

MR. SPEAKER: The question is:

"That schedule, clause 1, the enacting formula and the long Title stand part of the Bill".

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

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): I beg to move:

"That the Bill be passed."

MR. SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted

18.40 hrs.

[English]

FINANCE BILL, 1993

MR. SPEAKER: Now we shall take up the consideration of the Finance Bill. 10 hours have been recommended by the Government for all the three stages of the Finance Bill, 1993. If the House agrees, we may have seven hours for general discussion, two hours for clause by clause consideration and one hour for third reading. And today, we may work for five more hours to give opportunities to the Members to discuss the different aspect of this Bill.

SHRI SOMNATH CHATTERJEE (Balpur): We would like to know as to when the voting will take place tomorrow, so that the Member can be informed and it will be helpful to every section of the House. It will be helpful if we can understand when the voting will be there tomorrow.

MR. SPEAKER: Any time after 6 o'clock.

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum): It has to be concluded by tomorrow midnight because 6th is a holiday. So, you have to take up the voting before tomorrow midnight.

MR. SPEAKER: We will pass it tomorrow itself. We will have to sit late tomorrow also.

Now the Minister may move that the Bill be taken into consideration.

SHRI JASWANT SINGH (Chittoor): I rise to seek a clarification are the amendments to the Finance Bill going to be moved now?

SHRI K.P. UNNIKRIISHNAN (Badagara): After he moves the Finance Bill.

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 for the financial year 1993-94 be taken into consideration."

Sir, I had explained the main features and rationale of the proposals in the Finance bill while presenting the budget in this House on 27th February, 1993. I am greatly heartened by the strong support voiced by so many Hon'ble Members for the proposals of the Finance Bill. Many Hon'ble Members have made suggestions for some modifications in the course of the general debate of the Budget. Suggestions have also been received from the general public and from trade and industry. I have given these suggestions the most careful consideration and I propose to make some changes in my original in view of these suggestions.

Before doing so, I would seek the indulgence of the House to reiterate the context in which this Budget is being moved and the basic rationale of the tax proposals.

Sir, over the past 22 months we have embarked on a far reaching programme of economic reform to restore the health and

dynamism of our economy and set this nation on a sustainable path of economic growth to raise the living standards of all our people, especially the poor. Such reform was long over due. As I said in my first Budget speech, the programme of reform will take some years to implement. And we will have to overcome many obstacles, before we reach our goal.

As I have stated on several occasions, we must continue the process of fiscal consolidation. This is critical for keeping inflation in check and reducing pressure on our balance of payments. Over the past two years we have reduced the fiscal deficit very substantially. For 1993-94, it is estimated at 4.7 per cent of GDP. Next year we plan to reduce it further to 4 per cent or less.

Central to our programme of economic reform is tax reform. We had a tax structure, which was unduly complex, economically unjustifiable in many respects and unsatisfactory in its administration. The ills of this tax system, as well as the necessary remedies, have been convincingly analysed by the reports of the Tax Reforms Committee headed by Prof. Raja J. Chelliah. Following the recommendation of this Committee we have embarked on a comprehensive reform of both direct and indirect taxes in this and the last Budget.

The full programme of tax reform will be implemented by the end of the 8th plan. But the final objective is clear. We will move to a tax system, which is simple, has a wide base with moderate rates to tax, is well administered and, most important, promotes economic efficiency, growth and equity. Necessary measures will include extension in the coverage of MODVAT to new areas, phased reduction in customs tariffs, elimination of wasteful and complex exemptions in customs and excise, steps to improve and modernise the administration of all major taxes and gradual progress to a full value added tax system in consultation with State Governments. Broadening the base of taxation is essential for continuing with the process of rationalising rates of customs and

excise duties and for implementing the corporate tax recommendations of the Tax Reforms Committee.

I would like to draw the attention of the Hon'ble Members to the proposal I had made in the Budget for providing a five year tax holiday for new industrial undertakings set up in backward States and in the power sector, under the provisions of section 80-I-A of the Income Tax Act. This proposal has been very widely welcomed and I share the optimism of the large number of people who believe that the tax holiday will provide a major thrust for power generation and for the development of backward States.

A large number of representations have, however, been received on behalf of other States requesting for inclusion of backward districts of those States for the purposes of section 80-I A. Hon'ble Members would appreciate that the tax holiday provision, proposed in the Budget, includes only those States in which all the districts are industrially backward and, as a result, the State is unable to mobilise resources for industrialisation. It is these States for which a strong fiscal support for industrialisation is very vital. For other States, fiscal support in the form of a 25 to 30 per cent deduction for new industrial undertakings has been available since 1.4.1991. However, we will explore methods for enhancing fiscal support for new industrial undertakings in industrially backward districts of States which are not, as a whole, classified as backward. I propose to appoint a group to look into this matter.

The existing provision of section 80-I-A stipulates that the new industrial undertaking should commence production or manufacture by 31.3.1995. This would have restricted the proposed tax holiday for the backward States and the power sector only to those which commence production after 1.4.1993 but before 31.3.1995. Considering that the setting up of power units of new industries in backward States is sure to take sometime, I propose to extend the time limit for the date of commencement of

[Sh. Manmohan Singh]

manufacture or of generation of power by these new undertakings from 31.3.1995, at present, to 31.3.1998.

Many members of the House and the general public have called for raising the exemption limit for personal income taxation. This House will recall that the limit was raised from Rs. 22,000 to Rs. 28,000 in the Budget of 1992. Nevertheless, recognising the hardships imposed on the common man by even the reduced rate of inflation, and in deference to the wishes of Hon'ble Members, I propose to increase the exemption limit further to Rs. 30,000.

Hon'ble Members would recall that in the Budget of 1992, a major restructuring of personal taxation was undertaken. This included reduction in the tax rates at all levels, rising of the exemption limit and withdrawal of some of the fiscal incentives. The monetary ceiling of deduction under section 80 L was fixed at Rs. 7,000. I have since been receiving a large number of representations suggesting that the monetary ceiling under section 80 L needs to be raised to provide an added incentive for savings in the form of financial assets. Accordingly, I proposed to amend section 80 L in order to enhance the monetary ceiling to Rs. 10,000. The new ceiling will apply to income from all eligible instruments. This proposal will stimulate mobilisation of small savings, bank deposits as well as investments in capital market assets.

I would now like to present to you the modifications relating to indirect taxes.

The reductions in customs duty introduced in the Budget have been widely welcomed by many sections of industry as a step towards reducing cost of production and making our industry more competitive. Duties in many areas are still too high for competitiveness and we need to do more to achieve our goals. As I indicated in my Budget speech, we have to move

to a regime of low to moderate customs duties for efficient and competitive industrialisation. Our medium term objectives in this regard have been spelt out in the 8th Plan document. However, we recognise that this has to be a phased process in which the interest of Indian Industry need to be fully safeguarded. I have received a number of representations from the trade and industry pointing out certain anomalies in the import duty structure in which raw materials and components attract much higher rates of duty than finished products. I have carefully considered these representations and am proposing some changes, bearing in mind our long-term goal of a rational Customs tariff structure as well as revenue considerations.

The Tax Reforms Committee has already recommended that normally there should not be any exemption from countervailing duty of customs since such exemption discriminates against the domestic manufacturers producing these items. Accordingly, I propose to have a review conducted of the countervailing duty exemptions so as to remove such exemptions to the extent feasible.

I also propose to make certain modifications in customs and central excise duties in those sectors of the industry where it is required urgently. On caustic soda, the exemption from countervailing duty is being removed now because of the difficulties being faced by the domestic producers. In the case of specified equipments for manufacture of caustic soda, based on membrane cell technology, I propose to reduce the import duty from 40% to 35%.

To make our iron and steel industry competitive, I had reduced in the Budget, the import duty on specified refractory raw materials including Dead Burnt Magnesite from 70% to 30% in respect of certain grades which are not made in India. There are apprehensions that this reduction may adversely affect the domestic industry. I, therefore, propose to adjust the import duty on such refractory materials upwards from 30% to 50%.

The Hon'ble Members would recall that in the Budget, import duty on steel melting scrap was raised from 10% to 15% as part of rationalisation of import tariff for iron and steel. I have received various representations from the secondary steel sector for reducing this duty. In order to give some relief to the mini steel plants, I propose to reduce the import duty from 15% to 12.5%.

As part of the Budget proposals, import duty on several items of capital goods has been reduced to 35%. In order to encourage the growth of automobile component manufacturing industry, I propose to extend this reduced rate to moulds, jigs, fixtures, dies, etc. for the manufacture of auto components which are currently attracting 50%. Specified components and parts of motor vehicles bear a concessional import duty of 50%. To give further stimulus to domestic manufacturers of automobile components and parts, I propose to reduce the import duty on specified goods which are mainly used in the manufacture of automobile components from a general level of 85% to 50%.

In order to encourage indigenous manufacture of certain telecome equipments, I propose to reduce the import duty on modules and sub-assemblies for their manufacture from 85% to 60%.

To encourage indigenous manufacture of certain electronic components, I propose to reduce the import duty on diffused silicon wafers from 75% to 35%. In addition, I propose to levy countervailing duty as applicable on such silicon wafers. Facility of set off under MODVAT for this countervailing duty is already available.

I am proposing to reduce the import duty on industrial diamonds in dust or powder form, from 85% to 40% and valorem, to provide relief to domestic cutting tool industry.

I also propose to reduce the excise duty on ceramic sanitary ware of porcelain or china from 45% to 30%.

In the Budget, I had proposed to enhance the limit for exemption from excise duty in respect of unregistered small scale units from Rs. 7.5 lakhs to Rs. 10 lakhs. I propose to increase this limit to Rs. 30 lakhs. This would benefit a large number of small scale units.

In the Budget, import duty on metals has been reduced generally, but that on their raw materials, namely ores and concentrates was not reduced in all cases. I propose to generally reduce the import duty on ores and concentrates to a level not higher than the duty payable on the unwrought metals.

I am also proposing to reduce the basic customs duty on certain life saving drugs and equipments which generally attract 85% to 10%.

I am also proposing to further reduce import duty on grand parent poultry stock from 40% to 30% in order to improve the quality of our poultry stock and thereby help exports.

Under section 129 E of the Customs Act, 1962 and section 35 F of the Central Excises and Salt Act, 1944, the Collector (Appeals) or the Appellate Tribunal has powers to grant stay of deposit of duty demanded or penalty levied. In the Budget, I had proposed amendments to these sections seeking to provide that such deposit shall be made prior to filing of appeal instead of during the pendency of appeal. It was also proposed that the power of dispensing of such deposit before the Collector (Appeals) shall be exercised by the Principal Collector. Representations have been received from the Trade, Industry and Hon'ble members of Parliament that such requirement of pre deposit before filing of appeal would cause undue hardship to the appellants. In deference to the said representations and on the advice of the Ministry of Law and Justice, I propose to omit sub-clause (3) of both clauses 42 and 44 of the Finance Bill, 1993.

I do not propose to take up the time of the House by dealing with a few other amendments

[Sh. Manmohan Singh]

the hon. Finance Minister.

18.47 hrs.

(HON. DEPUTY SPEAKER *in the Chair*)

in the Bill which are merely by way of drafting changes or are of procedural or consequential nature.

Finance Bill has an important place in the budget procedure. Financial Bill is such a machinery by which parts of the Government machinery are oiled through tax. I think that this should be discussed with great intelligence and seriousness.

The exemption notifications relating to the above changes in the indirect taxes will be laid on the Table of the House in due course.

Taking direct and indirect taxes together, the changes I have proposed are expected to result in a net revenue loss of Rs. 125 crores to the Centre and Rs. 304 crores to the States.

Hon. Finance Minister has made some points during the recent discussion on the Finance Bill viz the steps taken for economic and financial reforms, how and how much the rate of inflation has been decreased, the measures adopted by him to reduce the budget deficit. But there is a great difference between the statement of Finance Minister and actually seen and felt by the public. He may make claim about controlling the inflation and improving the balance of payment position but the decision of getting a loan of nine thousand million dollars indicates the hollowness of his economic policy. You please think over the relevance of this decision in the light of improving the balance of payment position. Loan may be a separate unit but it is related to the economic policy. Whatever you have said regarding financial reforms or control on the market but actually there had been no reform in the market between the period of presentation of budget and Financial Bill. The rates of consumer goods have increased, especially in retail market. Financial Bill systematises the direct and indirect taxes. For that I would like to know from the hon. Minister whether Chelliah Committee has given a report in this regard? I would like to know your opinion regarding the report and the steps you are going to take regarding its implementation as also recommendations that you are going to accept from the Chelliah Committee report? You please clarify your opinion about the direct taxes. I would like to repeat that during the period between the presentation of budget and Financial Bill, the budget, and revenue deficit has not been made good. You have estimated a deficit of

I request the Hon'ble Members to lend their support to the Finance Bill with the modifications I have proposed.

SHRI RAMNAIK (Bombay North): Normally, we will get the statement by tomorrow. With these important changes, we have to speak here. Today, of course, we are handicapped. So, at least, this statement should be circulated to the Members by night today so that those who are speaking tomorrow can go through it.

MR. SPEAKER: We will try to do that.

There are no amendments at the consideration stage. If there are amendments at the stage of clause-by-clause consideration, we will take them.

Motion moved:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1993-94, be taken into consideration."

Now Shri Pandeya to speak.

[Translation]

DR. LAXMINARAYAN PANDEYA (Mandsaur): Mr. Speaker, Sir, I would like to say something about the Finance Bill presented by

Rs. 7000 crore for 1993-94, which was a wrong estimate as the deficit has gone up to Rs. 13000 crore. This time also you have estimated the deficit but what will be the actual amount it would be known later. Achievements of your taxation policy in the field of direct, indirect taxes, revenue receipt and making good the deficit will be known later. I would like to say that the taxation system should be easy and clear in every sphere whether it is direct, indirect or any other type of tax.

I would like to know the criteria you have adopted for framing the taxation policy. I would like to get your opinion about the Chelliah Committee report and would also like to know whether you have accepted it or not also the recommendations which you have accepted for implementation. Changes in taxation policy is a continuous process throughout the year whether it is direct, or indirect taxes. The present Finance Bill also has been amended in many respects and there are some proposals in it. You cannot be sure about them. What type of economy you are going to establish either planned or mixed, we do not know because multinational companies are being invited by you to establish their base here.

Just now you have said regarding providing exemption from taxes on textile import.

