[Shri Morarji Desai]

their whole-hearted support to a proposal for amending the Constitution in this behalf. We shall, therefore, bring forward an appropriate Bill to amend the Constitution during the current session itself and subsequently introduce the necessary legislation in this behalf. We hope that all the Parties will extend their support to ensure speedy passage of the Constitutional Amendment and the legislation in the two Houses. Such a Constitutional Amendment will not only require the support of two-thirds majority in the two Houses of Parliament but also ratification by legislatures of not less than half of States. With the cooperation from all Parties I hope it may be possible to complete the entire process at the earliest by March 1980 (*Interruptions*).

SHRI SAMAR MUKHERJEE (Howrah): We are glad that Acharya Vinobha Bhave has withdrawn his fast. But we are opposed to this type of measure. If any assurance has been given to Acharya Vinobha Bhave over our heads, we cannot accept this position. I want to make it perfectly clear. But we welcome that he has withdrawn his fast.

SHRI MORARJI DESAI: Sir, I have not said that they have promised support. I know that they are going to oppose I am not much worried about that. (*Interruptions*).

SHRI G. M. BANATWALLA (Ponnani): It is shameful that the Government has fallen a victim to blackmail.. (*Interruptions*).

MR. SPEAKER: At a proper stage we could express ourselves.

SHRI G. M. BANATWALLA: The Government's decision is most deplorable. (*Interruptions*).

MR. SPEAKER: The Minister will continue.

14.46 hrs.

FINANCE BILL, 1979—*Contd.*

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL): Shri Vinodbhai Sheth has criticised the proposal to curtail tax concessions in respect of savings in the form of life insurance, subscriptions to provident fund etc. Government are fully conscious of the need to provide adequate incentives for promotion of savings. Contributions to life insurance, provident fund etc. upto an annual limit of Rs. 5,000 will continue to enjoy tax concessions at the same rate as before.. Curtailment of concessions applies only to those in the higher income brackets because they alone can save more than Rs. 5,000 in a year. It is because we felt that taxpayers in higher income brackets were getting somewhat disproportionately larger benefits on their savings in approved forms that we have abridged the concessions to some extent. In any scheme of direct taxation, we have to strike a balance between equity and the need for provision of adequate incentives for work and savings. Budget proposals seek to strike such a balance.

Shri Vinodbhai Sheth has also suggested that the threshold for payment of advance tax in the case of registered firms should not have been lowered to Rs. 20,000 but should in fact have been raised further to Rs. 30,000 or even more. I would like to invite his attention to the fact that under the existing law, individuals and Hindu Undivided Families have to make payment of avance tax in cases where the current income excees the exemption limit i.e. Rs. 10,000. The exemption limit in the case of registered firms is the same as in the case of individuals There is, therefore, every justification for reducing the limit for payment of advance tax inthe case of registered firms. I would also like to carify that the reduction of limit for payment of advance tax does not in any way enhance tax liability; it only enables Government to realise its due a little earlier.

In conclusion I would like to mention to the House that we have appreciated he genuine difficulties posed by the tax proposals and made

concessions wherever desirable and possible. The many concessions announced earlier as well as the day before yesterday are a proof of our earnestness to raise resources while avoiding unnecessary hardship. That these have not gone as far as some Honourable Members wanted is due to the fact that under our present circumstances any further concessions would have meant lower resources for our development plans. This House has time and again emphasised that the primary objective of development should be the elimination of poverty and the creation of more employment through the development of agriculture and allied occupations, village and small scale industries and the implementation of a minimum needs programme. This objective requires a big shift of resources from those who have to those below the poverty line. Honourable Members should realise that such a shift cannot be brought about while continuing existing life styles on the part of the relatively better-off sections of society. This budget is the first step in the implementation of the new priorities which we have laid down for ourselves. There will have to be many more such budgets before the goal of poverty elimination is achieved and this would require a continuing transfer of resources from the better-off sections of society for investment which will lead to our cherished goal. I would request the House to bear this in mind and support this Finance Bill which is one further step in such a process.

MR. SPEAKER: I shall now put the motion for consideration to the vote of the House.....

PROF. P. G. MAVALANKAR (Gandhi nagar): He has not replied to many of the points. He has only read out the prepared speech.

SHRIMATI PARVATHI KRISHNAN (Coimbatore): He was prepared to answer questions.

SHRI SATISH AGARWAL: I promise that if there are any questions which have been raised and which are of urgent nature and which the Speaker permits, I am glad to reply to them.

चौधरी बलबीर सिंह (होशियारपुर) : खर्चे पर कोई सीलिंग लगायेंगे कि इससे ज्यादा खर्चा नहीं होगा ?

PROF. P. G. MAVALANKAR: One of the points that I mentioned was specifically about the Government's announcement of constituting a committee to go into the question of government expenditure and I said that that must be done speedily and economically. He has not told us what exactly this committee is going to do. We would like to know more about it. Merely saying that the life-style of top people and VIPs will be changed is of no use. I am not saying anything about your stopping or charging it. Even if you try to stop it, the top people will still continue to lead a life-style of luxury with a vengeance!

SHRI SATISH AGARWAL: With regard to that particular query about setting up a commission to go into the question of expenditure, the the Deputy Prime Minister has already announced. It is being considered—the composition of the Commission, the terms of reference and all that.

PROF. P. G. MAVALANKAR: I want your protection, Mr. Speaker, Sir. The Finance Minister made this announcement of a Commission on Govt. expenditure as early as February 28. Now we are on 26th April, and even after two months the Government comes out on the floor of the House and tells us that the composition is being discussed, the terms are being discussed. Is this the way?

MR. SPEAKER: It is not a question, it is a comment.

PROF. P. G. MAVALANKAR: There must be some kind of an ur-

[Prof. P. G. Mavalankar]

gency in the matter. When he wants us to tax the entire nation on such an extensive way, he must show some urgency. That is, he must give evidence that he means business. Will you please ask him to promise us about urgency in the matter? Will you use your good office in this matter?

MR. SPEAKER: It is your suggestion and undoubtedly I think they will consider it.

PROF. P. G. MAVALANKAR: Not only a suggestion, I want it to be expedited.

SHRI SATISH AGARWAL: It will be expedited. Mr. Mavalankar, please rest assured.

SHRI SOMNATH CHATTERJEE: Expedition means what?

PROF. P. G. MAVALANKAR: I hope he knows what the dictionary says.

SHRIMATI PARVATHI KRISHNAN: The point is: yesterday I had specifically asked what has been the concrete result of your giving a rebate for the so-called rural development programme to the corporate sector. I think surely after assessing what exactly was done last year, you have come forward this year. What is the monitoring agency that is being set up? Because the experience in the past has been that it is precisely into the rural farms that the black money is siphoned off and it becomes white money with the corporate sector.....

MR. SPEAKER: That you have said.

SHRIMATI PARVATHI KRISHNAN: Therefore, we want to know—because nowhere in any of the Budget papers have any details been given as to how much rural development has taken place as a result of this rebate and what was the amount that was lost to the Exchequer thereby.

SHRI SATISH AGARWAL: A provision has been made in the Act for giving certain incentives for setting up programmes in rural development. Those norms have been settled and according to the procedure laid down they are approved probably by the prescribed authority.....

SHRIMATI PARVATHI KRISHNAN: Probably?

SHRI SATISH AGARWAL: I am not directly in charge of the Central Board of Direct Taxes. Because on one occasion I had a chance to do it. I say this is done by them in the Finance Ministry. Of course, what has been the benefit and outcome of the rural development programmes all throughout—that has to be assessed.

SHRIMATI PARVATHI KRINANNAN: If you approve of a programme have you got a monitoring agency to see that it is implemented properly?

SHRI SATISH AGARWAL: A detailed reply I can send to the hon. Member.

SHRI K. LAKKAPPA (Tumkur): Yesterday, I made a specific reference in respect of the Expert Committee's report on structural changes in taxation in order to relieve the burden on the common man in this country.

There are various expert committee reports; there is a Wanchoo Committee Report and there is a report on how to plug the loophole on blackmoney. The Minister has not made any reference to this at all. He is concluding his speech with his Secretary's report only. And this Parliament has become a farce.

Therefore, Sir, I want his specific reply. Why he is not giving his reply to this? What is the intention of the Government?

SHRI SATISH AGARWAL: Mr. Lakkappa referred in his speech about the Choksi Committee Report and the Jha Committee Report. Today he is making a reference to the Wanchoo Committee Report. I do

not know what expert Committee report he has in mind. For example, he referred to the Jha Committee Report; he also referred to the Choksi Committee Report. Both the reports have been processed. And some of the recommendations have been implemented and they are finding a place.

So far as the other recommendations are concerned, many of them are being processed. And a comprehensive Excise Bill as promised earlier, is going to be introduced in this House. We were waiting for the report of the Estimates Committee. I have myself requested the Chairman of the Estimates Committee voluntarily to examine my Department and to give me his report so that I can incorporate the recommendations in the comprehensive Excise Bill which I am going to bring forward in the winter session of this House.

SHRI B. K. NAIR (Mavelikara): Sir, in my speech I made a suggestion that in view of the cheotic conditions that obtain in our economic activities in this country, whether he would consider the question of having an Economic Affairs Minister in order to coordinate the economic activities of the various ministries and to bring about discipline.

MR. SPEAKER: This is for the Prime Minister to do.

SHRI SATISH AGARWAL: There is a sub-Committee of the Cabinet which is presided over by the Deputy Prime Minister and Minister for Finance for going into the economic activities of the economic ministries. So, there cannot be any separate minister in charge of these economic ministries. *(Interruptions)*.

SHRI VAYALAR RAVI (Chirayinkil): Mr. Speaker, Sir, the point is that yesterday while speaking I drew the attention of the hon. Minister—of course, he was so vocal in defending the gold policy—to the gold policy and said that it had collapsed completely. There has been a sharp increase in the price of gold which is a burden on the people, especially, those in the lower and middle-income groups. The problem has come up in my State. I want a specific reply as to what steps have been taken to control the rising trend in the price of gold? Second is, Madam, Smt. Parvathi Krishnan raised the issue of pension for those who retired before 1973. So far as they are concerned, whether they will get the benefit of increase announced by the Minister.

SHRI SATISH AGARWAL: So far as retrospective application of the increase in pension to those pensioners is concerned, the hon. Deputy Prime Minister has already replied in response to a question by Smt. Mrinal Gore

AN HON. MEMBER: Why?

SHRI SATISH AGARWAL: He should have asked him then and there. I cannot reply here.

Smt. Krishnan made her point. It is not such an easy issue where I can announce that it can be given with retrospective effect to those people. After all we have got the point. I have sympathy for the pensioners. They also invited me for a meeting and I want there. I cannot commit anything on that. I have sympathies for them. I have received representation from them and I have gone through their representation. I will ask the Department, the Finance Secretary to examine as to why this cannot be done. But, I cannot make a commitment on that. Mr. Ravi made a passing reference only so far as that point is concerned.

I am afraid I cannot commit that. Some time back while I had gone on tour, I said something when the pressmen insisted upon it. I had an occasion to say that. The Indian Express Editorial said that I have been

[Shri Satish Agarwal]

very much worried about the gold—the yellow metal. It is not consumed by the poor section of the society. I was criticised on that account. But what is your concrete suggestion in regard to that? It was of course, very vehemently opposed. My humble effort was to bring down the price of gold or retain the differential in between the domestic price as also the international price.

15.00 hrs.

That was an experiment and government never claimed of success for that experiment. We only said that it is premature to say whether it is a success or not. You went on making political capital out of it. So, we have suspended auctions. We would like to know as to what are your concrete suggestions. We would like to know the mind of the Opposition. (*Interruptions*).

SHRI K. S. VEERABHADRAPPA (Bellary): Sir, the Minister has not replied about the Vijainagar steel plant which comes in my constituency. The DPR and other things are ready. I would like to know when is he going to implement it and whether he will make the allocation for this year or the next year?

SHRI SATISH AGARWAL: Nobody raised it in the debate.

SHRI SOMNATH CHATTERJEE (Jadavpur): Sir, the Minister in his reply said that the wholesale price index rose by 4.8 per cent soon after the budget and the consumer price index has gone much higher. We are waiting hopefully and patiently to find out some measures taken by the Finance Ministry to bring down the price level. Except generalisation we have not got any reply. Since this price rise is to be, borne by the vulnerable section of the society, we would like to know what proposals has he got to control the price?

SHRI SATISH AGARWAL: Hon'ble Member, Mr. Somnath Chatterjee, is much more well-aware than myself about the procedures in this behalf. It is the Ministry of Commerce, Civil Supplies and Cooperation which monitors all this. The powers under the Essential Commodities Act have been delegated to the State Governments. Wherever there are shortages in supplies or black-marketing the State Governments can take effective steps in that direction. I made the point that the rise in prices cannot be attributed solely to the budget. (*Interruptions*).

The sugar and the khandsari prices are going up. The prices of milk and milk products are going up. So is the case with leather and leather products. There has been no levy of new excise duty on all of them. On the contrary excise has been abolished on khandsari. So, I do not agree that price rise is solely on account of budget levies. (*Interruptions*).

SHRI KANWAR LAL GUPTA (Delhi Sadar): Sir, I suggested that the minimum taxable limit should be ten thousand. He has not replied to that. Secondly, about the small scale industries the total investment is ten lakhs and now you want to increase the levy from to 8 per cent if the turnover is 15 lakhs and above. Previously, the limit was thirty lakhs. Do you envisage any small scale industry—which we are interested to encourage—with an investment of 10 lakhs will be having total turnover of Rs. 15 lakhs only. How can that industry run? Lastly, there are many items which are used by the urban people and there you have given only a marginal relief. Are you not killing the middle class and the urban people?

SHRI SATISH AGARWAL: I have said about this in my reply, regarding the limit of Rs. 10,000. The hon. Member was not here then. So far as the question of small sector is concerned my hon. friend is pleading for the limit of Rs. 10 lakhs of investment and linking it up with turnover. So far as we are concern-

ed it is only on item No. 68 that the exemption of 15 lakhs is given. But there are other items where the exemption given is only 5 lakhs. So, this 15 lakhs limit is confined to small scale units only. So far as our Department is concerned we have the exemption limit of Rs. 5 lakhs for items other than item No. 68. For the small-scale sector we do not go by the capital investment but by the turn-over of specified things. But even so I have told the House that we are looking into the problem. We have got to draw the line somewhere. Even if it is Rs. 30 lakhs, somebody will say, why Rs. 30 lakhs, why not Rs. 50 lakhs and so on. So, these things have to be examined in detail and we cannot have erosion of levies.

SHRI HARI VISHNU KAMATH: May I ask a question?

MR. SPEAKER: You have put the question. This is my difficulty.

SHRI HARI VISHNU KAMATH: Just half a minute. Knowing that the House is racing against time I do not wish to refer to all the unanswered questions, but I only wish to put a question on one issue, that is, whether the Government will examine the question of a change in the financial year.

SHRI SATISH AGARWAL: This issue was examined and it did not find favour with them. It has been decided not to change the financial year.

SHRI HARI VISHNU KAMATH: By whom?

SHRI SATISH AGARWAL: By the Finance Ministry. The Finance Ministry took the decision not to change the financial year. That was the decision.

चौधरी बलबीर सिंह (होशियारपुर) : जनता पार्टी ने कहा है कि हम बराबरी लाने की कोशिश करेंगे, तो उसके लिए या आप तनख्वाहों की कोई सीलिंग मुकर्रर करेंगे और उसके बाद खर्चे पर कोई सीलिंग मुकर्रर करेंगे । अगर हम कम से कम तनख्वाह के लिए कोई हद मुकर्रर नहीं कर सकते तो ज्यादा से ज्यादा तनख्वाह के लिए तो कोई हद् मुकर्रर कर सकते हैं और फिर हम अगर आमदनी पर कोई रोक नहीं लगा सकते तो खर्चे पर रोक तो लगा सकते हैं कि इससे ज्यादा कोई खर्चा नहीं करेगा और जितना पैसा बचेगा वह जितना हमारे बजट का घाटा है उसके लिए काम में आएगा । उसके लिए हमें बाहर से पैसे लेने की जरूरत नहीं रहेगी, देश में ही वह पैसा मिल जायगा ।

श्री सतीश अग्रवाल : जहां तक माननीय सदस्य के इस प्रश्न का संबंध है कि खर्चे पर कोई सीमा बांधी जाय और खर्चे के संबंध में किसी प्रकार का कराधान किया जाय उस संबंध में प्रस्ताव आया है उस पर विचार किया जा रहा है कि यह संभव है या नहीं ।..... (व्यवधान).....

आपके ही प्रश्न का उत्तर दे रहा हूं और अगर आप ही बीच में बोलेंगे तो कैसे आपको उत्तर मिलेगा ?

जहां तक वेतन पर सीमा का सम्बन्ध है मैं समझता हूं कि कम्पनीज ऐक्ट के तहत जो बिजनेस एग्जीक्यूटिव्ज हैं उनके सम्बन्ध में तो कुछ निर्णय लिया गया है, बाकी के सम्बन्ध में निर्णय लेने के बारे में बहुत सारे प्रश्न हैं जो कैबिनेट सब कमेटी के सामने विचाराधीन हैं । उनके सम्बन्ध में न कहना आवश्यक है और न मेरे लिए कहना उचित होगा ।

श्री कल्याण जैन (इंदौर) : कंवरलाल गुप्ता जी के प्रश्न का उत्तर देते हुए जो माननीय मंत्री जी ने कहा, उन्होंने जो चार प्रतिशत से आठ प्रतिशत कर दिया और तीस लाख पर जो छूट थी उसको 15 लाख कर दिया, उस सम्बन्ध में मेरा निवेदन है कि यह ज्वाइंट रेस्पांसिबिलिटी है, यद्यपि यह इंडस्ट्रीज मिनिस्ट्री के अंडर है, लेकिन इसको आप गम्भीरता से देखिए कि इसे पन्द्रह लाख करने से और एग्जेम्पशन में जो छूट मिलती थी उसको कम करने से वह सारी यूनिट्स जो स्माल स्केल की थीं वह बन्द हो गईं इसलिए कि वह घाटे की हो गईं । जितना प्रोडक्शन वह पहले करते थे अगर वह उतना प्रोडक्शन अभी करें तो उनको टैक्स देना पड़ेगा और वह टैक्स देने की स्थिति में नहीं हैं । इसलिए मैं मंत्री जी से जानना चाहता हूं कि इसको वह कितने दिन में सेटिल करेंगे, जो छूट उन्होंने कम कर दी है उसको कब तक बढ़ा देंगे और दूसरी बात मैं यह जानना चाहता हूं कि स्वर्ण नियंत्रण कानून जो अब बिलकुल बेकार हो गया है उसको खत्म कब करेंगे ?

