

[Sh. Somnath Chatterjee]

are to the detriment of the nation including the employees. Although the Ministry of Urban Development has decided, in concurrence with the Ministry of Finance, to modernise the Presses instead of closing down the same, no action is being taken and it appears that the Government is keen on privatisation of Government printing.

At present, no vacant posts are filled up and no crew for new machines are provided for. This policy of reducing the activities in the Public Sector is seriously affecting the employment potential in the country.

I call upon the Government to take immediate steps for restraining the Stationery Office at Calcutta and to finally give up its decision of closure of the Government of India Presses and the forms Store.

[English]

STATUTORY RESOLUTION RE: DISAPPROVAL OF INCOME TAX AMENDMENT ORDINANCE, 1989
AND
INCOME TAX (AMENDMENT) BILL-
Contd

MR. DEPUTY-SPEAKER: The House will now take up further discussion on the following Resolution moved by Shri C. Janga Reddy on the 28th March, 1989, namely:-

"That this House disapproves of the Income-tax (Amendment) Ordinance, 1989 (Ordinance No. 1 of 1989) promulgated by the President on the 24th January, 1989."

[Translation]

SHRI C. JANGA REDDY (Hanamkonda): Mr Deputy Speaker, Sir, a Bill

was brought in connection with the setting up of the Prime Minister Armenia Earthquake Relief Fund to help the earthquake victims in Armenia and contribution to this Fund has been exempted from Income tax. Such an exemption is welcome but what was the need for promulgating an ordinance in this regard? The Parliament was in session till 16th or 17th of December and the Government could have brought this bill at that time because the earthquake occurred on December 8, 1988. At that time the Government could have thought of providing the Income-tax exemption for collection of funds. In congratulate the Government for providing relief to the earthquake victims of Armenia but at the same time, I want to know as to what action is being taken to help the earthquake victims of Bihar? Will any assistance be provided from the Prime Minister's Relief Fund for this purpose? The Government has given little thought in this direction. Some steps should be taken for them also. The earthquake victims neither have food to eat nor clothes to wear. Several houses have collapsed in Darbhanga district. Many people have been rendered shelterless. A heavy damage was caused which created a lot of restlessness among the people, but no scheme has been formulated by the Central Government to provide relief to the affected people. Some scheme should have been formulated for them also and those contributing to the relief fund to help the earthquake victims of Bihar could have been provided with similar income-tax exemption. But nothing has been done for the people affected by earthquake in Bihar. Some steps should have been taken in this regard. But since nothing of this sort was done, I oppose this Bill.

Besides, aircraft for Air India and Indian Airlines are being acquired on lease or on rent from other countries. Income-tax exemption is being given on the amount of rent or lease to be paid to those countries. This could have been kept in mind while inviting

quotations for hiring the aircraft.

13.00 hrs.

The matter regarding the lease rent paid by Indian Air Lines or Air India to be exempted from income tax should have been considered at the time when lease rent was fixed, the Government should have clarified the matter at the time quotations were called for. It could have led to reduction in lease rent and more companies could have come forward and sent their quotations. If out of the amount of Rs. 10 lakhs paid to a company for lease, Rs. 4 lakhs is paid for income tax, then the rate of lease would be fixed accordingly. Similarly if the lease rent is excluded from the income tax, the rate should have been otherwise. The whole matter should have been clarified at the time of signing the agreement. Such decisions after the agreement is signed, create the suspicion of underbilling. So it is not appropriate to issue such ordinances during the session. Providing exemption from income tax in this case creates suspicion among the people. So I oppose it.

[English]

MR. DEPUTY SPEAKER: Resolution moved:

"That this House disapproves of the Income Tax (Amendment) Ordinance, 1989 (Ordinance No. 1 of 1989) promulgated by the President on the 24th January 1989."

[English]

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): Sir, on behalf of Shri S.B. Chavan, I beg to move:

"That the Bill further to amend the In-

come-tax Act, 1961 be taken into consideration"

The hon. Members may recollect that on 8th December, 1988, the Soviet Republic of Armenia was hit by a massive earthquake which killed more than 50,000 people and caused large-scale damage to property. India was one of the first countries in the world to send relief materials to the victims of the earthquake. To augment the resources for providing relief to the survivors of the earthquake, a Special Fund, called "Prime Minister's Armenia Earthquake Relief Fund" was opened to receive contributions in cash or by cheque from individuals and organisations. In order to encourage contributions to this Fund, it was proposed to provide 100 per cent deduction from the gross total income in respect of contributions to this Fund by amending section 80G of the Income -Tax Act, 1961.

Further, in order to facilitate the payment of lease rent without deduction of tax at source by Air India and Indian Airlines against acquiring an aircraft on lease from the Government of a foreign state or a foreign enterprise under an agreement approved by the Central Government, it was proposed to amend the provisions of section 10 of the Income-tax Act, 1961, so as to exclude the payment of the lease rent from the purview of the total income.

As the Parliament was not in session and it was necessary to take immediate action with regard to the amendments to the provisions of the Income-tax Act for the aforesaid purposes, an Ordinance, called the Income-tax (Amendment) Ordinance, 1989 was promulgated by the President on 24th January, 1989.

The Income-tax (Amendment) Bill, 1989 seeks to replace the Income-tax (Amendment) Ordinance, 1989. The provisions of the Bill will come into force from the

[Sh. A.K. Panja]

24th January, 1989, the date on which the Ordinance was promulgated and will be relevant for computing the income for assessment year 1989-90 and subsequent years.

Sir I trust that this Bill will receive the unanimous support of the House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Income-tax Act 1961 be taken into consideration".

Shri V. Sobhanadreeswara Rao.

SHRI V. SOBHANADREESWARA RAO (Vijayawada): Mr. Deputy Speaker, Sir, though we agree with the provisions in this Income-tax (Amendment) Bill, 1989, I am very sorry to state that some of the important provisions are left out in this Bill. As far as the second proviso relating to facilitating the payment of lease rent without deduction of tax at source by Air India or Indian Airlines is concerned, We also feel that because of this proviso, the Government may be in a position to take some aircraft to provide satisfactory services to the travelling public. In fact, we in Andhra Pradesh, particularly in Hyderabad-Vijayawada-Tirupati-Madras sector, are ourselves feeling the pinch of grounding of two Avro HS 748 aircraft since June 1988. Earlier there was a regular flight on this sector and the passengers were very sure as to at what time it will come and what time it will go. But now, because of the grounding of two Avro planes, the travelling public are put to lot of inconvenience. On some days the timings of this flight are different and on some other days the tinings are quite different. This has resulted in lot of confusion. So, we hope that the situation will improve if the Government takes some aircraft.

The other important point which like to bring to the notice of the hon. Minister is that in the national interest, another aspect also should have been considered and included in the Amendment Bill. That is, the Government is giving national meritorious productivity awards to the personnel who are working in the thermal power stations in this country, for efficient functioning and maintenance of those thermal power stations. This is a very good decision and after this scheme has been introduced, the plant load factor in the country has improved considerably. In fact, it has increased from 47 per cent to 56.8 per cent. I would like to say that for every one full point increase in the plant load factor, the nation will benefit to the tune of some hundreds of crores of rupees. Some of the several thermal power stations located in different parts of the country, which are running with all efficiency, are given these meritorious awards. For example, our Vijayawada Thermal Power Station stands first in the entire nation and today it is being appreciated as one of the best-run thermal power stations, not only in our country but also in the entire world. Every year nearly Rs. ten lakhs or Rs. twelve lakhs or thirteen lakhs are given to this entire thermal power station which, in turn, will be distributed among the personnel who are working there. This will come to about Rs. 600 per head. There have been repeated representations to the Ministry of Finance to exclude this amount from the purview of Income -tax. Sir, you are aware that some personnel who are working in the Life Insurance Corporation as well as in the Income-tax Department, are given some rewards for their very good performance or for giving very vital information to the Government. When some reward is given to such employees, it is exempted from income-tax. Similarly, the amount which is given for the hard work and labour on the part of the persons working in the thermal power stations, if that is also excluded, it will not materially matter much for the Government of India. But it will have very

good bearing upon the personnel who are working in the thermal power station and this way it will help in further improving generation of thermal power which will ultimately help our agricultural sector or the industrial sector. In fact, this is, through Section 10(17) (b), inserted by the Direct Taxes Amendment Act of 1974 with effect from April 1, 1973, which provides exemptions from income-tax in respect of reward given by the Central Government or a State Government for such purposes as may be approved by the Central Government in this behalf in public interest.

MR. DEPUTY-SPEAKER: Mr. Rao, you may continue afterwards. The Minister wants to make a submission.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): Sir I want to propose that we may break now for Lunch, for an hour.

MR. DEPUTY-SPEAKER: We will adjourn now for lunch and re-assemble at 14.10 hours.

13.11 hrs.

The Lok Sabha adjourned for Lunch till ten minutes past Fourteen of the Clock

14.15 hrs.

The Lok Sabha re-assembled after Lunch at fifteen minutes past Fourteen of the Clock

[MR. DEPUTY-SPEAKER *in the Chair*]

[*English*]

STATUTORY RESOLUTION RE. DISAPPROVAL OF INCOME-TAX (AMENDMENT) ORDINANCE, 1989
AND
INCOME-TAX (AMENDMENT) BILL -
Contd

MR. DEPUTY-SPEAKER: Shri V.S. Rao, to continue his speech.

SHRI V. SOBHANADREESWARA RAO (Vijayawada) Sir, I would I only like to

emphasise the fact to the hon. Minister that the revenue which they may lose in the form of foregoing income-tax will be far less, as compared to the benefits that will accrue to the nation by exempting this meritorious reward from the purview of income-tax. The hon. Minister for Energy has very recently, on 14th February, 1989 agreed to my suggestion that these meritorious rewards that are being given to the personnel working in the Thermal Power stations should be exempted from the income-tax under section 10 (17) (b). He very favourably responded to my suggestion and recommended to the Ministry of Finance. I urge upon the hon. Minister of State for Finance to kindly examine this and take necessary steps to exempt these rewards from tax. In fact, the proviso to section 10 sub-section 17 (b) of the Income-tax Act, in Chapter III, refers to those things which do not form part of total income:

"Any payment made whether in cash or in kind as a reward by the Central Government or any State Government for such purposes as may be approved by the Central Government in this behalf, in the public interest."

