Bhongir Civil Hospital and subsequently to the Gandhi Hospital at Secunderabad.

Immediately on receipt of the information about the accident, Medical Relief Train from Secunderabad with a team of railway doctors left for the site. Additional General Manager, South Central Railway alongwith Senior Officers and Divisional Railway Manager, Secunderabad rushed to the site of accident. Member Staff, Railway Board also proceeded to the site to make a first hand assessment and visited the injured in the hospital.

The unmanned level crossing, where the accident occurred, is on a straight track, served by an unmetalled 'kutcha' road and the visibility on either side is clear for nearly 600 metres. The driver of the tractor trailer is reportedly missing and the railway administration has lodged a 'first information report' with the Civil Police.

In an unfortunate accident like this, where no train passenger is killed or injured and the primary responsibility, lies with the road user, generally ex-gratia or compensation is not admissible. However, as a special case ex-gratia payment has been made to the next of kin of the identified dead and injured persons.

I have ordered an inquiry into the