श्री सतीश अग्रवाल : अध्यक्ष महोदय, मैंने पहले निवेदन किया कि 10 लाख की सीमा के आधार पर लघु इकाई मानना और उसके आधार पर करों में किसी प्रकार की छूट देना

[श्री सतीश अग्रवाल]

हमारे लिए आवश्यक नहीं है । आइटम 68 को छोड़ कर बाकी चीजों में छूट की सीमा केवल 5 लाख है जोकि 10 लाख से कम है इसलिए वहां पर कम करने का सवाल नहीं उठता । इस मामले में अगर कहीं कोई यूनिट्स बन्द हो गई हैं तो उनकी जानकारी दी जाए, हम जांच करायेंगे कि किस आधार पर बन्द हुई हैं और क्यों बन्द हुई हैं । आखिर डिफेंशियल आज भी दिया है 15 और 30 लाख के बीच में जहां 4 परसेंट ड्यूटी है और 30 लाख के ऊपर 8 परसेंट की ड्यूटी है । कायदे से तो ग्रेडेड लेवी सबके ऊपर हो सकती है । आखिर उसको इस प्रकार की छूट मिली हुई है, जैसे 15 लाख है तो उसको 60 हजार देना पड़ेगा । अगर 8 परसेंट होता तो उसको 1 लाख 20 हजार देना पड़ता । मानेटरी टर्म्स में उसके बेनिफिट में कोई अन्तर नहीं पड़ा है । फिर भी लघु उद्योगों की इकाइयों को कठिनाइयां होंगी, उसकी वजह से वे बन्द होंगी तो उसके सम्बन्ध में हम स्टडी करायेंगे और उसको एग्जामिन करके जो भी उचित निर्णय होगा वह लिया जायेगा ।

श्री कल्याण जैन : अध्यक्ष महोदय, मैंने स्वर्ण नियंत्रण कानून के सम्बन्ध में एक स्पेसिफिक प्रश्न पूछा था ।

श्री सतीश अग्रवाल : स्वर्ण नियन्त्रण कानून को समाप्त करने की अभी कोई स्थिति उत्पन्न नहीं हुई है ।

MR. SPEAKER: He has answered both your questions. You have not heard them.

श्री रामनरेश कुशवाहा (सलेमपुर) : अध्यक्ष महोदय, हमारे चुनाव घोषणा-पत्र में भी है और कई बार आश्वासन भी दिया गया है कि बिक्री कर समाप्त करने के उपाय किए जाएंगे । मैंने प्रश्न भी उठाया था लेकिन मंत्री जी ने उसका कोई उत्तर नहीं दिया ।

दूसरी बात यह है कि सब्जी और मोटे अनाजों के बांटों पर भी हर साल सील लगती है—यह नियम बना हुआ है—यह देखने के लिए कि बाट हर साल कितना घिसते हैं । क्या सरकार सब्जी और अनाज के बाटों को, हर साल सील लगवाने का जो नियम है, उससे छूट नहीं दे सकती है ? बाटों का जितना दाम होता है उससे एक रुपया कम सील लगवाने का खर्चा बैठता है । इसका सीधा सा मतलब यह है कि अफसर बाटों के दूकानदारों से मिले हुए हैं । आखिर साल भर में बाट कितना घिसेंगे और दाम में कितना फर्क पड़ेगा ?

मेरा तीसरा मुद्दा यह है कि उत्तर प्रदेश के साथ बहुत बड़ी गड़बड़ होती चली आ रही है उसकी आमदनी बराबर घटती चली जा रही है । तो इस सम्बन्ध में न्याय करने के लिए आप क्या कर रहे हैं ?

श्री सतीश अग्रवाल : श्रीमन्, मेरी कठिनाई यह है कि क्लाज बाई क्लाज और थर्ड रीडिंग के लिए समय निर्धारित है । जो प्रश्न उठाए गए उनका उत्तर मैं नहीं दे पाया उसके लिए क्षमा चाहता हूं यद्यपि मैंने मोटे तौर पर उत्तर दिए हैं । अब जहां तक बांट घिस जाते हैं, उनको खत्म क्यों नहीं करते तो वित्त मंत्रालय यह थोड़े ही करेगा । हम उसमें क्या कर सकते हैं, ठीक है, उसके लिए एक नियम बना हुआ है.... (व्यवधान)

श्री छविराम अर्गल (मुरैना) : मैं मंत्री जी से जानना चाहता हूं कि जनता पार्टी के घोषणा-पत्र में कहा गया था कि हम बेरोजगारों को काम देंगे, यदि काम नहीं तो बेरोजगारी भत्ता देंगे तो उसके लिए आप क्या व्यवस्था कर रहे हैं ?

MR. SPEAKER: This is a new question. It was not raised earlier.

SHRI VINODBHAI B. SHETH (Jamnagar): Whether the octroi is to be removed or not. Whether the Minister will encourage settlement and not litigations in the customs, central excise and income tax.

SHRI SATISH AGARWAL: The question of abolition of octroi duty is a State subject. We have already advised the State Governments; and it is for the State Governments to abolish octroi as has been done in many of the States. (*Interruptions*).

MR. SPEAKER: No, no, I am not going to allow further questions.

SHRI SATISH AGARWAL: We do not want to encourage litigation. We are in favour of settlement. (*Interruptions*).

MR. SPEAKER: No, no please.

The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1979-80, be taken into consideration."

The motion was adopted.

MR. SPEAKER: Now we come to clause by clause consideration. We will take up clause 2.

Clause 2—(Income-tax

SHRI VINOD BHAI B. SHETH (Jamnagar): I beg to move:

"Page 5, line 21,—

for "twenty per cent," *substitute*—"fifteen per cent." (1)

My request was to keep the surcharge as it is. I once again suggest to the hon. Minister to merge surcharge with Income Tax. It is now additional income tax. The States have a grudge in this matter, because in order to get more revenue by the Centre, they can take recourse to surcharge and Corporation Tax. It is an odd technique. I think we can put a stop to it. Earlier the better.

MR. SPEAKER: Have you to say anything other than what you said earlier, Mr. Minister?

SHRI SATISH AGARWAL: I am sorry. I cannot accept it.

MR. SPEAKER: Mr. Sheth, are you pressing it?

SHRI VINOD BHAI B. SHETH: I withdraw my amendment.

MR. SPEAKER: Is it the pleasure of the House that leave be granted to Shri Sheth to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 1 was, by leave, withdrawn.

MR. SPEAKER: The question is:

"Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

MR. SPEAKER: Now we come to Clause 3.

Shri Kanwar Lal Gupta has five amendments—Nos. 158 to 162.

Clause 3—(*Amendment of section 10*)

SHRI KANWAR LAL GUPTA (Delhi Sadar): I beg to move:*

Page 6,—

after line 35, *insert*—

'(i) in clause (i) the words "or any other form of power" shall be omitted and' (150).

Page 6, line 36,—

after "clause (ii)" *insert*—

'the words "agriculture, animal husbandry, dairy farming" shall be omitted and' (150).

Page 7, line 3,—

for "such other field" *substitute* "such fields" (160).

Page 7, line 6,—

omit "and other relevant circumstances" (161).

Page 7,—

"*omit* lines 8 to 18" (162).

Here there is one point. If I am not mistaken that is about the foreign technicians whose income has been exempted. In the Income Tax Act the foreign technician means—

"a persons having specialised knowledge and experience in constructional or manufacturing operation or in mining or in the generation of electricity or in any form of power or agriculture, animal husbandry, dairy farming deep sea fishing or ship building."

The foreign technician eligible for this exemption should be employed in India in a capacity in which specialised knowledge and experience are actually utilised.

*Moved with the recommendation of the President.

[Shri Kanwar Lal Gupta]

It includes even agriculture. Suppose you call some foreign technician who knows something about agriculture. His income will be exempted. Similarly, animal husbandry, dairy farming—do we need foreign technicians for all these things? I do not think we need that. Not only this, they have got sweeping powers in this or in other forms. Already this was highly objectionable. We have expertise of our own in agriculture, animal husbandry and so on and so forth. I want to restrict that and even for the future I have left it to the Government of India. In these five, six classes the Government of India should exempt only those foreign technicians, where we have no expertise. Therefore, you are perfectly all right and you are the best judge to find out whether expertise is there in the country or not. I recollect that even the PAC has commented on this that it has been misused. Even the present Explanation defining foreign technicians has been grossly misused by different ministries. Such ordinary foreign technicians have been invited, in fields where there is a lot of expertise in India. So, the Government should decide who is an expert and whose salary should be exempted. Wherever Indian expertise is available you should not invite foreign technicians and exempt their salaries. That is the idea. For that I have said in amendment No. 158:

"After line 35, insert—

"(i) in clause (i) the words "or any other form of power" shall be omitted."

This will be a sweeping power and I do not want Government to have sweeping powers. Any officer may write some note and call foreign technicians and exempt his salary from income-tax. That is not good.

My next amendment says:

"after clause (ii) insert—

'the words 'agriculture, animal husbandry, dairy farming' shall be omitted'.

because we do not need any foreign technicians in these fields.

My next amendment 160 says, for 'such other field' substitute 'such fields'.

My amendment No. 161 says—

"omit 'and other relevant circumstances',

because this again gives discretionary power and under other relevant circumstances you can invite anybody and again the bureaucracy will misuse it.

My amendment No. 162 says, omit lines 8 to 18. I shall read these lines:

"in clause (15), in sub-clause (ii), the following proviso shall be inserted with effect from the 1st day of April, 1980, namely:—

'Provided that where in the case of an assessee the interest on deposits in a Public Account of the nature referred to in item (3) in the Table below rule 3 of the Post Office Savings Banks Rules, 1965 exceeds two thousand two hundred and fifty rupees, the amount of interest on such deposits that shall not be included in the total income of the assessee under this sub-clause shall be two thousand two hundred and fifty rupees.'

I want to delete these lines because that is a separate clause and it is a separate idea. I want to know what is the idea behind this clause. I do not see any idea. After all, you have been changing the Income-tax Act every year. This big book is added on to the Income-tax Act every year. I do not want that it should be changed repeatedly because the result is that even the ITO does not know it. Even the income-tax lawyers do not know it. They have to see the books for the rate of income-tax, rate of surcharge, etc., with the

result that there is complete chaos. This is a very minor thing. How much will you get from it? May I know what is the impact of this and what is the additional revenue you will get? May be a few lakhs, not much. Don't change the Act so frequently.

SHRI SATISH AGARWAL: I had forwarded all the amendments requiring recommendation to the President and whatever recommendations I have received, I have forwarded them to the Secretariat.

So far as the amendments moved by Shri Kanwar Lal Gupta are concerned, the spirit behind the amendments is commendable. I appreciate it and I share it. But unfortunately the situation has not yet come where we can dispense with foreign technicians in those disciplines to which he referred. That is what I am told. So, we need to continue this for some more time. But we will examine the issue and see to it that nobody is permitted to misuse this. So far as post office savings bank accounts and extension of the limit on that is concerned, the provision is intended to benefit the association and institutions which are entitled to maintain public accounts. After the provision is made in the Bill, the requirement in the post office savings bank rule that no interest will be payable on balances exceeding Rs. 50,000/- in certain cases, will be dispensed with. So, this is the idea behind it. While appreciating the spirit behind the amendment, I am sorry I cannot accept them I request the hon. Member to withdraw them.

SHRI KANWAR LAL GUPTA: I seek leave of the House to withdraw my amendments numbers 158 to 162.

MR. SPEAKER: Is it the pleasure of the House that the leave be granted to Shri Kanwar Lal Gupta to withdraw his amendments-

SOME HON. MEMBERS: Yes.

Amendments Nos. 158 to 162 were, by leave, withdrawn.

MR. SPEAKER: The question is:

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

Clause 5—(Amendment of section 35CCA)

MR. SPEAKER: Now, we take up Clause 5.

SHRI VINOD BHAI B. SHETH: I beg to move*:

"Page 8, lines 16 and 17,—

for "as its object" *substitute*—

"one of its object" (3).

"Page 8, lines 21 and 22,—

for "as its object" *substitute*—

"one of its object" (4).

SHRI KANWAR LAL GUPTA: I beg to move*:

"Page 8, line 17,—

after "programme of" *insert*—

"helping the flood victims, checking the epidemics, public welfare activities," (163).

SHRI VINOD BHAI B. SHETH: This is a very welcome amendment, because rural development is one item for the general development of the society. One would like to donate for some education purpose which may not be termed as rural development. It may be education or any other laudable purpose. So, the rural

*Moved with the recommendation of the President.

[Shi Vinodbhai B. Sheth]

development should be one of the subjects and the scope of this should be extended.

SHRI KANWAR LAL GUPTA: Here the exemption has been given to any association or institution which is undertaking the programme of rural development. I have added the words 'helping the flood victims, checking the epidemics, public welfare activities.' This year, there was a huge flood in Delhi and other areas. The Janata Party had set up a Flood Relief Committee of which I was the Member and Mr. Hegde was the Secretary. We contacted the Finance Minister, Mr. Patel. We wanted exemption on that. He said that he was helpless and that he could not exempt it. He did not give the exemption either. Every year, you see the floods. This is very essential. There is no politics in it. You see flood every year in one State or the other causing heavy losses of life and property. This flood is not part of rural development.

MR. SPEAKER: It is part of destruction.

SHRI KANWAR LAL GUPTA: You kindly add the words in this 'flood victims . . .'

MR. SPEAKER: The other two are very wide.

SHRI KANWAR LAL GUPTA: The Minister should accept the flood part of it.

SHRI SATISH AGARWAL: Clause 5 of the Bill seeks to amend section 35CCA, which makes provision for deduction from the taxable income for donations that are made through approved associations and institutions taking up programme of rural development. We want to include all this. I am told that if those approved associations and institutions take up this programme also, they will be covered.

SHRI KANWAR LAL GUPTA: Will the Minister give an assurance on the floor of the House that they will be exempted? Is he prepared to give this assurance?

MR. SPEAKER: Even if he gives, it is the courts that will decide it.

SHRI SATISH AGARWAL: In this connection, I would like to cite an illustration with the permission of the Chair. We have granted exemuption under the Customs Act so that if any individual or association gets any gifted article from abroad for distribution among the poor, that will be exempted from the Customs Duty. I had been to Madras recently and I found that there is a racket in cloth. Cloth to the extent of 31,000 bales have been imported by individuals and they have got exemption from customs duty by producing certificates that they have been distributed to the poor and the cost of it comes to Rs. 1.25 crores. I have ordered a thorough probe into the matter. So, we cannot be that much liberal in granting exemption. We have to ensure that only genuine cases get exemption and proper relief from the department, and not in every case. So, I would request the hon. Members to withdraw their amendments.

SHRI VINODBHAI B. SHETH: Sir, I want to withdraw my amendment Nos. 3 and 4.

MR. SPEAKER: Has the hon. Member the leave of the House to withdraw his amendments?

SOME HON. MEMBERS: Yes.

Amendments Nos. 3 and 4 were, by leave, withdrawn.

SHRI KANWAR LAL GUPTA: Sir, I want to withdraw my amendment No. 163.

MR. SPEAKER: Has the hon. Member the leave of the House to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 163 was by leave, withdrawn.

MR. SPEAKER: The question is: "That clause 5 stand part of the Bill".

The motion was adopted

Clause 5 was added to the Bill.

Clause 6—(*Amendment of section 36*).

SHRI VINODBHAI B. SHETH: I beg to move:

Page 9, line 18,

add at the *end*

"subject to the provisions of sub-section (2)" (5).

SHRI KANWAR LAL GUPTA: I beg to move*:

Page 9, —

omit lines 11 to 27. (164)

SHRI SATISH AGARWAL: I beg to move:

Page 9, for lines 28 to 35, *substitute*—

"(c) in clause (viii):—

(i) for the portion beginning with the words "agricultural development in India" and ending with the words "carried to such reserve account:" the following shall be substituted namely:—

"agricultural development in India or by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes and amount not exceeding forty per cent of the total income (computed before making any deduction under chapter VIA) carried to such reserve account";

(ii) in the first and second provisions, for the word "corporation" the words "corporation or, as the case may be, the company" shall be substituted.

(iii) the following Explanation *shall be inserted at the end*, namely:—

"Explanation.—In this clause, "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956:" 1 of 1956 (199).

SHRI VINODBHAI B. SHETH: I do not know what premium is given to the rural banks, because they can write off 1½ per cent by way of bad debt. I have suggested the addition of the words "subject to the provision of sub-section (2)", which means that the Government should be satisfied that it is a genuine bad debt. Otherwise, in villages there may be collusion between the bank manager and the farmers, which is very much possible. Suppose we advance a sum of Rs. 100 crores. Then they could write off Rs. 1½ crores. if it is not possible, then it has to put differently. I hope that this particular amendment will be accepted by the Government.

SHRI SATISH AGARWAL: Under clause 6 scheduled banks, other than co-operative banks, would be *entitled to deduction in the computation* of the taxable profits in respect of a provision for bad and doubtful debts relating to the advances made by the rural banks, not exceeding 1½ per cent of the aggregate advances made by such banks.

SHRI VINODBHAI B. SHETH: It should be subject to examination.

*Moved with the recommendation of the President.

SHRI SATISH AGARWAL: It will be so.

SHRI KANWAR LAL GUPTA: I think the Minister is not fully aware of the problem. What my hon. friend says is 100 per cent correct Let him explain what he wants to do. Sir, you have been a Supreme Court Judge. You must decide it.

MR. SPEAKER: I will be of any help in such cases.

SHRI KANWAR LAL GUPTA: The clause, as it is, reads:

> "in respect of any provision for bad and doubtful debts made by a scheduled bank in relation to advances made by its rural branches, an amount not exceeding one and a half per cent. of the aggregate average advances made by such branches, computed in the prescribed manner."

Here the term used is "bad and doubtful debts" 'bad debt' has been defined in the Income-tax Act and there is no limit to it. So, here it is not enough to say simply "one and a half per cent". Bad debt may be even 100 per cent. Bad debt means debt which is not recoverable. Here you have added doubtful debts. If you indulge in such type of activities, it will lead to a lot of corruption. What will happen is that in all the rural branches, the Managers and the farmers will have collusion and they will see to it that 1 1|2 per cent every year is deducted from the income. Thus you will lose revenue not only revenue but even the principal. So, I want to give a warning. This is a very serious matter. This provision of bad debts is already there in the Income-tax Act. So, why do you add doubtful debts? The moment it becomes bad you can write it off and claim deduction from the income-tax department. Here you have add ed the word "doubtful' and a limit has been fixed of 1 1/2 per cent. I think this is a very dangerous proposition. If you do it will lead to a lot of corruption. I request the hon. Minister to consider this proposal again.

SHRI SATISH AGARWAL: It is not 1½ per cent of the amount said to be bad or doubtful debt. It is on the total of the advance made up to this limit, this is the maximum. In foreign countries the limit is 3 to 5 per cent. This is only on the advances made in the rural areas. Because banks are not coming forward we made this specific provision that up to a maximum of 1½ per cent if here is bad or doubtful debt, this can be allowed under the income-tax law.