While this matter stands so, I urge upon the Government to consider this point.

Apart from this aspect, I also urge upon the Government to exempt all such rewards which the Central Government or the State Government gives to a person or group of persons for the very valuable services rendered to the nation in public interest, from the purview of income-tax.

With these words, I thank you.

SHRI SHANTARAM NAIK (Panaji) Mr. Deputy-Speaker, this Bill has got very laudable object. It reflects the love which exists between India and U.S.S.R., the traditional one. In times of war and in times of peace, both the nations and the peoples of both the

[Sh. Shanta Ram Naik]

nations have stood together, have associated together and helped each other. We recall from the time the veteran film actor, Mr. Raj Kapoor had gone to U.S.S.R. and till today, the Russians sing on every occasion, one of the songs sung by him there, when Indians and U.S.S.R. people meet. We have witnessed here in New Delhi Russian ladies singing the song:

“Mera Zuta Hai Japani..”

That is the relationship which exists between the two countries.

Therefore, when a tragedy occurred in Armenia, it is this country which came to the rescue of the people of U.S.S.R. In fact, we were one of the first countries, as mentioned by Panja ji to send our assistance to the people of Soviet Russia. One thing that I cannot understand is, when such eventuality occurs and when we have to give donations, the Act required to be amended. In fact, our law should have been flexible one so that in such calamities, whatever facilities are required to be given, should be given. Our laws otherwise are very flexible. But just to give exemption to the donors to Armenia Relief Fund, there has to be a Bill in Parliament shows that our laws, for instance, the Income-tax Act, are not flexible, as a result of which we have to issue an Ordinance to amend a particular Section and also replace the same by a Bill. If there was a general Clause which provided exemption for such donation when eventualities occur, then such temporary amendment would not have been required.

Secondly, after the donations are complete, the particular Clause will remain in statute book and, at the same time, it will be redundant. Such amendments which are no longer in force should not remain.

Thirdly, although several developed countries like USSR and USA are spending a lot on science, even they go to the Moon, they stay in rockets in sky-high, yet a country like USSR could not detect the earthquake in advance. It was admitted by Soviets that no such mechanism exists. I would appeal to the developed countries—we, in our own are trying our best—that they should divert their resources more to detecting such major calamities which may occur rather than to some fancy scientific and technological missions because this need has now been felt very much.

The second part of the Bill relates to, as we have seen, the exemption which is going to be granted, as far as lease amount of air services is concerned. No doubt, we are happy that we will be getting some aircrafts from the Soviet Union and other countries, but the question is this: Despite getting these aircrafts, are we going to utilise it profitably? The recent figures show and more so the report of the Committee on Public Undertakings of Parliament has revealed that although there are a number of international IATA for association, that membership costs are Rs. 60 lakhs whereas the service that IATA gives us in around Rs. 29 lakhs.

In 1984, out of 16 Services, Air India was in loss in 13.

In 1987-88, out of 13 services, 10 were in losses.

In terms of rupees, during 1987-88, the overall loss was Rs. 43.41 crores.

Now, Shri Panja will say “My Bill relates to the taxations proposals” but, when we are giving exemptions to aircrafts on the lease amount, we are entitled to examine this and express ourselves. The question is: Who will answer this? When substantively the measure relates to other Ministry, that Ministry should come and intervene in the debate.

Otherwise, we are making our points and rightly so within the scope of the Bill and we will not be able to get any reply. How the aircraft will be utilised, where they will be utilised, how the losses will be reduced etc., who will answer?

Therefore, I appeal to you to take note of this point that whenever such Bills are there—there are very rare occasions when such Bills are introduced when substantially the matter lies with the Ministry, technically the matter lies with one Ministry—in such cases, this aspect should be verified.

Another aspect I would like to stress here is that we are now getting on lease, as per the agreement, various Soviet aircraft. In fact, they are supposed to be fuel efficient aircraft, as I have learnt from the reports. But there are various other aspects which are to be verified. There is a feeling among our Pilots they should be got trained to pilot these aircraft. They are opposed to any Soviet Pilots being made use of for piloting these aircraft. One doesn't know whether their objection is based only on their service condition or based on other aspects. At the same time whether it is the Soviets or otherwise, any foreign pilots flying on our internal routes are not that safe. We should take that precaution. For instance, these pilots would be flying over Bagdogra, Tezpur, Goa, Vizag, Cochin and Bengal where our sensitive Defence installations are there. Are the Government going to permit this? Do the Government feel that they are not concerned whether a pilot flies the aircraft on such routes? Do the Government feel that it is not in any way going to harm any such installation? What is the view of the Ministry of Civil Aviation on this aspect? The matter has to be verified.

Secondly, although these aircraft are cheaper or fuel efficient, it is said that these aircraft will not have any system and mechanism to keep hot food etc. For example, if we

are not supplied with some hot snacks or food by our Indian Airlines, what will be our fate? Some clarification on this point is required because it is said that there is no mechanism in the aircraft to store any hot food. Of course, they may be fuel efficient, But the overall view is that they are not that sophisticated aircraft as far as passenger amenities are concerned. These aspects are required to be considered while granting this exemption.

There is another aspect. These Pilots will be staying there. I think, their daily allowance will go up to 1000 roubles. They will be staying in the hotels. Their Engineers and other ground staff will be staying in hotels. Therefore, daily we have to spent a lot of amount in terms of roubles on these Pilots etc. In the light of this, these aspects have also got to be considered. As I have stated already, though I have made all these points, I know very well I will have no reply because Shri Panja doesn't deal with that Ministry. It concerns the other Ministry. How are we going to find out this?

With these words, I conclude.

DR. SUDHIR ROY (Burdwan): Mr. Deputy-Speaker, Sir, we are happy to note that the hon. Prime Minister started his relief fund for the earthquake victims of Armenia. People who contribute to the relief fund would enjoy the tax concession. Soviet Russia is our friendly country and this is indeed a commendable gesture. But we would also be happy if the contribution to the Chief Ministers' relief fund is granted such a concession because often the state Chief Ministers have to start relief fund with a view to helping the flood victims and drought-stricken people. But the contributors to the Chief Ministers' relief fund do not enjoy any such tax benefits.

Secondly, I would like to point out that when India attained here Independence, at

[Sh. Sudhir Roy]

that time collection from the Direct Taxes amount to nearly 50 per cent and Revenue from Indirect Taxes was also almost 50 per cent . But now only 17 per cent of the Revenue is collected from Direct Taxes and 83 per cent of the Revenue is collected from Indirect Taxes...(Interruptions) This is the most inequitable burden. Sir, India professes socialism. But it is the poor people, the have-nots people belonging to the low income groups who are put to great burden because they have to bear the major tax burden.

Thirdly, I would also like to point out that in India there is a large scale evasion of direct taxes and it has given rise to a very strong parallel economy of black money. This parallel economy of black money has eaten into the vitals of democracy and socialism. Therefore, these loopholes should be plugged and if possible, as Professor Nicolas Kaldor has suggested to introduce expenditure tax, gift tax, wealth tax etc. All these taxes would help to plug the loopholes.

Then, I am amazed to see that every year surcharge is levied on income-tax. Why is this surcharge at all? This surcharge is imposed only to deprive the States of their dues because we all know that income-tax proceeds form a devisible pool between the Union and the States. This surcharge is imposed in order to deprive State Governments of their dues. What is the result? The Union Government suffers from high blood pressure while the State Governments suffer from financial anaemia.

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): Low blood pressure.

DR. SUDHIR ROY: That is not even low blood pressure. It is financial anaemia.

Therefore, this should be plugged. There should not be surcharge at all. Only income-tax should be there. Even if surcharge is imposed, it should be devisable between the Union and the States.

I would also like to point out that in 1967, corporation tax was allocated to the Centre. This corporation tax should also form a devisable pool between Union and the States because it is the Union Government which is financially strong and this devolution of financial resources between the Union and the States smacks of a colonial legacy because it is the State which always approaches the Central Government with a begging bowl. This practice should be stopped forthwith.

I would also say that tax administration has become very much lax. In the CAG's Report, it has been said that only three per cent income-tax assesseees are scrutinized and because income-tax assesseees having an income less than Rs. 2 lakhs are not scrutinized it amounts to a loss of Rs. 1250 crores every year. Therefore, tax administration should be made more rigorous. Not only this. The CAG's Report also points out that various relief measures announced by the Finance Ministry amount to a loss of Rs. 3,000 crores every year.

I would only point out at the end that there should be more and more of direct taxes. This large scale evasion of taxes should be plugged and all corporation tax or surcharge proceeds should be divided between the Union and the State. Thank you.