The Government is reducing custom's duty while excise duty should be reduced before custom's duty. So Government should reconsider its decision of reduction in customs duty. Government has announced reduction in import duty. This has affected the indigeneous production adversely. There are many such industries with indigeneous production in the country which would be badly affected by this exemption. I would like to point out towards telephone industry. With the newly announced exemption on the import of components of telephones, the indigeneous telephone industries would be on the verge of closure because the imported components would be cheaper while the indigeneous production would be dearer and it would adversely affect the industries. What would the country export?

I would like to submit something in regard to iron scrap. The import is increasing continuously. The State of Mini Steel Plants is getting worse day by day. The imported iron has been made dearer. It becomes difficult to get it because one has to approach influential people. I would not like to go into the details. It is only available to industrialists with political links. The small industrialists have to approach these people. Gradually the Mini-steel plants would be on the verge of closure if the present situation continues. I would like to seek clarification from the Ministers in this regard. I would also like to draw the attention of the hon. Minister to the injustice being done to industries as a result of the exemptions given to imports. I would like to know about the type of assistance that would be given to these industries which are facing crisis. I have pointed towards Mini Steel Plants and telephone industry. I would like to submit about the amendments which I have moved. I have proposed an amendment in the clause whereby on page 1 in lines 13 to 16 reference has been made to "the conditions where para 1 and sub para 2 of first schedule is in force". "Where the net agricultural income of the assess is exceeding Rs. 600 apart from the total income during the preceding year." In that case above said sub para (1) is enforced.

Where income exceeds Rs. 28,000 the said sub para (2) is enforced. I had given amendments in this regard. Similarly lines 44 to 53 on page 2 should be omitted. Matter relating to surcharge in lines 9 and 10 on page 3 should be omitted. On page 3 lines 11 and 12 and 17 to 19 should be omitted. I have proposed an amendment that Rs. 50,000 be substituted in place of Rs. 28,000.

Sir, I would like to submit that the ceiling of income tax exemption should be raised to Rs. 50,000 because in the past when this demand had been raised it was said that it would be considered, but no attention has been paid to this. I would like to substitute Rs. 50,000 in place of Rs. 28,000. The Minister of Finance has informed about an increase of Rs. two thousand. For surcharge, the hon. Minister had submitted

[Dr. Laxminarayan Pandeya]

that it is temporary and it would be withdrawn later on. I would like to submit that the surcharge should be withdrawn.

Mr. Deputy Speaker, Sir, I would like to replace 1 April, 1994 in place of 1 April, 1993 on line 18 of page 14. Lines 18 to 26 on Page 19 should be omitted. Lines 36 to 40 on page 19 should also be deleted. Lines 18, 19, 22 to 25 on page 20 should be omitted. Lines 43 to 45 on page 20 should be omitted and lines 3 to 7 on page 23 should also be omitted. (Interruptions) This amendment is related to surcharge and increasing ceiling of income tax limit.

19.00 hrs.

Sir, with regard to Page 23 which refers to the rate of income tax I would like to submit that the following should be replaced. In place of lines 2 to 31 on page 23. Where the total income is more than Rs. fifty thousand but less than Rs. One lakh. According to Schedule I where the income is not more than Rs. fifty thousand, they do not pay income-tax. Where the income exceeds Rs. 50,000 but less than Rs. 1,00,000, 20 per cent of the amount by which the income exceeds Rs. 50,000. Thirdly, where the total income is more than Rs. one lakh but less than Rs. two lakh, Rs. ten thousand rupees plus 30 per cent of the amount by which the total income exceeds Rs. 1,00,000. Where the total income is more than two lakh, Rs. 40,000 plus forty per cent of the amount by which total income exceeds Rs. 2,00,000.

I would request for the deleting lines 81 to 39 on page 23 and lines 7 to 13 and 20 to 24 on page 24. I would like to submit regarding the rates of income tax as given on page 24. The following should be substituted in place of line 26 and 27 on page 24 "not upto the income of Rs. 50,000 and forty per cent on income exceeding Rs. 50,000."

Similarly lines 28 to 31 and 36 to 39 should

be deleted on page 24. Lines 12 to 14 should be omitted on page 25.

Mr. Deputy Speaker, Sir, the rates of income tax should be fixed in such away that the pensioners, poor, middle class and fixed income groups are benefited. The ceiling of income tax should be raised to Rs. 50,000 and thereafter it should be calculated on the basis of the Table.

Mr. Deputy Speaker, Sir, research apparatus and equipment has been exempted from taxes but nothing has been said about research apparatus used in cancer treatment and medical research. This should be clarified. To what extent the exemption has been given. I have submitted that surcharge should be withdrawn. The minister of Finance has already given an assurance to this effect. It has not yet been withdrawn although it has been submitted again and again that it is under active consideration and would be withdrawn. It is our firm opinion that surcharge should be withdrawn.

Mr. Deputy Speaker, Sir, it does not seem that there would be any change from what has been said in the Finance Bill. No clarification has been given regarding reduction in excise duty on classified items so as to safeguard the interests of indigenous industries. The Government wants to there is no clear cut police boost foreign investment in the country, but as to how the NRIs would be encourage so that this objectives is achieved.

Government has said that exemption would be given for setting up powerplants in the backward areas. The Government has identified and selected these areas. Madhya Pradesh and Bihar are backward areas. It is not necessary that the entire State should be backward. Even if some areas are backward the State should be treated as backward. Thirty three per cent of the population in Madhya Pradesh is tribal and therefore the State is backward. The exemption on import of steel, cement and fertilisers could adversely affect the industry. Today fertiliser industry is badly affected because imported

D.A.P. is being dumped in the market. The surcharge on direct and indirect taxes should be withdrawn. Besides, more concessions should be given to working women, fixed income groups and Hindu undivided families.

The concession on the income on fixed deposits has been reduced. So people are investing their money elsewhere and this is adversely affecting financial position of the banks. So, the policy should be changed to improve the financial position of banks so that more resources are mobilised.

Conducive conditions should be created where common man starts investing his money and the bank could function smoothly. I would like to strongly support the demand of raising the income-tax exemption limit to Rs. 50,000. The Government should pay attention towards my proposal regarding women. The Government should also see that the exemption on the imports does not adversely affect industries. It should pay attention towards the industries manufacturing communication equipment. Our taxation system should help in promoting indigenous production and exports and make the country self-reliant.

[English]

SHRI SHRAVAN KUMAR PATEL (Jabalpur): Mr. Deputy Speaker, Sir, I take this opportunity of congratulating the hon. Finance Minister for having presented a very bold Budget to the people of this nation.

The Finance Bill is an instrument to enforce and implement the creative and nutritive Budget, as has been termed by the famous economist and jurist, Shri N.A. Palkhivala. He calls Shri Manmohan Singh, not a minister, not a politician, but a technocrat and an expert economist in his own right.

If the House will recall, when Shri Manmohan Singh took over as the Finance Minister of this country three years ago, he had requested for a

time of minimum three years to put had requested for a time of minimum three years to put this country back on its tracks. I feel that in the last three years, he has emerged with flying colours. He has lived upto the expectations and in his own words, "Decisive action in critical areas is more important than marginal improvement on all fronts." He has followed this policy and he has emerged all successful.

No wonder, Shri Manmohan Singh has been named as 'Asia's Finance Minister for 1993-94' by a very famous magazine 'ASIAMONEY' a leading financial publication of Asia from Hongkong.

While the first Budget 1991-92 presented by him was by and large a crisis management and fire-fighting Budget to overcome the delicate balance of payment crisis in this country. to enhance the foreign exchange reserves and to contain the sky-rocking inflation, the next Budget presented by Shri Singh was aimed at giving a definite direction and growth orientation to the economy of the nation towards achieving a fiscal balance, mainly containing the budgetary deficit and curbing inflation, while giving partial mobility to the rupee in the world currency market paving the way for free float towards integration of Indian economy with global economy.

The 1993-94 Budget is obviously a landmark in the economic history of India when Shri Manmohan Singh has taken a bold step allowing full convertibility on trade account to the Indian rupee and introducing a unified exchange rate ensuring complete integration of Indian economy with the world system.

So much so that his critico, Prof. Madhu Dandavate has also said that it has been a dynamic Budget. He has also termed it as pro-growth and pro-poor".

A section of the press had expressed apprehensions that the full convertibility of the Indian rupee on the trade account would give rise to inflationary trend. But what followed is just the

[Sh. Shravan Kumar Patel]

opposite, as happened in the last couple of weeks, the inflation which was 6.9 per cent come down to 6.5 per cent.

The Finance Minister has managed to bring down the budgetary deficit to just Rs. 4,314 crores well within the range of 5 per cent of GDP.

For the first time in India's fiscal history, the Finance Minister has given massive reliefs in Indirect Taxes to the tune of Rs. 4,522 crores. The stimulus in the form of excise and customs duty reliefs, enforcement of unified exchange rate, combined with the change in the credit policy and reduction in the SLR for banks would inevitably revive the industry and stimulate growth.

Sir, I wish to repeat again that in the words of Shri Palkhivala, Dr. Singh is the first Finance Minister after 45 years, who has realised that human capital is the most precious form of capital. He has given considerably increased allocations for the social sector, mainly education and health.

SHRI RAM NAIK (Bombay North): Sir, I am on a point of order. On the screen the name of the speaker is indicated as 'Shrimati Suryakanta Patil'. So, that should be corrected.

MR. DEPUTY SPEAKER: Yes, we give direction for them to correct it.

SHRI SHRAVAN KUMAR PATEL: Sir, the provision for education is 37 per cent higher and for health it is 60 per cent higher than in the preceding year.

Mahatma Gandhi used to say that India lived in its villages. Budgetary allocations made by Dr. Singh for the rural and agricultural sector represent a hike of around 60 per cent for Rural Development and over 30 per cent for agriculture over the last year's provisions. He has also provided appreciable increase for infrastructural

sector. For example, Sir, for the energy sector, he has allocated 50 per cent, and 27 per cent for communications and over 20 per cent for Transport, which are necessary for all round development of economy of our nation.

In this context I would fail in my duty if I overlook the low allocations for irrigation year after year, which forms an essential component in agricultural development, and when over 70 per cent of India's population depends and derives its sustenance from agriculture. Allocation for irrigation last year was only Rs. 231 crores and the revised estimate was even lower at Rs. 206 crores and the present budget allocation is only Rs. 275 crores. This is so when over 60 per cent of the irrigation potential of our rivers and water resources goes unutilised year after year. The hon. Minister would look into this aspect and would take appropriate action.

Sir, I would now come to some suggestions. As my colleague who started with the Finance Bill has mentioned, I also feel that although I understand that there are resource constraints, yet I feel that if the income-tax exemption limit was to be raised marginally, lot of people would stand to benefit.

Sir, the International Monetary Fund study has brought out that what we are allowing by way of farm protection is far too low as compared to about 45 per cent of domestic price on an average allowed in industrialised countries, while in developing countries like India, Argentina, Brazil, China and Mexico it averages to only 3 per cent of domestic price. Even under the Dunkel draft, if adopted, at least 10 per cent of the value of agricultural output is the aggregate of the measure of support permissible, which includes subsidies for promoting self-reliance and food security. Sir, I feel that here is enough margin still available within which the Finance Minister may consider extending further support for agricultural sector which forms the backbone of India's economy.

Sir, while Dr. Singh has successfully brought

down the budgetary deficit and inflation rate, the expected reduction in prices of consumer goods has not yet come about to the extent envisaged. While consumer durables have registered some decline, in the prices, the non-durable consumer goods have not shown any perceptible decline; in some cases their prices have increased.

In the matter of effecting economy and austerity in Government expenditure, not much success seems to have been achieved. The expenditure incurred on tours of Ministers has reportedly gone higher by 536 per cent in 1992-93 over that in the preceding year and the expenditure on entertainment by 250 per cent. I feel that there is obviously some room for effecting economy in such expenditures.

Sir, withdrawal of surcharge on various companies as promised last year is very much overdue and needs reconsideration. Similarly, I feel that the Finance Minister should bring in such legislations so that the people tend to go more for savings.

Being a man of sports, I must welcome the provision of 100 per cent deduction for sports promotion ventures. However, I would like to point out to the hon. Finance Minister, that while in the Sixth Plan the funds available were to the tune of Rs. 14 crores, in the Seventh Plan it was enhanced by the late Prime Minister of this country Shri Rajiv Gandhi to Rs. 200 crores, whereas in the Eighth Plan it is merely enhanced to Rs. 200 crores. I feel that the hon. Finance Minister should also look into the aspect of giving encouragement to sports.

I am also happy to State that 125 per cent weighed deduction in respect of research and development has been provided by the hon. Finance Minister.

In respect of speedy industrialisation of backward areas, the hon. Finance Minister has mentioned even today, in Clause 15 of the Finance Bill, I would suggest that the Eighth Schedule should be reviewed and revised to

include some more regions. In this respect, I would like to State that even though Jabalpur town in Mdhya Pradesh is indicated as a big town, yet there is hardly any industry which has come up. So, that should also be included in the backward region.

Sir, last but not the least, population explosion is the gravest and greatest menace to our economy which threatens the development and nullifies all the efforts that we put. So, I would suggest that the hon. Finance Minister, in consultation with the hon. Minister for Health and Family Welfare, should go into this aspect and evolve a comprehensive scheme incorporating tax incentives for maintaining a small family and tax disincentives for having larger families.

With these few words, I thank you very much for having given me the time to participate in this debate.

[Translation]

DR. S.P. YADAV (Smbhal): Mr. Deputy Speaker, Sir, I rise to oppose the Finance Bill because the hon. Minister of Finance or the Congress Government have never fulfilled their promises.

Mr. Deputy Speaker, Sir, first of all I would like to remind the hon. Minister that the Congress Party in its election manifesto in 1991, had promised to bring down the prices within 100 days. However, two years have passed and the price rise is rather at its peak. Similarly, at the time of by-election for New Delhi constituency in 1992, the Congress candidate Shri Rajesh Khanna and promised the voters to get the income tax limit increased to Rs. 60,000. But even that promise was not fulfilled. The Finance Bill presented by the hon. Minister also indicates that the assurances given in it will prove false. In view of the prevailing circumstances I fail to understand the working of the Government.