MR. SPEAKER: Bad and doubtful debts are under the Income-tax Act also. If the doubtful debts are later on collected, they are again brought under tax. This expression is not new.

SHRI R. VENKATARAMAN: You have to file a suit and go through all the processes.

MR. SPEAKER: You are really creating difficulties rather than helping us. For a bad debt you have to go to court. For a doubtful debt you need not. Thereafter, if a doubtful debt is realised again it is brought to tax. "Doubtful is absolutely necessary. Otherwise, in every case they will have to go to court.

SHRI KANWAR LAL GUPTA: Bad debt has to be accepted by the assessee. In the case of doubtful debt, it is not so.

MR. SPEAKER: Are you pressing your amendment?

SHRI KANWAR LAL GUPTA: I wish to withdraw.

MR. SPEAKER: Has the Member leave of the House to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 164 was, by leave withdrawn.

MR. SPEAKER: Mr. Sheth, are you pressing your amendment?

SHRI VINOD BHAI B. SHETH: I wish to withdraw.

MR. SEKAPER: Has he the leave of the House to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 5 was by leave withdrawn

SHRI SATISH AGARWAL: Clause 6 of the Finance Bill seeks to amend section 36(1)(viii) of the Income-tax Act to provide for higher education in respect of profits transferred to a special reserve in respect of approved financial corporations. Hitherto, financial corporations engaged in providing long term finances to industrial or agricultural development were entitled to deduction in the computation of their taxable income, in respect of amounts transferred by them to a special reserve up to 40 per cent of the taxable income in the case of State Financial Corporations and 25 per cent in the case of other financial corporations. The Bill seeks to increase this ceiling to a uniform level of 40 per cent. In view of Government's policy of encouraging house building activities, this is being extended to approved public companies registered in India with the main object of providing long term advances for construction or purchase of residential houses in India.

SHRI R. VENKATARAMAN (Madras South): I oppose this amendment. The principle on which deduction in respect of profits made by public institutions like State Financial Corporations is that profit goes to the benefit of the public. The State Financial Corporations are catering to the industries in the State. Therefore, a certain concession is given; thereby if the profits less are transferred to reserve up to 40 per cent, then they exempt from tax. But the amendment says that if any private corporation or private company started by individuals for the purpose of promoting house buildings, transfer 40 per cent to the Reserve Fund, they will also be exempt from tax. The difference between the institutions has not been understood. In one case, they are public institutions catering to the public. The other case is, they are institutions for the profit of the persons who constitute the shareholders of the company. Therefore the same rule cannot apply to both and the transferring of 40 per cent to Reserve Fund and thereby getting the tax exemption should not be given to them. This is a concession which will go to the private shareholders of the companies. Therefore, I oppose this amendment.

SHRI SATISH AGARWAL: The intention behind this is to give concession to public companies. It is not to everybody. As of today, the companies that can qualify for the tax concession proposed under the amendment will be the Housing Development Finance Corporation Limited. I think, the apprehension of the hon. Member is not well founded.

MR. SPEAKER: The question is:

Page 9, *for* lines 28 to 35, *substitute*;

"(c) in clause (viii),—

(i) for the portion beginning with the words "agricultural development in India" and ending with the words "carried to such reserve account:", the following shall be substituted, namely:—

"agricultural development in India or by a public company formed and registered in India with the main object of carrying on the business of providing long term finance for construction or purchase of houses in India for residential purposes an amount not exceeding forty per cent of the total income (computed before making any deduction under Chapter VIA) carried to such reserve account:",

(ii) in the first and second provisos, for the word "corpora-

[Mr. Speaker]

tion", the words "corporation or, as the case may be, the company" shall be substituted;

(iii) the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—In this clause, "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1 of 1956. 1956. (199).

The motion was adopted.

MR. SPEAKER: The question is:

"That Clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

zClause 7—(Amendment of section 37)

SHRIMATI PARVATHI KRISHNAN (Coimbatore): I beg to move:

"Page 9, line 38,—

for "does not exceed" *substitute*—

'"is certified by a Chartered Accountant as not exceeding"' (43).

SHRI R. VENKATARAMAN (Madras South): I beg to move:

"Page 9, line 38,—

for "does not exceed" *substitute*—

'"is certified by the newspaper concerned as not exceeding"' (57).

SHRIMATI PARVATHI KRISHNAN: Once again, I stand up in defence of the smaller sector. The point is that, as far as the tax on newspaper advertisement is concerned, if you remember, last year, when it came up, there was a considerable opposition to it, particularly from the smaller journals and the smaller newspapers. At that time, a certain exemption was given for the newspapers with a circulation of less than 15,000. There was a form that was to be filled up and the form was to be isuued by a prescribed authority to say that it is less than 15,000 and the advertises gives the advertisement and that much tax relief is given. Now, what is happening is, the prescribed authority is being removed. The amendment is just saying "where it does not exceed" and the need for getting this form filled in and also on is not there. What will happen precisely is that the advertiser is not going to take the trouble to find out, what is the circulation of the paper. Why is he going to take the trouble of finding that? So, the smaller newspapers are going to be affected unless there is some method by which they can give to the advertisers a positive proof which will then be upheld by the Income Tax authorities. This will lead to harassment of the potential assessees also. So, the smaller newspapers are going to be affected. Therefore, my amendment is a very simple amendment.

MR. SPEAKER: As usual.

SHRIMATI PARVATHI KRISHNAN: Yes. But unfortunately the Minister is complicated. What can I do? So, the point is the newspapers when they apply for newsprint, have to roduce a Chartered Accountant's certificate with respect to their circulation. Therefore, all that I am saying is, the newspapers will have such a certificate readily available and they can show that to the advertiser and that would be on record. This would save the advertiser from harassment and ensure that the smaller newspapers, who today are in any case getting fewer advertisements, and who are struggling to get advertisements, are also helped.

SHRI R. VENKATARAMAN: I fully endorse the very eloquent appeal made by Mrs. Parvathi Krishnan. She has put forward the case very effectively.

I may recall the discussion on the clause last year. There was a considerable opposition to the ceiling fixed on advertisements by the previous Finance Minister and, as a measure of concession, he agreed that in the computation of 40,000 ceiling, he would exclude the smaller newspapers and, then, he said, the small newspapers will be defined as those having an average circulation of less than 15,000 copies per day and that would be certified by the prescribed authority. Now, it is easy for an advertiser to get a certificate by the prescribed authority or the newspaper will get a certificate and then produce it. Therefore, there is no difficulty so far as the advertisers, the companies which give the advertiserments, are concerned or any problem or trouble with the Income-tax authorities.

By removing these words, the burden of proof that a newspaper is a small newspaper is shifted to the advertiser, the company which gives the advertisements. Who will take the trouble of finding out whether a newspaper has got 15,000 circulation or not? Mrs. Parvathi Krishnan's amendment is that it can be certified by an auditor. A newspaper having a circulation of 15,000 may not have an auditor to certify. A certificate from the newspaper itself should be sufficient because there are provisions in the Income-tax Act that if you give a false declaration, you are liable to be penalised in several ways.

MR. SPEAKER: If and when proved.

SHRI R. VENKATARAMAN: After all, an auditor's certificate also can be subject to infirmities as the other one. My submission is that it should not be asked to produce an auditor's certificate. A certificate from the newspaper saying that its circulation is less than 15,000 should be sufficient and, if there is any error in it, if there is any fraud or any other thing, the care should be taken under the Income-tax Act.

I would suggest to the hon. Minister and we are agreeable, he may accept any one of these amendments, and we would be happy. It is not that I am pressing mine or she is pressing hers. But I would earnestly feel that if they really want to help the small newspapers, as they said last time and, I would now say, as they pretended last time, this new clause will take away the protection and put the newspapers in jeopardy.

SHRI SATISH AGARWAL: It is true that the present Bill seeks to omit the requirement of certification of the circulation of a newspaper by the prescribed authority, that is, the Registrar of Newspapers. Under the Press and Registration of Books Act, the newspapers having a circulation of more than 2000 copies have to submit returns to the Registrar and they have to be certified by the Chartered Accountant. Now, it is very difficult to obtain a certificate from the prescribed authority. In any case, a newspaper having a circulation of more than 2000 copies has to submit a return and that has to be certified by the Chartered Accountant. That is sufficient. Up to 15,000 circulation, the problem is solved. In any case, the Chartered Accountant will have to certify. There is no need for a further certification by the prescribed authority. As a matter of fact, the main thing is to reduce the harassment to the taxpayer. You file a return to the Registrar and you obtain a certified copy of the return, the information that you have given about the circulation of the newspaper.

About the apprehension that has been expressed here and that a certificate from the Chartered Accountant may be accepted, I can only say that if a certificate from the Chartered Accountant is produced, then you can ask for a certificate from the Chartered Acountant to be given by the newspaper to the advertiser. The certificate issued by the Chartered Accountant will be admitted as

[Shri Satish Agarwal]

evidence by the Income-tax authorities.

SHRI R. VENKATARAMAN: Only one point. After the Bill is passed the Central Board of Direct Taxes gives instructions to the Income-tax Officers. Will the Hon. Minister see to it that this particular statement he made here is included in the instructions which are circulated by the Central Board of Direct Taxes?

SHRI SATISH AGARWAL: I an only say that the certificate of a Chartered Adcountant, if produced, is a relevant piece of evidence for the income-tax authorities. If need be, instructions will be issued: there is no problem.

SHRI HARI VISHNU KAMATH (Hoshangabad): As a distinguished Judge of the Supreme Court, you know Sir, that the courts do not accept the interpretation of the Minister. It should form part of the statute.

MR. SPEAKER: You are generally right, but the instructions of the Central Board of Direct Taxes have got the force of law. The Supreme Court has gone into the matter. There are two sets of instructions.

Now, are you pressing your amendments?

SHRIMATI PARVATHI KRISHNAN: I do not want to press them but if the instructions do not come, I will bring an amendment again. Now I seek leave of the House to withdraw them.

MR. SPEAKER: Has the Members leave of the House to withdraw Amendments Nos. 43 and 57.

SOME HON. MEMBERS: Yes.

Amendments Nos. 43 and 57 were, by leave, withdrawn.

MR. SPEAKER: The question is:

"That clause 7 stand part of the Bill."

..The motion was adopted.

Clause 7 was added to the Bill

SHRI VINIDBHAI B. SHETH (Jammnagar): I bed to move:

Page 10—

after line 8, *insert*—

"Provided further that if such capital gain arising out of compensation or as the case may be, ad-

Page 10,—

after line 8, *insert*—

"Providel further that if such capital gain arising out of compensation or as the case may be, additional consideration is invested for five years within a period of six months either Rural Banks or Rural Develoyment Bonds or any other Financial Institution approved by the Government of India, it shall be eligible for exemption from capital gain tax." (7).

Page 10,—

after line 13, *insert*—

"Provided that if such capital gain arising out from any transfer of a capital asset is invested within a period of six months for five years in Rural Banks or Rural Development Bonds or any other Financial Institution approved by the Government it shall be eligible for exemption from capital gains tax." (8).

SHRI T. A. PAI (Udipi): I beg to move:

Page 10, line 13,—

add at the end—

"where the total value of the capital assets exceeds rupees two lakhs." (77).

SHRI SATISH AGARWAL: I beg to move:

Page 10, *for* lines 2 to 13, *substitute*—

'(1) in sub-section (1),—

(a) for the words "full value of the consideration or any part thereof received or accruing as a result of such transfer", the words "whole or any part of the net consideration"

shall be substituted;

(b) in clause (a), for the words "full value of the consideration received or accruing", the words "net consideration"

shall be substituted:

(c) in clause (b),—

(i) for the words "full value of the consideration received or accruing", the words "net consideration"

shall be substituted;

(ii) for the words "full value of such consideration", the words "net consideration"

shall be substituted;

(d) in Explanation 1,—

(i) for the words, brackets and figure 'For the purposes of this sub-section and sub-section (3), "specified assets" means any of the following assets, namely:—'.'

the following shall be substituted, namely:—

'For the purposes of this sub-section, "specified assets" means—

(a) in a case where the original asset is transferred before the 1st day of March, 1979, any of the following assets, namely:—'.

(ii) after clause (vi), the following clause shall be inserted, namely:—

"(b) in a case where the original asset is transferred after the 28th day of February, 1979, such National Rural Development Bonds as the Central Government may notify in this behalf in the Official Gazette.";

(e) in Explanation 3, for the words, brackets, figure and letter "the full value of the consideration or any part thereof in any equity shares referred to in clause (va)", the words, brackets, figure and letters "the whole or any part of the net consideration in any equity shares referred to in sub-section (va) of clause (a)" shall be substituted;

(f) in Explanation 4, for the words, brackets and figure "clause (vi)", the words, brackets, figures and letter" sub-clause (vi) of clause (a)" shall be substituted;

(g) after Explanation 4, the following Explanation shall be inserted, namely:—

'Explanation 5: "net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.';

(2) in sub-section (1A),—

(a) for the words "full value of the consideration or any part thereof received or accruing as a result of the transfer", the words "whole or any part of the net consideration in respect" shall be substituted;

(b) for the words, brackets and figures "referred to in clause (vi)", the words, brackets, figures and letter "referred to in sub-clause (vi) of clause (a)" shall be substituted;

(c) in clause (a), for the words, brackets and figures "said clause (vi)", the words, brackets and figures "said sub-clause (vi)" shall be substituted:

(3) in sub-section (2), in the Explanation,—

(a) for the words "full value of the consideration or any part thereof received or accruing as a result of the transfer", the words "whole or any part of the net consideration in respect" shall be substituted;

(b) for the word, brackets and figures "clause (vi)", the words, brackets, figures and letter "sub-clause (vi) of clause (a)" shall be substituted;

(4) in sub-section (3), in the Explanation,——

(a) in clause (iii), for the word, brackets and figures "clause (vi)", the words, brackets, figures and letter "sub-clause (vi) of clause (b)" shall be substituted;

(b) after clause (iii), the following clause shall be inserted, namely:—

(iiia) "specified assest" mean—

(a) in relation to any additional compensation or additional consideration received before the 1st day of March, 1979, any of the assets referred to in clause (a) of Explanation 1 below sub-section (1);

(b) in relation to any additional compensation or additional considerations received after the 28th day of February, 1979, the Nation Rural Development Bonds referred to in clause (b) of Explanation I below sub-section (1);

(5) in sub-section (4), in the Explanation, for the word, brackets, and figures "clause (vi)", the words, brackets, figures and letter "sub-clause (vi) of clause (a)" shall be substituted;

(6) in sub-section (5), for the word, brackets and figures "clause (vi)", the words, backets, figures and letter "sub-clause (vi) of clause (a)" shall be aubstituted;

(7) in sub-section (6), for the word, brackets, figure and letter "clause (va)" the words, brackets, figures and letters "sub-clause (va) of clause (a)" shall be substituted., (200).

SHRI R. VENKATARAMAN (Madras South): I beg to move:

That in the amendment propsed by Shri Sharan Singh, printed as No. 200 in List No. 22 of amendment,-

after Item No. (7), *insert*—

'(8) after sub-section (6), the following sub-section shall be inserted, namely:—

"(7) after sub-sevtion (6),

"(7) Nothing in this section shall apply to or in relation to any capital gain arising from any transfer of a capital as-[illegible] the full aggregate value [illegible]e consideration for which [illegible] transfer is made, exceeds [illegible]es one lakh."

[illegible]es one lakh." (20).

* No[illegible] with the recommendation of the [illegible]dent.

SHRI [illegible]ODBHAI B. SHETH: Partly, [illegible] amendment has been accepted, [illegible] I want to broad-base the Hdhrhr [illegible]r hr hr mf hr hrhr hrhr issue [illegible]emption from capital gains t[illegible]nd therefore I have moved [illegible] amendment that 'provid-

ed further that if such capital gain arising out of compensation or as the case may be, additional consideration is invested for five years..." etc. I would request the Minister to make it five years either for rural banks or Rural Development Bonds or any other financial institutios. I would like it to be extended to investment in any nationalised bank or any Trust of the Government. These are all Government undertakings. Let it not be limited only to rural bonds; it should be extended to the Unit Trust of India and to nationalised banks in the country.

Secondly, I would like a clarification from the Hon. Minister as to whether the bonds are negotiable, saleable or mortgageable and also after what period of investment they are saleable, negotiable or mortgageable.

SHRI T. A. PAI: Madam, while abolishing the capital gains tax provision Mr. H. M. Patel had brought out the argument that 'since I am convinced that this measure would provide larger resources for development, I am now doing away with this tax provided this is invested in productive assets from the Government's point of view.' He also provided for investment in the Unit Trust for certain industries of priority, because capital was becoming scarce and also bank deposits. Now, another Finance Minister of the some Government, after two years, gives another argument for restoring it. He said 'Since I am convinced that the benefit of capital appreciation in a few hands should not be tolerated, I am doing away with it.'. There was a King called Mohd. Bin Tughlak in our country, and we all seem to be his descendents! How quickly two Ministers of the same Government.... (*Interruptions*) ....

It applies to all of us. We should have a consistent policy for a certain period of time. (*Interruptions*).

SHRI HARI VISHNU KAMATH: Those who were, and who are, Ministers are his descendants.

SHRI T. A. PAI: May I say that those who have lost Ministership are always more more sensible and those who have become Ministers lose their sense also?

At that time there was a lot of opposition to this, but in practice Rs. 250 crores was mobilised and the Unit Trust got lots of funds for providing capital investment. Now, if you wanted to abolish it, you should have abolished it now. But everybody knows that the Finance Minister is taken in by the argument of rural development. If you put the words 'rural development; everything goes.

SHRI HARI VISHNU KAMATH: He is a farmer's son: that is what he said.

SHRI T. A. PAI: My great-grandfather was also a farmer.

SHRI HARI VISHNU KAMATH: But it is not his great-grandfather but his father himself who was a farmer.

SHRI T. A. PAI: If you see the stock-market reports of yesterday, after this announcement, stocks have been becoming. What is the argument? The argument is that hereafter there will not be any new issues going in and therefore there won't be any sales of shares and people will hold on. So the stock market is becoming. Do we want investment in industries also in this country or are you going to provide it all through your financing institutions? If there should be further investment generated in industry, I do not know why you should go by this idea of rural bonds. Do you think that people could be so foolish as to be attracted by an investment of 7½ per cent. I would like to ask the Minister, would be at least put himself in the position of supposing he has capital assets and see if would have been attractive enough, from his

[Shri T. A. Pai]

point of view, to dispose of the property or to achieve the objective he has in mind? My appeal to him, therefor, is to broad-base it as before, or do away with it. Last year also the Finance Minister came and said that investment in bank deposits will not be allowed, and it took us a lot of time to pursuade him. I would like some consistency in this matter and I would like the Government to reconsider this amendment and restore the old position. If you like, you can restrict it to capital gains not beyond a certain amount so that the middle-class people at least will be benefited, by getting exemption which was provided originally.