[Translation]

DR. G.S. RAJHANS (Jhanjharpur): Mr. Deputy Speaker, Sir, I would like to say a few things in regard to this Bill. There is not much to say about it. Armenia city was hit by a major earthquake. Our entire country felt concerned at this tragedy and our people

were full of sympathy for Armenians. A report of the incident was telecasted for two three days and the relief operations carried out by our country were also telecasted. The Government of India took a wise step to provide maximum relief to that city. Besides, the Government announced to exempt those persons from income-tax who made donations in this relief fund. I really appreciate this step. I would like to make a humble request and it should not be misunderstood. The area falling under my constituency was also hit by a major earthquake. A major earthquake hit Mithila in North Bihar in which hundreds of people lost their lives and thousand were rendered physically handicapped. Houses in large number were collapsed. I had visited the affected area along with the Hon. Prime Minister. He expressed his full concern over the tragedy and assured to give a reasonable amount to the near relatives of the deceased persons. The Government of Bihar, later on, paid this money. All these steps were taken. But I regret to say that there was no consensus in the country regarding the loss suffered in this tragedy. We are expressing our concern about the tragedy occurred in Armenia but we do not even think about the tragedy occurred in Jhanjharpur. I would urge upon the people as well as our Minister of Finance to review the tragic effects of earthquake in my constituency. I had made a mention of this tragic incident in the House. People in Mithila, the northern part of Bihar, have been rendered homeless and even today they have no shelter to live in, no relief has been provided to them. I had submitted that at the time when Central team visited the affected areas to survey the damage, Government employees in Bihar were on strike. The team, therefore, could not complete survey work. In view of these facts I had urged upon to send another central team to make an assessment of the loss suffered in the tragedy to enable the Central Government to grant a considerable amount to relief fund or grant loan to construct houses for the ef-

ected people. But to my utter disappointment, hon. Minister flatly refused to send another team there to conduct a survey. He said that adequate relief measures have already been taken. This mentality won't do. That is a neglected area and it has suffered heavy loss. I would again urge upon to conduct a survey in this regard and the persons willing to donate in relief funds should be exempted from income tax.

There was a huge amount of black money generated in Italy during second world war. As the earthquake had caused complete destruction there, the Government issued orders that the persons who are interested in constructing the houses for the affected people would not be asked to reveal their resources. Our country is also suffering from the same disease of black-money. May I urge upon the Government to take effective steps in this regard? The Government should allow the people to construct houses in the areas hit by such tragedies. They should not be asked to reveal their resources, because the house rent is quite a nominal return of the actual amount invested in the construction. So the people who consider constructing houses for the poor people or for weaker sections should not be harassed. The Government must take steps if they are really moved and feel sympathetic for the affected people. Otherwise the poor people will continue to suffer in the same desperate conditions and our argument for of their cause in House would prove futile. There should be a provision in Income Tax law that the financial assistance rendered to the people affected by Calamities like earthquake, floods or fire or any other natural calamity which is beyond the control of man, would be exempted from income tax and no separate approval for the purpose should be required. I am pleading the case because I have been the victim of the same. Some institutions rendering voluntary services in flood relief operations started a relief fund. They tried to get income tax exemption for

[Dr. G.S. Rajhans]

the donations made in this relief fund. In certain cases exemption was granted but in many cases it was refused. Some elements might involve in evil-practices, they should be punished. But these should be a provision to the effect that the donations for relief fund are automatically exempted from income tax.

So far as the matter regarding of lease money is concerned, many of my colleagues already expressed their views on the subject. But I would like to conclude with my assertion that besides arranging relief operations to help the affected people in Armenia and exemption such donations from income-tax, the Government should adopt the same criteria in order to extend the help to the affected people in Mithila area.

[English]

SHRI THAMPAN THOMAS (Mavelikara): Sir, this Income-tax (Amendment) Bill is a piece of legislation which has been brought for two purposes. The first purpose is to exempt the payments given as donations for the earthquake relief fund in Armenia. This is most welcome. We have to do that. We should not only exempt but also in whatever manner we could mobilise the funds for such a humanitarian cause that should be done. On that aspect this Bill cannot be objected to in my manner.

The second point is that—Air India or Indian Airlines acquiring aircraft involving foreign businessmen or foreign agencies where Government approves such commitment on financial matters, have also got to be excluded from the purview of the Income Tax Act. I fear this will go against the interests of the nation. Foreign exchange loss and black-money generation may occur.

So there are two aspects. One is hu-

manitarian and the other is business. Wherein multi-nationals or foreign agencies are involved in the activity whether such people should be given exemption or not is the question. I could not understand the full meaning whether Air India or Indian Airlines are to be excluded from it or foreign agencies to whom the benefit goes are going to be exempted. It stands on two different footings. The first is that income which is generating from business is going to be exempted and the second is donation for humanitarian purposes is going to be exempted. I would like to have an explanation from the hon. Minister as to how these two issues are clubbed together and what are the moral and legal backgrounds for these things. At this time, I would like to mention. This is much more important when we look at the Income Tax Act the tax is paid by the common man. Even the Budget proposals which are made before this House are not giving any relief for the workers and permanent income group. In normal duties of work, they may be getting something in excess of the salary they are receiving today. All such things are being taxed. I am sorry to mention that the Madras High Court, only four weeks back, stayed the petition regarding inclusion on of City Compensatory Allowances and other allowances which are needed for workmen to live in their normal course, which are by way of compensatory allowances, under the purview of the Income Tax Act. The petition was filed by the Southern Railway Mazdoor Union for which I am the President. The judges heard the matter and thought that this was a matter where the court had to intervene. CCA and Dearness Allowance and such other allowances which are given for the purpose of maintaining their livelihood have to be exempted. They found this and they stayed the petition. But I am sorry to mention that the Government took all vigilant steps to go and appear before the court. They are ordinary workers—Workers means lowest income group. Alongwith them, most of the Central Government

employees went and filed the writ petition and got the stay. Now the Central Government had come with a clarification saying that CCA, DA, House Rent Allowance, Travelling Allowance and whatever allowances which are paid by the employer will not be exempted and income tax will have to be paid. I am sorry to see the approach of the Government. They are going to exempt the business community, including the foreign agencies who come to this country from the payment of income tax which is to be an adding amount to the Consolidated Fund of the President of India and which is used for the welfare of the country, but they do not find it feasible and reasonable to exempt such allowances like CCA, DA and such other compensatory allowances which are now coming under the purview of the Income Tax Act.

I am sorry to mention this. If this Government is willing to look into this question with an open mind, what they have to do is to first raise the taxable income from the present limit. The present limit is Rs. 18,000 or anything less than Rs. 20,000. Rs. 20,000 is nothing for a family nowadays. A person who is having Rs. 18,000 a month, will not feel that the amount is sufficient to meet the requirements of a family of five or seven members. But he comes under the orbit of the first stage of the income tax liability. Then that goes up. The value of money has decreased now as compared to 1960, as I had mentioned two days ago. The value has gone down by one-tenth. In 1960, a sum of Rs. 10,000 was exempted from income tax. Now when the value has gone down considerably, this limit also should have gone up correspondingly. However, it is not so. The limit should be much above. Today you are not giving exemption to that category. If you look at the tax structure and collection of tax which the Government has made, one can very well find that the tax which is collected is basically from the common people. It is not from the business community. Those people

know how to get rid of tax and how to evade it. They know how to make black money white and on whose money it has to be made. Take for example, a Central Government employee who gets a normal salary, with some allowances, for his livelihood. How much does he pay as income tax? How much income tax does a businessman pay? Many businessmen do not pay the tax which should be paid by them, and they are able to construct buildings and factories by exploiting all the rules and regulations. My submission is that the outlook of the Government should be to see that the common man and the common people are given the facility to live honestly. Do not make all the people thieves and culprits and compel them to keep two accounts, one for income tax purposes and the other for real income.

Secondly, you must streamline the laws. As a practising lawyer, I have found these laws to be very complicated. The income tax laws, particularly, need to be simplified. Though some attempts have been made in that direction, yet it is very difficult for a common man to understand the law as also to know how the income tax return has to be filled. However, the business community knows how to escape from the income tax net; the common man does not know.

As I said, there is need to raise the exemption level for income tax as also give some sort of relief to the common man. Secondly, you must streamline the laws. These must be made simple.

I would also like to say that exemptions should be given for other humanitarian work also. I would also like to point out that I have brought a Private Member's Bill in this House to make every citizen responsible to keep accounts. What is the accountability of the people today? To whom are they accountable for their income etc? How many are there in the income tax net? I have been looking at the newspapers to have a look at

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the insertion that the Income Tax Department gives periodically region-wise to indicate how many persons are there whose income is more than a lakh of rupees per year. The names of such persons that you find are only four, five or at the most six. Can it be true? Is it that only such a small number of persons with so much income is there in India? We know it for certain that there are a number of people who have got income of lakhs of rupees per year. But that obviously goes unaccounted for. Therefore, as I said, every citizen should be responsible to account. My Bill is mainly with that end in view. Every citizen should account to the local body where he lives so that it is in a decentralised form. If these accounts are not given, his belongings would become the property of the people. So, everybody will be compelled to keep accounts. Now, the compulsion is not there.

Finally, to sum up, the outlook of the Government should change and the Government should do something positive in this direction. The laws should be such that the common people are able to follow; these should not compel them to resort to dishonest means. Relief should be given to them where it is required so that they are able to live in a reasonable manner

[*Translation*]

SHRI GIRDHARI LAL VYAS (Bhilwara): *Mr. Deputy Speaker, Sir, I rise to support the income tax Bill. The hon. Member had been loudly claiming that income-tax should be collected this way and that way and such and such cases should be exempted from Income tax. But how many members are there in the party he belongs to who have given the correct figures of their income in their returns. A person should select the part on which he can easily go on. Speeches should be such that they create*

positive effect on the people. This is an ordinary Bill with a well-meaning objective. The earthquake in Armenia has necessitated provision of assistance to the affected people over there. Everyone is in favour of such an exemption. Tax relief has been given on acquiring of aircraft on lease by Air India and Indian Airlines. The point raised by the hon. Member is not well intentioned. Apart from the aircraft to be procured by Air India and Indian Airlines, the machinery worth crores of rupees being imported should also be acquired on lease and exempted from tax. This will help in speedy industrialisation and economic development of the country. Although we are helping Armenia, our country also experiences earthquakes. We are not against assistance being given to Armenia, but when earthquakes strike any state of our country, the Government should issue an appeal to voluntary agencies and people in general to give maximum help. The maximum possible relief should be given in times of famine, flood and earthquake.

This can be done by collecting funds through the Prime Minister's Relief Fund and the Chief Minister's Relief fund. Tax exemption should be given on amounts being donated to these funds. We are grateful for the generous assistance provided by the Government during last year's drought in the country, particularly to Rajasthan. Tax exemption should be given to institutions and capitalists who want to extend this type of assistance. Some hon. Members questioned the propriety of allowing Soviet pilots move over sensitive areas while flying our aircraft. Their free access over those areas will certainly prove to be harmful. This point should be given serious thought.