The Government has decontrolled prices of molasses on 28th April, which has not been

[Dr. S.P. Yadav]

discussed in the House. It is a matter of great importance that hon. Minister Shri Kalpnath Rai has been saying for the past one month that the Government is going to decontrol molasses. The Cabinet Committee on Economic Affairs which comprises eight members and is headed by the hon. Prime Minister met on 28th April in the evening and decided to decontrol molasses. The Chief Minister of Tamil Nadu Kumari Jayalalitha has said that her Government would oppose it and would not implement it. The Chief Minister of Gujarat has also said that the Government would oppose it and would not decontrol molasses. Uttar Pradesh is under the President's rule and the Chief Secretary of the State wrote to the Central Government that it should not be decontrolled. 25 Members of Parliament have also given a memorandum to the hon. Prime Minister that molasses should not be decontrolled. It will have serious consequences but the Government has not agreed. The former Chief Minister of Uttar Pradesh, Shri Mulayam Singh Yadav and Shri Balram Singh Yadav, the Minister in the Congress Government also wrote to the Government not to decontrol molasses. There is no elected Government in four major States of the country. Mr. Deputy Speaker, Sir, through you I would like to remind the Government that this matter relating to decontrol of molasses is a State subject and the Central Government cannot decontrol it without consulting State Governments. What is the outcome? The sugar lobby has got a free hand and it seems to be done at the behest of sugar lobby and the liquor lobby. These two lobbies persuaded the Government to decontrol molasses.

Such policies formulated by the Central Government will have serious consequences. But I would like to say clearly that at least the Government should maintain the dignity of the House so that the country does not suffer. This would result in increased distribution/supply of molasses gradually all over the country and the liquor business will flourish and those

businessmen will make a fortune. The Government has liberalised licensing policy for industries. There is no need to get a licence to start some industries but for farmers no attention is being paid. There is restriction on free movement of essential commodities like wheat etc. from one State to another. No such provision has been made in this budget or the Finance Bill.

Besides this, on the one hand 10-12 industries in telecommunication sector are being set up in the country and on the other hand the Government has exempted and given heavy concession in import duty and excise duty on import of telecommunication apparatus. When goods manufactured in the country will be expensive and imported goods would be cheap, the production of industries set up in the country will suffer and those industries will become sick units. Consequently, the Government would have to provide financial assistance but even then they would not revive and will have to be closed. Then the Government will use several methods to recover money from them.

Mr. Deputy Speaker, Sir, through you, I would like to say that the Government is harsh with those who take small amounts of loan and does not delay recovery whereas no action is taken against big industrialists who take heavy loans. I would like to inform you that Rs. 175 crore of the Government is outstanding against Modi industries but no action is being taken to recover it. The hon. Finance Minister is present in the House, I would like to draw his attention that Rs. 175 crore of Punjab National Bank is outstanding against Shri U.K. Modi, a rich industrialist of Modi Nagar but the Government is not taking any step to recover it from him. On the other hand if small amount of Rs. 10,000 or 20,000 or even Rs. 50,000 is outstanding against any poor farmer, he is put behind the bars and his property is attached and he is tortured. Contrary to it, no action is taken against big industrialists.

I would like to ask three questions from the hon. Minister of Finance about telecom industries

likely to be set up in country. I would like that the hon. Minister will keep it in mind while replying to the debate.

[English]

Is the hon. Minister aware that with the implementation of the above proposals relating to the telecom sector, it will be cheaper to import an equipment from abroad rather than develop it in India?

Is the hon. Minister conscious of the fact that the scheme of duties and taxes proposed by him will annihilate indigenous manufacturers in the telecom sector and make the country totally dependent on foreign suppliers of all times?

Will the hon. Minister kindly have a re-look in the Budget proposals in the light of difficulties expressed by the indigenous telecom industry and be pleased to suitably modify his proposals so as to remove the disadvantage to which the indigenous manufacturers will be put to, as a result of his Budget proposals?

{ Translation }

I would like to put these three questions to the hon. Minister. I hope that he will consider them.

* Besides this, now I would like to draw the attention of the hon. Finance Minister to taxes. Shri Rajesh Khanna had promised during his Election Campaign that ceiling of income tax exemption would be raised upto Rs. 60 thousand but I would like to say that even if it is raised upto Rs. 50 thousand the people would have a sigh of relief. You don't know how our employees make their both ends meet.

In its report Chelliah Committee recommended not to impose surcharge but the Government has not accepted this recommendation. Last year, the Government had promised to accept it but the Government has not done anything in this regard so far. The Chelliah Committee had recommended about saving limit of Rs. 40-50

thousand but the Government has not accepted it and virtually rejected it. Earlier, all the employees used to save under N.S.S. Scheme because 100 per cent rebate was allowed in this scheme but the Government has not given any signal to restart this scheme.

Perhaps you don't know that all savings schemes were successful because of the pressure of D.M., S.D.M. or tehsildar level officers. They used to pressurise people to save money. If a person applied for the licence of a gun, they used to ask him to deposit money in NSC scheme. But the Government does not know the difficulties of the public. Therefore, my submission is that if the Government revives all the savings schemes, the employees will ultimately and automatically start saving money.

Along with this, I would like to draw the attention of the Government to the fact that money collected from these saving schemes was directly given to the State Governments and they used to utilise that money for the development of the State. The State Governments used to get a huge amount for the development works but now under this system the development fund is nil. Therefore, I request you to revive some saving schemes in this regard.

Besides, the Chelliah Committee made one more recommendation which provides for twenty seven and a half per cent of Tax for those who fall in the income group of rupees fifty thousand to rupees two lakh. But even this was not accepted by the Government. I feel that there is a slump in the share Market as the proposal of financial Bill does not provide any incentive for saving.

Regarding the issue of rural development I would only advise you to go round the villages of Uttar Pradesh to see how the funds allotted in the Budget for the purpose of rural development are being used. The situation is not worth looking at. The work in the name of development there is zero.

The allotment of funds for Education is made.

[Dr. S.P. Yadav]

but the development in the field of Education remains miserable. Primary Education has virtually come to a stand still. When the Government makes allotment of Budget, it should also monitor the development process. There are severe irregularities even in the field of secondary and University Education. Question papers that are published are wrong. There is one question in the beginning but the remaining whole paper is blank. There is severe deterioration regarding the direction of Education. I would like to submit that the Government should also make some improvements in the implementation system along with the provisions in the Budget so that some progress may be seen.

With these words I conclude and would submit that some improvement must be made. I oppose this Finance Bill.

[English]

PROF. SUSANTA CHAKRABORTY (Howrah): Sir, with Dr. Manmohan Singh as the Finance Minister, the budget making exercise has become an arithmetical exercise, devoid of social responsibility and political sensitivity. The concern of the Finance Minister is not the vulnerable sections of the people but his concern is to contain the fiscal deficit and the pruning of expenditure.

Sir, the Budget and the Finance Bill have lost its Sanctity because of the administered price hike that has been made before the Budget and the railway freight and fair increases.

Again, Sir, the philosophy of the Budget and philosophy of the taxation system has not been given due weightage by the Finance Minister. The social objectives of levelling down inequalities of wealth has more than miserably failed. Today, we see more inequality in wealth than ever before. There is more ugly and vulgar display of ostentatious expenditure than ever

before. And there is more conspicuous consumption and celebration than ever before. But the Finance Minister, it seems, has no concern for all these things, and the Finance Bill is rather silent over these aspects of the Budget. The innocent people, if they have been given any look at, it is, there innocents who have been sent to the slaughter house and no mercy, no consideration for them has been shown in the taxation proposals.

We always speak of the fact that there is in our country a parallel economy. Every year around Rs. 40000 crore to Rs. 50000 crore are being generated as black money and if we would tax it in a particular year, we would have garnered around Rs. 12000 crore to Rs. 20000 crore which is more than what is collected today by means of direct tax proposals. But this year's Finance Bill too again has no concern for this. In the last year's Finance Bill, when the Finance Minister placed it, the SENSEX index was around 2800 units and when the Finance Minister finished his budget speech it climbed up by 1500 points more.

The then presiding deity of the share market Shri Harshad Mehta proclaimed "India is a turnaround scrip on the global exchange and I am bullish on it." The stock market soared and the Finance Minister basked in the sunshine of the endorsement of his policies. When the spell broke, he said "it is a systems failure."

But this year the picture is quite different. I do not know what answer the Finance Minister has to give. While I took part in the debate on the Finance Bill last year, I told that it has been proposed in such a way that it will develop an equity culture in our country. It has been placed in such a way that we will make our country a speculator's paradise. That came true. When all hopes have gone, the Finance Minister said that it is a failure of the system and before the JPC he said it is because of the mismanagement of the functionaries in the RBI that this situation has been created. We want to know what is the actual answer.

If we go through this year's Finance Bill, we see that a good number of amendments have been made in the direct tax proposals to give concessions to the foreign community and to the investors belonging to the European community and to the investors inside our country. There are amendments in Section 80-IA, Section 10A, Section 115 AD; a new clause 23 (BBB) has been added in Section 10, there is amendment to Section 10(5B), Section 35 (2A), etc.

Particular mention may be made of the fact that pursuant to the policy to encourage foreign offshore funds and foreign institutional investors it is proposed to tax their income at concessional rate even as compared to non-resident companies. The Bill proposes a new clause 23 (BBB) in Section 10 so as to provide income tax exemptions on any income to the WWC derived in India by way of interest, dividend or capital gains from investments made under any approved scheme with effect from 1994-95.

May I most humbly ask the Finance Minister as to how much foreign investment is actually coming in our country and in what fields? Do you expect that they will come to strengthen our infrastructure and they will come to make us self-sufficient? Is that your expectation?

When the Western economy is burdened with recession, do you expect that more will flow here? Your expectation will not materialise, I think. As the great economist Shackle said, "Expectation is a sort of gambling". So, you are in gambling, when the people of India have been suffering. Sir, the Finance Bill has only tears for the common people, for the innocent and it has cheers for the people belonging to the ruling class, belonging to the big industrialists and landlords.

Again concessions have been given; weighed deductions have been given; proposals for tax holidays are there; hundred per cent deduction for objectives like sports projects, contribution to universities, national foundation for communal harmony, etc. But the question is whether non-

tax objectives should be achieved through the tax laws. I question your basic philosophy. Has ever the tax laws been framed in any country to attain these objectives? Secondly, will not these incentives of the nature under consideration disturb the choice and produce inequities in the allocation of resources? I want a categorical answer from you.

Giving testimony in 1977 before the Ways and Means Committee in the United States of America regarding President Carter's tax proposals on the subject of Investment and Pay Roll Tax Credits, Mr. Rudolph Oswald, Director, Department of Research, AEL-CIO said that these sorts of incentives.

- 1) waster federal revenue through providing benefits to firms of doing what they would do anyway;
- 2) benefit the larger and more prosperous firms that are least in need of federal aid;
- 3) divert federal revenue and attention from realistic solutions.

Tax-give aways have also been adversely commented by the Wanchoo Committee, Choksi Committee and Chelliah Committee too. I will request the Finance Minister to go through the recommendations. The report of the Chelliah Committee says:

"Furthermore, the deductions of ten tend to confer unduly large tax benefits on tax-payers with higher incomes who are more resourceful and who can take full advantage of the tax concessions".

This reduces the progressivity as well as the horizontal equity of the tax system. Still you are giving concessions; you are giving exemptions and all these things, though the proposals and recommendations are there, with you.

Again, I raise a question. Is it realistic to accept that tax-payers can be enthused to

[Prof. Susanta Chekraborthy]

undertake philanthropic activities, totally unrelated to their business because of some tax relief? To believe in it, is to believe that tigers can also be asked to eat grass. Please do not make that mistake and throw our economy in the hands of these people.

As regards giving weighted deduction, it may be said that single concession for national universities may not be misused but such a concession is likely to have a chain reaction and others can also demand such benefits. Already FICCI has made a demand for weighted deduction to companies for providing agricultural inputs; already the General Secretary of All India Federation of University and college teachers Association have demanded that this benefit should also be extended to colleges and not limited to universities.

Sir, the political compulsion of serving the political class interests and keeping the fund bands in good humour, further concessions have been given in Income Tax and Corporation Tax not only to the residents of our country but also to the outsiders. In a situation where the external debts have mounted to 71.5 billion dollars at the end of 1991, in a situation where six years of our total exports is equal to our liability towards debt service, I fear that these packages which have been taken by the Government of India in its tax proposals will reduce the country to one more free third world country with an invisible foreign Government represented by the IMF and the World Bank. So, the sovereignty of our country is going to be eroded.

The Finance Minister has also given good many concessions in case of indirect taxes. The Customs duty and the Excise duty have been reduced. Excise duty on certain goods had been reduced with the hope that certain industries will not now be in a position to face recession, certain industries will now be in a position to export more. Customs duty has also been reduced with the same end in view.

Import duties have been reduced on many a commodity. Import duties have been reduced on capital goods. In a situation where even the World Bank is of the opinion that India has made inroads into the capital goods industry and has built up the necessary infrastructure, it was the duty of the Government to encourage it; it was the duty of the Government to save it at least for some years. To say, in the name of competition that we want to make it competitive in the world, we have thrown the lot of these industries in the whirlpool of uncertainties.

You speak of Japan. You speak of South Korea. But, they did not follow this path. They first made it competitive, gave it lease of life and only then, they entered into competition. With this atmosphere of opening up the foreign goods that will come here, I am afraid, our industrial scenario will be a different one from what it is today.

This Finance Bill will weaken our industrial base.

This will drive us away from the path of self-sustained economic growth. It is in this situation that you have taken recourse to free floatings of uniform exchange rates. Now, all these combined, will I am sure, increase our import bill in the near future. If it adds to the burden that we already have I want to know from the Finance Minister who will pay the bill, who will pay the debt service ratio? He shall not be there any more. Is he going to pay back this huge external debt and how? Dr. Manmohan Singh will not be there or some other fellow will not be there. When they ask for a pound of flesh, the people of India will be there to give answer.

While there is no quarrel about the objective eventually for exposing our industry to global economy, one foresees some serious difficulty in short term. If the objective behind the removal of import tariff barrier is to promote competitive efficiency in our enterprises, this is also unlikely to be achieved unless it is based over a period of time. What do we mean by competitiveness?

Is it competitiveness with the South? Is it competitiveness with Italy, Brazil or France or is it competitiveness with the United States of America and the United Kingdom? Some of our items are competitive in respect of those countries, but a good number of items are surely not competitive with the United States of America or United Kingdom.

Again we speak of raising tax barrier. But those countries, those vaotaries of free trade in their own countries, have taken recourse to tax barrier in order to strengthen their economy. So, what do we want? Do we want to follow their footsteps? But when they follow the path of creating tax barrier, when they dump goods in our country, when steel in our country is dumped, when even TISCO has to make a compliant about all this, the Government of India seems to sleep, remains silent. This situation cannot be allowed to go further.