SHRI R. VENKATARAMAN: On principle we are opposed to the exemption of capital gains from taxation. Capital gains is an unearned income and it has been acknowledged throughout the world. In fact, even the Finance Minister, in his Explanatory Memorandum, has stated that it is unearned income. The Congress Government had introduced this tax and we consistently opposed Mr. Patel's proposals from 1977. We voted against it and protested that you are showing concession to the well-to-do-classes which generally deserve, in equity, no such concession.

16.00 hrs.

Much of this capital gains comes from social factors such as development of an area through the government agency as a housing colony or development of the industry or as a result of a boom in the stock market. In other words, it is in increment in value for which the person has not contributed anything at all, either by way of intellectual effort or by way of physical effort. Therefore, throughout the world, capital gains has been taxed, and it is really surprising that, in this country, we should now come and say that capital gains should be exempt from taxation. I will also show how the provisions enable a person to escape both income-tax and capital gains tax.

The repurchase price of a unit of the Unit Trust on 30th June 1978 was Rs. 13.40. If a person had one lakh units, he would have sold them for Rs. 12,40,0000. He had paid Rs. 10 per unit. So, he would have made a profit of Rs. 2.4 lakhs for merely holding them in his hands. If he had not sold them, he would have received a nine per cent dividend which means that, on Rs. 90,000, he would have paid income-tax. No, he sells them and then on 1st July, the very next day, he repurchases the units at Rs. 11.25 per unit, that is, the market price. He purchases more units with the same money—1,10,000 units as against one lakh units he had. He escapes income-tax on Rs. 90,000 which he owuld, otherwise, have paid. He escapes capital gains tax by buying more units himself.

Any law which enables a person to escape a tax legally is a bad law. Therefore, I submit that this provision is totally unacceptable. On policy on principle, the capital gains are liable to tax. You are taxing butter, bidi, kerosene—every one of the consumable articles-and you want to give exemption to those people who deal in stocks and shares, who do the bull and bear operations!

AN. HON. MEMBER: What are those?

SHRI R. VENKATARAMAN: The 'Bull' operation is one in which you raise the prices of stocks and then you sell. The 'bear' operation is one which you depress the price of shares and buy. This is the kind of operations is one which you depress the price of shares and buy. This is the kind of operations which are taking place, and you want to give concessions to them! Therefore, I totally oppose this Clause and this new amendment. I would welcome the provision as introduced by the Minister in his budget proposals in which he had said that, hereafter, after 1st March, 1979, there would be no capital gains concession. In case, for any reason, you want to

protect the lower or middle class, then I have given an amendment, No. 207, to the amendment of the hon. Minister. That amendment says:

> "Nothing in this section shall apply to or in relation to any capital gain arising from any transfer of a capital asset, the full aggregate value of the consideration for which the transfer is made, exceeds rupees one lakh."

That is to say, if there is any transaction whose consideration is Rs. one lakh, then they capital gains in respect of that, if invested in rural developent bonds, may be exempt from tax. But if the value exceeds Rs. 1 lakh, then it must attract capital gains tax. I have moved this amendment to the amendment moved by the Minister.

As I said, Sir, I oppose this Clause.

SHRI SATISH AGARWAL: The original clause 8 as it stands there in the Finance Bill came under discussion for all these days and it is only in deference to the wishes of these House and the wishes of a large number of Members of Parliament that this amendment is being sought to be moved by the government and in a modified form it has now been decided to continue the same concession which was announced two years back.

As rightly pointed out by Mr. Pai, why should they invest for 7 years in 7.5 per cent government bonds? He has pleaded that the same pattern be continued. That means investment in banks or in Unit Trust or post office certificates and they get the same exemtion. Mr. Pai is well aware that with regard to funds available with the Unit Trust the LIC and the banks, very often criticism was made on the floor of the House that they are not utilised for rural developement in the same proportion as government would want them to. So the Deputy Prime Minister agreed to this and let there be rural development bonds so that this money could be exclusively utilised for that purpose. You will realise once investment is made in banks or in Unit Trust, then it goes under their control. The idea behind continuing this concession in this modified form is only this. The Deputy Prime Minister has made this in deference to the wishes of the Members of the House and the amount invested in rural development bonds will be exclusively utilised for rural deveopment. Otherwise clause 8 as it stands fulfils your wishes. I am sorry I cannot accept the amendment.

I am well aware of the wishes and the strong views of my hon. friend, Shri Venkataraman. I respect them.. One is entitled to have them but it is only in deference to the wishes of a large number of Members of this House that the Government has modified it in this manner.

SHRI T. A. PAI: These rural development bonds—are they in lieu of the funds provided for rural development or are they in addition?

SHRI SATISH AGARWAL: We have not issued them.

SHRI T. A. PAI: You say that these resources are going to be invested in rural development. I am only ascertaining is it in lieu of what you have already provided or will it be in addition to what you have provided?

SHRI DINEN BHATTACHARYA: That they have not yet decided.

SHRI VINODBHAI B. SHETH: Why not extend the facility of investment in Unit Trust which is a government of India undertaking? Has the Ministry of Finance no control over the Unit Trust?

SHRI SATISH AGARWAL: It is not for me to comment on any institution. There can be 101 suggestions but we have made a conscious

[Shri Satish Agarwal]

decision. We have all control over these institutions but with all that, there were criticims levelled on the floor of this House that investments are not made in desired channel and all their monies go to big houses. Here the money is exclusively meant for this purpose and the bonds are issued for that. I am soure will be utilised for rural development programmes. Whether in lieu or in substitution--I will try my leavl best to see that they are in addition.

MR. CHAIRMAN: Sheth. are you pressing you amendments?

SHRI VINODBHAI B SHETH: No, I am not pressing.

SHRI T. A. PAI: I am not pressing my amendment.

Amendments Nos. 7, 8 and 77 were, by leave, withdrawn

SHRI R. VENKATARAMAN: I am pressing my amendment.

MR. CHAIRMAN: I will now put amendment No. 207 of Shri R. Venkataraman to vote.

Mr. Venkataraman's amendment is that the capital gains above Rs. 1 lakh should be taxable. Is that right, Mr. Venkataraman?

SHRI R. VENKATARAMAN: Yest, Madam. I would like to press for a division.

16.13 hrs.

[MR. SPEAKER *in the Chair*]

MR. SPEAKER: Before I put amendment No. 207 to vote for the benefit of the Members who have just now come. I shall read it out:

The question is:

"That in the amendment proposed by Shri Charan Singh printed as No. 200 in List No. 22 of amendments:—

after Item No. (7), *insert*—

'(8) after sub-section (6) the following sub-section shall be inserted, namely:—

"(7) Nothing in this section shall apply to or in relation to any capital gain arising from any transfer of a capital gain any transfer of a capital asset, the full aggregate value of the consideration for which the transfer is made, exceeds rupees one lakh." (207).

The Lok Sabha divided:

The motion was negatived.

16.17 hrs.

Division No. 227

AYES

Alluri, Shri Subhash Chandra Bose
Arunachalam, Shri M.
Basu, Shri Dhirendranath
Bhakta, Shri Manoranjan
Bonde, Shri Nanasahib
Georage, Shri A. C.
Gopal, Shri K.
Gotkhinde, Shri Annasaheb
Jaffer Sharief, Shri C. K.
Kidwai, Shrimati Mohsina
Kosalram, Shri K. T.
Krishnan, Shrimati Parvathi
Mallanna, Shri K.
Meduri, Shri Nageswara Rao
Naidu, Shri P. Rajagopal
Naik, Shri S. H.
Pai, Shri T. A.
Poojary, Shri Janardhana
Rachaiah, Shri B.
Rajan, Shri K. A.
Ramalingam, Shri N. Kudanthai
Ramamurthy, Shri K.
Rath, Shri Ramachandra
Reddi, Shri G. S.
Reddy, Shri M. Ram Gopal
Sayeed, Shri P. M.
Shankaranand, Shri B.
Shrangare, Shri T. S.

Stephen, Shri C. M.
Suryanarayana, Shri K.
Thorat, Shri Bhausaheb
Venkataraman, Shri R.

• NOES

Agarwal, Shri Satish
Ahmed, Shri Halimuddin
Alhaj, Shri M. A. Hannan
Amat, Shri D.
Argal, Shri Chhabiram
Balbir Singh, Chowdhry
Bateshwar Hemram, Shri
Bhanwar, Shri Bhagirath
Bharat Bhushan, Shri
Chandan Singh, Shri
Chaturvedi, Shri Shambhu Nath
Chaudhary, Shri Motibhai R.
Chauhan, Shri Bega Ram
Chavda, Shri K. S.
Chowhan, Shri Bharat Singh
Chunder, Dr. Pratap Chandra
Dandavate, Prof. Madhu
Danwe, Shri Pundalik Hari
Dasgupta, Shri K. N.
Dave, Shri Anant
Desai, Shri Morarji
Dhandayuthapani, Shri V.
Dhurve, Shri Shyamlal
Digvijoy Narain Singh, Shri
Dutt, Shri Asoke Krishna
Fazlur Rahman, Shri
Ganga Singh, Shri
Gattani, Shri R. D.
Ghosal, Shri Sudhir
Godara, Ch. Hari Ram Makkasar
Gowda, Shri S. Nanjesha
Goyal, Shri Krishna Kumar
Gulshan, Shri Dhanna Singh
Gupta, Shri Kanwar Lal
Hande, Shri V. G.
Harikesh Bahadur, Shri
Heera Bhai, Shri
Jain, Shri Kacharulal Hemraj
Jain, Shri Kalyan
Jaiswal, Shri Anant Ram
Jasrotia, Shri Baldev Singh
Joshi, Dr. Murli Manohar
Khalsa, Shri Basant Singh
Khan, Shri Kunwar Mahmud Ali
Khrime, Shri Rinching Khandu
Krishan Kant, Shri
Kureel, Shri Jwala Prasad
Kureel, Shri R. L.
Kushwaha, Shri Ram Naresh
Lalji Bhai, Shri
Mahala, Shri K. L.
Mahi Lal, Shri
Mahishi, Dr. Sarojini
Malhotra, Shri Vijay Kumar
Mankar, Shri Laxman Rao
Mathur, Shri Jagdish Prasad
Meerza, Shri Syed Kazim Ali
Mishra, Shri Shyamnandan
Mohinder Singh, Shri
Nayak, Shri Laxmi Narain
Negi, Shri T. S.
Oraon, Shri Lalu
Pandit, Dr. Vasant Kumar
Paraste, Shri Dalpat Singh
Parmar, Shri Natwarlal B.
Parulekar, Shri Bapusaheb
Patel, Shri Dharmasinhbhai
Patel, Shri H. M.
Patil, Shri S. D.
Patnaik, Shri Biju
Raghavendra Singh, Shri
Raghavji, Shri
Rahi, Shri Ram Lal
Raj Keshar Singh, Shri
Ram, Shri R. D.
Ram Awadhesh Singh, Shri
Ram Charan, Shri
Ram Dhan, Shri
Ram Kinkar, Shri
Ramachandran, Shri P.
Ramji Singh, Dr.
Ramjiwan Singh, Shri
Ranjit Singh, Shri

Rathor, Dr. Bhagwan Dass
Saeed Murtaza, Shri
Sahoo, Shri Ainthu
Sai, Shri Larang
Saini, Shri Manohar Lal
Saran, Shri Daulat Ram
Sarkar, Shri S. K.
Satya Deo Singh, Shri
Sen, Shri Prafulla Chandra
Shakya, Dr. Mahadeepak Singh
Sharma, Shri Rajendra Kumar
Shastri, Shri Ram Dhari
Shastri, Shri Y. P.
Shejwalkar, Shri N. K.
Sheth, Shri Vinodbhai B.
Shrikrishna Singh, Shri
Sikander Bakht, Shri
Singh, Dr. B. N.
Singha, Shri Sachindralal
Sinha, Shri C. M.
Sinha, Shri H. L. P.
Somani, Shri Roop Lal
Sukhendra Singh, Shri
Suman, Shri Ramji Lal
Suraj Bhan, Shri
Swatantra, Shri Jagannath Prasad
Tan Singh, Shri
Tej Pratap Singh, Shri
Thakre, Shri Kushabhau
Tiwari, Shri Brij Bhushan
Tripathi, Shri Madhav Prasad
Tripathi, Shri Ram Prakash
Tyagi, Shri Om Prakash
Varma, Shri Ravindra
Verma, Shri R. L. P.
Verma, Shri Raghunath Singh
Verma, Shri Sukhdeo Prasad
Yadav, Shri Hukmdeo Narain
Yadav, Shri Ramjilal
Yadav, Shri Vinayak Prasad
Yadvendra Dutt, Shri

MR. SPEAKER: Subject to correction, the result* of the Division is:

Ayes . . . 32; Noes . . . 124.

The motion was negatived.

MR. SPEAKER: Now, we come to the main amendment of the Government. I put amendment No. 200 to the vote of the House. The question is:

Page 10, *for* lines 2 to 13, *substitute*—

(1) in sub-section (1),—

(a) for the words "full value of the consideration or any part thereof received or accruing as a result of such transfer", the words "whole or any part of the net consideration" shall be substituted;

(b) in clause (a), for the words "full value of the consideration received or accruing", the words "net consideration" shall be substituted;

(c) in clause (b),—

(i) for the words "full value of the consideration received or accruing", the words "net consideration" shall be substituted;

(ii) for the words "full value of such consideration", the words "net consideration" shall be substituted;

(d) in *Explanation* 1,—

(i) for the words, brackets and figure 'For the purposes of this sub-section and sub-section (3), "specified asset" means any of the following assets, namely:—' the following shall be substituted, namely:—

*The following Member also recorded his vote:
NOES: Shri Ratansinh Rajda.

For the purposes of this sub-section "specified asset" means—

(a) in a case where the original asset is transferred before the 1st day of the March, 1979, any of the following assets, namely:—';

(ii) after clause (vi), the follwing clause shall be inserted, namely:—

"(b) in a case where the original asset is transferred after the 28th day of the February, 1979, such National Rural Development Bonds as the Central Government may notify in this behalf in the Official Gazette."

(e) in *Explanation* 3, for the words, brackets, figure and letter "the full value of the consideration or any part thereof in any equity shares referred to in clause (va)", the words, brackets, figure and letters "the whole or any part of the net consideration in any equity shares referred to in sub-clause (va) of clause (a)" shall be substituted:

(f) in *Explanation* 4, for the word, brackets and figures "clause (vi)", the words, brackets, figures and letter "sub-clause (vi) of clause (a)" shall be substituted·

(g) after *Explanation* 4, the following *Explanation* shall be inserted, namely:—

"*Explanation* 5; "net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.";

(2) in sub-section (1A),—

(a) for the words "full value of the consideration or any part thereof received or accruing as a result of the transfer", the words "whole or any part of the net consideration in respect" shall be substituted;

(b) for the words, brackets and figures "referred to in clause (vi)", the words brackets, figures and letter "referred to in sub-clause (vi) of clause (a)" shall be substituted;

(c) in clause (a), for the words, brackets and figures "said clause (vi)", the words brackets and figures "said sub-clause (vi)" shall be substituted;

(3) in sub-section (2), in the *Explanation*—

(a) for the words "full value of the consideration or any part thereof received or accruing as a result of the transfer", the words "whole or any part of the net consideration in respect" shall be substituted;

(b) for the word, brackets and figures "clause (vi)", the words, brackets, figures and letter "sub-clause (vi) of clause (a)" shall be substituted;

(4) in sub-section (3), in the *Explanation*,—

(a) in clause (iii), for the words, brackets and figures "clause (vi)", the words, brackets, figures and letter "sub-clause (vi) of clause (a)" shall be substituted;

(b) after clause (iii), the following clause shall be inserted, namely:—

'(iiia) "specified asset" means—

(a) in relation to any additional compensation or

additional consideration received before the 1st day of March, 1979, any of the assets referred to in clause (a) of *Explanation* 1 below sub-section (1);

(b) by in relation to any additional compensation or additional consideration received after the 28th day of February, 1979, the National Rural Development Bonds referred to in clause (b) of *Explanation* 1 below sub-section (1);';

(5) in sub-section (4), in the *Explanation*, for word, brackets and figures "clause (vi)" the words, brakets, figures and letter "sub-clause (vi) of clause (a)" shall be substituted;

(6) in sub-section (5), for the words brackets and figures "clause (vi)", the words, brackets figures and letter "sub-clause (vi) of clause (a)" shall be substituted;

(7) in sub-section (6), for the word, brackets, figure and letter "clause (va)" the words, brackets, figure and letters "sub-clause (va) of clause (a)" shall be substituted.'. (200)

The motion was adopted.

MR. SPEAKER: The question is:

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Clause 9—(Amendment of section 64.)

SHRI KANWAR LAL GUPTA: Sir, I move:*

Page 10,—

omit lines 21 to 32, (167)

Page 11,—

omit lines 4 to 6. (168)

SHRI SATISH AGARWAL: Sir I move:

Page 10, line 28, *for* "the benefit".

substitute "the immediate or deferred benefit". (201)

Page 11, *for* lines 4 to 6, *substitute*——

'(i) for the words and brackets "into the common stock of the family (such property being hereinafter referred to as the converted property)", the words and brackets "into the common stock of the family or been transferred by the individual, directly or indirectly, to the family otherwise than for adequate consideration (the property so converted or transferred being hereinafter referred to as the converted property)" shall be substituted;'. (202)

Sir, my amendments are only of a clarificatory nature so as to avoid litigation.

श्री कंवरलाल गुप्त : अध्यक्ष महोदय, मैं अपने एमेंडमेंट्स 167 और 168 द्वारा चाहता हूं कि क्लाज 9(ए)(ii) और क्लाज 9(बी)(i) को हटा दिया जाये। इस बारे में इस बिल के नोट्स आन क्लाजिज में कहा गया है :—

Sub-clause (a)(i) seeks to amend *Explanation* 1 below sub-section (1) of section 64. Under the proposed amendment, income arising to the spouse of an individual by way of salary, commission, fees or any other form of remuneration from a concern in which both the individual and the spouse have substantial interest, will be included in the total income of the individual or the spouse whose total income excluding such salary commission, etc, is greater.

*Moved with the recommendation of the President.