15.00 hrs.

The system can be run in an efficient manner if aircraft are acquired on lease and pilots trained to fly them. May I know how

many aircraft are proposed to be acquired by Air India and Indian Airlines separately? Has the Central Government or the concerned Department ever tried to find out as to which of the Air India services are profitable and which are incurring losses? Recently on a flight from New Delhi to the U.S.A., there was only one passenger on board from London onwards. One can imagine the loss incurred by carrying only one passenger in an aircraft with a passenger-carrying capacity of 300. Such flights are of no use. Jaipur, Jodhpur and Udaipur are tourist spots in my State. These places lack adequate air services. Regular flights to these places will not only promote tourism but will also benefit airlines.

15.01 hrs.

[SHRI N. VENKATA RATNAM *in the
Chair*]

There are many people in the country who have amassed huge wealth by exploiting the poor. They have set up schools, 'dharamshalas' and hospitals in their name as well as in the names of their forefathers. Such efforts on the part of the wealth should be encouraged by giving them tax exemption because the poor are the ultimate beneficiaries. A very small percentage of the affluent class pays income tax. This creates black-money which cannot be spent easily. That is why these people resort to setting up institutions. These institutions may be set up by these individuals and later handed over to the Government. Similarly tax exemption should be available to individuals who want to construct roads, provide drinking water facilities and set up schools and hospitals in rural areas. As hon. Shri Thampan Thomas just said that the income-tax exemption limit has been fixed at Rs. 18,000. All hon. Members have said that this limit be raised to Rs. 25,000. Income Tax at the rate of 20% has been announced on the income ranging between Rs. 18,000 and Rs. 25,000. Previously the rate was 25% and, thus, this relief

is very meagre. Members of Parliament get Rs. 1500/- as honorarium and Government employees get Rs. 2000 Rs. 3000. The income-tax limit should be raised to Rs. 25,000 and amounts ranging between Rs. 25,000 to Rs. 50,000 should be given relief so that salaried class does not face problem and maximum number of people could be given relief. If income tax rate is reduced, more tax can be collected. Last time when the limit was raised from Rs. 12,000 to Rs. 18,000 the amount of tax collection was higher as compared to the previous year. This was possible through reduction of taxes at the lower level. Besides, it will result in reduction in the number of tax evaders. Such a provision is entirely necessary and I hope steps will be taken in this direction.

I want that rewards given to research scholars and scientists who contribute to national progress should be exempted from income tax. This will encourage them to work harder towards country's development.

When Shri V.P. Singh was the Finance Minister he had exempted the princely families from paying gift tax and other taxes. Perhaps he did so to reduce the tax burden on his friends and relatives. At that time also, we had opposed exemption in income-tax and other taxes in such cases because people evade taxes by gifting their wealth in someone else's name. Same was the case with wealth tax. I am of the considered view that both of these taxes are a must. This will bring the affluent into the tax net thereby increasing Government revenue. With these words, I support the Income Tax (Amendment) Bill.

SHRI VIJOY KUMAR YADAV (Nalanda): Mr Chairman, Sir, I fully support the Bill which has been introduced for consideration in this House. There are two main objectives of bringing forward this Bill. Firstly to create a fund for earth-quake victims in Armenia and secondly to provide relief on

[Sh. Vijoy Kumar Yadav]

acquisition of aircraft by airlines under an agreement. Both these objectives seem to be quite good. India has a tradition of helping the people in trouble. Indo-Soviet friendship is a time-tested one. This Bill relates to providing assistance to people affected by calamities. If any of our friendly Countries are stricken by natural calamities, financial calamities or a war calamity, it becomes our duty to help them because India too could be in their position. India's attitude has been very positive so far. The earthquake in Armenia has shocked the entire world. We should help them in every possible way. The step taken by the Government is most praiseworthy.

Some time ago, an earthquake hit our country causing devastation in Bihar's four districts, namely Darbhanga, Madhubani, Saharsa and Monghyr. Although these four districts are not a part of my constituency — This area is in the neighbourhood—people in my constituency did have to face a lot of problems, though shocks were not that severe.

In my view, the Government of India did not take the post earthquake situation as seriously as it should have been. It failed to create a sense of urgency among the people to provide help to the earthquake victims. I think the Government of India have failed in fulfilling its obligation to this matter and the Bihar Government have totally failed to provide relief to them. It is not I alone who level such charges against the Government of Bihar but there are several such members belonging to ruling party who spoke in this tone in the House as well as outside the House. The condition of Bihar earthquake victims is still very miserable. It is, therefore, requested that the Government should provide relief to the Bihar earthquake victims. The Government have not fulfilled the promises made earlier and the Bihar Government

is totally dependent upon the Central Government and without the Central assistance Government of Bihar cannot provide help to the earthquake victims.

With regard to the Bill seeking for Income Tax Exemption which has been brought forward in the House, we as well as the people of entire country would like to know about the contributions made by the Government of India, Public Sector Undertakings, Monopolists and Capitalist Houses such as Birlas, Tatas etc., public institutions and voluntary organisations etc. towards the Prime Minister's Relief Fund created for providing relief to the earthquake victims of Armenia for which an ordinance was promulgated. At least a details of such contributions should have been furnished alongwith the Bill, which could have enabled us to know the extent of positive response of such people, who are earning black money by way of misusing the Income Tax Laws, to an earnest call made by the Government for a very noble cause. It is, therefore, absolutely necessary to furnish information with regard to persons who responded to the call to make contributions to this fund out of the black money a massed through tax evasion as they are running a paralelled economy and thus exploiting the poor people of the country. As the question is often raised in the House, I would like to press this question. The Government should take steps to check the menace of tax evasion as it is very rampant.

Secondly, I would like to say about the air-services. At present our country is passing through a crisis in the matter of air-services. I think that the very apt agreements have been made in this regard and the people will get ample relief from it. These agreements should have been made earlier. Though these have been made a bit late, it is better late than never. In this connection, I want to make a demand with regard to my constituency particularly in view of the

Government's policy to provide air services to all places of national and international importance so as to enable people to reach there. I come from Nalanda Parliamentary constituency in which Rajgiri, a place of international fame is located. It is also a Buddhist centre. Similarly, there are other Buddhist Centres, such as Rajgir, Bodhgaya and Samath etc. but these places are lacking Vayudoot facilities. District administration has taken up construction of one mile long air strip in Rajgir under N.I.E.P. programme but it requires to be made pucca. An amount of Rs. 15 to 16 lakh is estimated to be spent on it. Following a talk held with the Collector of the district concerned, I came to know that a proposal to construct an air strip is under consideration of the Government. The landing of Vayudoot could be facilitated provided the proposed air strip is completed by the Central Government itself, I hope that the Government will accomplice the project.

Bihar is very backward in all spheres. Though Patna airport has landing facilities but time scheduled of arrival and departure of flights are not observed either in the morning or in the evening. Measures should be taken to improve the situation.

It is a fact that hitherto no such equipment has been invented which makes forecast about earthquakes. The Government of India should seek cooperation from one and all in conducting research and inventing an equipment which may provide prior information about earthquakes. There are certain areas in our country falling under Himalayan range which are considered to be prone to earthquakes. In view of impending danger looming large over these zones, preventive measures should be taken by the Government. With these words, I support the present Bill.

[English]

DR. DATTA SAMANT (Bombay South

Central): Sir, the earthquake in Armenia was very bad. The sympathy shown by our Government by sending three aircraft with a lot of assistance was good. But the way in which the Government has now come forward with this Bill to give exemption to the big industrialists is not good. I do not think the salaried class people will benefit. You are giving certain concessions to the big industrial houses if they donate for this fund. Sir, this is a sort of begging. The Government and the country are living at the mercy of such big industrial houses. I oppose the whole system of our economy.

Sir, who are the income-tax payers in this country? Out of the total seventy lakhs income-tax payers, fifty lakhs people are the salaried people, who are the workers and the Government servants. The total revenue collected by way of income-tax is not even five per cent of the whole National Income.

This shows, how the big industrialists make black money. The best way to avoid paying the tax is to become more rich, collect black money and have the Advisers. That is the system, Madam. Out of seventy lakhs income-tax payers, fifty lakhs people are the workers. Not even five lakhs big people are paying the tax. I have got all the details, but this is not the correct occasion. You are giving several concessions to these big people. Sir, one industrialist is making ten crores of rupees profit in one unit and incurring ten crores of rupees loss in another unit, and he is allowed to amalgamate his two units, thereby avoiding payment of tax. Then, division in family—father, mother, son, daughter, etc. ; these people divide their property and that way they get exempted from paying the tax. Further you have given a hundred per cent export concessions to those people. Further, all the sick units are being taken over by these big industrialists to avoid the tax. You are regularising the black deeds and the bad deeds of these big people. I want to know from the

[Dr. Datta Samant]

Minister as to how much money you have collected so far from these big people by way of income-tax. We would like to know the figure. The Ministers and their Party Presidents telephone these big people—Tatas and Birlas, asking them to donate Rs. 10 lakhs.

If he donates Rs. 10 lakhs, they give him five licences and thus help him to get Rs. 100 crores. I know it because I am dealing with all these industrialists. Why did the Bombay textile workers suffer? All the sixty mill-owners in Bombay have been given Rs. 200 crores by way of loans and assistance by the Government but they have not been paying even Rs. one crore as tax per year in the last thirty years. This shows what is the economy of the country and what we discuss here. You are giving all assistance, all help, all subsidies to these big people and they are not contributing to your taxes. By bringing such types of concessions, you are encouraging these people. The cause may be good but for collecting this money, you are begging from these big people and giving them another one hundred concessions. This is against the principle of economy. This is going to create black money in this country and, therefore, I oppose this system.