As regards corporation tax, some of our friends have said that these people contribute much to our economy. What is the fact? Corporate tax is no more than 11 per cent of the gross tax revenue although corporate activities have enormously broaden during the last decade; rather it shows a downward trend as compared to early 1980s. Contribution of the corporated tax in teh aggregate receipts both reveneu and capital is only around 6.35 percent on a 12 yearly average base. Why is the corporate contribution to central revenue is so low despite increasing the number of corporate assesseees brought to the books of the Income Tax Department? Why paer capita contribution is showing a downward trend? The number of companies in the books of the Income Tax Department was more than one lakh as on 31st March, 1991, compared to 77,000 as on 31st March, 1987. But the per capita contribution was 4.49 lakh tonnes in 1990-91 as compared to 4.52 lakh tonnes in 1989-90 and 4.29 lakh tonnes in 1986-87. What all this proves? All this proves a bias, Bias towards the rich, bias towards the elitist consumption. Then how do you explain it?

A concession has been given in case of the gift tax. How do you explain that the entire assets and shares have been exempted from teh wealth tax. On the other side of the picture there is a failure of the Government to garner more tax, revenues.

I have no time but i will request the hon. Minister to go through the first Public Accounts Committee Report in regard to garnering of the income tax. How much failure is there in regard to the fact that the people who are in the income group range beyond Rs. 10 lakhs or Rs. 5 lakhs, how much tax do they pay? Why are you not trying to bring them into the tax net? Why in spite of your so called green revolution and the fact that the land reforms have not been implemented in the country the big agricultural income remains untaxed. Why is it that devolution of funds from Centre to States is gradually declining? Why do not you amend the Constitution and give some 30 to 40 percent of corporation tax to the States so that they do not suffer? Do you think in this way a vast country like ours, with diverse economic conditions, diverse social conditions, can prosper? The sense of deprivation, that is there in the States, should be looked after.

But you are not paying any heed to all these. We have been demanding it but the Government is silent on this. Things cannot go in this way, Sir.

I shall now take considgnemnt tax. For arrangement of consignment tax, we must accept the demands of the States. The collection machinery, the Direct Tax Board needs certain revision. We all know, the Government is going on giving concessions and these concessions are demanded, these exemptions are demanded by the people because of inflationary pirc rise.

You have failed to neutralise the price level. So what I suggest is an index base tax system. A tax system that will cover the inflationary spiral. Such tax system should be devived and the Government must give thought to all this.

I remember that in case of gift tax, at one time

[Prof. Susanta Chekraborty]

there was a tax not only on the donor but the donee also. Now the donees are not to pay tax. I want to know from the hon. Minister whether the Government will consider taxing the donees too and tax harshly the stentatious expenditure.

20.00 hrs.

I want to know whether the Government will create socio-economic conditions so that the vulnerable sections of the people can live or whether it is going to make our country an abode only for the rich, an abode for the foreign investors, for the International Monetary Fund, that invisible ruler, who is now ruling the Finance Department of our country.

With this, I conclude my speech and I oppose the Finance Bill placed before us by the Government.

MR. DEPUTY-SPEAKER: Shri Sandipan Bhagwan Thorat.

Now the time allotted for each speaker is from ten to fifteen minutes. It is better that each hon. Member confines himself to 10 or 15 minutes so that more hon. Members can participate.

AN HON. MEMBER: How long are we going to sit?

MR. DEPUTY-SPEAKER: Today we will sit for a fairly long time.

SHRI SANDIPAN BHAGWAN THORAT (Pandharpur): I rise to support the Finance Bill. We are at the last stage of the passing of the Budget for 1993-94. The stage has come now to allow the Government to draw money, whatever they require from the Consolidated Fund of India to defray the charges. This is an important stage.

20.02 hrs.

(SHRI SHARAD DIGHE *in the Chair*)

The Government expenditure is increasing

considerably. To meet this expenditure, the Government has to raise the funds. The raising of the funds and spending of money have come to have a significant impact on the functioning of the national policy which our hon. prime Minister Shri Narasimha Rao has formulated. Though he inherited an empty bag, with stringent efforts and sagacious handling he succeeded in increasing the purchasing power of the different section of the society. That is why I must congratulate him.

No budget can please everyone. Everybody cannot be pleased by the Finance Minister. What is required is that though everybody cannot be pleased, at least the discontent should have been equally distributed among the rival groups and that is what exactly our sagacious Finance Minister has done while formulating this Budget.

If we look at the different sections of the House, the BJP is, to some extent, discontented. The CPI and CPM are also discontented to some extent and the Janata Dal is discontented has been distributed by the Finance Minister very sagaciously. That is why this is a good Budget. If the BJP people look at the portion which has been given to the JD they would say, "The Janata Dal has not been given much. So, it is all right."

The CPI and CPM will say, "This BJP is not given much, so it is all right." That is why I am saying that it is a good budget.

Sir, while supporting this Bill, I have some suggestions. I am worried about the external debts which we are very much bent upon to raise. We are borrowing rapidly. I am afraid that our future generation will have to face a serious crisis, at a great length, this problem of repayment of external debt. I hope, it may not happen true. But the Finance Minister would have to take care that our future generation will not be burdened to repay our debt because these debts are for long-term. The Finance Minister will not be here. I may not be here. But our future generation will come over here and they will say: "Look, our father has done a great loss to us." So, at least see that our future generation will not be burdened.

There is no harm in taking this loan. A developing country on the contrary, must raise the external debt. But the allocation of debt should have been for the productive purposes. If the external debt is judiciously utilised, then it will prove to be immensely beneficial to our nation. But, on the contrary, if we use it wantonly then it will impose severe burden on our future generation. That is why I am worried. If you look, how the external debt is being allocated in the present economy of our country, you will see that most of the money have been allocated wantonly. At this juncture, I may like to state that the Finance Minister must tell us at what rate of interest this debt is being charged because if the rate of interest is much more higher than what you are paying here, on domestic borrowing, then the burden on interest will be automatically converted into capital. And this vicious circle will be created. The interest on foreign debt will be again capitalised. This will result in bad economy. you must tell us what kinds of expenditure you are going into; what are their subsequent stage demand generation effects; what kind of effects does this debt finance expenditure have on the stage of liquidity of the Indian economy; whether the prices will go down definitely; and what will be the effect of this debt go down definitely; and what will be the effect of this debt on supply in keeping with demand. These questions will have to be answered by you.

So far as the foreign debts are concerned, if you take, for instance the Asian Development Bank, finance from this bank is much more. I will quote numerous instances right from the inception of this Bank Fund in our Indian Economy. More than Rs. 1,137 crore have been invested in the power sector. But the power sector in this country does not give any yield except generating more expenditure; and all the power sectors in the country are running in loss. So, I suggest that at this stage, please see that the projects, which you are going to be financed from the external debts, are monitored by the Centre. Please do not give it to the States.

Whatever the effects of that decision maybe,

but at least what you are borrowing from the foreign countries, you have to see that the projects which are financed by the external debt, some yield should have been received from those projects. So, monitor these funds properly and watch that they fetch good amount for repayment of the loan. All these projects must show the effective use of productive capacity. Now, all the projects in electricity, in power sector are running in losses. You have to look into this. Please do not say that this is State Subject. You are not here only to allot the money. You have to see whether the money is properly utilised or not and what should be done for this purpose.

The nationalised banks are the very important financial instruments in Garibi Hatao. The Government has taken a decision recently to finance Rs. 1500 crores, Rs. 700 crores it is my knowledge have already been given to the banks. May I know from the hon. Minister how much amount from this share capital has been earmarked for the society? When you are financing for the share capital, naturally, it is your duty to see that according to the population, the credit should go to these poor sections of the society. I think, that this is the time to see that these neglected peoples are taken care of.

We are experiencing the democracy since the last 45 years. The Scheduled Castes, Scheduled Tribes and weaker sections of the society are mostly neglected. I will give you some figures in respect of the total allocations made for the Scheduled Castes and Scheduled Tribes right from the First Five Year Plan. In the First Five Year Plan, the total allocations were made only 2 per cent; in the Second Five Year Plan, it came down to 1.9 per cent; in the Third Five Year Plan, it came down further to 1.2 per cent; in the Fourth Five Year Plan, it was only 1 per cent; in the Fifth Five Year Plan, it went a little bit high, 1.8 per cent; in the Sixth Five Year Plan, it went down to 1.2 per cent and now in the Eighth Five Year Plan, there is not actual percentage worked out. But, I see that there will be not much more than what the preceding Five Year Plans have allocated for the poor sections. So, the time

[Sh. Sandipan Bhagwan Thorat]

has come now that the Scheduled Castes and Scheduled Tribes in this country are given share in the national economy, according to the population of the Scheduled Castes and Scheduled Tribes in the country.

Over the past seven plans a sum of Rs. 4415 crore had been spent on the welfare of the Scheduled Castes and Scheduled Tribes and Backward Classes which is barely 1.2% of the total outlay amounting to Rs. 3,60,881 crore.

Sir, just now we have passed the Appropriation Bill. Rs. 2,66,742.78 crores have been provided for this Budget. According to me, Sir, one-fourth of this portion should have been earmarked for the welfare of the Scheduled Castes and Scheduled Tribes because this neglected section comprises 25 per cent of the population of the nation. I, therefore, request the hon. Finance Minister to see that a sufficient amount is provided for the welfare of the Scheduled Castes and Scheduled Tribes.

At this juncture I may say that the approach to the Eighth Plan should be according to the population of this section. Among the most seriously affected sections of the population, as a result of development policies pursued so far, the Scheduled Castes and Scheduled Tribes are mostly neglected and hence the amount should be provided for this purpose.

Sir, again I am coming back because this was more important for me the external debt. Sir, I am referring to the Ministry of Finance (Department of Economics Affairs) Estimates Committee Report which Mr. Bhakta has submitted to the Parliament. In his Report he has stated that in the deposition before the Committee, the Finance Secretary said that out of Rs. 37,000 crores borrowed, Rs. 24,000 crores went into the investment. The rest went into the Revenue Expenditure. Whatever we borrowed, if we spent on our consumption, we cannot generate any income. If you borrow from other countries

to eat food here, it will not be a good economy. So, you have to follow some guidelines and principles.

MR. CHAIRMAN: Please conclude.

SHRI SANDIPAN BHAGWAN THORAT: Sir, some important point I am raising here.

Sir, debt liability will have to be seen. Some States are allowed to borrow internally and the States overdraw money to pay the charges of their salaries and this is creating imbalance in the economy. Some States have reached a level where fresh borrowings equal their plan outlay. For the whole plan they want to borrow. So, there are two or three factors for this. One basic malady is which the Government of India has started correcting as its Budget position is that the Revenue Account of the State Government is progressively falling into heavier and heavier deficit with the result that for meeting even their normal requirements they have to rely on borrowings. Here, I suggest that if States will borrow for payment of their salaries, why don't you take action against the States? Why don't you suggest that the State is not carrying in accordance with the provisions of the Constitution?

Why do you not invoke Article 356 on those States and dissolve the Assembly?

Sir, a scheme of differential rate of interest is being implemented in the Indian economy and one per cent of the total advances are to be financed for the differential rate of interest. Out of the differential rate of interest of one per cent, 0.40 per cent has to be given to the Scheduled Castes and Scheduled Tribes, but this amount is also not being advanced to these poor sections of the society. So, I suggest that the scheme of differential rate of interest should be vigorously implemented and much more advances should be made available to these sections of the society. Then, the rate of interest which is being charged by the institutional finances for the industries which are run by Scheduled Caste and

Scheduled Tribe entrepreneurs and the cooperatives belonging to the Scheduled Castes and the Scheduled Tribes, should be subsidised or the rate of interest should be on par with the differential rate of interest so that the industries of these poor sections of the society may be able to compete in the competitive market. So, I suggest that the cooperative institutions and the individual entrepreneurs belonging to the Scheduled Castes and the Scheduled Tribes should be favoured with the subsidised rates of interest on the institutional finances.

[*Translation*]

SHRI GIRDHARILAL BHARGAVA (Jaipur): Mr. Chairman, Sir, I rise to oppose the Finance Bill introduced by the hon. Minister of Finance in the House. I oppose it since the Congress Party has not at all complied with the points included in its election manifesto.

The first thing is that so far as the question of giving individual tax is concerned our party had demanded that the minimum exemption limit should be raised from Rs. 28 thousand to Rs. 50 thousand. Besides, we also demanded that the maximum rate of tax should not exceed 40 per cent. We made this demand in view of the fact that the Government employees, the general public and consumers in the country were hopefully waiting for the concessions to be given in this Budget and they were waiting for the raising of income tax limit.

Mr. Chairman, Sir, raising this limit from Rs. 28 thousand to Rs. 30 thousand is like a drop in the ocean and which also does not benefit anyone. There was no difference even if this limit of Rs. 28 thousand had been kept unaltered. I would like to demand that this limit should be increased to Rs. 50 thousand. Moreover, the maximum rate of interest should not exceed 40 per cent.

Secondly, I would like to draw your attention to the fact that uniformity in the rate of taxation for the firms as provided in the Finance Bill, 1993

has not been maintained. The Government has made a provision of charging tax on firms on the total income of 40 per cent. I would like to suggest to make an amendment having the provision of exemption on the total income of 50 per cent. Tax on the income exceeding 50 per cent of income should be charged at the rate of 40 per cent. The surcharge on income tax was for a specific purpose and for a specific period. Now it has become a regular feature. It is charged regularly. The State Governments do not get any benefit from it. According to me the provision of surcharge should be removed. The Government is defeating the recommendations of Chelliah Committee by not accepting them. That provision should therefore, be removed. The provision of reduction on N.S.S and N.S.C. had been initiated under a scheme during 1991-92 the above provision was abolished through the Bill that was introduced during 1992. The rebate provided under section 80 C.C.A. and 80 C.C.B. should be restored on the pattern it was done during 1991-92.

[*English*]

In the Finance Act, 1992

"The concept of index cost of acquisition and index cost of any improvement was introduced but no minimum exception limit of Rs. 25,000/- by long-term capital gains should be provided."

[*Translation*]

The Government of India has given exemption in all kinds of wealth tax. But unfortunately, a person in possession of only one house does not get exemption under the provisions of wealth tax. The hon. Minister of Finance has assured that this would be done with effect from 1.4.94. Here I would like to submit that this should be made effective from 1.4.93. The person possessing only one house in his name should be exempted from wealth tax. Under the provision of Finance Act, 1992, the income of minors was clubbed with the income of Parents and it was argued that if the income of minors

[Sh. Girdhari Lal Bhargava]

would be clubbed with that of father of the latter has excess income and if the income of mother is on excess level then the aforesaid clubbing would be made with the income of mother.

[English]

"Minors income should be excluded from the income of the parents."