सरकार चाहती है कि अगर पति और पत्नी दोनों काम करते हैं, तो उनमें से जिसकी इनकम ज्यादा है, उसमें दूसरे की इनकम जोड़ दी जाये। इसमें सिर्फ सैलेरी ही नहीं है, बल्कि कमीशन के रूप में, या और किसी काम से, एक महिला को जो इनकम होती है, वह भी इसमें शामिल है। मैं समझता हूं कि दिस इज वैरी अनफेयर टू दि फेयर सैक्स। जो महिला काम करती है, उसको कमीशन या किसी और काम से जो इनकम होगी, वह दूसरे की इनकम में जोड़ दी जायेगी, जिसकी इनकम ज्यादा हो, मैं समझता हूं कि यह नैचुरल जस्टिस के खिलाफ होगा और प्रिंसिपली ठीक नहीं होगा। हमारी सोसायटी जिस तरह आगे जा रही है, उसमें महिलाओं का एक रोल है। अब महिलायें काम करने लगी हैं। मंत्री महोदय सोलहवीं सदी में रह रहे हैं, जब महिलायें काम नहीं करती थी। अब तो महिला अपने पति से भी ज्यादा काम करती है। इसलिए सरकार को इस बारे में दोबारा गौर करना चाहिए। दिस बिल एमाउंट टु डिसक्रिमिनेशन एगेंस्ट दि फेयर सैक्स।

SHRI SATISH AGARWAL: I have already moved amendment Nos. 201 and 202. Clause 9(a) (ii) of the Finance Bill seeks to provide that where the spouse of an individual is a beneficiary under a trust and the trust joins in any partnership business with the individual, the income arising from such partnership to the trust, to the extent it is for the benefit of the spouse will be included in the total income of the individual.

A doubt has been expressed that this provision may not apply where the income arising from the partnership is intended to be utilised for the deferred benefit of the spouse of the individual.

With a view to avoiding any litigation on this point the proposed amendment to the Finance Bill seeks to provide that where the spouse of the individual is beneficiary under a trust and the trust joins in any partnership with the individual, the income arising from such partnership to the trust, to the extent it is for the immediate or deferred benefit, of the spouse will be included in the total income of the individual. The amendment is thus of a clarificatory nature.

MR. SPEAKER: It is clarificatory of section 16 of the old Act.

SHRI SATISH AGARWAL: So, there is nothing more to be said. My second amendment is intended to bring out the intention clearly.

MR. SPEAKER: Mr. Kanwar Lal Gupta, are you witdrawing your amendments Nos. 167 and 168?

SHRI KANWAR LAL GUPTA: Yes, Sir. I seek leave of the House to withdraw my amendment Nos. 167 and 168.

MR. SPEAKER: Has he leave of the House to withdraw his amendments?

SOME HON. MEMBERS: Yes.

Amendments Nos. 167 and 168 were, by leave, withdrawn.

MR. SPEAKER: Now I put Government amendments Nos. 201 and 202 to vote.

The question is:—

Page 10, line 28,

for "the benefit",

substitute "the immediate or deferred benefit". (201)

The motion was adopted.

MR. SPEAKER: The question is:—

Page 11, *for* lines 4 to 6, *substitute*—

'(i) For the words and brackets "into the common stock of the family (such property being hereinafter referred to as the converted property)", the wods and brackets "into the common stock of the family or been transferred by the individual, directly or indirectly, to the family otherwise than for adequate consideration (the property so converted or transferred being hereinafter referred to as the converted property)" shall be substituted;'. (202).

The motion was adopted.

MR. SPEAKER: We come to the main clause.

The question is:—

"That Clause 9, as amended stand part of the Bill."

The motion was adopted.

Clause 9, as amended, was added to the Bill.

Clause 10 (*Amendment of section 80C*)

SHRI VINOD BHAI B. SHETH: I beg to move:

Page 11, line 22,—

for "plus 35" *substitute* "plus 40" (9)

Page 11, line 27,—

for "plus 20" *substitute* "plus 25" (10)

SHRI R. VENKATARAMAN: I beg to move:

Page 11, lines 22 and 23,—

for "35 per cent." (58)

substitute "50 per cent."

Page 11, lines 27 and 28,—

for "Rs. 6,750 plus 20 per cent." *substitute* "Rs. 7,500 plus 40 per cent" (59).

MR. SPEAKER: Amendment No 44 cannot be moved.

SHRI R. VENKATARAMAN: We can move the amendment. You cannot prevent me from moving an amendment. The only thing is that it cannot be put to vote if it is negatived. Only when there is a negative decision, you cannot move it. Here there is no decision. Therefore, I will move amendments No. 44,45, 58 and 59.

MR. SPEAKER: Amendment No. 44 cannot be moved.

SHRI R. VENKATARAMAN: I want to make a point. So far as amendments are concerned, merely because it is covered by another person's amendment, you cannot prevent us from moving it. We can move the amendment. Only if a decision is taken in some other amendment, then we cannot move it. This is the point which I wanted to raise. You please look at the rule. Somebody is instructing you wrongly in this matter. Rule 80(ii) says: "An amendment shall not be inconsistent with any previous decision of the House on the same question." Therefore, *if there is a decision, then only* I cannot move it.

MR. SPEAKER: If it relates to 80 (ii), then you are right.

SHRI R. VENKATARAMAN: In the arrangement of rule 84 if you read all these together, then you see what it will be. It has been the practice in this House for a long time. Therefore, I am bringing it to your notice. Rule 84 says:

"Amendments of which notice has been given shall, as far as practicable, be arranged in the list of amendments, issued from time to time, in the order, in which they may be called. In arranging amendments, raising the same question at the same point of a clause, precedence may be given to an amendment moved by the member in charge of the Bill."

MR. SPEAKER: Amendments Nos. 9 and 44 are identical. Then it cannot be moved.

SHRI R. VENKATARAMAN: No, Sir.

MR. SPEAKER: Your decision is in respect of amendment No. 9.

SHRI R. VENKATARAMAN: No, Sir, suppose he does not move it.

MR. SPEAKER: You are right. If your amendment is different from amendment No. 9, then the decision is necessary. But if your amendment is related to the earlier amendment then if it is already moved and it will be decided...

SHRI R. VENKATARAMAN: May I ask you to show the rule? There is no such rule.

MR. SPEAKER: This is what the earlier decision is: moving of identical amendments is not in order. But the members who have tabled similar amendments can speak in support of the amendments moved earlier.

SHRI R. VENKATARAMAN: This will put us in a great difficulty. I will explain how. Suppose he does not press his amendment.

MR. SPEAKER: You move your amendment.

SHRI R. VENKATARAMAN: How can I move my amendment when you have now prevented me from moving it?

MR. SPEAKER: Because he has moved it. Then when he withdraws it, we can observe it.

SHRI R. VENKATARAMAN: At the stage of withdrawing...

MR. SPEAKER: If he withdraws it, then you have a right to move it, because that amendment is no more there.

SHRI R. VENKATARAMAN: I want you to look at this. I have not moved it.

SHRI VINOD BHAI B. SHETH: In case I withdraw it, then he must have a chance to move it.

MR. SPEAKER: Suppose he withdraws it.

SHRI R. VENKATARAMAN: I would suggest—which is a more tidy procedure—that you allow all the amendments to be moved. In putting them to the vote, you may choose any amendment which you think will cover most of the points.

MR. SPEAKER: There are two earlier decisions of the Speaker which say: "If one amendment is moved, the other must not be allowed to be moved." The difficulty which you are anticipating is this. Suppose the first man withdraws the amendment. Then you can move your amendment.

SHRI R. VENKATARAMAN: How can I move it? This is the stage at which we are moving it. He has moved his amendment.

MR. SPEAKER: There is no difficulty at all the moment Mr. Sheth says that he is seeking to withdraw it. He said, "No, I am pressing it because I have a similar amendment."

SHRI R. VENKATARAMAN: The precedents are contrary to the rules. You see rule 83.

MR. SPEAKER: Rule 83 may not be of much help to you.

SHRI R. VENKATARAMAN: Will you please refer to rule 85(2)? This is the power which the Speaker has. It says: "The Speaker, may, if he thinks fit, put as one question similar amendments to a clause." That implies that the similar amendments can be moved. How can I put similar amendment when you say that I cannot move the similar amendments.

MR. SPEAKER: The rule clearly provides that if there is a decision, then thereafter you are barred. Suppose a decision is taken earlier, the amendment is put to vote and it has been lost, thereafter you cannot put it. The other question arises in the case of identical amendments. In the case of identical amendments, if the first man moves his amendment, there is no point in the second man moving his amendment. If the first man moves it, you can support it: once you support it, it becomes your own. If he wants to withdraw, you can resist it and you can say that it must be put to vote.

SHRI R. VENKATARAMAN: What is the meaning of this clause: the Speaker may, if he thinks fit, put as one question, similar amendments to a clause.

MR. SPEAKER: Not identical. They have made a distinction between similar and identical. What is the difficulty in following the precedent? I will allow you to press your amendment if Mr. Sheth does not press his amendment.

SHRI R. VENKATARAMAN: How can I press it if I am not moving it? There is a difficulty: Opposing his motion for withdrawal of his amendment is not the same as moving my amendment. I want to move my amendment. This will create a difficulty if Mr. Sheth says at the later stage of the proceedings, as he is going to say, from the Government side: I do not press my amendment. A very clever Member on that side can shut out the opposition by moving possible amendments which the other side may give by saying: I have moved these amendments: the other amendments are barred and at the time of voting he can very well say: I am not pressing my amendments. I want you to consider this matter. I do not want you to give a ruling now. Please consider it carefully.

MR. SPEAKER: I will consider it. For the time being, if he does not press, I will put your amendment: I will allow you.

SHRI R. VENKATARAMAN: We will put it to test right now: Mr. Sheth is not going to press. What is the position?

MR. SPEAKER: For the time being, I am withholding amendment no. 44.

SHRI R. VENKATARAMAN: I have moved 58, 59. I am moving 45. I beg to move:

"Page 11, lines 27 and 28,—

for "Rs. 6,750 *plus* 20 per cent" *substitute*—

Rs. 7,000 plus 30 per cent." (45)

MR. SPEAKER: Amendment nos. 78 and 79 cannot be moved as amendment nos. 58 and 59 had been moved. Shri Kanwar Lal Gupta.

SHRI KANWAR LAL GUPTA: I beg to move*:

Page 11, —

omit lines 22 to 32. (169)

SHRI VINOD BHAI B. SHETH: What happens, I would like to know If my amendment is not pressed what happens?

MR. SPEAKER: I have given him permission to do it.

SHRI VINOD BHAI B. SHETH: The rebate to the assessee on long term savings is considerably curtailed by this clause. Life insurance is a long term saving and we give a solemn promise to the public, if you invest your funds in the life insurance corporation there is family protection and financial protection. This amendment is not proper: it is a breach of promise given to the public, if every Finance Minister is going to change this provision like this every year. It upsets the long term saving and creates in the minds of people, uncertainty. Today an hon. Finance Minister having some ideas about rural development is there.

16.35 hrs.

[SHRIMATI PARVATHI KRISHNAN in *the Chair*].

Your hopes will not materialise. The Finance Minister to-day will not be the Finance Minister next year.

To-morrow the man with urban bias comes, he will give more benefits. I should be for a long term savings. Tax proposals are different.

*Moved with the recommendation of the President.

The same thing happened when they saved for investment in either Unit Trust or LIC. They are also on the same line. I would request the hon. Finance Minister to agree to my suggestion. Let it remain *status quo*, as it is. What you will be gaining by way of revenue Rs. 9.6 crores, the Government will be losing by way of public savings which may be more than Rs. 100 crores.

Let us equate revenue with savings. Savings is more important sometimes than revenue. From this point of view I request the hon. Finance Minister to keep the *status quo* so far as premiums and rebates in LIC to the tax payers are concerned.

SHRI DINEN BHATTACHARYA: Shri Venkataraman's argument may be the same.

SHRI R. VENKATARAMAN: It will be better.

MR. CHAIRMAN: Have you moved your amendment No. 58?

SHRI R. VENKATARAMAN: I have moved all my amendments—44, 45, 58 and 59.

Madam, it is an elementary principle that—economic development must be based on investments from savings and not investments from deposits and created money. If you want savings, you must allow more domestic savings which is the largest sector so far as savings are concerned. The Planning Commission has itself estimated that the best source for savings is the domestic sector. They have said that every effort should be made and every incentive should be given for savings from the public. Savings achieved through taxation is really a burdensome way of savings, whereas savings achieved through voluntary savings by people makes real contribution to the economy. It is on this basis that the previous Finance Minister agreed that we should give liberal allowance for the purpose of domestic savings and he increased the limit of savings from Rs. 20,000 to Rs. 30,000. It was provided that first 5,000 rupees will be free of tax, on the next Rs. Rs. 5,000, it will be 50 per cent, and thereafter on the balance there will be 40 per cent tax exemption.

Madam, we have given a very liberal concession to be capital gains—those who make money without any effort, physical, mental, and moral.

SHRI DINEN BHATTACHARYA: Is it not moral?

SHRI R. VENKATARAMAN: It is an immoral way.

SHRI VINODBHAI B. SETH: How could you say that it is without any effort?

SHRI R. VENKATARAMAN: Shri Sheth, I am an economist. For the last ten years they have not paid income tax. It will be the same as capital gains tax which you pay. You avoided income tax during this period. You get it in lumpsum and then you want to avoid tax by saying that it is a capital gain.

Now, where in the world is capital gains exempted from taxation. It is a strange socialist philosophy that your party is having. Added to that you say that on the savings of individuals, the middle class people who have to save for their future, for their children and old age, will not get tax exemption while on the other hand people who get capital gains will get tax exemption. This is a most immoral proposition. Therefore, I very strongly urge my amendments 58 and 59 so that at least the *status quo* is restored. Otherwise, the little effort that is now being made to mobilise savings will be further eroded and the Government will depend more and more on the Nasik printing press and other security printing presses. I do not know if it is true, but I am told they are now thinking of a third printing press for printing notes! I may mention an incident in this connection which

[Shri R. Venkataraman]

will be very revealing. When we were in the Planning Commission, the proposal for the second security press came and the brilliant Deputy Chairman of the Planning Commission at that time. Dr. Gadgil said, "First clear it because otherwise there will be no plan!" Therefore, let us not depend on created money, on deficit financing for our plans. Let us depend upon savings and let us encourage savings. I would strongly urge the Government to accept these amendments.

श्री कंवर लाल गुप्त (दिल्ली सदर) : सभापति महोदया, मेरा जो संशोधन है वह यही है कि जो पहले स्थिति थी वहीं रहना चाहिये । क्योंकि मैं यह समझता हूं कि इस सारे बजट का जो प्रभाव पड़ेगा, आज आप कितना बड़ा दावा करें कि सेविंग और कैपिटल फारमेशन पर जबरदस्त फ्लो होगा और यह उसका एक हिस्सा है । नौकरशाही आपको नचा रही है छोटे मोटे इधर उधर अमेंडमेंट करके । इसमें कितना ज्यादा रेवेन्यू आयेगा ?

श्री विनोद भाई बी० शेठ : 9 करोड़ आयेगा ।

श्री कंवर लाल गुप्त : केवल इस आइटम में 9 करोड़ नहीं आयेगा । लेकिन हर साल आप चेंज करते हैं और अधिकारी भी बताते हैं कि हम कुछ बना कर लाये हैं । तो यह जो तरीका है, एक आदमी ने 10 साल पहले इंश्योर कराया, लाइफ का प्लानिंग किया, आप बारबार उसको बदलते हैं कि इतना ऐन्जेम्प्ट होगा, दो साल बाद कुछ कहते हैं कि नहीं इतना नहीं होगा । इस तरह आप उसकी सारी प्लानिंग को डिस्टर्ब करते हैं । और पैसा कहां जाता है ? सेविंग करके आदमी आपको पैसा देता है, कैपिटल फौरमेशन होता है, एल०आई०सी० के पास पैसा जाता है और वह कहां खर्च करते हैं ? हाउसिंग में, वाटर में, डेवलपमेंट में । तो एल० आई०सी० का अधिकांश पैसा सरकारी काम में खर्च होता है । मैं तो चाहूंगा उसको और ज्यादा परपजफुल बनायें, और एक साइंटिफिक स्टडी करनी चाहिये कि एल०आई०सी० के पास जो करोड़ों रु० पड़ा हुआ है वह किस तरह से लगे । तो उसके बाद जितना आपने कंसेशन वापस लिया है इससे और ज्यादा कंसेशन देना चाहिये ताकि लोग ज्यादा से ज्यादा सेविंग करके अपनी लाइफ की, अपने बच्चों की सेक्योरिटी भी कर पायें और सरकार की सेविंग भी हो जाये ।

सारे बजट का ट्रेंड मैं देख रहा हूं । आपने ऐस्टीमेट लगाये हैं, लेकिन मुझे दुख के साथ कहना पड़ता है कि साल के आखिर में आप देखेंगे कि जितना रेवेन्यू आपने ऐस्टीमेट किया है उससे बहुत कम आयेगा और जितना डेफिसिट आपने किया है उससे बहुत ज्यादा डेफिसिट आयेगा । प्राइस बढ़ेंगी, इसलिये भगवान के लिये यह सब चीजें ठीक करिये आप, नहीं तो हालत यह है कि हम भी आपके साथ जुड़े हुए हैं और पत्थर ही बन्धा हुआ है, तो हमारे भी बांध दीजिये, डूबेंगे जरूर, यह हमें भी लगता है, लेकिन बचा सकते हैं तो बचा लीजिये ।

SHRI T. A. PAI (Udipi): Madam, I do not know whether it is intentional or unintentional. A combination of taxation measures and denial of certain exemptions have been hitting the middle class more than anybody else. A surcharge on income-tax, then the compulsory deposit scheme and then those who are willing to save are to be punished by saying that you are not going to be given any concession for your saving. Apart from that, whether the Minister agrees with it or not, the prices are rising not only of those commodities which have been subjected to excise but on his own admission, everything else, which is, of course, is a dangerous state of affairs. Why is it that in this country the outdated concept is there that the savings are to be mobilised through taxation by the State? Why should it not be encouraged through savings? Why only tavation? People should be encouraged to save and not to spend. Our objective is to see that consumption is reduced and they save as much as possible. Whether domestic saving or household saving, any saving can increase the wealth of the country. Now, you hold out the promise to the people of this country that if you save, you will be given these concessions. Now, the people plan their saving schemes and when you enter a long term saving scheme like the life insurance, merely because you have changed your mind next year, can they convert their policies into paid up? It again, therefore, shows that there is no consideration for the people at all. When we think of these taxation measures, I think, these seems to be sadistic pleasure in trying to

create more and more problems rather than solving them, without getting any benefits out of it. On the other hand, when the inflation takes place, who suffers? It is the middle class people who are not going to get corresponding increase. Every DA increase is a reminder to the people that their long term saving through provident fund or LIC gratuity is depreciating and when they retire, they will get something which has absolutely no value. Now, does the State compensate for its mismanagement? If on account of the policies pursued there is going to be inflation, is the saver going to be benefited at all? This is the only country which punishes the saver only. Even during war time, Britain put lot of hoardings to say 'save for the safety of the country'. Now, I do not think that we mean seriously. We do not want saving even to build up the country. I would request the Finance Minister to reconsider this decision and restore the position that they have sought to disturb. In fact, we should make savings more and more attractive for all classes of people. While taxes will be inflationary, savings could be a powerful instrument and anti-inflationary instrument. I would request him to seriously consider it.