I have seen in Bombay that these mill owners have given small donations to the schools in their native place or to some small temple somewhere. These Tatas, Birlas are very shrewd. Everywhere there is a temple for the workers. Though they give only Rs. ten as salary but the temple is there every where. They want the workers to go there and perform their pooja. So, this is a back-door for creating black money. Therefore, I condemn such type of approach. If you want to assist, you straightaway assist the Russian people. Fifty thousand people have died in Russia. So, don't beg from these big people. This is your money, Government's

money. You are begging black money from them and then giving them further concessions. Therefore, I oppose this approach....(Interruptions). I Yes, am opposed to the approach. I am not opposed to your assisting the Russians. you have sent some planes there and given them the assistance. If you want we will also contribute something but don't beg from those people, these big industrialists and businessmen who are indulged in black deeds, because for collecting this money, you have to give them another one hundred concessions. Nobody will give you Rs. five lakhs unless you give more concessions to him. So, this is the system followed in this country in the last forty years of our independence...(Interruptions).

AN HON. MEMBER: Then how are you going to assist them?

DR. DATTA SAMANT: My workers will give you. You also contribute. But not in this way. This money is black money. This is earned by all sorts of deeds. Rupees forty thousand crores are collected in this country as black money by these people through various deeds and you are begging from them by saying: "I will give you concessions in the tax, please give something. It is for a laudable cause" Our Minister is begging from them. So, I oppose this system. The salaried people are the most exploited people...(Interruptions).

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A. K. PANJA). You said the Ministers are begging. You please name them. We want to know the names. Then I will name the other mill-owners with whom your transactions take place.

DR. DATTA SAMANT: Sir, I am coming to his point. If you want, I will give you lot of name.

SHRI A. K. PANJA: When you have said 'Ministers', you have to state the names. We want to know the names.

DR. DATTA SAMANT: Yes, I am going to state the names. In Maharashtra, in Satara, Sangli and all these districts, about fifteen schools and colleges were constructed. The money for them was given by Khatau, Morarji and all these mill owners. They have given Rs. 25,000 or Rs. 30,000 but all the interests of the workers in Bombay were hampered. During the textile workers' strike...*(Interruptions)*.

SHRI A. K. PANJA: Given to whom?

DR. DATTA SAMANT: I am coming to that. During the textile workers' strike, you were not here as a Minister but I had meetings with the Central Textiles Minister. Please don't make me to take the name. If you want, I will take the name also. I had four meetings with him. I told him that these mill owners had made so much of black money and exploited the whole economy and forgotten about the workers. I asked him whether he was going to check their accounts and prosecute them. The Minister had told me at 12 o'clock in the night: "Dr., you want to run the union but we want to run this *raj*. We cannot displease Bombay mill owners because they have been giving us the election funds for the last thirty years." If you want, I will give the name also, but please do not make me to give the name. The Finance Minister of this Congress Government told me...*(Interruptions)*

KUMARI MAMTA BANERJEE (Jadavpur): Sir, he is saying about whom?

DR. DATTA SAMANT: That is what I am going to tell.

SHRI A. K. PANJA: Have you succeeded in running your union by that conversation?...*(Interruptions)*.

DR. DATTA SAMANT: How can I run the union when you are totally in the hands of these mill owners? What action have you taken to check their black deeds? 1,50,000 factories are closed. Rs. 40,000 crores are collected as black money. Is it not your duty to check this black money? Rs. 7,000 crores worth of gold is smuggled in this country. What is your government doing? You people are involved, I am going to make this allegation. If you want the names, I can give you...*(Interruptions)*

MR. CHAIRMAN: Dr. Samant, please confine your discussion to the Bill.

DR. DATTA SAMANT: Sir, the hon. Minister is asking me to give the names. Now, Sir, I will come to the point. Tatas or Birlas will give you money unless you have a link with them and you go and salute them. *(Interruptions)*

SHRI A. K. PANJA: We know whom you salute. Don't put the finger on me. *(Interruptions)*

DR. DATTA SAMANT: I am talking about the ruling party. The Central Minister told me that they cannot displease the Bombay mill owners because they want money for election purposes. Whatever concessions you have given to the salaried people are nothing, but they are paying the taxes. What did you do for them? For the last four years, since this Government came to power, you have not done anything except keeping the taxable ceiling level at Rs. 18,000 and during this period the rate of inflation has also gone up by 40%. You are collecting money from the workers in many ways. They are the biggest contributors to the Exchequer. The recent statement made by the Government is that all the allowances like Dearness Allowance, travelling allowance, education allowance, house-rent allowance, etc. are taxable. You have issued the statement to this effect. But the High

[Dr. Datta Samant]

Court in Madras came to our rescue. Sir, in the city of Delhi and Bombay, the cost of living has gone up to a great extent and the salary of Rs. 15000 per month is the minimum requirement to live in these costly cities. This Government is acting against the interests of the workers.

Sir, the Government has given the concession of Rs. 350 to those getting the salary of Rs. 3000 or Rs. 4000 per month. You are shedding crocodile tears to show that you are for the welfare of the workers. You say that you are giving all these concessions to the workers. But actually it is not so. In fact, you are giving all these concessions only to the big people. You are giving concessions to the black marketeers and you give total concession to these who are taking over the sick industries. I would like to know from you whether you are going to have a dialogue on this issue? The big industrialists, black-marketeters and other tycoons are going scot-free and they are not accountable. The country's economy is controlled by them.

Even the voluntary retirement scheme is not at all helpful to the workers. By opting to this scheme, they get about one lakhs rupees. But you take away from this amount about Rs. 50,000 as income-tax. It is correct? Many workers have to leave the service when they take voluntary retirement. You say that you are going to bring forward a Bill for this purpose. But how much money have you given to these people? I can cite hundred of examples where the Government has never come to the rescue of the salaried people.

Another point I would like to mention is about the Indian Airlines. What is happening there? Of course, it is not coming under your purview. For the last several years, the total number of aircrafts in service remained at

50. Though the total number of aircrafts were only 50, the number of passengers has gone up 100%. The number of stations are 160 and the Corporation is running in profit. What have the Government done in increasing the number of aircraft for providing amenities to the passengers? At the eleventh hour some adjustments were made here and there. But what is the use of doing these small adjustments? Out of 160 stations, about 110 are losing. Who is responsible for this? Who is accountable for this? There is no honest dealing done in this business. But in spite of all these drawbacks, you have raised the charges three times in the last eight years. But why have not increased then Number of aircrafts? You have not added even a single aircraft in the last seven or eight years. You are flying these aircrafts with great risk involving the life of these people. But you are giving concession to the big people. How much money are you saving from the Indian Airlines Corporation? The Air India flights are going abroad without a single passenger. (*Interruptions*)

SHRI A. K. PANJA: What is the flight No.?

DR. DATTA SAMANT: I will give you all the details if you want. I had a discussion in this House for two hours when I mentioned all these details. Now, the time is short. Are you going to answer all my questions? I will tell you those points.

Now, the total number of aircrafts in only 50. These 50 aircrafts have been in service for the last seven or eight years. Out of these 50, three have always been out of order. But the number of passengers has been increasing by 10% every year, for the last seven years. Now, it has become double. In spite of all this the number of your landing stations went up by 160. Still you want something more.

SHRI A. K. PANJA: Yes.

DR. DATTA SAMANT: You reply to this. I raise in this House all these points. I am not against any good measures. In the last Session I discussed this during an adjournment motion. At that time hundreds of points were raised, but none of these was answered correctly. At the airports the Instrument Landing System is not there. The Bombay Airport has been kept closed because the runway is to be repaired. This is the pitiable condition of the Indian Airlines and the Air India. Let us find out the faults and rectify them. You are prepared to adjust with your faults. It is your responsibility, you cannot avoid it. Something is to be done there.

I am asking another question. It is all right, you are making some payments showing courtesy to the quake victims. Nearly 50,000 people died in the earthquake there. In the Bhopal Gas tragedy 3000 people died and another two lakhs were injured. Your Peace Keeping Force in Shri Lanka—800 people of them—were killed in the last few years. You have no money to bring their dead bodies here. How many things have happened in this country? Are you going to give the same concessions to them? Your economy has failed and therefore, today in the name of poverty you are going to beg from the blackmarketeers. I condemn this sort of thing—you take out this black money in the form of tax and pay to Russia. This system I do not like. Never accommodate such blackmarketeers. Many industrialists of this country are at your mercy. They say, 'We are the people to keep you alive'. I am not talking about your Party alone, it may be applicable to any Party supporting the black money people. The system must be changed. I oppose such a system, though I support the cause mentioned in this Bill. My workers will contribute even more for this cause if you want. But I oppose collecting the money from the black money people. Of course, they are having more money to give you. But I oppose the approach of this Bill.

[*Translation*]

KUMARI MAMATA BANERJEE
(Jadavpur): Mr. Chairman, Sir, I rise to support the Income Tax (Amendment) Bill 1989.

I want to congratulate the Hon. Prime Minister and the Minister of Finance for creating a special fund purely on humanitarian ground to provide assistance to the earthquake affected people of Armenia in Russia which occurred on 8th December 1988. I support this Bill.

I listened to the speech of Dr. Datta Samant and it has a terrible experience for me to hear him. One could nothing but express grief that such a person is a member of this august House. Dr. Datta Samant is not the alone person to fight for the cause of workers, we people also fight for the cause of workers...(*Interruptions*). He does not solve the problems of workers rather he made them fight along themselves. There should not be difference of opinions for the good cause of workers, no matter whether one belongs to the ruling party or the opposition. We should see the things in right perspective. This bill has not been introduced for making palitics...(*Interruptions*) I listened to your speech, you should also have patience to digest other point of view as you are a trade union leader. I mean to say that the present Bill has been brought here to remove a technical hitch in giving exemption in income tax. Just now Dr. Datta Samant opined that the cause for which the Bill has been brought forward is a good one but he opposed the decision to give practical shape to the said cause. This is the double role of conduct because one the one hand he is supporting the cause, on the other he is opposing the system to implement the cause. One cannot eat his cake and has it also. He has spoken in a similar tone. I, therefore, request the Minister to provide assistance to the earthquake victims as such incident may occur any where in the

[Kumari Mamata Banerjee]

world. This is not a political issue. This is our duty and it has been our tradition and goal to render all out help to one and the all at the time of adversity. Our Prime Minister has provided assistance to other countries also and for which I congratulate him.