Taxes of dividends:

"Companies are chargeable to income-tax on their total income after permissible deductions but before dividends payments out of their distributable income, dividends are also taxed at the hands of shareholders which virtually amounts to double taxation of some income. Dividends income at the hands of shareholders should be exempted from tax".

[Translation]

In this way a person will be required to give tax in double way against the dividend. I would like to submit that tax dividend should not be charged when the tax has already been charged once.

For women employees standard deduction is provided on Rs. 18 thousand. The women employees having the yearly income exceeding Rs. 75 thousand will be required to give tax on Rs. 15 thousand. I would like to submit that this limit should be removed. By removing the discrimination being made between women and male employees the limit of Rs. 18 thousand should be fixed for both categories of employees and the limit of Rs. 75 thousand set for women employees should be removed for both male and women employees.

As per the provision the Senior citizens who have attained the age of 65 years get 20 per cent exemption on the gross income of Rs. 75 thousand. This implies there is a provision of the exemption of Rs. 2,380. But if the limit touches

Rs. 75,001 then he will not get the exemption of Rs. 2,380. The Government gives an exemption of 20 per cent on the gross income of Rs. 75 thousand. If the income exceeds Rs. 75 thousand even by one rupees, then he will not get the exemption at the rate of Rs. 20 per cent. The Government should also consider this point.

There are similar provisions regarding Family Pension. The Government has made the limit of Rs. 12 thousand.

[English]

This limit requires to be increased in tune with the increase in shared deduction for salaried employees.

[Translation]

On this basis the exemption limit of Rs. 12 thousand in family pension should be raised. This limit in terms of interest and share has been fixed at rupees seven thousand. Earlier it was of Rs. 13 thousand. Money is not being deposited in banks. People have lost faith in banking system. The rate of interest has been reduced. There should be an exemption in the amount of interest upto the limit of Rs. 6 thousand. This will lead to reversal of the earlier system of 7 and 6. Customers will be encouraged to deposit money in banks if tax is exempted upto the limit of Rs. 6 thousand. This will also restore the credibility of the banks.

There should be a system that the payment exceeding Rs. 10 thousand should be made through Bank drafts. Moreover, the Account holders are refused to get bank drafts by the employees of the banks to which their account belong. Other Banks do also decline preparing bank drafts. This system should either be abolished or bank drafts should be made only for the amount exceeding rupees one lakh.

If a person has submitted his account number of income tax and if he happens to suffer a loss than this thing comes to the notice of the Income

Tax Officer. He then feels that the said person must pay tax and the Officer makes 20 per cent additional charge against that person. Consequently, a litigation begins. The Government should rectify the irregularities in the income tax chart if there are any. This will avoid the situation of litigation. The Government has already made a tribunal. Parties having assessment exceeding rupees one lakh will alone go to the tribunal. The Government has fixed the fee amount of Rs. 250 for filling cases in the tribunal. If the amount exceeds by even one thousand after one lakh, then the fee increases by one thousand five hundred. After being invited into the tribunal you should make it only Rs. 500 instead of Rs. 1500.

It also includes tax holidays in industrially backward areas. You have attached a list to it. What is the fault of the people of Bihar? The people of Bihar are very sad to know that they have not been included in it. Bihar should also be included into this list. Eleven desert districts of Rajasthan are very backward ones. A large population of India is badly affected by the drought. The people there, do not get water to drink. You must include Rajasthan as well as Bihar in this list, otherwise you cannot do proper justice to them.

Finally, I want to state that hon. Minister of Finance has said in his speech that people should have a feeling of 'Devvrata'. While making his budget speech in 1991-92 the Minister of Finance had said that it would take at least three years' time to improve the situation. The same thing was repeated during the budget speeches presented by you? How the feeling of 'Devvrata' will be inculcated? It has not been beneficial for the people. Neither the problem of unemployment is on the increase. You had made an announcement regarding protecting the interests of small investors during 1991-92 in the House which followed by a Bank scam and on the other hand the Public sector companies are extorting money from the people by presenting false reports. The share of Indian Petrochemicals which used to be of Rs. 160, has

reduced to Rs. 110 at present and it is the living example of it. Then why have you reduced the relaxation limit of small investors from 13,000 to 7,000? I request you to raise this limit.

I have requested you to raise the income tax limit, it will benefit the small businessmen and Government employees alike and people will praise you. At present you are charge Rs. 1,400 as Income Tax at an income of Rs. 35,000. It is causing embarrassment to the party shopkeepers, therefore I urge you to raise this limit upto Rs. 50,000.

Finally, I want to submit that you do talk about petty shopkeepers but you forget this thing that in such shops instead of a man a whole family works. You always raise the issue regarding providing facilities to the fixed income groups and the Government employees as they are our colleagues, but then what will happen to the economic base of the society? The retailers have always been neglected, therefore you must consider about them. In the last, I want to submit that I have given you 2-4 suggestions, you will certainly raise the income tax limit upto 50,000 and abolish the surcharge. I have also given you suggestions about tribunals and other matters as well. I feel that while giving reply to it, you will accept all such matters. I have presented some amendments before you. I will explain the logic behind those one by one when the same will be taken up for discussion in the House.

Thank you for providing me an opportunity to express myself.

[English]

SHRIM. R KADAMBUR JANARTHANAN (Tirunneveli): Mr. Chairman, Sir, thank you very much for giving me an opportunity to participate in the discussion on the Finance Bill.

At the outset, I want to quote what our political mentor, Shri Anna Durai once told us. He said that "India is a rich country but the Indian people are poor". Our hon. Manmohanji's budget was

praised by all the details and by all media as good but it has not given the needed result to the poor people. Therefore, according to our idea, the budget has not come up to the estimation and expectations of the people.

Sir, I am in this House from Eighth Lok Sabha. I have seen the Finance Ministers from Shri V. P. Singh, Narayan Dutt Tiwari, Shri Rajiv Gandhi, hon. Prof. Madhu Dandavate and for a short period Shri Yashwant Sinha. After him Shri Manmohanji has come. He has not been a political man. He has been in the academic field, he is an economist. And our Prime Minister was right in choosing him. But this budget has disappointed the people because in the 1991 elections which we all faced, the Congress-I manifesto promised to roll back the prices to July 1990 level. The prices have not come down and on the contrary the prices were mounting high up. The tall claim of the Treasury Benches is that inflation rate has come down to one digit. Even though inflation has come down to one digit, the result has not reached the hands of the poor people.

Take for example textiles. The cotton prices have been reduced but it has not reached the people. Also, the Government has reduced a lot of excise in the synthetic fibre but it has not been transferred to the common man. Our Manmohanji promised to the House that if it is not transferred to the customer, then he will have a second look at it. The Hindu paper and the Hindustan Times and even a person like Palkivala who was always criticising the Budget, has praised the Budget.

You must see the same in the Hindu paper writing articles like "Do we need the IMF Loan". Therefore the Treasury Benches should not be happy with The Hindu in their editorials praising the Budget; they must go through these articles written by eminent economists.

World Bank and IMF loans are not new to our

country. Even during Indiraji's and Rajivji's periods we got them. But the difficulty is what were the conditionalities when Indiraji accepted the IMF loan and what are the conditionalities when Dr. Manmohan Singh is accepting the IMF loan. When he is accepting the IMF loan, a man sitting in my village who is having only three of four HP engine is affected. So far he was getting free current. Now the IMF loan conditionality says that the Electricity Boards should show profit. We must understand that in the whole world only we are having the poverty alleviation scheme. With poverty alleviation scheme in our hand we have to see the welfare of the people.

Dr. Manmohan Singh's thinking of getting IMF and World Bank loan as per their conditions is affecting our commonmen. Therefore I would like to say that he must go through these articles.

When Dr. Manmohan Singh came, he announced that five kilos of gold can be brought from foreign countries by those Indians who are sitting there. There was a sudden fall in the gold prices. He now announced a Gold Bond Scheme. The Gold Bond Scheme is a scheme by which the secret wealth of this country should come to the RBI. But you have allotted the target as 500 gms. minimum. The total value of 500 gms. of gold will be equivalent to Rs. 2 lakh. Now you have got gold in Bombay, in the banks of Ahmedabad and in some eight selected metro and big cities. But what about other cities? 500 kilos of gold have come to the exchequer of the Government. They say by the end of June or July another 100 kilos of gold will come. You must understand that gold is the saving of the poor man. I am coming from a village, Kadambur, with 4000 population. You can have at least 300 persons who are having gold of 10 to 15 gms. We must evoke in the people a patriotic feeling. If you bring down the target from 500 gms. to 50 gms. and if the RBI accepts even 50 gms. of gold ornaments and issues bonds, then our Indian people who are supporting us in the elections will have a hand in the scheme. By that among 85 crores of people, not less than one crore of people will be involved in the scheme, so that our

target also can be reached and our patriotic feeling can come to the fore.

But those who are blackmarketeers, those who have got gold biscuits are coming to the bank. Not even one sovereign of gold is coming to the bank. That shows it encourages the rich people, it encourages blackmarketeers, it encourages people with black money. With this gold bond they are able to regularise their black money and they are able to get loans from these gold bonds. If you give the same facility to a man with 50 gms. of gold, then he can also pledge it.

You can see in Tamilnadu so many people are pledging their gold jewels before the harvest season to get loans for agricultural purposes. Therefore the Gold Bond Scheme which is introduced by Dr. Manmohan Singh should be extended to these people also. He must consider it. It must be an Indian people Scheme, so that it is reduced to 50 gms. This is my humble request.

Now, coming to the export side, Shri Pranab Mukherjee has told that we must reach the 15 per cent target. Export is a trade. We cannot thrust upon any country to export; other countries must be interested to buy our goods on the basis of quality and on the basis of price. China is the real competitor for cotton yarn. There is a news item in the paper, 'Observer', saying that Bank of China may re-enter India. After 1962, there is no opening of either Indian Bank in China or China Bank in India. UCO Bank is coming. If you want to improve our trade, we should do something. In 1985, I think, China was inclined to buy our MC-5 cotton. Our Indian soil is so rich that on the export side, we export so much of cotton. This year, they have allowed 15 lakhs of bale and a further eight lakhs of bale of cotton. May I know whether this export scheme and system benefit the cotton growers? The Government is not having any follow up action. In Japan, they want our cotton yarn, the spun of Indian MC-5 and Indian DC-832. Australian cotton is more lengthy than our cotton. It has got 40 mm; but, they do not want the yarn out of it. Naturally, we have got

some excellent quality in our soil which helps our Indian cotton to be attracted by the foreigners.

Just two or three days back, I saw in the paper an news item saying that they are going to put a cotton cess and cotton yarn cess and give it to handloom weavers. Such a policy, I think, will never be successful. It may help some of the handloom weavers; but, it will not help prosper the handloom industries. Now, it is the stage to protect the handloom weaving and not to prosper the handloom weaving.

Further, I congratulate Mr. Manmohan Singh for bringing five year tax-free power generation system. It is a bold thing. You have announced in the Budget, the five year tax-free power generation scheme. The Tamilnadu Government has appealed for Jayanguntam Lignite Programme which is, I thin, Rs. 1500 or Rs. 2000 crores scheme. So far, nothing has been done from the Central Government side, when the Chief Minister is interested. Tamilnadu is scarce of water; there is no hydel system; we have got only the thermal power system and the wind energy. The main infrastructure needed by India is power. Therefore, regarding the power generation, the Central Government's new scheme, the new idea to give five year tax-free is a welcome decision, to be welcomed by all. But, what about the follow up action? Now, we are in May 1993 and June is going to come. How many new projects under this scheme have been set up in the country? The country must know.

Therefore, I plead with the Government that there is no use merely announcing the new power generation scheme; the Central Government must come forward to take practical and pragmatic view and implement it.

Now-a-days we cannot waste time. We are having the Parliament to discuss the Finance Bill, with only ten or fifteen Members; we should not ask for quorum also. But see the time. The time factor is lagging. We Indians, are always failing in putting the time budget. Unless and until

[Sh. M.R. Kadambur Janarthanan]

we fix the money Budget with the time budget, we can never succeed. Therefore, the time budget is the main thing which is lagging in this hour, in the administration. Therefore, we must urge upon our bureaucrats to have a time-bound programme for the things to be done.

Then only, we can improve and see the year 2000. Otherwise, it will be a failure. How many crores of rupees will be spent, that does not matter. If we do not have time-bound things to be done, it will be a total failure. With these words, I conclude.

[Translation]

SHRI ANANDI CHARANDAS (Jaipur): Mr. Chairman, Sir, I want to speak about the drawbacks, which I have noticed. I want to start from the point where the speaker before me has left. He has made a mention about time bound budget, I wish to attach the issue of time bound payment with it. The condition of the country is deteriorating due to not making time bound payment. You make late payments to every state and only the Government employees get their payment within 7 days and the rest of the persons get late payments which benefits the middlemen. Today, if a contractor gets late payment or a teacher gets his salary after 6 months he has to take loan at the rate of 3 to 10 per cent to settle his monthly bills. Even the situation in cities is more or less the same. The middlemen get benefit out of it. The contractor who runs a tribal hostel or school also do not get payments in time, as a result thereof he has to take loan on interest to purchase items. This affects the quality of the material and the food due to which the student's study is affected. If we are able to improve this situation then it will be in the interest of the nation.

One more point which I want to raise is about taxes. Today, you are granting concessions but in such a vast country if we do not put taxes then how can we get money to run the country. When there is a deficit budget, from the very beginning you adopt the policy of austerity which can be

seen in every sphere. You cannot make development like this. I do not ask you to raise the Income tax limit from Rs. 30,000 to Rs. 50,000 instead you can make it Rs. 20,000. Because if someone earns money, he should not hesitate to pay a meagre amount as tax. Apart from salary, these people have many sources of income. Now the point is to see that how much money do these people pay to their house servants. When their servants demand more pay, they are beaten and by falsely implicating them, they get them arrested. This type of treatment is meted out to them. Therefore, I feel that there is no harm in imposing taxes. Because without getting money through taxes, we cannot make any expenditure but it is also important to return the amount which was taken as a loan.

I also want to state one more thing that we have assets like big dams and factories but the economic position of the poor is deteriorating. Why poor people cannot make progress?