SHRI SATISH AGARWAL: I share the concern of the hon. Members and will hear in mind the consideration that they have put forward not this year but next year. Under the existing provisions of law i.e. Section 80C the deductions are permissible for long term savings in life insurance, public provident fund or other contributions for the first 5,000, hundred per cent, next 5000/- 50 per cent and on the balance it is 40 per cent. Now, under the present clause 10 of the Bill, we are keeping the first slab of 5000/- as hundred per cent and the next 5000/- reducing to 35 per cent and the balance to 20 per cent. The amendments have been moved and a strong plea has been made to restore the existing provisions. There may be some validity in their contentions but, I am sorry, I cannot accept them.

Now for the first Rs. 5,000 of premium annually paid normally the policy may be to the extent of Rs. 1½ lakhs, because the duration normally is 25 to 30 or 35 years. Even if you take the period as 25 years, for such a policy the premium comes to Rs. 1,000 or 1,500. Later on, you have another policy and then a third policy. So, a premium of Rs. 5,000 gets a policy of more than Rs. 1 lakh. For having a policy of Rs. 1 lakh one should belong to a very good middle class family. Normally, an average middle class family cannot afford to have a policy of Rs. 1 lakh. Further, upto Rs. 5,000 premium 100 per cent is allowed. So far as middle class families are concerned, they shall get 100 per cent exemption upto Rs. 5,000. Those people who have policies for Rs. 3 lakhs or 4 lakhs, they can bear this sacrifice, which would not be much. Previously, it was 50 per cent. Now we have reduced it to 35 per cent. Those who go beyond that, that means having policies worth Rs. 8 lakhs or 10 lakhs naturally they can bear this.

SHRI T. A. PAI: Why should you introduce it?

SHRI SATISH AGARWAL: So, the number is not that much. Therefore, the plea of "middle class" should not be brought in.

Then, Sir T. A. Pai said that for long term saving planning should be made, we should not discourage this, we should not be guided by other considerations and so on. These will be valid for one year, at the end of which we will know its impact. But I can assure you that no middle class people will be hit. Shri Vinodbhai Sheth wants to raise 35 per cent to 40 per cent and 20 per

[Shri Satish Agarwal]

cent to 25 per cent, while Shri Venkataraman wants to raise 35 to 40 per cent and 20 to 30 per cent. With all due respect to them, I am sorry I will not be able to accept their amendments at this stage.

SHRI T. A. PAI: I want a clarification. It is always usual for the Government to say "we will not agree" or "we will not do it", to be absolutely unreasonable and refuse to convinced.

MR. CHAIRMAN: You ought to know that well.

SHRI SATISH AGARWAL: I have accepted the validity of some of the arguments. But I cannot accept these amendments.

SHRI T. A. PAI: You were saying that for a premium of Rs. 5,000 a person will get Rs. 1 lakh. If a person continues to pay premium for a period of years, if you calculate it, he will be paying more money than what he will be getting and, if you take into account the inflation, perhaps he will get much less than what he is paying, unless he dies. Therefore, to say that a man would be getting Rs. 1 lakh as insurance is not correct. A person or his dependents will get Rs. 1 lakh only when he dies early. Therefore, in order to make insurance attractive as an investment . . .

MR. CHAIRMAN: In the name of a clarification, you are continuing your argument.

SHRI T. A. PAI: The Minister is trying to convince the House that a person will get Rs. 1 lakh from insurance if he pays Rs. 5,000 as premium.

MR. CHAIRMAN: This discussion will go on endlessly. Now, Shri Sheth, are you pressing your amendments?

SHRI VINODBHAI B. SHETH: I want to withdraw my amendments.

SHRI R. VENKATARAMAN: No, I object to it. I have already raised this point with the Speaker.

MR. CHAIRMAN: I put amendment No. 9 to the House.

Amendment No. 9. was put and withdrawn.

MR. CHAIRMAN: Amendment No. 10. Has the hon. Member the leave of the House to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 10 was by leave, withdrawn

SHRI R. VENKATARAMAN: I seek leave of the House to withdrawn my amendment No. 45.

MR. CHAIRMAN: Has he the leave of the House to withdraw his amendment.

SOME HON. MEMBERS: Yes.

Amendment No. 45 was by leave, withdrawn.

17 hrs.

MR. CHAIRMAN: I put Amendment No. 58 moved by Shri R. Venkataraman to the vote of the House.

Amendment No. 58 was put and negatived

MR. CHAIRMAN: Now, I put Amendment No. 59 of Shri R. Venkataraman to vote.

Amendment 59 was put and negatived

MR. CHAIRMAN: Mr Kanwar Lal Gupta, are you pressing your amendment No. 169?

SHRI KANWAR LAL GUPTA: I have no choice except to withdraw my amendment.

MR. CHAIRMAN: You have choice; I am giving you a choice.

Let the House give you a choice

Has he the leave of the House to withdrew his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 169 was, by leave, withdrawn

MR. CHAIRMAN: The question is:

"That Clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 was added to the Bill

Clause 11—(*Insertion of new section 80 GGA*)

SHRI VINOD BHAI B. SHETH: I beg to move:

Page 12, line 12,—

after "as" insert "one of" (11).

Page 12, line 17,—

after "as' *insert* "one of" (12)

SHRI KANWAR LAL GUPTA: I am not moving Amendment No. 170.

MR. CHAIRMAN: Mr. Sheth, do you want to speak?

SHRI VINOD BHAI B. SHETH: I want to withdraw my amendments.

MR. CHAIRMAN: Has he the leave of the House to withdraw his Amendments?

SOME HON. MEMBERS: Yes.

Amendments No. 11 and 12 were, by leave, withdrawn. .. ..

MR. CHAIRMAN: The question is:

"That Clause 11 stand part of the Bill."

The motion was adopted.

Clause 11 was added to the Bill

Clause 12—(Amendment of section 80)

SHRI R. VENKATARAMAN (Madras South): I beg to move:

Page 12, lines 37 and 38,—

after "industrial undertaking" *insert*——

"not being a small scale industrial undertaking as defined in clause (2) of Explanation to sub-section 2 of section 32A" (133).

Madam Chairman, the previous Government gave facilities for development of industries in this country. They gave investment allowance for new industries and they also gave tax holiday for new industries. The only way in which they thought that the industrial development would take place at a rapid pace, that would develop the economy as well as find employment for a large number of people was by giving these concessions.

The former Finance Minister Mr. Patel, in 1977, thought that the investment allowance need not be given for non-priority industries and therefore he introduced the Eleventh Schedule in which he mentioned a number of industries which will not be eligible for investment allowance. But, at the same time, Mr. Patel, who knew the subject very well, took care to see that small-scale industries are given an investment allowance under Sec. 32(a) of the Income-tax Act. Mr. Patel provided that the investment allowance will be available in the case of small-scale industrial undertakings for purposes of business or manufacture or production of any article mentioned in the schedule. That is to say, even if.....

MR. CHAIRMAN: May I request those Hon. Members who are not interested in the discussions to keep their voices low for their personal discussion.

SHRI R. VENKATARAMAN: May I also tell them that they won't be called for division and they may go.

*Moved with the recommendation of the President.

[Shri Kentrataraman]

Now, the former Finance Minister Mr. Patel provided that small scale industries.....

MR. CHAIRMAN: I think the Hon. Members should have the conrtesy of keeping their voices low when somebody is speaking other than themselves.

SHRI R. VENKATARAMAN: The former Finance Minister provided that even if small scale industries were engaged in production of the articles mentioned in Schedule Eleven, that is items considered to be not essential, still they will be entitled to investment allowance because he wanted to protect the small scale industries.

I do not know whether it is through oversight or something worse, when the amendment to tax holiday comes, he says, those industries covered by the Eleventh Schedule will not be entitled to the tax holiday—not only large scale industries but even small scale industries which are covered by the Schedule. I want to ask what is the point in depriving the small scale industries of the tax holiday when you had given the benefit of investment allowance to the small scale industries. The great claim or myth of the Janata Government that they are the champions of the small scale industries stands exploded because the benefit of investment allowance is allowed to the small scale industries, but this principle has not been extended to the small scale industries when it comes to tax holiday. I think there has been a mistake or oversight. Government should give the benefit of tax holiday to the small scale industries. That is why, I have moved this amendment, No. 133. On page 12, lines 37-38, I have suggested that, in the case of small scale industries as defined in clause (D) of explanation to sub-section 2 of section 32A the benefit of the tax holiday should be available, that is to say, the small scale industries should have the benefit of the tax holiday. It does not require a great deal of argument to convince anybody that the small scale industry does deserve the benefit of the tax holiday. I have, therefore, moved this amendment.

SHRI SATISH AGARWAL: Mr. Venkataraman has moved his two amendment 133, and he has advocated the cause of small scale sector. Government is committed to promote the growth of the small scale sector. But we want the small scale sector to concentrate on priority areas. If they concentrate on priority areas, then they get the benefit of tax holiday. It is only to the industries which are not concentrating on priority areas that this tax holiday is being denied. The hon. Member has referred to the industries in the Eleventh Schedule. In the case of investment in these industries, Government does not want to extend the tax holiday benefit. What are the industries mentioned in the Eleventh Schedule? Beer, wine and other alcoholic.....

SHRI R. VENKATARAMAN: Do not mislead the House. I will read out the list It includes radios. taperecorders, electric fans, domestic electrical appliances, household furniture, and so on. What do you mean by saying only 'beer'?

SHRI SATISH AGARWAL: Why do you get provoked? That is the first item in the list. While reading out the list, I will have to read the first item also. The first is beer, wine and other alcoholic drinks. This is the first—*Om Shri Ganesaya Namha*. Other things come later on—tobacco, tobacco preparations smoking mixture. The third is cosmetics, toilet preparations and so on. Aerated waters, gramaphones, record players etc. etc. These are the fields and no units, the Government feel, which are in these fields, big or small, should be entitled to this allowance. So I am not convinced with the

argument of the hon. Member who has tried to raise the bogey of small-scale sector to get this allowance.

SHRI R. VENKATARAMAN: If that is the kind of argument, then why do you give an investment allowance for the small scale sector?

SHRI SATISH AGARWAL: For priority industries.

SHRI R. VENKATARAMAN: There must be some consistency. If you say that they are not priority sectors, I accept. This is given not because of priority but for employment purposes. Why do you then give investment allowance under Sec. 32A for small industries? please read the section.

SHRI SATISH AGARWAL: We are dealing with clause 12 at the moment. This is the position with regard to this clause. If the small scale industry is engaged in the priorty sector, it is entitled to tax holiday.

MR. CHAIRMAN: Are you pressing your amendment?

SHRI R. VENKATARAMAN: Yes.

MR. CHAIRMAN: I will then put it to vote.

Amendment No. 133 was put and negatived.

MR. CHAIRMAN: The question is:

"That clause 12 stand part of the Bill.

The motion was adopted.

Clause 12 was added to the Bill.

Clause 13—(Insertion of new section 80JJA).

SHRI KANWAR LAL GUPTA: I beg to move*:

Page 12, line 12,—

for "Rs. 10,000" *substitute* "Rs. 10" (171)

Page 13,—

omit lines 14 to 15. (172)

SHRI SATISH AGARWAL: I beg to move:

Page 13, *for* lines 10 to 16, *substitute*—

"from such profits and gains of an amount equal to one-third of such profits and gains or ten thousand rupees, whichever is less". (203)

श्री कंवरलाल गुप्त : सभापति महोदय, यह एक बहुत बड़ा कंसेशन मंत्री जी ने शहर वालों को दिया है, और मैं उनको बधाई देना चाहता हूं कि सारे बजट में शहर को मशरूम खाने के लिये दिया है, और कहा है कि शहर में जो मशरूम उगायेगा 10,000 रु० तक उसकी छूट होगी। मुझे मालम नहीं यह किसके दिमाग की उपज है। यह सारा ब्लैक का पैसा व्हाइट में करने की एक साजिश है। जयपुर को तो मैं जानता हूं जहां मंत्री जी रहते हैं, और दिल्ली को भी जानता हूं। कहां मशरूम 10,000 के पैदा होते हैं ? मैंने दिल्ली में नहीं देखा जहां इतने हजार के मशरूम पैदा होते हैं। क्या शहर वालों के लिये यही चीज आपको रखनी थी ? इसलिये इस कंसेशन को आप वापस ले लीजिये। पहले ओरिजिनल प्रीपोजल था कि 10,000 रु० या एक तिहाई जो ज्यादा हो। अब आपने कहा है कि एक तिहाई या 10,000 रु० में जो कम हो। तो इस कंसेशन को आप वापस लें। 10 रु० मैंने इसलिये किया है कि अगर सारा हटाते हैं तो मेरा संशोधन गलत हो जाता है, वह ही नहीं लगता था रूल्स के मुताबिक। इसलिये 10 रु० रखा है। हम घर में उगा लेंगे और कंसेशन आप से ले लेंगे। जिसका कोई कंसेशन नहीं चाहते उसको आप दे रहे हैं, और जहां कंसेशन देना चाहिये उसकी आप सारा वापस ले रहे हैं। अगर इस पर विप न हो तो एक भी मेम्बर आपके साथ नहीं है, और अब खुद भी नहीं हैं। इसलिये मेहरबानी करके इसको आप वापस ले लें।

श्री सतीश अग्रवाल : सभापति महोदय, माननीय सदस्य ने जो धारा 13 के अन्तर्गत अपना संशोधन प्रस्तुत किया है, उसके संबंध में अपने विचार व्यक्त करते हुए बजट पर अपना आम असंतोष उन्होंने व्यक्त किया है। इस सम्बन्ध में मैं यहां कुछ भी विवेचन नहीं करना चाहता।

*Moved with the recommendation of the President.

श्री कंवर लाल गुप्त :

उनकी नाराजगी को मैं समझता हूं और उसको ध्यान में रखते हुए हम आवश्यक राहत देने की चेष्टा करेंगे, लेकिन इस समय जो प्रश्न हमारे सामने है कि मशरूम के बारे में जो रियायत दी गई थी, वह यह थी कि एक-तिहाई या 10 हजार रुपये जो भी ज्यादा हो, लेकिन इरादा यह था कि ज्यादा हो का मतलब बहुत अधिक, इसलिये उस समय इंटेंशन यह नहीं था । इसलिये उसको क्लीयर करने के लिये अमेंडमेंट प्रस्तुत किया है और उसके बारे में मैं निवेदन करना चाहता हूं कि "विच एवर इज हायर" की बजाय "विच एवर इज लोअर" यानी उसकी लिमिट कर दी एक-तिहाई और 10 हजार "विच एवर इज लोअर" । आपने तो सरकास्टीकली नाराजगी में वह सारी चीजें कही हैं, इसलिये उसके जवाब की आवश्यकता नहीं है ।

मैं अपना संशोधन प्रस्तुत कर रहा हूं कि जो हमने "एक-तिहाई या 10 हजार, जो भी ज्यादा हो" उसके स्थान पर "एक-तिहाई या 10 हजार, उनमें जो भी कम हो" रखा है और उसके हिसाब से उनको रियात मिलेगी । यह मेरा प्रस्ताव है । आपकी नाराजगी तो आम है, हम आपको मना लेंगे, आप हमारे अपने आदमी हैं ।

MR. CHAIRMAN: Do you want to press your amendment or withdraw it?

श्री कंवरलाल गुप्त : मना लिया इन्होंने, लेकिन मशरूम यहां होता नहीं है ।

श्री सतीश अग्रवाल : मशरूम बहुत एक्सपोर्ट होता है ।

MR. CHAIRMAN: Mr. Gupta do you wish to press your amendments? or withdraw them?

SHRI KANWAR LAL GUPTA: I want to withdraw them very reluctantly.

MR. CHAIRMAN: Does the hon. Member have the leave of the House to withdraw it reluctantly?

SOME HON. MEMBERS: Yes.

Amendments Nos 171 and 172 by leave, withdrawn.

MR. CHAIRMAN: Now, I shall put Governmet amendment to vote.

The question is:

"Page 13, *for* lines 10 to 16, *substitute*—

'from such profits and gains of an amount equal to one-third of such profits and gains or ten thousand rupees, whichever is less".' (203).

The motion was adopted.

MR. CHAIRMAN: The question is:

"That Clause 13, as amended, stand part of the Bill."

The motion was adopted.

Clause 13, as amended, was added to the Bill.

MR. CHAIRMAN: Clauses 14 and 15. There are no amendments. I shall put them together to the vote.

The question is:

"That Clauses 14 and 15 stand part of the Bill.'

The motion was adopted.

Clauses 14 and 15 were added to the Bill.

Clause 16—(Amendment of section 208)

MR. CHAIRMAN: Now we take up clause 16. There are amendments.

SHRI VINOD BHAI B. SHETH: I move:

"Page 14, line 32—

for "Rs. 20,000' *substitute* "40,000." (13)

SHRI KANWAR LAL GUPTA: I move:

"Page 14, line 32,—

for "20,000" *substitute* "Rs. 32,000" (173).

SHRI VINOD BHAI B. SHETH: On the registered firm I do not know why he has proposed to decrese the limit. The real value of the rupee is now considerably reduced. Now, the limit should have been enhanced. First of all, I thought that there was a typographical error. But I verified that and I found that that was not so.

It should be Rs. 50,000. I further go and say that taxing the registered firm which is just having an income of Rs. 10,000 will only mean a clerical burden. For example if a registered firm has an income of Rs. 12,000 still it has a taxable burden even if the partners have no other income from that firm. Please consider the value of the rupee at the present time and enhance the limit of taxation income of the registered Firm.