Our Prime Minister has extended his support to may needy persons. Financial Assistance is being provided from Prime Minister's Relief fund to the needy and the sick persons, even for marriage purposes and to the family of a deceased person. For this also I congratulate him. Similarly it becomes the duty of the Government to provide help to the victims in Armenia. This is our boulder duty to support and help our neighbouring countries. I, therefore, support both, the cause as well as this system.

I want to urge upon the hon. Minister that incidents of the type that occurred in Armenia in the form of earthquake can occur any where. So, it should be ensured that in order to avoid bringing such amending Bill everytime, a permanent clause should be inserted in the tax laws for providing automatic provision for such help. Some sort of national relief fund should be created for this purpose and contributions made towards this funds must get exemption from income-tax. It is not a political issue not is it an election gimmick. It is for a human cause.

Sir, this is also correct that our country has also afflicted with such tragedies such as earthquake in Bihar. Perhaps, Mr. Panja will be aware that as many as one thousand persons in West Bengal suffered paralysis stroke due to consumption of adulterated rapeseed oil. They are in a very pitiable condition. Therefore, relief should also be provided to them. It is the duty of the Government to provide assistance to all those persons who have suffered from one or the other tragedies, be it abroad or in our coun-

try. Therefore, assistance from Prime Minister's Relief Fund should be provided to the victims of adulterated rapeseed incident as also shelter should be provided to the earthquake victims of Bihar who have been rendered homeless. A study team should be sent to Bihar to assess the losses and assistance should be given as per the report and recommendations of this team. For this, we shall be highly obliged to the Prime Minister.

I want to submit one more point that these people can make only political discussions but cannot solve any problem. I want to submit that a number of industries in Maharashtra, Tamilnadu and West Bengal have gone sick. If a new individual comes forward to revive the sick industry, he has to undergo a lot of burdens of tares. Therefore, the individual coming forward to revive the sick industry, which will provide livelihood to workers, should be given exemption from the burdens of excise and income-taxes. This will enable the outsiders also to come forward to run the sick industries.

I would like to submit one more point. The present income limit for the purpose of income tax is Rs. 18,000. However, there is no problem for a person earning Rs. 2,000 because in our country we have the law as well as the means to trespass the same law. We know that—

“ Dhanwan khajana bharta hai
kanoon hifazat karta hai,
Mazdur bichara ro ro kar taqdir ki
shikayat karta hai.”

As for the rich, they manage to keep their records straight whether or not they pay income tax. The common man, the Government employee, who earns Rs. 1500 to Rs. 2000 in hard pressed to support his family. We were sure that in the present Budget, the income limit would be raised from Rs. 18000 to Rs. 30,000 but all that we got was disappointment. Now that the Finance Bill is due to

be presented, my submission is that this limit must be raised to Rs. 30,000 (*Interruptions*)...

SHRI DATTA SAMANT: I am supporting you.

KUMARI MAMATA BANERJEE: Therefore, my submission is that the Government must do it. Government employees, workers, middle class people and the common man will get a great relief as a result thereof. This is the demand of all the hon. Members.

[*English*]

" Don't say that the matter is being looked into."

[*Translation*]

It is necessary to solve this matter. This is not only my demand, every hon. Member of this House supports this demand.

Shri Datta Samant has tried to politicise the issue and has submitted that the industries become sick because we take money from the industries. One should make one's submission in clear-cut words. We may be having political differences, but so far as helping another country is concerned, it will only spoil the sacred intention behind it if they try to drag politics in it. We should not make political speeches in such matters.

[*English*]

DR. DATTA SAMANT: I oppose your approach. If you want, my workers will contribute.

[*Translation*]

KUMARI MAMATA BANERJEE: Humanity should not be politicised.

[*English*]

DR. DATTA SAMANT: I am not at the mercy of industrialists.

[*Translation*]

KUMARI MAMATA BANERJEE: We are all political people but humanity is above politics. India will survive only if humanity survives. Therefore, I welcome and support this Bill.

[*English*]

SHRI B. B. RAMAIAH (Eluru): Mr. Chairman, Sir, this particular Bill relates to two parts. One is for the exemption for the relief, for the Soviet Republic of Armenia, and the second one is for the rent exemption for the Air India, Indian Airlines and aircraft purpose.

For the first one, on 8th December, 1988, the Soviet Republic of Armenia was hit by massive earthquake which killed more than 50,000 people for which the relief was completely exempted from tax. It is a good cause. I definitely support it. At the same same time, I feel, as somebody else has already said, that the other reliefs which have been given in the States, like the Chief Minister's Relief Fund, should also be considered on the same merits and I hope the hon. Minister will definitely look into this matter. It is also for the same humanitarian purpose and they should also consider it on the same merits. If they put it at this stage, it will be much more appropriate. It will be appreciated by everybody, one and all.

The second item, the lease amount for Indian airlines and Air India, it is only to encourage more inefficiency and incapacibilities. We see day in any day out how the Indian Airlines operations are going on. It dislocates the passengers, causes inconvenience and it not able to give any response

[Sh. B.B. Ramaiah]

properly. There is no point in encouraging this sort of thing any further and it is time for us to see that there should be sincere competition.

I feel that is more important than trying to give more concessions. After seeing the performance of the past so many years, we see how the position is deteriorating year after year. The performance is going from bad to worse. I only feel that it is high time that we should have started a parallel and competitive Airlines that can be able to compete and serve the public. That would help the present conditions and improve the efficiency of the air service. I feel the second part requires more careful consideration. As far as the first part is concerned, we all support very strongly because it is for a genuine purpose. Of course, it requires a little bit of modification, as I mentioned earlier, for the Chief Ministers fund also.

I would like to make a few more suggestions. Our hon. friends have already mentioned about the taxation on the various allowances for the middle-class people. They do deserve some exemption which they have been enjoying for a long time. All the allowances, whether it is City Compensatory Allowance or whatever it is, should be completely exempted from taxation because they are the middle-class people. They need some special consideration.

The third suggestion which I would like to make is regarding enhancing the income-tax limit. Everybody in this House is supporting that the exemption limit of Rs. 18000 should be increased. Though I will not like to say exactly what figure it should be, I would like to say that it should be proportionate to the purchasing power of the Rupee. You can have some sort of a phenomenon. You have to consider what was the purchasing power.

If only we give the same amount of lease exemption to NRIs or whoever it is, and ask them to start airlines equivalent to the airlines in this country, probably there would have been competition and they would have served the people with better efficiency and with less expense. They would not have claimed this sort of exemption and concessions and they would have rendered their services with more efficiency and capability and they would have served the people with much better service and they would have rendered more assistance. Last year, what is the purchasing power this year and what it will be during the next year and on the basis of the purchasing power if you could arrive at the figure for exemption purpose, it would be much more appropriate and helpful to these people.

Finally, I would like to make a suggestion regarding submission of Income-tax returns. At present there is only one time in a year to submit the returns. It is creating a lot of difficulties for the Auditors and for the assesseees. There should be some modification in this regard because this is a seasonal work. There are different types of activities. Instead of March, if you can make it December and June or something like that, it would be a great help for the people who are submitting their returns for income-tax purpose. I hope the hon. Minister would consider my few suggestions shortly, if not today and help the tax-payers by giving some assistance.

SHRI BALWANT SINGH RAMOOWALIA (Sangrur): Mr. Chairman, Sir, my name was there as one of the movers of the Statutory Resolution. At the outset, I would appreciate and welcome the assistance extended to the earthquake victims in USSR who suffered a lot. I am happy to say that we, as a nation, are going to help them. For this purpose, we have decided to extend certain concessions for those who contribute for the relief fund. I do appreciate this gesture. I

would also like to say that all those people who are suffering, who are passing through such types of tribulations should be helped. We, as a nation, should come forward to help them.

Sir, in Punjab hundreds of people have been killed at the hands of the terrorists. There are widows in almost many of the villages. There are many children whose parents had been shot dead. Similarly, there are 2000 widows in Delhi who lost their husbands at the hands of those who organised the Anti-Sikh riots. There are 2000 widows. More than 3000 orphans are there. Government of India, as a nation, should fight against terrorism and should also come forward with such funds to help the widows and sufferers at the hands of terrorists. Both Hindus and Sikhs in Punjab are the victims of the evil desiges of terrorists. In my opinion, at least a fund of Rs. 100 crores should be created to help those persons who have become the victims at the hands of terrorists.

The second point is, as my learned friends have said, about providing incentives and to help the Air India to purchase some new aircrafts. It is a good thing because in this world of competition, we have to do something accordingly. But this House must be aware that the functioning of Air India is the worst in the world.

SHRI B. B. RAMAIAH: Indian Airlines also.

SHRI BALWANT SINGH RAMOOW-ALIA: Indian Airlines also.

SHRI BIPIN PAL DAS (Tezpur): I do not agree with this comment about Air India.

SHRI BALWANT SINGH RAMOOW-ALIA: If you can say, I can also say. I have the proof. The behaviour of the higher officials in the Air India is like that. Take my example. I paid Rs. 35,126 and I purchased a 'J' Class

ticket-Delhi-London-Toronto. I was given ticket by Air India for Delhi-London; London-Toronto by Air Canada; Toronto-London by Aircanada; and London-Delhi by Air India. I was pushed by Air Canada people and I was compelled to sit in the Economy Class whereas I paid for 'J' Class. I have been fighting for the last four months for this injustice which has been meted out to me. They are trying to save the people who re-routed my ticket in Toronto. The whole of Air India officials right from M.D. to the Reservation Manager in Delhi have been trying to save them. Only yesterday, I approached the Minister. The Minister called the Air India officials and asked them to refund the money to me otherwise, he would cancel the agency. Now they are taking action. This is the position.