If you calculate, you will find that 85 per cent of the budget amount is spent on cities. The money spent through P.W.D comes to cities only. That is why the artisans of rural areas migrate to cities. The fault in this regard lies with the Government as it is expanding the cities like anything. You tell them that if they want to construct a house in a village they will get nothing but if they wish to construct it in a city they will get land etc. for it. The Government takes the whole responsibility in this regard. That is why people are migrating to the cities. For instance you may take the schemes of Indira Vikas Patra of mutual Fund, the people in cities are getting richer by these schemes but in villages there is nothing. As per my knowledge a peon in a city deposited Rs. 10-15 lakh in a stock exchange. The officers also prosper by merely making a call that certain shares shall be booked in their names and without investing anything they get a lot of money. You cannot prepare a scheme for villagers. The nationalisation of banks was a welcome step during Smt. Indira Gandhi's period. But what is the position at present? Suppose you wish to start a company. You approach a bank and after fulfilling certain formalities you get a loan immediately. Many organisations, which

provide loans, on plainly refuse to give loan. Later on, they tell them that after paying a certain amount as bribe they may get a loan. Hence, they grant you a loan and cut their commission which throws the situation out of order. Neither we could enjoy the fruits of socialism nor of capitalism. The villagers are more affected due to a mixed economy, as there is no money circulation in the rural areas. There are the people who are instrumental in providing food and constructing buildings for us but till date you have not done anything for them.

21.00hrs.

I would like to suggest that something need to be done to win the confidence of the poor and to improve their financial position. Shares of NALCO were allotted to the public and for the company the land of the tribals was acquired. However, some shares of NALCO should have also been allotted to the tribals to improve their financial position. Therefore, there is the need to change this system to improve the financial position of the tribals and also they should have some assets to bank upon. Recently IDBI launched a scheme under which an amount of Rs.2500 is to be deposited and after 25 years this amount will grow to Rs. one lakh. Had the Government diverted some portion of the funds reserved for IRDP and other schemes for issuing one bond each to the poor, then real development would have definitely taken place, in place of giving concessions to them. All the schemes are formulated and implemented by the IAS officers and other senior officers even then they take the plea that a particular scheme is not feasible. For the development of the poor schemes need to be formulated and also shares need be allotted to them. However, no such schemes are being formulated.

21.01 hrs.

[MR. TARA SINGH *in the Chair*]

Funds are spent on the people living below the poverty line. I asked a question in the House

that how many persons living below the poverty line have been brought above the poverty line. The Government replied that no such survey has been conducted. I have been a Member of Parliament for many terms. I hail from the rural areas and therefore have witnessed that despite all the expenditures on poverty removal schemes not a single person has crossed the poverty line. One of my hon. colleague submitted that all incentives need be given to the poor to start industries. You very well know that in production some risks are also involved. Therefore, how can the poor start industries. Only the persons with black money come forward to start industries and they also have access to the market for funds. Persons devoid of money can do nothing. No such study has been conducted in this regard by the Government. Many schemes launched in the country will have to be discontinued. A new scheme has been started by the Government. Therefore, let us see whether it will be implemented or not? We were debating upon this thing that under one single department at present many Public Undertakings are functioning and all of these are incurring losses. One undertaking pays Rs.3000 per month as salary while the other pays more. Just look at the private sector that how it is making profits. However, even though the Public Undertakings are running in loss yet the officers are accumulating huge assets. But, in private sector such things are not allowed because the principle followed is loss is to be borne by everyone. Therefore, retrenchment is widely seen in the private sector. Same criterion need be followed in public sector too. However, this is not being done in the public sector. The Government's money is going down the drain. Raid the residential premises of the corrupt officials. I would like to suggest that verification need be done, instead of search, each year to verify the means and sources of acquiring property and other assets. Officials need not be shy of getting their assets verified. Though no doubt search is objectionable. Therefore, searches need to be stopped. Number of income tax payees keeps on increasing every 3 years. Therefore, verification is a must. Is it not the

[Sh. Anandi Charan Das]

Government's duty to check misappropriation of national wealth? Therefore, such an arrangement is the need of the hour. Only if this is done progress is possible.

Mr. Chairman, Sir, I fail to understand that why in the Transport Committee it was mentioned that from the World Bank loan is being taken for the construction of roads? Therefore, will not the interest be charged on the money from the citizens of this country? Subsidy amount is increasing fast and even then maximum expenditure is being incurred on oil account. Why are the licenses being issued for two wheelers and other smaller vehicles? Our country is large. However, the poor are not sharing the fortunes. Vehicles for rich will only increase oil expenditure. Then the foreign exchange will have to be shelled out for importing oil. The money shelled out will be of the poor only. Poor cannot afford good cloth and good diet. If tax dragnet is not widened then nation to my mind will suffer. Then, how will the poor live?

[English]

They are tax-payers.

[Translation]

I will take one more minute only. This is the reason why such a day has come that we have been forced to ponder over all this. I neither support nor do I disapprove this Bill. As per my experience I do not think that all that the Government is doing will be of any benefit. We are people's representatives and hail from the rural areas too. However, money is not circulating in the rural areas. Why is this happening? I fail to understand the benefits of introducing new and new methods for augmenting circulation of money. Why the Government does not spend money on increasing awareness. It is stated that the nation is passing through the economic crisis. Then, why wasteful expenditure is not being checked?

Mr. Chairman, Sir, I will conclude my speech by making one more point. Rural poor should also have their share if the nation is to really progress as India is a poor country. With these words I neither support this Bill nor do I disapprove the Bill.

[English]

DR. KARTIKESWAR PATRA (Balasore):
Mr. Chairman, I am very much grateful to you for calling me to speak on the Finance Bill. I rise to support the Finance Bill and request the hon. Members of this House to support it also.

I congratulate the hon. Finance Minister for taking steps to stabilise our economy of the country; and for that, everybody should cooperate. But our people are not in a position to cooperate.

The Father of the Nation, Mahatma Gandhi told, it is not too late to amend the matters provided we forsake selflessness, adopt selfishness, abandon fear, cease to be hypocrite, become honest, upright, moral and truthful.

Though the hon. Members of the opposition parties, within their hearts support the steps taken by the Finance Minister, yet they are speaking against this Finance Bill. This is the position. But everybody should cooperate, everybody should be free from hypocrisy. This Government under the leadership of our hon. Prime Minister, Shri P. V. Narasimha Rao has saved this country and tried to stabilise the economy of this country.

Our economy totally depends on agriculture. Two-third income of the country is derived from the agriculture. Those who are speaking against the Finance Bill, against the policies of this Government, they should first realise what is India.

India is the Seventh largest country of the world. It covers an area of 32,87,263 sq. kms., from Himalayas upto the southern part, the

tropical rain forest area. This country is the Tenth industrialised country of the world and it is sixth in the world's space conquering countries.

The population of this country is ten times the population of Australia, that is one continent. Its population is now 84, crores, 432 million. Its population is larger than the population of Japan but in literacy we could not succeed, could not give proper literacy to our people. So attention should be given first to literacy.

Today it has been discussed on the floor of the House in the Question Hour that 52.11 per cent people are literate of which 63.86 per cent are males and 39.42 per cent are females. At this critical juncture the population is high, area is large and climatic situation is very tropical. In this situation what would be the economy, it should be borne in mind?

Before this Government came to power, in this country was going to dark. 248 quintals of gold were mortgaged. This fact is well known to the hon. Members. This Government, when it is trying to give political stability to the country, these parties are not supporting it. Economic stability depends on the political stability and without political stability economic stability could not be possible. Some members of opposition parties especially the BJP are trying to destabilise the Government.

Their sole attempt, or their sole goal is, to come to power. Sir, that is why from the very beginning our hon. Finance Minister had sought the cooperation of all members.

An author has rightly mentioned that:-

"The Finance Minister has rightly raised his hand of friendship in behaviour, partnership in the country's progress and fellow feeling towards achieving the task of building a new nation where poverty will be a thing of the past, progress will be part and parcel of our thinking and servitude and deprivation will be a sad experience of the

days gone by."

This should be the attitude. Our hon. Finance Minister appealed to the hon. Members of this House and they should fully cooperate.

One thing, I can quote here also about the liberation policy or the economic policy, that has been carried from the time of hon. Pandit Nehru and I quote:

"However, credit must be given to Rajiv Gandhi for having offered the first phase of liberalisation of the economy following a realisation and admission that our policies had not proved fruitful. Though this process policies had not proved fruitful. Though this process was halted and reversed during the brief interregnum of the National Front Government under the Prime Ministership of V.P. Singh, when the Nehruvian and social elements prevailed and brought back the old ideology of shibboleths, with the coming into power of the Congress-I and the pragmatic outlook on economic issues favoured by P.V. Narasimha Rao, liberalisation, in spite of its rightist and reactionary connotations, has been rightly adopted and decided upon. Indeed, the time had come for a frank re-appraisal of the Nehruvian economic model and where it had landed us for and for a true reversal by removing the shackles and controls and constraints and integrate ourselves with the global economy."

One thing is, the Congress policy of economy is being carried on since Pandit Nehru's time and if somebody criticises it, it does not matter. But ours is a country, a poor country where resources are very much available but we are not fully exploiting those resources. That is why, our motto should be administrative reforms. Without administrative reforms we cannot bring any change in the Indian economy.

Earlier, I had talked to our hon. Prime Minister about a Project Officer under the DRDA programme in Koraput District of Orissa, who has swallowed Rs.2 crore. An inquiry was held.

[Dr. Kartikeswar Patra]

it was substantiated and action was also taken. He was suspended. But later on due to some mala fide intentions of the Orissa Government his suspension has been lifted. How can we bring any change in the Indian economy of this is the attitude of the officers?

MR. CHAIRMAN: Please conclude.

DR. KARTIKESWAR PATRA: I may be permitted to speak for at least 15 minutes more because I will bring some new vision to the Budget.

MR. CHAIRMAN: You have already spoken for 13 minutes.

DR. KARTIKESWAR PATRA: Now, we can very well imagine how radical changes are brought to our economy!

The radical change is that the fiscal deficit has been reduced to 4.7 per cent due to liberalisation in economic policy. But the present procedure of passing the Bills should be changed. The hon. Shri A.C. Das has told one thing. 31st March is the target date for passing the Budget. But before that there are no concrete expenditure. The peak period is from March to June. We could not spend money and it has been deposited in P.L. Account. In all States, this is the practice. This practice should be changed. It is my earnest request to the hon. Finance Minister that he should bring in some radical change. It should be made, at least 30th June. This is the peak period. The money allotted to the States should be properly spent and the utilisation should be brought from them. After that, the Budget should be passed. And during the rainy season, there should be some sort of planning. After that, it can be executed. Money should be spent. This should be there. Otherwise, there should not be any fiscal change. We will have to go in for a sort of administrative reforms. There were Administrative Reforms Commission's Report. But our Government has not gone into that

report. That should be reviewed. Some good suggestions and good ideas should be picked up from that report and they should be incorporated in practice. For example, your Ministry of Finance. It is responsible for the administration of finance of the Government. It regulates expenditure of the Government including transfer of resources to the States. This Ministry comprises three main Departments, namely, Economic Affairs; Expenditure; and Revenue. There are sub-departments also. All those there is Scam scandal. Everybody knows what is Scam scandal. How money was diverted everywhere in the country, that is well known to this country.

If money is sanctioned for a purpose or allotted to a State for a certain purpose, then it should not be diverted to another purposes. For example, the drought prone areas of certain Districts of Kalahandi, Bolangir, Koraput and Sambalpur of Orissa. If money is provided to these Districts, why is that area being striven with starvation deaths and why did the people sell their child? This should be noted. Money has been provided and sanctioned by the Central Government. But that money has been diverted. Who is looking after this? We have raised several questions in regard to this. I had indicated in my speech that the money provided for vocationed education has been diverted. It could not be spent. Similarly, money earmarked for drought prone areas has been diverted in Orissa, regularly. After 46 years of our independence, we are now still witnessing starvation deaths regularly in Kalahandi District. If you see the record of Parliament, you will find that since more than a decade, this question is coming up.

This should be totally stopped. Here, I want to say something. Sometimes, ideology and political expediency are simultaneously moving together.

At the time of Janata regime, it was declared that Rs. 10,000/- loan of agriculturists will be waived. Now, in Orissa, no loan is being waived by the present Government though they had

earlier assured. I quote:

"The turmoil during the Rajiv Gandhi's regime was replaced by a transition period of V.P. Singh and Chandra Shekhar combine which too proved to be too short-lived to be commented upon. The personality-based programmes were more debated and argued than issued-based policies, so much so that the unimaginative approach of collective responsibility caught havoc with the country's administrative and economic machinery. The transitory period came to an end with the arrival of P. V. Narasimha Rao and his team consisting of men of political prudence and mental maturity devoid of any economic ideology or political expediency, who assumed the reins of the country's destiny and though not as per the promises made in the manifesto, Rao began well with all the sincerity of purpose and honesty of initiative barring, of course, a few storms in the tea-cup in the initial stages and the social, economic and fiscal policies took off successfully from the point where Rajiv Gandhi had left them.

I would humbly point out that the Members have come to Parliament to do something for our voters who are starved, who have no clothes to wear, who have no money to send their children in the schools and who have no money to buy medicines even. But, how the money is being spent right and left without caring for the fate of the poor people of this country. Nobody is doing anything. That is why, we submit here that united funds should be released in the hands of the hon. Members. They have come with the votes of poor sections of the country. They can provide tubewell where there is no tubewell. They can provide money for the construction of a road, where there is no road and they can also provide money where there is no building of a school. This money should be properly utilised so that it can reach the poorer section of the society.

The hon. Minister of Finance must be aware that all the Members of this House submitted this proposal. But, in the Budget Speech of the hon. Finance Minister, he did not utter a single word

over this. This is a shame to the Minister of Finance. He should declare immediately because this money should be utilised for the poorest sections of our country.

With these few words, I thank you and my colleagues. I conclude.

[Translation]

SHRI SHYAM BIHARI MISRA (Bilhaur): Mr. Chairman, Sir, I rise to oppose the Finance Bill- 1993-94. It is the third Finance Bill presented by the hon. Minister of Finance. During the last election the Congress party had promised to bring down the prices within 100 days. At the time of by election in one of the constituencies in Delhi. The Congress candidate had promised to get the income tax limit raised to Rs. 60,000. Big posters and banners were published and advertisements were released to this effect. But he cheated the people who had supported him only on such assurances. However, no income tax limit has been increased. Last year, the hon. Minister of Finance had mentioned to withdraw the surcharge on income tax. A number of the members of Congress party as well as those of our party gave suggestions in this regard. Time is short. Therefore, not going into the details, I would like to give a few suggestions in this regard to the hon. Minister.

My first suggestion is that the income tax limit must be raised to Rs. 50,000. People at large are disappointed due to the non fulfilment of the promise to this effect. Secondly, as the hon. Minister of Finance had mentioned last year the surcharge on income tax should be withdrawn. He has referred to it again in his Budget speech this time. However he has pointed out that it won't be possible for the Government to do so at present. This surcharges should be withdrawn.