श्री कंवर लाल गुप्त : जो मिस्टर सैठ ने कहा है मैं भी उस का समर्थन करता हूं। मंत्री महोदय को मालूम है कि अगर किसी की और आय न हो तो दस हजार रुपये तक एक व्यक्ति की आय पर छूट है। यही नियम इस समय इनकम टैक्स ऐक्ट में है और पार्टनरशिप में 20 हजार के ऊपर टैक्स लगता है तो अब मैं यह कह रहा हूं कि पहले यह 30 हजार था अब आप ने उस को 20 कर दिया। अगर दो पार्टनर होंगे, दोनों की आय दस हजार की हो तो कोई इनकम टैक्स नहीं लगगा, उन पर टैक्स वैसे तो नहीं लगेगा, केवल फर्म पर यह लग रहा है। तो यह एक बड़ी विडम्बना होगी। इसलिए मैं ने इस में 30 हजार की जगह 32 हजार कर दिया क्यों कि मैं बिलकुल उलटा तो कानून के मुताबिक कर नहीं सकता था। मेरा इरादा यही था कि जो पहले था वही रहने दिया जाय। इस से कोई आप को फर्क नहीं पड़ने वाला है। मैं बार बार यह दोहरा रहा हूं कि इनकम टैक्स ऐक्ट में दस हजार या दो चार पांच हजार कम ज्यादा कर के इस को इतना ज्यादा बल्की मत बनाइए कि जो न टैक्स देने वाले की समझ में आए, न वकील उस को समझ सके और न कोई और समझ सके। कानून वही अच्छा होता है जो पब्लिक भी समझ सके और जिस पर अमल भी हो सके। हर साल आप बदलेंगे छोटी छोटी बातों के लिए तो इस का क्या फायदा होगा? आप अपने आफिशियल्स से पूछिए कि इस से कितना रेवेन्यू आएगा? वे छोटी छोटी बातें हर साल बदलते हैं और इतना मोटा इस को बना देते हैं, मंत्री महोदय समझते हैं कि इन्होंने बड़ी मेहनत की। मेहरबानी कर के ऐसा मत करिए। मैं समझता हूं कि सिम्पलिफिकेशन की कोशिश हर साल होती है लेकिन सिम्पलिफिकेशन के पीछे वह और काम्पलीकेटेड हो जाता है। इसलिए कृपा कर के जो था वही रखिए।

SHRI SATISH AGARWAL: Madam Chairman, in this particular clause 16 the only provision is to make it compulsory for the registered firm to say tax in advance whose income is twenty thousand or over that. Previously it was thirty thousand. The hon'ble members want it to be restored. The exemption limit is ten thousand in he case of registered firms also. If their income is more than ten thousand they have to pay income tax. The only question is whether they should pay the tax in advance: Every individual has to pay his tax in advance. That particular analogy has been applied. There is no question of additional revenue. Of course, advance payment will be received by the Government. So, I am sorry I cannot accept the amendment.

SHRI VINOD BHAI B. SHETH: I seek the leave of the House to withdraw my amendment No. 13.

Amendment No. 13, was by leave withdrawn.

SHRI KANWAR LAL GUPTA: I seek the leave of the House to withdraw my amendment No. 173.

Amendment No. 173 was, by leave, withdrawn.

MR. CHAIRMAN: The question is:

"That Clause 16 stand part of the Bill."

The motion was adopted.

Clause 16 was added to the Bill.

Clauses 17 to 19 were added to the Bill.

Clause 20—(Amendment of section 245 D).

SHRI VINOD BHAI B. SHETH: I beg to move:

"Page 16, after line 34, insert—

"IB. The Settlement Commission shall be empowered to settle cases arising out of disputes of Estate Duty also.". (14)

It is a small amendment. There is a settlement Commission for wealth tax and income tax. I do not know why for Estate Duty there is no

[Shri Vinodbhai Sheth]

Settlement Commission. There is considerable litigation in Estate Duty. Such matters can be settled in the interest of revenue and Estate Duty payer in the Settlement Commission. The honble Minister a little while ago said that he believed in settlement and not litigation. In order to reduce the litigation I would like to extend the facility of Settlement Commission and widen the scope of settlement.

SHRI SATISH AGARWAL: Madan Chairman the hon'ble Member who is seeking to move this amendment No. 14 is not only my esteemed friend but is an ex-Finance Minister of Gujarat and a good advocate also. He is well aware of the position. We have got the Income-tax Act. We have got the Wealth Tax Act. We have got the Estate Duty Act and the Gift Tax. Act. Regarding Wealth Tax, if disputes arise, they have to be decided by the Wealth Tax Settlement Commissioner. If you want that disputes arising out of Estate Duty should be decided by some Settlement Commissioner, then provision has to be made in the Estate Duty Act and not in the Income-Tax Act. However his suggestion will be looked into and we will examine it. I am sorry I cannot accept his amendment as it is a misfit here.

MR. CHAIRMAN: Mr. Sheth, are you withdrawing your amendment?

SHRI VINODBHAI B. SHETH: Yes. I seek leave of the House to withdraw my amendment No. 14.

MR. CHAIRMAN: Does the hon. Member have the leave of the House to withdraw his amendment No. 14?

SOME HON MEMBERS: Yes.

MR. CHAIRMAN: Leave is granted.

Amendment No. 14 was, by leave withdrawn.

MR. CHAIRMAN: Now I will put Clause 20 to the vote of the House. The question is:

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Clause 21—(Amendment of section 246).

SHRI SATISH AGARWAL: I beg to move Amendment No. 204 to Clause 21.

I beg to move:

Page 17, after line 38, insert—

(c) in the *Explanation*, clause

(b) shall be omitted." (204).

MR. CHAIRMAN: Have you anything to say on that?

SHRI SATISH AGARWAL: Yes. My Amendment No. 204 to Clause 21 is to this effect:—

Clause 21 of the Finance Bill seeks to make certain modifications relating to the jurisdiction of Commissioners Appeals. Sub-clause (a) seeks to secure that all appeals against specified orders in the case of companies shall henceforth lie to Commissioners, Appeals.

In view of the abolition of the distinction in relation to appeals in the case of domestic companies and foreign companies, the proposed amendment to the Finance Bill seeks to make a change of a drafting nature to omit clause (b) of the explanation to section 246 which defines the expressions 'domestic companies' and 'foreign companies'. The proposed amendment is, thus, only of a drafting nature.

MR. CHAIRMAN: I will now put the Government Amendment No. 204 to the vote of the House.

The question is:

Page 17, after line 38, *insert*—

"(c) in the *Explanation*, clause (b) shall be omitted." (204)

The motion was adopted.

MR. CHAIRMAN: Now the question is:

"That Clause 21, as amended, stand part of the Bill."

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clause 22 was added to the Bill.

Clause 23—(*Amendment of section 4—Wealth-tax*).

SHRI SATISH AGARWAL: I beg to move my amendment No. 205 to Clause 23.

I beg to move:

Page 18, *for lines* CD *to* CG, *substitute*—

'(a) in sub-section (1A), for the words and brackets "into the common stock of the family (such property being hereinafter referred to as the converted property)", the words and brackets "into the common stock of the family or been transferred by the individual, directly or indirectly, to the family otherwise than for adequate consideration (the property so converted or transferred being hereinafter referred to as the converted property)" shall be substituted,'. (205).

Clause 23 of the Finance Bill seeks to provide that where an individual makes a gift of his separate property to the Hindu Undivided Family of which he is a member, the value of such property will be included in the net wealth of the individual.

It has been noticed that the amendment may not cover cases where an individual makes an 'indirect gift' of his separate property to the family or where he transfers his separate property to the family at less than its market value. The proposed amendment seeks to plug this loophole. This amendment, corresponds to the similar amendment proposed in Clause 9 of the Finance Bill, in relation to the Income-tax.

MR. CHAIRMAN: All right I will now put the Government amendment No. 205 to clause 23 to vote.

The question is:

Page 18, *for* lines 34 to 37, *substitute*—

'(a) in sub-section (1A), for the words and brackets "into the common stock of the family (such property being hereinafter referred to as the converted property)", the words and brackets "into the common stock of the family or been transferred by the individual, directly or indirectly, to the family otherwise than for adequate consideration (the property so converted or transferred being hereinafter referred to as the converted property)" shall be subsituated'. (209).

The motion was adopted.

MR. CHAIRMAN: The question is:

"That Clause 23, as amended, stand part of the Bill."

The motion was adopted.

Clause 23, as amended, was added to the Bill." ... ..

Clause 24 to 28 were added to the Bill.

Clause 29.—(*Amendment of Act 1 of 1944*).

MR. CHAIRMAN: There are two Government Amendments Nos. 51 and 52.

SHRI SATISH AGARWAL: I beg to move Amendment No. 51.

I beg to move:

Page 22, line 6 *after* "29" *insert* "(1). (51).

MR. CHAIRMAN: You may move your next amendment No. 52.

SHRI SATISH AGARWAL: I move Amendment No. 52.

I beg to move:-

Page 22, *after* line 8, *insert*-

'(2) The first Scheduue to the Central Excises Act shall have and shall be deemed to have had effect as if—

(a) the following Items (hereafter in this section referred to as "the said Items" had been inserted therein at the places indicated by their respective numbers, with effect on and from the 1st day of March, 1979, namely:—

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
"47.	LOCKS, ALL SORTS, AND KEYS THEREFOR	Twenty Per cent. ad valorem.
	Explanation.—" Lock " means a locking device operated by a key or controlled by a combination of letters or figures.	
59.	TOOTH BRUSHES	Twenty -five per cent ad valorem ". ;

(b) the said Items had been omitted on the appointed day,

and the provisions of section 6 10 of 1897 of the General Clauses Act, 1897, shall in relation to the omission of the said Items effected by clause (b), apply as they apply relation to the repeal by a Central Act of an enactment.

(3) Notwithstanding anything contained in the provisional Col- *16 of 1931 lection of* Taxes Act, 1931 anything done or purported to have been done or any action taken or purported to have been taken, before the appointed day under the Central Excise Act, by virtue of clause (v) or clause (vi) of Part II of the Third Schedule to the Finance Bill, 1979 read with the Provisional Collection of Taxes Act, 1931, shall be deemed to have been done or taken, for all purposes, under the First Schedule to the Central Excises Act as amended by sub-section (2).

Explanation.—For the purposes of sub-sections (2) and (3) "appointed day" means the day of the coming *into force of this section'.* (52)

On these amendment Nos. 51 and 52 to Clause 29, I have nothing much to say. These are only consequential amendments which I request the House to adopt.

MR. CHAIRMAN: All right. I will put Government Amendment No. 51 to the vote of the House.

The question is:

Page 22, line 6, after "29" *insert* (1) (51).

The motion was adopted.

MR. CHAIRMAN: I will now put Government Amendment No. 52 to the vote.

The question is:

Page 22, after line 8 insert—

(2) The First Schedule to the Central Excises Act shall have and shall be deemed to have had effect as if—

(a) the following items (thereafter in the section referred to as "the said Items") had been inserted therein at the places indicated by their respective numbers, with effect on and from the 1st day of March, 1979, namely:—

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
"47.	LOCKS, ALL SORTS AND KEYS THEREFOR	Twenty per cent *ad valorem.*
	Explanation.—"Lock" means a locking device operated by a key or controlled by a combination of letters or figures.	
59.	TOOTH BRUSHES	Twenty-five per cent *ad valorem.*";

(b) the said Items had been omitted on the appointed day.

and the provisions of section 6 of 10 of 1897 the General Clauses Act, 1897, shall in relation to the omeission of the said Items effected by clause (b), apply as they apply in relation to the repeal by a Central Act of an enactment.

(3) Notwithstanding anything contained in the Provisional Col- 16 of 1937 lection of Taxes Act, 1931, anything done or purported to have been done, or any action taken or purported to have been taken, be fore the appointed day under the Central Exercises Act by virtue of clause (v) or clause (vi) of Part II of the Third Schedule to the Finance Bill, 1979 read with the Provisional Collection of Taxes Act 1931, shall be deemed to have been done or taken for all purposes, under the First Schedule to the Central Excises Act, as amended by sub-section (2).

Explanation.—For the purposes of sub-section (2) and (3), "appointed day" means the day of the coming into force of this section'. (52).

The motion was adopted.

MR. CHAIRMAN: Both the Government Amendments Nos. 51 and 52 have been adopted. Now I will put Clause No. 29, as amended, to vote.

The question is:

'That Clause 29, as amended, stand part of the Bill.'

The motion was adopted.

Clause 29, as amended, was added to the Bill.

Clauses 30 to 34 were added to the Bill.

Clause 35—(Foreign travel tax).

MR. CHAIRMAN: There is a Government amendment No. 53.

SHRI SATISH AGARWAL: I beg to move amendment No. 53.

I beg to move:

Page 25, line 13,

after "International Airports Authority Act, 1971,

insert "or such carriers," (53).

This is only a consequential amendment. Previously we had only the words 'International Airports Authority Act, 1971,. We are going to add the words, "or such carriers". It is only a formal amendment.

MR. CHAIRMAN: The question is:

"Page 25, line 13.

after "International Airports Authority Act, 1971,",

insert "*or* such carriers". (53)

The motion was adopted.

MR. CHAIRMAN: The question is:

"That Clause 35, as amended, stand part of the Bill."

The motion was adopted.

Clause 35, as amended, was added to the Bill.

MR. CHAIRMAN: In clauses 36 to 39, there are no amendments.

The question is:

"That clauses 36 to 39 stand part of the Bill."

The motion was adopted.

Clauses 36 to 39 were added to the Bill.

MR. CHAIRMAN: Now clause 40. *Clause 40—(Power to make rules).*

SHRI SATISH AGARWAL: I beg to move:

after "section 35"

after "section 35"

insert "or any carrier". (54).

This is more or less consequential to the amendment that we have passed earlier.

MR. CHAIRMAN: The question is:

Page 26, line 20.

after "section 35"

insert "or any carrier" (54).

The motion was adopted.

MR. CHAIRMAN: The question is:

"That clause 40, as amended, stand part of the Bill."

The motion was adopted.

Clause 40, as amended, was added to the Bill.

MR. CHAIRMAN: In clauses 41 and 42, there are no amendments. The question is:

"That clauses 41 and 42 stand part of the Bill."

The motion was adopted.

Clauses 41 and 42 were added to the Bill.

Mr. CHAIRMAN: Now clause 43. 17.38 hrs.

SHRI DHIRENDRA NATH BASU *in the chair.*

Clause 43—(Amendment of Act 6 of 1898)

SHRIMATI PARVATHI KRISHNAN (Coimbatore): I beg to move:

page 28,—

Omit lines 3 and 4. (46).

My amendment is a very simple one. The charges on the Inland Letter have been increased. I am against that increase. The point is that as far as the ordinary people are concerned, they communicate with each other mainly by postcards and Inland Letters. It is they who are being directly taxed in this Bill. Moreover Inland Letters are not even available. You are taxing an unavailable commodity, as of now. Everywhere the complaints are that they are not available. Four months ago, I wrote to the hon. Minister Shri Brij Lal Verma. Earlier, he was holding court from one

of the last seats there. He is not there now. Anyway, 4 months ago, I wrote to him, saying that there are no inland letters available in most of the post offices of Coimbatore, particularly in the rural areas.

AN HON. MEMBER: They are not available in Calcutta also.

SHRIMATI PARVATHI KRISHNAN: I do not know about Calcutta. I had not been there then. I stand corrected. It is not available in all the rural areas. I did not write about Calcutta. I wrote about Coimbatore district and I got a letter from him that he was having the matter examined. At that time, the complaints I received were from two post offices. Now I am receiving complaints from all the post offices. It is the result of his examination. (*Interruption*) I will ask him to stop the examination. But what is most important is this. I would request that the Minister accepts my amendment and he does not penalize the lowest income group, by taxing inland letters.

SHRI R. VENKATARAMAN (Madras South): I want to add my feeble voice to the very eloquent appeal made by Shrimati Parvathi Krishnan. The amendment which we have given is really for the purpose of trying to help the lower and middle class people. This is not even for the middle class. The correspondence is carried on by the companies and the people who can afford through envelopes. The ordinary people only write in post cards and in inland letters. Therefore, if you raise it by 5 paise, this is not going to be such a large revenue. Actually, the amount of revenue which you will get by this item will not be very high considering the deficit of Rs. 1000 crores, Rs. 2000 crores, Rs. 600 crores on other taxes and so on. This is totally unnecessary and it is irritating everybody. I want to point out that a tax should not irritate the people. If a tax irritates the people without getting sufficient money, then it is a bad tax. Under the canons of taxation, this is totally unacceptable tax. Therefore, I would urge the hon. Minister at least to accept this amendment in respect of post card.

SHRI SATISH AGARWAL: We have done this exercise most reluctantly. The postal services are running in a loss; and on this service, there is a loss of Rs. 9 crores. So, in order to mobilise resources here and there, we have tried to find out that this is the item which is used by them and they can bear the burden. We have not increased any rate, so far as post cards are concerned, which are generally used in the rural sector. They do not use inland letters. Honestly, they are mostly used, aart from the Members of Parliament, by the business community in their business transactions. It is not that much.

(*Interruptions*)

SHRIMATI PARVATHI KRISHNAN: We take it that the Minister is with the business community and not with the people.

SHRI SATISH AGARWAL: Even after increasing the rate from 20 paise to 25 paise, even then the postal service on this account will be running in a loss. At present it is Rs. 9 crores.

(*Interruptions*)

That is a different matter. Mr. Somnath Chatterjee then what? Let the House decide that this deficit will be fixed up at Rs. 2000 crores and everything can be withdrawn or Rs. 3000 crores. This is my humble submission. Mr. Saugata Roy, I appreciate your sentiments.

SHRI SAUGATA ROY: Why have you introduced deficit financing?

SHRI SATISH AGARWAL: I appreciate your sentiments. We can have that additional resource mobilization through taxation in order to decrease the deficit further. We did our level best. I honestly give you a picture. When we started for formation of the buget—permit me Mr.

Chairman to say a few words—what was the picture that came before us? Rs. 10,500 crores were for tax revenue; Rs. 3200 crores for State share. What remains is Rs. 7300 crores. Another non-tax revenue is Rs. 2500 crores. Then the total revenue receipts are Rs. 9800 crores and Rs. 5200 crores are the capital receipts. The total came to Rs. 15,000 crores. This is the total revenue and capital. Then you minus the public spending of Rs. 11,000 crores. So, there will be Rs. 4000 crores for your budget. So, naturally, there is such a huge deficit that we have to mobilise all that. After all, we cannot permit the postal services to run in deficit. We want to open more post offices in the rural sector. They are not running in a profit and all that.

SHRI SOMNATH CHATTERJEE: What is the amount of arrears of the income tax?

SHRI SATISH AGARWAL: The arrears of income tax, as has been rightly pointed out by Mr. Jyotirmoy Bosu, is this. The figures are on his tips. There are approximately Rs. 900 crores. But it goes to the credit of this Government that we have realised Rs. 130 crores last year and we have reduced the income tax arrears to a large extent. We are taking all effective steps. They are pending for decades at least. That is the whole position. They have been accumulated; they are not of two years. We have taken effective steps to clear the arrears. I will give the figures later on in this behalf. So, I am sorry to accept the amendment of the lady member which I wish I could have accepted.

SHRIMATI PARVATHI KRISHNAN: He has accepted it. He is sorry, but he has accepted it. (*Intercapted it.*

SHRI SATISH AGARWAL: No, no.

MR. CHAIRMAN: He has not accepted it.

SHRI JYOTIRMOY BOSU: Mr. Minister, the figure of Rs. 840 crores was given by your Minister. Where did you cite this figure from? (*Interruptions*) I have got documents now.

SHRI SATISH AGARWAL: You are disturbing us because you have come just now. There are other members who have contributed to the debate and are maintaining the quorum in this House. You have come just now after taking your lunch, coffee, tea and everything. We are sitting here since morning without tea, coffee and lunch. You have come just now.