PROF. MADHU DANDAVATE (Rajapur): Why were given that—as an extremist?

SHRI BALWANT SINGH RAMOOW-ALIA: No, as an M.P. And you say: "Air India is doing well" (*Interruptions*)

SHRI BIPIN PAL DAS: You said. "Air India is the worst in the world." I objected to that.

SHRI BALWANT SINGH RAMOOW-ALIA: Worst in Asia. Air India has given its total service on contract to the British Airways in London. Air India is going to give all the services, for example, booking, looking after the baggage etc., to the British Airways in New York, Washington and in other places. Now the situation is, in order to reduce the waiting list, the British Airways gives some seats to Air India and rest of the seats in the British Airways are full.

Secondly, an Air India plane went from Bombay to London having one passenger and the same plane came back with eight passengers. I suggest to my friends in the

[Sh. Balwant Singh Ramoowalia]

Lok Sabha, through you, that we must discuss the conduct, the behaviour and the function of Air India at least for two hours in this House. I got this justice done for me only. [Interruptions]

PROF. MADHU DANDAVATE: Besides that one passenger, rest was cargo.

SHRI BALWANT SINGH RAMOOWALIA: I threatened that I will go on *Dharna* outside the Air India office. Then the Hon. Minister helped me and then those people behaved. How can an ordinary person get justice or good behaviour from them? How can one expect this? I object to the behaviour and the system of functioning of Air India.

Otherwise for the sake of the nation we must support this action of the Government because this is being done to uplift the economy and also to improve upon the functioning of our airlines. I support it with reservations. I have my views about Air India and Indian Airlines.

SHRI ASUTOSH LAW (Dum Dum): I would like to congratulate the Minister concerned and the Prime Minister for introducing this, Amendment Bill. This is very reasonable and timely. I would like to make only one suggestion in respect of self-employed people.

Mr. Panja knows the agony of the lawyers. When the question of deduction in income tax comes, lawyers and other independent self-employed people, those in the various vocations, are not getting total exemption for the expenses that are incurred on account of health-medical expenses. He should consider this aspect. After all, I am a self employed man. I will have to keep my health in tact. I have to be given this advantage because I don't want any social security—no self-employed people in India have

got any social security. There is insurance; but that is a different thing.

So far as income-tax is concerned, in the exemption list at least the self-employed people—of course I am advocating the case of lawyers and I hope Mr. Panja will appreciate our agony—should be given total exemption for the actual expenses incurred in account of health. This thing should be considered and some amendment should be brought in future.

SHRI AJIT KUMAR SAHA: He is referring to lawyers only.

SHRI ASUTOSH LAW: No. I have said for all self-employed people. When I say self-employed, I have classified it for lawyers. Of course I am giving more emphasis for lawyers. That does not mean that I am not supporting the cause of other self employed people.

SHRI AJIT KUMAR SAHA: They are concealing their income. That is the problem with lawyers.

SHRI ASUTOSH LAW: I don't think he is well conversant with the conditions of the self-employed people. Some people are always there. But exceptions are not rules.

This is the request I am making. Before concluding I think you for giving me an opportunity to speak on this subject. I may again congratulate the Minister and the Prime Minister for bringing this Bill for the good of the mankind, to give some relief to the victims of the earthquake and natural calamities that took place in Armenia and to give 100% exemption from income-tax to those who contribute to the Fund opened for this purpose.

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A. K. PANJA): When I moved it, I thought the

scope was limited. because only Section 80-G and section 10, for these two specific purposes this ordinance was passed and that ordinance is now placed before the Parliament for making it making it an Act.

Limiting to the scope of the argument for today's amendment, some Hon. Members asked, if any contribution is made for the purpose of any other disaster within the country, whether there is any exemption. There is. If it is a contribution to Prime Minister's National Relief Fund which is provided in Section 80-G, in sub-section (2) in Sub-clause (iii a), "The Prime Minister's National Relief Fund". Kindly mark the words 'National Relief Fund'. If a disaster takes place—God forbid—as it was in Bihar, then anybody contributing to Prime Minister's National Relief Fund for that purpose and in fact for any other purpose within the parameters of the Relief Fund, gets 100% exemption.

16.00 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

As the words are 'national relief fund' when there was a disaster in Armenia and to go to the help of the friendly Soviet people in peace and war and to do it immediately an ordinance had to be promulgated. The Parliament was not in Session and, therefore, before the expiry of 42 days—which is expiring on 3rd April—we have come before the hon. Members to get their sanction on this amendment. As it was national relief fund we could not include Armenia. As suggested by some hon. Members had it been international and national relief fund there would not have been any necessity of any amendment. But as we were doing an amendment through an ordinance and the House was not in Session we did not want to get an omnibus power to exempt all such funds for all such disasters. I am in agreement with the argument made by the hon. Members that should

you come everytime if there is a disaster saying that Armenia fund then some other place fund if it is outside India then this provision becomes a nullity after the purpose of the fund is over. Again another natural disaster outside India you bring in another amendment. There is a force in this argument. We were doing it by on ordinance so we did not want to get greater power than necessary at that stage and that is why it was limited to this small scope of Prime Minister's Armenia earthquake relief fund with a specific purpose of earthquake relief fund.

Another point raised by hon. Members is whether Chief Ministers where they are doing it are they entitled to such a relief? There is provision. Kindly see Section 80 G read with Section 10 clause (23c) sub-clause (iv) there is a 50 per cent deduction if such an institution is declared to be exempted under this Section. If the fund is given to Chief Minister's relief fund and if that fund has been applied to and we have granted exemption then anybody contributing to that is entitled to 50 per cent deduction immediately.

Therefore, so far as the Chief Ministers relief funds are concerned kindly check up with the State and if there is so much necessity for the purpose of doing so kindly bring it to my notice because it is for the purpose of creating funds for some acts of God or some eventuality which is not within our control or power. Hon. Member Mr. V.S. Rao made a point that to encourage the workers of the thermal power stations meritorious awards should be taken out of the mischief of the Income Tax Act. Immediately the letter was received it was sent to the Finance Minister for the purpose of consideration and the point is noted. I will bring this point to the notice of the Finance Minister.

There is a point made about the relief to be given to the salaried people. Of course, this point has been argued at length during

[Sh. A.K. Panja]

the Budget discussion. I think the experts and the lawyers present here know that even salaried people can plan their payment of taxation well and place it in the hands of a good lawyer but I am not in agreement with Mr. Asutosh Law when he pleaded for some relief for the lawyers. No doubt in the initial years upto say five years they do suffer but we know the lawyers who are members of this House they do not need any relief rather they should grant relief. The exemption limit is Rs. 18,000. If proper planning is made taking into consideration the deductions available, one can get relief. I am reading Section 80 CC onwards. A salarised man can earn up to a sum of Rs. 103.00 in a year without paying income tax, provided...*(Interruptions)*...that is the point. You are not advising your workers properly. Mr. Samant, when the workers contribute to the Union fund, they should also be given legal assistance. If proper planning is made and considering the deductions which are given under Section 80 CC, if investments are properly made, he gets relief. All the details are given in Section 80 CC. Some more amendments have been brought in the Income Tax Act. If proper guidance is given, he gets relief. But who gives them guidance? They have to pay lawyers fees for the purpose of getting guidance. Therefore, it is for the hon. Members to act. If you really think of the salaried people, as the Government has thought of it, to give them as much relief possible....

DR. DATTA SAMANT: Why can't you issue a note?

SHRI A.K. PANJA: It is not the question of issuance of a note. Government is not acting in an advisory capacity. I am not talking about the workers only. I am saying about the fixed salaried people. They are in great difficulty. I can realise it. But there are ways by which they can get relief. I am not

saying that this will give them full benefit. I am saying that there is a myth operating that for Rs. 18,000 and above, you have to pay income tax. Even then, you must consider that up to a certain amount, we have given relief this year as far as possible. Kindly appreciate this. The number of assesseees registered are 77 lakhs. Therefore, we are trying to broad base. If we go far a survey, we are getting political resistance as to why the survey should be made and so on. Our officers are being beaten, thrown away in some places. We are going for a survey and not for a search operation. It is a survey and not search operation, that is, to knock at the door and enquire whether they have purchased any house, started any business, whether are they assesseees of income tax, whether they pay income tax and so on. Now we know these are creating problems. But we have to approach the people slowly. You must have to approach the people slowly. You must have seen last year that we have added more than 3 lakhs new assesseees. This year we will collect the figure after the 31st March. Therefore, area of survey has to be broad-based. If you consider even upto Rs. 25,000 limit, we have seen that 9 lakhs assesseees go out immediately. So, out of 77 lakhs, 9 lakhs go out immediately. But they will be entitled to standard deductions where the other business people do not come. I am telling this to you because you can explain to the people to take advantage of the law made by the Parliament. It is the law passed by you for the people. If you understand the law properly and I am sure that you do understand then they can earn up to Rs. 1,03,000. Of course, certain investments have to be made like National Savings Certificate, etc.

One hon. Member argued that only about 10 or 20 or 100 names are given of the people who are earning more than one lakh. Our records show otherwise. On the basis of statistics of AY 1986-87 assesseees as on today having one lakh and above as their

income. The number of assesses with income above Rs. 50,000 are 7,02,635. So, these are the figures. Kindly take into consideration.