At the same time, I would like the Government to reduce the rate of income tax, particularly applicable on personal income. The Government should realise the practical difficulties being

[Sh. Shyam Bihari Misra]

faced by the common masses and particularly the traders and small entrepreneurs these days. There is a rule under the same Act according to which if the amount exceeds RS. 10,000 the payment should be made through cheque or draft. Whereas banks refuse to issue draft on the plea that they are short of staff. The efficiency of the staff has also deteriorated. It takes a long time to get the cheques cleared from the clearance house. This is causing a lot of inconvenience to the common masses. Therefore my submission is that either the rule to this effect should be abolished or the limit of payment through cheque should be increased from Rs. 10,000 to rupees one lakh. The hon. Minister of Finance during his Budget speech has welcomed the recommendations of Chellaiah Committee in the Finance Bill and expressed a gratitude. But this respect is confined only to speeches. These recommendations have been ignored in the Finance Bill. Not even 20 per cent of the recommendations made with regard to direct or indirect taxes have been implemented so far. I would like these recommendations to be followed as far as possible. I would also like to point out that change in the policy of import duty, and the increase in excise duty would rather discourage industrial development, all the hon. Members can very well imagine to what direction it would lead the industry. I would render the country not more than a grave yard.

Exemption of about Rs. 3 lakh 27 thousand and 300 has been given in customs duty while that of a very meagre amount of about only Rs. 1 lakh 24 thousand 900 in excise duty. The excise duty has been increased on certain items like molasses, tyres, tubes, rubber products, steel etc. Cotton Mills in the country have been running in loss. All the mills under NTC have also been meeting the similar situation. But instead of reducing excise duty on cotton cloth the Government has reduced the import duty on cotton fabric from 110 per cent to 50 percent. I would like the Government to reduce the excise duty particularly on cotton cloth so that the sick

cotton mills may get some incentives and revive. Similarly, though the import duty on mechanical and technical equipments has been reduced, yet it is inadequate. At the same time import duty should not be reduced on consumer goods. Excise duty on these items should be reduced so as to encourage the industries to increase the production of consumer goods.

It would provide employment to innumerable people in the country. I would also like to submit that the Government has levied extra excise duty on cloth, sugar and tobacco in place of sales tax. A committee was constituted under the Chairmanship of Pandit Kamalapati Tripathi in 1980, and it was asked to give suggestions with a view to streamline the whole system. Shri Tripathi had recommended to impose additional excise duty on five items at the initial stage to exclude them from the range of sales tax. These included medicines, petroleum products, Vanaspati and cement. But where the report to that effect has been kept is not known to anybody till today. This report was never discussed. My suggestion is that the power to impose excise duty in lieu of additional sales tax should be endowed to the State Governments so that they may exclude those items on which excise duty is levied by the Central Government from the range of sales tax. This would boost the trade and industry in the country.

The Government earn 76 per cent of the total revenue by means of tax and the remaining 24 per cent is borrowed. I would like to submit that in view of the prevailing economic condition of the country and the fact that a huge amount goes in paying interest with regard to expenditure items, we should repay about 26 per cent amount from the total income. The more we reduce the debt, the more balanced the Budget would be. I would also help to reduce the deficit in Budget.

The Chellaiah Committee had recommended to reduce the corporate tax to 40 per cent by 1985-86. The Government should pay attention to this matter. So far as import duty and excise duty are concerned, these have proved a booster

for the multinational companies. We are not totally against the multinational companies, but we do want specific sectors to be earmarked for such companies such as mining, petroleum, shipping, internal assistance, medicines for chronic diseases and medical equipments for treatment, heavy engineering etc. But these multinational companies should not be provided any protection with regard to Indian consumer goods. There is a saying that a prophet is not honoured in his own land. The Government of India seem to prove it true. This country is inhabited by about 85 crore people and they are the only means through which this country is identified. In a democracy, the Government works for the welfare of the people of the country. If the people are rendered helpless, shelterless and unemployed, the country can neither become strong nor it can become self-reliant. Therefore, I would urge upon the hon. Minister to pay attention to this matter and make such a provision with which domestic industries can be encouraged to produce consumer goods leaving aside some selected sectors for multinational companies.

So, far as the income of the Government concerned, income tax constitutes just 6 per cent of the total income. The rules of income tax are so complicated that a common tax payer faces many difficulties. Heavy tax payers manage to engage experts and advocates, however, the rules need to be simplified for the small tax payer an average business man, small scale industrialists or less educated man. The hon. minister of Finance should review the situation in this regard and find out a solution so that common tax payer does not find any difficulty in filling the form and depositing it in the office. Today, the rules to this effect are so complicated that a common tax payer cannot even fill up the prescribed form without the legal advice of an advocate. That is why there is a need to streamline the system.

Before I conclude, I would like to mention one thing more. Just now, my preceding speaker alleged in between the discussion on the Finance Bill that BJP has been giving rise to instability

in the country. It is not the subject of the Finance Bill.

It appears that the hon. Members of the ruling party and the non-BJP Opposition and other hon. Members, see BJP even in their dreams. The discussion is going on the Finance Bill and the hon. Member is making allegation that the BJP is spreading anarchy in the country. I would like to submit that there was no anarchy in BJP-ruled States, rather the cases of bomb blasts took place in Bombay, Ahmedabad and Calcutta or the incidents of plane-hijacking were taking place in the country but no worker of BJP was found involved in those cases. It is not proper to make such allegations and at such a place, where it has a no meaning. Wherever there are BJP workers or the BJP Governments, the atmosphere had always remained peaceful. I would even say that if the present Government has foreseen any danger, it should hand over the power to BJP for some time, and then they will see which Government can maintain peace and harmony in the country.

With these words, I thank you for allowing me to speak.

SHRI BHAGWAN SHANKAR RAWAT (Agra): Sir, I oppose this Bill presented here by the hon. Finance Minister on several grounds. He has certainly realised that there were some mistakes in the Budget he had presented last year, but he is so adamant that he has not rectified those mistakes properly.

Sir, first of all, I would like to submit that the Finance Minister was greatly applauded for raising the minimum limit of income tax to Rs. 30 thousand. It is nothing but a drop in the ocean. As the purchasing power of rupee is continuously decreasing, the minimum limit of income tax should have been fixed at least at Rs. 50,000. The working class, which has a fixed income and the ordinary tax-payers and businessmen, all had hoped that the hon. Finance Minister will honour this public sentiment and will rectify his mistakes. But the God did not grant him that much wisdom

[Sh. Bhagwan Shankar Rawat]

and I, therefore, do not support this Budget. This budget tends to rob the pockets of middle class people.

Sir, the Government had constituted the Raja Chelliah Committee to make the system of direct taxes more rational and effective. The Committee had recommended that more people should be covered under direct-taxes and the Government has accepted this recommendation. Even though all the political parties and different classes of the society had an unanimous opinion on raising of Income-Tax limit, the Government has increased the minimum limit of Income-Tax only by Rs. 2000. The Chelliah Committee had made another recommendation that income tax rates should be lowered, which will in turn check the generation of black money. The recommendation was ignored. The Committee had suggested that rate of income tax on maximum income should not be more than 40 per cent. Acceptance of this recommendation would have effectively controlled the generation of black-money in our country, but I would like to allege that under pressure of some vested interests, the Government does not want to check this problem in the country. If the Government has the will power and really wants to check the generation of black-money, it can do so by lowering the rates of income-tax, making direct taxes more rational and by increasing the minimum limit of income-tax.

Sir, besides this, I would like to say something about social set up also. In the last years Budget, the Finance Minister had taken a very independent step by clubbing the income of the adult children with the higher income of their mother or father, while fixing the rate of income-tax on total income. He raised the minimum limit of income-tax which shows that he was aware of his mistake. But in the present context, he did not realise his mistake. I think he should consider the suggestions of the economists of our country. The income of adult children should not be clubbed with the income of their parents. But he

did not rectify this mistake. It is illogical to club the income of adult children with the income of their mother or father, whoever earns more. This provision should be withdrawn. I would like to submit that the system of joint Hindu family in our country is a very strong medium of providing social protection, social justice and social encouragement to man. But since the Congress Party has come to power, it is making efforts to destroy the very social set up of joint Hindu family. That is why, the minimum limit of income-tax was not increased in the case of joint Hindu family. The Government is not able to provide protection to the joint Hindu family, which is a strong medium of providing social protection to the old, widows, handicapped, unemployed and people affected by other problems and is creating new problems by destroying this ancient set up.

Regarding savings, I would like to submit that the limit of tax exemption on savings is shown as Rs. 7000 to Rs. 10000 which is not sufficient. Actually, last year this limit was RS. 12000, which was decreased to Rs. 7000. Late on he realised his mistake, but he did not rectify it with full honesty and increased the limit by Rs. 10000 only. This is not at all a commendable work. As a result, in comparison to last year, there has been a decrease in the savings money in several States this year and the policy of the Government to take loans on those savings and use the money in development works, has got a set back. The State Governments also used to get savings money, development funds and other profits, but now they are deprived of these funds. I, therefore, would like to request that if the savings amount cannot be increased, at least the exemption limit should be increased to Rs. 12000 as was done in the last year's Budget.

I would like to submit a few words about Dunkel proposals. It is going to have an adverse impact on our economy. By decreasing the import duty the Government has opened doors for the import of foreign goods. Just now, our friend was telling about it. Very little exemption has been given in the excise duty. In comparison to the exemption given in import duty, the

exemption given in excise duty is insufficient. The policy of the Budget should be that there is increase in the internal production, rates of essential commodities should remain under control and internal products can compete in the world market. In order to ensure these things, the Budget imposes indirect taxes. But today the situation is just reverse. The policy which has been adopted today is encouraging export, increasing the rates of consumer goods and discouraging export, increasing the rates of consumer goods and discouraging our goods from competing in the world market. As a result, we could not achieve our export target and the gap between import and export is widening. No steps have been taken in this Budget to fill this gap and there is no such possibility in future also. Funds are being collected from the NRIs and loans are being taken from the World Bank and IMF and the people of this country are being told that the crisis of foreign exchange has been overcome. I would like to submit that until we increase our indigenous production, we cannot achieve self-reliance. The economy of this country cannot be improved, until we balance import-export through our production. It appears that we are truly following the saying of Rishi Charvak "Yawat Jivet, Sukham Jivet, Rinam Kritwa, Ghritam Pivet".

Mr. Chairman, Sir this is an adhoc Government and due to this adhocism it has forsaken the long term interests of the country. It thinks that it should take full advantage of power during this period and neglect the long term interests of the country, but in this way they are playing with the economy of our country.

I would also like to say that planning is not being made properly. It is being influenced by some foreign forces. Accordingly, the tax structure which has been developed, it will not benefit the country. To recover and control the black money, the Government has to rationalise the system of excise duty and to provide adequate relief so that indigenous small scale industries could prosper and stand in competition of multinational companies. The Government should

develop such a structure as may renovate the economy of the country. If we would be able to put our economy on sound footing, only then it can survive and improve. I was just reading that there has been an increase in prices of gold. The Government has made an effort to increase the import of gold. But all the efforts made by the Government are facing a situation of failure due to Hawala market. The Government had formulated some schemes keeping in view the future investment of N.R. Is. But all dreams of getting foreign exchange are being shattered. There is an apprehension that it will cause a heavy shortfall in the foreign exchange investment to be done by N.R. Is in the coming years and current year due to Hawala market. The Government has not taken effective steps to check the creation of black money. The steps taken by the Government have been proved futile.

I would like to say one thing in regard to companies. Dual taxation are being imposed on companies. Owing to it injustice is being done to companies. It is not justified to impose tax on the companies and simultaneously on the partners of the companies. Such sort of taxation amounts to dual taxation. There must be one kind of taxation instead of two kinds of taxation. I am told if finished goods of telecom equipment are imported in finished form, counter vailing duty is not imposed. If we import telecom parts or equipments, counter vailing duty is imposed. Apart from it, if finished goods are produced in the country after developing, then excise duty and sales tax are imposed on it. In this manner, if small entrepreneurs through importing telecom parts and equipments, produce these things in the country itself dual tax is imposed on them. If they import finished goods in finished form, it is not imposed on them. It shows that the Government is playing with the economy, artisans and labourers of the country. It should not happen. I have never seen such a worst example of encouraging import. We have to pay attention to it. In addition to it, as far as excise duty is concerned we have to restructure it. It has become inevitable. The working of the Life

[Sh. Bhagwan Shankar Rawat]

Insurance Corporation has been such as it does not protect the interests of policy holders. Besides this, they are not getting facility of insurance on reasonable rates. Sometimes it is thought that it would be better if the policy holder dies.

22.00 hrs.

In the beginning, it is O.K. He gets some benefits and social security. But a man who survives upto his age, he is looted openly by the Corporation. The rate of policy premium should be reduced in such cases. I have read in newspapers that the U.S.A. wants to encroach upon insurance business through Super 301. We have to struggle constantly to keep our economy in order. It would be harmful if the Government encourages or allows the entry of foreign companies in insurance field or other areas. We may allow them in limited areas only where Indian companies fail to manage the affairs.

No attempt should be made to bring Dunkel Proposals indirectly. The opening of doors for multinational companies in such a manner is in accordance with the Dunkel Proposals. It will affect the economy of the country. Indication has been given in respect of providing subsidy on fertilisers. The Minister of Finance will announce it. Agriculture is the back bone of economy of the country and maximum facilities should be provided to develop it. But no such provision or exemption has been made in the Budget. A little subsidy has been provided on fertilizers only. But it will not serve the purpose. Electricity, seeds and other facilities should be provided to farmers at cheaper rates. Only then the farmer would be able to produce foodgrains properly. Simultaneously the agro-based industries should be encouraged. In this regard, no mention has been made in the Budget. The country can march ahead if agro-based industry and labour oriented industry are promoted. But the same is not being provided in the Budget provisions. The Finance Bill does not contain any provision for unemployment allowance for unemployed people. That is why I oppose it. If we pass it, it will

increase unemployment, price of consumer goods and quantum of import. It will discourage export.

22.04 hrs.

[MR. DEPUTY SPEAKER in the Chair]

It will destroy the economy of the country rather I should say it has already destroyed the economy. To improve the economy of the country, the system of indirect taxes should be restructured in a scientific manner so that production could be increased in the country.

With these words, I oppose the Finance Bill and conclude.

SHRI HARCHAND SINGH (Ropar): Mr. Deputy Speaker, Sir, I rise to support the Appropriation Bill on the Budget presented by Shri Manmohan Singh and would like to request the House to pass it. The best Budget introduced after forty years has been brought forward by Narsimha Rao Government. The unnecessary burden of taxes have been avoided to the maximum possible extent.