Another point was made by Shri Datta Samant in his usual exuberance without understanding what he was saying... (*Interruptions*)

DR. DATTA SAMANT: How much tax are the corporate people paying? How much concessions have you given to them for export, for investment etc. We have been hearing about that in this House. If you want, we can have a discussion on that... (*Interruptions*)

SHRI A.K. PANJA: I cannot go on exchanging arguments. (*Interruptions*)

Shri Datta Samant made a speech on black money. I have been here for the last one year and three months. Shri Datta Samant has not brought forward any information to indicate where the black money is. Not even a single instance. He might say: "Is it my duty?" I am thankful to CPI hon. Member of Parliament, Shri Gurudas Das Gupta; he did it and we have rewarded him in a public function. If Shri Datta Samant claims special knowledge of that money, who keeps it, where it is kept, let him stand up here and give me the information. We are all on oath; I will present him a reward here. Give me cogent evidence. (*Interruptions*)

DR. DATTA SAMANT: Somebody has to investigate.

AN HON. MEMBER: How can you present a reward here?

SHRI A. K. PANJA: I can, provided the Speaker allows. Give us evidence. You are on oath in this House. If you give us information, you will be rewarded immediately. Give

me one instance; I give you full one month till the Parliament is prorogued. Give me information secretly. All secrecy will be maintained. We will not disclose your name until reward is given as we have done in the case of Shri Gurudas Dasgupta... (*Interruptions*). You distribute it to the workers, whose cause you are championing.

It was said that nothing is being done. I can just cite a few figures although they are not germane to the issue. It has been argued, therefore, I have to answer. I am giving comparative figures. I am not giving the figures of 1985 and 1986. The figures pertain to the period from 1.2.1987 to 31.1.1988 and 31.1.1988 to 31.1.1989; that is last year and this year. The customs revenue has increased by 17.25 per cent, central excise by 14.90 per cent, value of seizure has increased by 72.34 per cent. You were saying about the black money. I will tell you the average value per seizure. We are not going at random and giving it to the newspaper as one of your bosom friend used to do, telling that to the whole world. (*Interruptions*). It was alleged that when we conduct random searches, go to anybody's house, certain innocent persons were also made to suffer. Therefore, we have introduced a system of checks and balances; we cross-check any information three times by different sources and then we strike. The average value per seizure has gone up.

DR. DATTA SAMANT: Proportionately smuggling has increased. 7000 crore worth of gold is being smuggled into our country. You have not been able to caught even 10 per cent of the gold smuggled.

SHRI A. K. PANJA: If it is 7000 crore worth of gold, you kindly give me information regarding 1 crore worth of gold smuggled.

MR. CHAIRMAN: No dialogue like this. Please address the Chair. Please don't interrupt the Minister.

SHRI A. K. PANJA: I will give the figures regarding the seizure of gold. It was 63.43 crores last year and this year it is 209.62 crores. This means that there is 230.47 per cent increase. The number of persons arrested last year was 2430 and the number for this year up to January is 3224 which means 32.67 per cent increase. Figure for detention under COFEPOSA for the last year was 858 and for this year up to January it was 1518 thereby showing an increase of 76.92 per cent. The value of assets seized, from this year to last year, has gone up to 39.5 per cent. The average value per seizure in the income tax has also increased it was 153000 last year and for this year the figure is 218000, which means an increase of 42.5 per cent. The number of prosecution launched last year was 5379 which has gone up to 7586 this year. The increase rates 41 per cent. Collection of Corporate tax increased by 4.1 per cent and income tax increased by 19.2 per cent.

DR. DATTA SAMANT: How much assistance have you given to the corporate sector and how much tax have you collected?

SHRI A.K. PANJA: Dr. Datta Samant have special knowledge about this and I cannot improve upon this.

So, Sir, on these grounds the charges made are false. The second point is regarding aircraft. The Hon. Member from Andhra Pradesh rightly pointed out that the aircraft are not operating well and many of them have grounded. I myself have suffered delay on account of this. All of us might have suffered on account of this. That is why we opted for lease agreement. But when we are making a lease with the foreign government they don't want to go into the income tax formalities. In the lease agreement deduction on source is sought to be taken out so that we can have them quickly. You may ask as to why we don't purchase. The answer is

very simple. It is because we want to use that money for other purposes. Therefore, lease agreement was sought to be made.

So, I am sure the cobwebs have been cleared and I have been able to satisfy the Hon. Members. I hope it will get the unanimous support of the Hon. Members. I agree with Miss Mamata Banerjee that so far as Armenia is concerned, this House has to be unanimous on our step. It is our friendly country and we are showing a friendly gesture to this country. Our history shows that we have gone out of our way to help the people who really need help. Therefore, I think the hon. Members will give unanimous support to this.

[Translation]

SHRI C. JANGA REDDY: Mr. Chairman, Sir, You made no mention of the earthquake that hit Bihar.

[English]

SHRI A. K. PANJA: So far as Bihar is concerned, there is already a provision. We are here for the amendment of the section. Anybody can contribute to the Prime Minister's Relief Fund it is hundred per cent exempted from the income tax. Therefore, no fresh amendment is necessary.

DR. DATTA SAMANT: What special efforts have you made?

SHRI A. K. PANJA: The Minister who is looking after the relief work will be able to tell.

Shri Janga Reddy has moved the Resolution not you. I have got the figures. I understand that the Central Government has already released Rs. 16,87,50,000 till date of relief. But I am not person to give you the exact figure. Whatever figure I could collect from my Department, I have given it to you. The State margin money was of the order of

Rs. 33,750,000 and the expenditure has to be met from that provision. Mr. Janga Reddy and other Members from this side also mentioned about Bihar. If there is anything special to be done, the concerned Minister who is incharge of relief can be contacted and he will be able to give you other figures. But I can assure you that so far as the Finance Department is concerned, whenever any file came for the purpose of relief to be given to Bihar, we have with utmost speed cleared it.

SHRI C. JANGA REDDY: How much money have you collected for Bihar for which you are giving tax exemption?

SHRI A. K. PANJA: It is not possible to say.

MR. CHAIRMAN: Mr Janga Reddy, do you want to reply to your Statutory Resolution debate

[*Translation*]

SHRIC. JANGA REDDY: All that, I want to say is that whatever the hon. Minister has done for the earthquake affected people of that country is good. Our relation with Soviet Union are friendly and the steps taken to help the earthquake-affected people are appreciable. I had congratulated him for the same at that time also, but I am sorry to point out that no mention has been made of the earthquake that hit our own country and the sufferings of earthquake-affected people there.

My second submission is that why did the Government not consider the question of tax exemption at the time of reaching the agreement for acquiring the aircraft on lease? If this was intended, it should have been done at that time itself. Now when the lease agreement has already been reached and the hiring charges are being paid to another country, the exemption is being

given. Therefore, I oppose this amendment. The Government should have made it clear the time of acquiring aircraft on lease itself that the company paying the hiring charges would be given tax exemption. Why did not they do it? That is all, I want to know.

[*English*]

MR. CHAIRMAN: Mr. Janga Reddy, do you want to press your Resolution or do you want to withdraw your Resolution?

SHRIC. JANGA REDDY: Neither I want to press it nor I want to withdraw it!

MR. CHAIRMAN: I put the Statutory Resolution to the vote of the House.

The question is:

"That this House disapproves of the Income tax (Amendment) Ordinance, 1989 (Ordinance No. 1 of 1989) promulgated by the President on the 24th January, 1989."

The motion was negatived

MR. CHAIRMAN: The question is:

"That the Bill further to amend the Income-tax Act, 1961, be taken into consideration".

The motion was adopted

MR. CHAIRMAN: The House will now take up clause by clause consideration of the Bill:

The question is:

"That Clauses 2 to 4 stand part of the Bill."

The motion was adopted.

Clauses 2 to 4 were added to the Bill

THE CHAIRMAN: The question is

"That clause I, Enacting Formula and the long Title stand part of the Bill "

The motion was adopted

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

SHRI A. K. PANJA: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: That question is:

" That the Bill be passed."

The motion was adopted

16.25 hrs.

DELHI MUNICIPAL LAWS (AMEND- MENT) BILL

[*English*]

THE MINISTER OF STATE IN THE
MINISTRY OF HOME AFFAIRS (SHRI
SONTOSH MOHAN DEV): I beg to move:

"That the Bill further to amend the Delhi Municipal Corporation Act, 1957 and the Punjab Municipal Act, 1911, as in force in New Delhi, be taken into consideration."

Sir, the Delhi Rent Control (Amendment) Act, 1988 came into force with effect from the 1st December, 1988. This amendment Act has changed the ratio of standard rent and in a way has affected the assessment and realisation of property tax by Municipal Corporation of Delhi and New Delhi Municipal Committee because the rateable value of property is closely linked with the concept of standard rent under the Delhi Rent Control Act. The main changes

brought in by the amendment Act are,—(a) premises with a rent of Rs. 3,500/- per month and more are beyond the purview of the Rent Control Act; (b) properties constructed after 1st December, 1988 will not be liable to be assessed for standard rent for the first ten years; (c) the rate of standard rent applicable to different categories of properties as a proportion of the cost of construction etc., has been raised to 10 per cent; and (d) a provision has been made that after every three years standard rent or any rent agreed upon between the landlord and the tenant (where no standard rent is fixed) may be increased by 10 per cent.

As a result of the above changes in the Delhi Rent Control Act, 1985, which came into force from 1st December, 1988, the Commissioner, Municipal Corporation of Delhi is required to make revisions in the Assessment List of property tax under subsection (1) of section 126 of the Delhi Municipal Corporation Act, 1957 from 1st December, 1988 to 31st December 1989. Consequently, the commissioner is required to issue notices for revision of Assessment Lists within the same financial year i.e. before 31st March, 1989. In view of the fact that a very large number of properties—about five lakhs—have become due for a re-assessment and the fact that the time available for issuing notices to the property owners is very short, it may not be possible for the Commissioner to get surveys completed, documents scrutinised and then to issue well-founded notices proposing revision of assessments, before 31st March, 1989. It is, therefore, felt necessary to amend the Delhi Municipal Corporation Act, 1957 to provide adequate time for the process of initiating assessment and re-assessment.

As present there is no time limit prescribed for finalisation of the Assessment List once it is initiated by the Corporation. More than one lakh cases of this nature are pending with the Corporation. It is proposed