Secondly, earlier the method of mobilising funds was not proper. Now it has been rectified. In Punjab, 80 per cent revenue is mobilised and 20 per cent of the total amount is pocketed by the employees itself. Haryana collects 100 per cent whereas U.P. contributes 5 per cent and 95 per cent of the total amount of collection is pocketed by the employees itself. That is why the Government of B.J.P. comes into power. Nobody pays tax there. When the B.J.P. is in power, the people have not to pay taxes. Anyway it is not a new thing. But my suggestion is that the collection of taxes should be done in proper way. Secondly how the money should be spent? The Budget provisions may be made judiciously. I mean to say that whatever provision has been made for Harijans it should be spent properly. Today 45 years have passed since the independence. There are two Balmiki Harijan localities in Patiala. Not even a single inch of land is lying vacant. There houses were there. The room in which two persons lived, now 10-12 persons

have been living in the same room. Nobody has paid any attention to them. Now it is the duty of the Congress party to contribute for their welfare as it fetches cent per cent votes from there. In Punjab, 80 per cent or 1 crore 60 lakh people live in the villages. There are two categories of the people—zamindar and agricultural labourers. 45 years ago, the agricultural labourers used to do manual work of Zamindar and he is doing the same job even today. Therefore, the Congress has done nothing for them.

Mr. Deputy Speaker, Sir, there are 13,500 villages in Punjab. How many Harijan children go to schools? When he becomes 6 years old, he is sent to the house of Zamindar to do manual work. How can he devote time for study when he is not earning his livelihood? I would like to urge upon the Government particularly Shri P. V. Narsimha Rao to make some provisions in the Budget for their welfare. Today Harijans have no land and no money to purchase house for themselves. The Government has made provision only in favour of Zamindars and made them prosperous.

Only agricultural labourers work in the fields in Punjab. The agricultural production there now is for more than that used to be during the period of princely states.

Mr. Deputy Speaker, Sir, in October, 1956 Pt. Govin Ballabh Pant brought about Land Reforms in Punjab and fixed the land-ceiling at 30 acre. Now this land-ceiling has been fixed at 17 acres of land. Nobody possesses land more than this limit in Punjab. Before the Independence the landlords had lakhs of acres of land in their possession. Now the land is taken away from landlords and is being distributed among the poor. My submission is that in Punjab the Harijans do not have money to purchase even one 'Biswa of Land'. Therefore, funds should be provided to them. I would like to suggest that when the hon. Prime Minister goes on a visit to Punjab he may be shown the two areas of Patiala district where 12-12 boys and girls are living in a house. The Harijans in Punjab should be provided loans so

that they could be able to build houses to live in a proper way. But this Congress Government thinks only in terms of vote bank and do not want to give them anything. It has not given any kind of assistance till date. It has provided neither houses, land nor funds. Since they are not educated, how can they get jobs?

The Harijans students there should get stipend from Class I. After Maharaja Patiala Shri Brishbhanji the Chief Minister of Punjab had given stipends to Harijan students from Class I. Now the Government has discontinued that too. Now the provision of the stipend is from class VIII to X. But the question is whether they can continue their studies upto class VIII or X. They are not even able to join school. Therefore, the Government is urged to allocate some funds for those people to enable them to construct their houses, breeding cattle, and educating their children.

With these words I thank you for providing me an opportunity to express views.

[English]

SHRI OSCAR FERNADES (Udupi): Sir, I thank you for calling me to speak. While I would like to support this Bill and thank the Government for bringing in a number of relieving measures to improve our economy. I feel that adequate provisions have to be made to improve the agriculture sector. I did not get the opportunity to speak on the Demands for Grants of the Ministry of Agriculture, so, permit me to speak one or two points with regard to agriculture as well.

About 70 per cent of our people are depending on agriculture but the rural folk still continues to be poor. Water management is one of the main items on which we have to concentrate so that the farmer will be able to get maximum out of his efforts. In the banking sector there were days when for the asking of it our people were getting adequate financial support to start self-employment ventures or for that matter any rural development programme. But today, sadly, our

[Sh. Oscar Fernandes]

youth are not getting the same facilities in the banking sector. I think the Government should bestow its attention on this particular aspect. Even under the IRDP Scheme or Government sponsored Self-employment Scheme whenever our people go to banks they do not get adequate finance, or no finance at all resulting in the lapse of subsidies that are made available to unemployed youths. The Government should be able to tell us why in this is happening. When Government is setting apart huge sums to give as subsidies, our people are not getting the matching finance from the banking industry. This is considered to be a priority sector but youths are not able to get the finance not to speak of getting governmental employment. When the youths are coming forward to start their own employment ventures, if adequate support is not given by the financial institutions, I think it will be very difficult for us to solve the unemployment problem of this country.

Similarly, Sir, in the fishery sector, which is one of the sectors where there is so much of potential that even people from other countries come and fish in our waters. If we are able to help our fishermen in deep sea fishing and develop aquaculture as well, more than the money that we are going to invest a number of jobs will be created for the unemployed youths. We will also be able to earn in terms of foreign exchange because the marine products have a world wide demand. Though we have explored this area, we have not invested adequately in this sector.

When the country's foodgrains production is on the increase, Sir, it is high time that we convert coarse grains to feed the animals and produce milk, eggs, meat which can be used for export. Even in the aqua-culture, feed can be used for developing fisheries. This could be exported.

Sir, our country, with the agricultural background, need not put all the money to

concentrate only on high-tech areas. Even in these agricultural areas, where our farmer is capable of absorbing the technology and producing more, if we are able to export certain items, we can import as well.

Sir, there is a feeling that we cannot sustain as a country without external support. We have survived as a country for the last 500 years. There are areas in our country, where we do not see animal power used in cultivation. This is the situation. There are areas in our country where we do not see even a single kilo of chemical fertilizer being used in agriculture. That being the case, it is high time that even in agriculture, we concentrate on these areas and see that the yield is improved, with the result that the country will benefit and the farmer also will benefit.

Sir, adequate amount of Rs. 30,000 crore has been provided for rural development. It is not mere money that is required, a proper mechanism to monitor and find out whether the money is really reaching the beneficiaries and how it is being utilised has to be properly monitored, that is required.

Further, Sir, I am happy that the Government has allocated about Rs. 12,000 crore for Jawahar Rozgar Yojana. This money has to be utilised to see that the real wealth is created in the rural areas. Many a time, this money is spent in such schemes where wealth is not generated or the money is really wasted. Therefore, I urge upon the Government to see that wherever Jawahar Rozgar Yojana is implemented, wealth is created in the rural areas. For a long time, we have been talking about Ganga-Cauvery project. My information is that, it may not be possible to implement the original scheme talked of by Dr. K.L. Rao. However, there are other schemes whereby different rivers could be linked and the surplus water could be utilised in the country.

I urge upon the Government to see that a sizeable amount out of the Jawahar Rozgar Yojana is utilised for this purpose so that the real asset is created in the country.

Sir, with these few words, I support this Bill.

Thank you once again for giving me an opportunity to speak.

[Translation]

SHRIBALRAJ PASSI (Nainital): Mr. Deputy Speaker, Sir, the expectations of the people that they had in the Budget presented prior to this Finance Bill have not been fulfilled. On the contrary, the hon. Minister of Finance has posed a threat to the future of the indigenous industries by giving wholesale immunities to the Multi-National Companies. The Britishers had come here with their East India Company. But the immunities provided to the multi-National Companies by the hon. Minister of Finance is causing the arrival of hundreds of such companies in this country. The activities of these Multi National Companies have posed a great threat to the indigenous companies. On the other hand, the Government is going to accept the Dunkel proposal which will have adverse effect directly on the common people because it will affect the farmers and the 85 per cent farmers of this country are crushed by this Dunkel proposal, the whole of the country will have to bear with its dire consequences.

Mr. Deputy Speaker, Sir, it has been stated in the Budget that it will curb the rising prices, but virtually the hon. Minister of Finance has increased the prices of many commodities prior to the presentation of the Budget and even after its introduction, the prices are on the increase.

Mr. Deputy Speaker, Sir, from time to time my party has not making demand to raise the income tax-exemption limit. This limit must be at least raised to Rs. 50 thousand. Once again I repeat this demand in this august House to raise the income tax-exemption limit upto Rs. 50 thousand, so that the ordinary employees, salaried classes may save some money and can get relief from the blow of price hike.

Mr. Deputy Speaker, Sir, crores of rupees are being lent from foreign countries. I cannot understand how can this amount will be paid off.

Mr. Deputy Speaker, the subsidy on fertilisers has been abolished which has directly affected the farmers. The concession in price of insecticides has also been withdrawn. The prices of life saving drugs are also likely to rise on account of the Dunkel's Proposal. Therefore, excise duty should be abolished on all these commodities. If it is not possible the excise duty should be reduced.

Mr. Deputy Speaker, Sir. The Government has abolished subsidy on fertilisers. Now the Government must consider seriously to restore it, because the greatest problem before the farmers is that of water and electricity. Electricity and water are not made available to them. The rate of the fertilizers which he could have got on subsidised price, has increased many-fold and it has broken their back. On account of it the farmers have become totally helpless. Therefore, the farmers should get fertilizers on subsidised rates.

Mr. Deputy Speaker, Sir, in regard to traders I would like to state that the sales tax system is very cumbersome. Ordinary traders do not hesitate to pay the sales tax, but that sale tax system should be simplified and streamlined and efforts should be made to bring about uniformity in sales-tax system in all the States of the country in a planned way.

Mr. Deputy Speaker, Sir, I have presented all these demands before the Government. It has been the long pending demand of our party to fix the income tax exemption limit at Rs. 50 thousand. I request this august House and the hon. Minister of Finance to raise this limit and not to accept the Dunkel's proposal at any cost and the subsidy abolished on fertilizers should be restored.

DR. G. L. KANAUIA (Kheri): Mr. Deputy Speaker, Sir, a lot has been spoken on the Dunkel's proposal. I was surprised to note when

[Dr. G.L. Kanaujia]

our hon. Minister of Finance made a statement and stated it very seriously but when he was asked to give clarification about it, he did not give any clear-cut reply. I would like to give some suggestions because a lot has been spoken here.

[English]

The capital market is now in a very bad shape particularly because the reforms in corporate taxation have been postponed resulting in an adverse investors psyche. Therefore, the capital market is urgently needed to be revived. In this regard, the following suggestions are made:

The corporate tax rates should be brought down to 45 per cent immediately by abolishing the surcharge, and gradually reduced to 40 per cent by the assessment year 1995-96, as recommended by the Chelliah Committee. If India has to compete in international market the rates must be reduced as the trend is that of low rates of corporate tax rates all over the world.

Personal Income tax rates also need to be reduced to the maximum of 35 per cent.

As regards capital gains tax, the basic exemption upto Rs. 15,000 should be restored. Further capital gains should be exemption from tax if sale proceeds of an asset is re-invested in new equity shares. A uniform rate of 10 per cent should be applied for both Non-resident Indians and Indian Resident taxpayers on capital gains derived from transfer of shares.

To encourage long term savings the limit of qualified amount of saving eligible for deduction us 88 should be removed. The rate of tax rebate needs also to be increased from 20 per cent to 25 per cent.

Amendments to section 129 E of the Customs Act, 1962 and Section 35 F of the Central Excise and Salt Act, 1994.

Amendments proposed in the Budget to Section 129E of the Customs Act and Section 35F of the Central Excise Act will go against the

interest of the assessee because now in the case of litigation involving duty interest, stay application for pre-deposits have to be made before the Principal Collector Collector, who will decide the case within a period of 45 days. Thus the effective period available to the assessee to file an appeal before the Appellate Collector is reduced to 45 days. Also, whether pre-deposit of duty interest is necessary or not will be determined by an executive authority rather than an Appellate authority. In the case of those appeals going before the Customs, Excise and Gold (Control) Appellate Tribunal (CEGAT) the assessee will have to essentially deposit the amount before filing the appeal.

Coupled with the 1991 legislation on undue enrichment, now the customs and Central Excise assessee will have very limited chances of getting refunds. The assessee will have to pay the amount which will be blocked for a period of 3-4 years because of huge pendency in CEGAT. The Government has not given any reason for the proposed amendments. The amendments will be inequitable and against the principle of natural justice. These amendments need to be dropped.

Anomaly in Duty Structure

In an ideal situation the import duty structure should be a three tier one where raw-materials will bear lowest rate of duty, components and intermediates a higher rate of duty and finished products a still higher duty. Such a three-tier system would encourage growth and diversification of indigenous industry. In the present Budget a number of anomalies have crept in where finished product duty is lower than intermediate and raw-material duty.

This will go against the interests of the economy and the possibility of dumping will increase. All the cases of such anomalies have to be looked into and necessary notifications should be issued to maintain a three-tier system of import duty.

With the scaling down of the tariff wall and

liberalisation in the trade policy, the chance of dumping has become a reality. On a number of products the international prices are lower in comparison with indigenously produced goods, because of the uneconomic size of the units, high cost of infrastructure, high interest rate, etc. The Government should take immediate action wherever instances of dumping are reported both in the matter of investigation and imposition of duty. Also, as suggested by the Chelliah Committee, in case there is a substantial fall in international prices, a 25 per cent regulatory duty should be imposed so that the domestic industry gets a chance to adjust itself to the new situation. Otherwise, the domestic industry will be ruined.

I will suggest in this connection that whatever is going to be done, should be done taking into consideration the investment, duties taxes and lands decided by the other countries as their earnings. It is found that excise duties and interest rates are much higher in our country, particularly income-tax as compared to other countries. So, I will suggest to the hon. Finance Minister to reconsider it and do justice with the salaried class and business class people.

MR. DEPUTY SPEAKER: Shri S. B. Nyamagouda.

SHRI S. B. NYAMAGOUDA (Bagalkot): I do

not like to speak.

MR. DEPUTY SPEAKER: Shri Rama Krishna Konathala?

SHRI RAMA KRISHNA KONATHALA (Anakapalli): No.

MR. DEPUTY SPEAKER: Dr. Viswanatham Kanithi?

DR. VISWANATHAM KANITHI (Srikakulam): No.

MR. DEPUTY SPEAKER: What about Shri Manoranjan Bhakata?

SHRI MANORANJAN BHAKTA (Andaman & Nicobar Islands): No.

MR. DEPUTY SPEAKER: There is an offer to speak but there is no acceptance.

Now the House stands adjourned to meet again at eleven o'clock tomorrow morning.

22.33 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, May 5, 1993/
Vaisakha 15, 1915 (Saka)*