SHRIMATI PARVATHI KRISHNAN: I am sorry that people walk in and disturb the discussion. I want to explain the amendment as some persons, Mr. Bosu also, may not be aware of what it is. I should like to know from the hon. Finance Minister how much he is expecting from this increase in price on inland letter form which are used by the common people. He may say that it is the businessmen who use it because they are his only contacts. But I tell you that I have got complaints and the queues that are standing in the post offices in the plantation areas in Valparai are certainly not businessmen; the queues which are standing in the post offices in the rural areas in Bengal and Tamilnadu are not businessmen; they are ordinary people living in the rural areas. What is the income he is expecting to make up the shortfall of Rs. 11 crores that have not been collected from big business houses?

SHRI SATISH AGARWAL: The postal services on this score are incurring a loss of approximately Rs. 9 crores, on this inland card service and the income that is expected from this increase will be approximately Rs. 3.5 crores.

SHRI HARI VISHNU KAMATH: You always make it up in telegraph and telephones. ARC went into this matter.

SHRI SATISH AGARWAL: That suggestion will be examined.

MR. CHAIRMAN: I shall put amendment No. 46 to the vote of the House.

Amendment No. 46 was put and negatived.

MR. CHAIRMAN: The question is:

"That clause 43 stand part of the Bill."

The motion was adopted.

Clause 43 was added to the Bill.

Clauses 44 and 45 were added to the Bill.

MR. CHAIRMAN: We take up clause 46.

Clause 46 (*Amendment of Act 38 of 1974*).

SHRI R. VENKATARAMAN: I have an amendment No. 103. I beg to move:

Page 28,—

omit lines 20 to 22. (103)

17.50 hrs.

[SHRI N. K. SHEJWALKAR *in the Chair*]

This relates to the compulsory deposits. I have suggested that the compulsory deposits must and with the current year. The reason is this—the tax payer is subject to a three pronged attack. First he has got to pay surcharge on income tax, then he has less concessions on savings, and added to that he has to continue to pay the compulsory deposit. All these three added together is such a heavy burden. The previous Finance Minister said that this compulsory deposit will go on till the end of the year 1979-80 and the surcharge was increase by 5 per cent. He raised it from 10 to 15. Now we have got surcharge from 15 to 20 and we have also got additional compulsory deposit. Whether you call it deposits or not, it is an outgoing from the earning of the person. Therefore, it is a heavy burden. I know many of the salary classes are unable to bear the burden. They have no other means of income. Therefore, this is a heavy burden on them.

I have, therefore, moved that the copulsory deposit at least must end with this year so that if they have surcharge, let them not have deposit, and if they have deposit, let them not have sfiurcharge. But they should not have both.

SHRI SATISH AGARWAL: Clause 46 of the Finance Bill seeks to continue this scheme of compulsory deposits for another two years i.e. 1980-81 and 1981-82. That is either to mobilise additional resources for development work and side by side to reduce the inflationary pressures that the Government has been compelled to continue this scheme. This has been a very conscious decision and I have no other option but not to accede to the proposal or request made by hon. member Shri Venkataraman. I am sorry, I cannot accept it under these circumstances.

MR. CHAIRMAN: Now I put amendment No. 103 to Clause 46 to the vote of the House.

Amendment No. 103 was put and negatived.

MR. CHAIRMAN: I now put clause 46 to the vote of the House.

The question is:

"That Clause 46 stand part of the Bill."

The motion was adopted.

Clause 46 was added to the Bill...

First Schedule

MR. CHAIRMAN: There are lot of amendments.

SHRIMATI PARVATHI KRISHNAN: I beg to move:

Page 36,—

Omit lines 1 to 5. (47)

SHRI R. VENKATARAMAN: I beg to move:

Page 41, line 34,—

for "twenty per cent." *substitute* "fifteen per cent." (62)

Page 43, line 29,—

for "twenty per cent." *substitute* "fifteen per cent." (63)

Page 44, line 26,—

for "twenty per cent." *substitute*—

"fifteen per cent." (64).

Page 45, line 24,—

for "twenty per cent." *substitute*—

"fifteen per cent." (65)

SHRI T. A. PAI: I am moving my amendments Nos. 80 to 85.

MR. CHAIRMAN: Shri Vayalar Ravi's amendment No. 96 is the same as 47. So, it is out of question.

SHRI SAUGATA ROY: I am moving amendments Nos. 122 to 126.

SHRI KANWAR LAL GUPTA: I am moving amendments Nos. 174 to 182.

MR. CHAIRMAN: Shri B. K. Nair cannot move his amendment No. 184 because it is the same as 47. Shri Dinen Bhattacharya cannot move his amendments Nos. 190 and 191 because 190 is the same as 122 and 191 is the same as 126.

SHRI SATISH AGARWAL: I am moving the Government amendment No. 206.

SHRI T. A. PAI: I beg to move:—

Page 30, line 18,—

for "fifteen per cent."

substitute "ten per cent." (80)

Page 31, line 24,—

for "fifteen per cent."

substitute "ten per cent." (81)

Page 32, line 5,—

for "fifteen per cent."

substitute "ten per cent." (82)

Page 32, line 29,—

for "fifteen per cent."

substitute "ten per cent." (83)

Page 33, line 32.—

for "fifteen per cent."

substitute "ten per cent." (84)

Page 33, line 33,—

for "fifteen per cent."

substitute "ten per cent." (85)

SHRI SAUGATA ROY: I beg to move:—

Page 30, line 18,—

for "fifteen per cent."

substitute "one per cent." (122).

Page 31, line 24,—

for "fifteen per cent."

substitute "one per cent." (123)

Page 32, line 5,—

for "fifteen per cent."

substitute "one per cent." (124)

Page 33, line 23,—

for "fifteen per cent."

substitute "one per cent." (125)

Page 33, line 33,—

for "fifteen per cent."

substitute "one per cent." (126)

SHRI KANWAR LAL GUPTA: I beg to move*—

Page 29, line 16,—

for "Rs. 8,000" *substitute* "Rs. 10,000" (174)

Page 29, line 18,—

for "Rs. 8,000" *substitute* "Rs. 10,000" (175)

Page 30, line 1,—

for "55 per cent." *substitute* "50 per cent." (176)

Page 30, line 4,—

for "60 per cent." *substitute* "50 per cent." (177)

Page 30, line 26,—

for "Rs. 8,000" *substitute* "Rs. "10,000" (178)

Page 30, line 28,—

for "Rs. 8,000" *substitute* "Rs. "10,000" (179)

Page 30, line 29,—

for "Rs. 8,000" *substitute* "Rs. 10,000" (180)

Page 31, line 7,—

for "55 per cent," *substitute* "50 per cent." (181)

Page 31, line 10,—

for "60 per cent." *substitute* "50 per cent." (182)

SHRI SATISH AGARWAL: I beg to move:—

Pages 36 and 37, *for* lines 29 to 44 and lines 4 to 6, *substitute*—

	Income-tax	
	Rate of income-tax	Rate of surcharge
"(v) on income by way of interest payable on—	10 per cent.	Nil
(A) any security, other than a tax-free security, of the Central or a State Government;		
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;		
(C) any debentures issued by a company where such debentures are listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder." (206)		

SHRIMATI PARVATHI KRISHNAN: My amendment is very simple. It is really asking the Government to abandon what is a most immoral action on their part. Just recently a few hours ago, when the Prime Minister made his statement, we were

*Moved with the recommendation of the President.

[Shrimati Parvathi Qrishnan]

happy to hear that Acharya Vinoba Bhave has consented to withdraw his hunger strike. At the same time, we said: "You cannot speak on behalf of all the States here. You cannot take away the powers that the States already have and allow yourself to be pressurised in this way to bring something on to the Concurrent List from the State List. It is in keeping with that same spirit that I say that by levying this surcharge—on income-tax you are making inroads into the States' finances. Over the last two years, there has been a growing demand that there should be discussions, debates and a general dialogue on Centre-State relations. The underlying basis of this is the fact that today the States find themselves more and more crippled in generating resources for their own internal development. They are at the mercy of the Planning Commission and at the mercy of the Central Government. For a small irrigation project, a small school or hospital or anything else, they have to come running here. What is the point in having a federal structure if the States do not have the elbom room with which they can develop and meet teir own requirements according to the genius of their people? When you say surcharge, you are just trying to bamboozle everybody. The income is going to come from all over the country, but the surcharge is going into your pocket and the States will not get their share of the income tax. This is a totally immoral and anti-democratic proposition.

18.00 hrs.

Now, you say that you have restored democracy. But I say that the ship of democracy is going to be sunk because of the mutiny that is going on in the ship. Now, you want mutiny throughout the country by bringing immoral taxation.

I hope, the Minister will have some commensense and will accept this amendment and abandon the idea of cheating the States of money that is rightly due to them, in this manner.

SHRI R. VENKATARAMAN: Mr. Chairman, I will confine myself only to the burden that is falling on the poor tax-payer. After all, whether you call it compulsory deposit or surcharge on income-tax or whatever name you may give to it, it is coming from the pocket of the tax-payer. In addition, he has to pay advance tax as and when it occurs. Therefore, I say that this is causing very heavy burden on the tax-payer. There must be a limit, after all, for the tax-paying capacity also because every year, either you increase the income-tax or the surcharge and it goes on year after year. Therefore, I would submit that this is totally unwarranted. In any event, to pay 20 per cent surcharge on income-tax is merely to say that the income-tax increased by 20 per cent.

The income-tax is a shareable source of revenue and the shareable source of revenue applies to the States as well as to the Centre. When you raise income-tax it will go to the States. But if you raise surcharge for the purposes of Union, it will not go to the States. This particular surcharge is defined as 'for the purpose of the Union'. Therefore, you have deprived the States of this share.

The hon. Minister referred to previous instances. Mr. Pai was in the Government and I think, he will explain that. But to deprive the States of a legitimate source of revenue is circumventing the Constitution. Therefore, I oppose this additional surcharge levy.

SHRI T. A. PAI: The Government seems to be a helpless victim of its mismanagement. The result of this is that the Finance Minister says that we are having deficits. Neither there seems to be an idea of reducing the deficits nor reducing the expenditure nor reducing the taxation on the people however, reasonable it may be.

Uptil now, we have heard only negative replies and not even a single constructive suggestion has been accepted.

Last year, it imposed surcharge on electricity. While it was absolutely unusual, there were protests from the States that you cannot make revenue out of it when Electricity Board's themselves are running into great losses. They are not even able to provide for their depreciation. Now, whenever we make a suggestion, it is countered by saying that you did it and, therefore, we are doing it. While we have been accused of so many crimes, I hope, they will not commit the same crimes. If we have committed any crime, you better avoid it. I thought you would create a healthy convention by withdrawing so many taxes. But you seem to fail in the same line. That is why the people do not see any difference between yourself and ourself. I have been saying we are the same, except the difference in name.

I would, therefore, say when you quote the example, do it properly. Was it not during the Bangladesh crisis that the Government had imposed a surcharge for the purposes of the Union? It was a temporary measure. Did we not withdraw it also? Now you imposed this 10 per cent last year. This year you are increasing it by another 15 per cent. Perhaps you are going to make it a permanent kind of taxation structure, and we are opposed to it When you imposed this 10 per cent surcharge, we thought you would withdraw it later on. But we find you are not only perpetuating it, but increasing it. That is why we are protesting against it. I would like you to come forward and say "we believe in straightforward methods, we want to raise the income-tax." But then you want to be popular by keeping the income-tax rates low and, at the same time, have a surcharge, calling by some other name, which is not fair. It is not correct. Why do you not come forward to raise the taxation rates, rather than call it a surcharge?

SHRI SAUGATA ROY: The earlier speakers have made the point of view against the surcharge very clearly. Two issues are involved in this whole matter. One is the issue of the direct taxes. This Government had with much fanfare announced the formation of a Committee to go into the direct taxation structure of the country, which was called the Choksi Committee on Direct Taxation. The Choksi Committee has submitted its report, and I had the privileges to go through the report. Nowhere does the Committee on Direct Taxes suggest the imposition of a surcharge. In fact, it had suggested the simplification of the tax structure. The whole effort of the Government should have been to collect more taxes, to mop up more resources with the existing level of taxation, rather than increasing the burden of taxes. Already India is the highest taxed country in the World. I do not object if you increase the tax on the rich; but the taxation structure is so top-heavy that to maintain the tax-structure you need a very big bureaucratic machinery. Therefore, from that point of view, this surcharge or extra tax should have been avoided.

But the more important part is with respect to the question of Centre-State relationship. Income-tax comes in the divisible pool and it is divided between the Union and the States. The Seventh Finance Commission had suggested a certain devaluation which has been more fair to the States than the earlier Commission. Now this particular surcharge seeks to by-pass the Seventh Finance Commission recommendations, because according to the Seventh Finance Commission a little more money was going to the States. This is grossly unfair. So, I oppose this surcharge on principle. That is why, unlike Shri Pai, who has suggested the reduction of the surcharge from 15 per cent to the former level

[Shri Saugata Roy]

of 10 per cent, I have suggested its reduction from 15 per cent to 1 per cent. I would like it to go altogether, but then, in that case, my amendment would not be valid.

I would humbly request the Minister not to find such easy means of collecting revenue. You think surcharge is an easy means, which will come directly to the Union Government. What you have to do is to collect more taxes, you have to reduce unproductive expenditure in the Government. There is no tangible effort on the part of Government to do that. On the other hand, you have imposed this extra tax, which will deprive the States of their legitimate revenue, to quote the picturesque words of Shrimati Parvathi Krishnan, it will bamboozle the States and by-pass the States, which is not fair. So, it would be withdrawn.

श्री कंवर लाल गुप्त : सभापति महोदय, इस सवाल में दो चीजें हैं। एक तो वह जिस का जिक्र श्रीमती पार्वतीकृष्णन् ने किया। दूसरा रेट आफ टैक्स के बारे में है। मेरे जो प्रोपोजल्स हैं 174 से ले कर 181 तक। उनमें मैंने कहा है कि रेट आफ टैक्स कम होना चाहिए जिस से रेवेन्यू बढ़े और मैंने यह कहा है कि मिनिमम जिस को टैक्स लगेगा, वह दस हजार तक की उसके लिए छूट होनी चाहिए। दस हजार के ऊपर टैक्स लगना चाहिए क्यों कि जितनी महंगाई बढ़ रही है उस हिसाब से आज दस हजार रुपये की कीमत कम है।

अब आप देखिए कि 40 लाख असेसीज हैं। चालीस लाख में करीब डेढ़ लाख के दस हजार इन्कम वाले हैं। चालीस लाख में डेढ़ लाख के दस हजार इनकम वाले हैं। उन में कलैक्शन चार्ज उतना ही आता है जितना कि रेवेन्यू आता है। इसलिए उसका कोई फायदा नहीं है। अगर किसी व्यक्ति की इनकम 10 हजार है तो वह अभी भी माफ है, अगर उससे ज्यादा होती है तभी उस पर टैक्स लगना है। मैं कहूंगा कि आप 10 हजार की मिनिमम लिमिट करें और जैसा कि चोकसी कमेटी ने कहा है, मैक्सिमम टैक्स लिमिट 60 परसेंट होनी चाहिए। इससे ज्यादा मैक्सिमम रेट नहीं होना चाहिए। मैं आपका ध्यान दिलाना चाहता हूं कि 1974 में जब रेट 20 परसेंट कम करके मैक्सिमम रेट आफ टैक्स 77 परसेंट लाया गया था तो उस समय प्रपोज्ड रेवेन्यू से 197 करोड़ अधिक रुपया टैक्स कलक्शन हुआ था। हालांकि मैक्सिमम टैक्स रेट 20 परसेंट कम किया गया था। उसी प्रकार से 1976 में उसको 77 परसेंट से घटाकर 66 परसेंट कर दिया गया, यानी 11 परसेंट कम किया गया फिर भी प्रपोज्ड रेवेन्यू से 237 करोड़ रुपया ज्यादा कलेक्ट हुआ। इसका मतलब यह है कि जितना टैक्स रेट आप कम करते जाते हैं, आपकी रेवेन्यू बढ़ती जाती है। यही स्थिति जापान में है, यू० एस० ए० में है और अन्य दूसरे देशों में है। बाकी देश तो आहिस्ता 2 अपना टैक्स रेट कम कर रहे हैं लेकिन आप टैक्स रेट बढ़ा रहे हैं जिससे कि देश में एक पैरेलल एकोनामी डेवलप हो रही है और टैक्स का इवेजन हो रहा है। पैरेलल एकोनामी इस देश की अर्थ-व्यवस्था को खत्म कर देगी। वह लोगों को बेइमान बनायेगी और प्रोडक्शन को भी हिट करेगी कुछ भी हो, आपके पास रेवेन्यू आने वाली नहीं है। इसलिए मेरा कहना है कि आप टैक्स कम कीजिए। आप 60 परसेंट से ज्यादा टैक्स मत लगायें ताकि लोगों को इंसेंटिव मिले। दुनिया में जो सोकाल्ड सोशलिस्ट कन्ट्रीज हैं वे भी अब इन्सेंटिव देने लगे हैं। इससे रेवेन्यू भी ज्यादा आयेगी और आनेस्टी भी बढ़ेगी, सेविंग्ज भी ज्यादा होंगी। सेविंग्ज ज्यादा होने से कैपिटल फार्मेशन बढ़ेगा और फिर उससे प्रोडक्शन भी बढ़ेगा। इसलिए आप 60 परसेंट मैक्सिमम रेट आफ टैक्स करें और मिनिमम 10 हजार तक छूट दें। इस समय जो ब्लैकमनी की पैरेलल एकोनामी चल रही है उसको अगर खत्म करना है तो उसका एकमात्र तरीका यही है कि आप रेट आफ टैक्स को कम करें।

मेरा दूसरा प्वाइन्ट यह है कि अभी जो कहा गया कि सरचार्ज नहीं होना चाहिए, मैं उसके हक में नहीं हूं। मैं समझता हूं जो फाइनेंस कमीशन बैठा था उसकी जो रिपोर्ट थी उसको सरकार ने मान लिया और उससे स्टेट्स को ज्यादा पैसा मिला है इसलिए इस सम्बन्ध में मैं सरकार का समर्थन करता हूं। सरकार ने फाइनेन्स कमीशन बिठाया, उसने सभी स्टेट्स से बातचीत करके अपनी रिपोर्ट दी जिसको सरकार ने मान लिया। इसका मैं समर्थन करता हूं। लेकिन मेरा कहना यह है कि स्टेट्स के द्वारा सेन्टर को केवल गाली देने से कुछ नहीं होगा। स्टेट्स को अपने प्लान्स के लिए तीन हजार करोड़ की नयी रेवेन्यू पैदा करनी थी जबकि 1978-79 में सभी स्टेट्स ने मिल करके केवल 71 करोड़ की एक्स्ट्रा रेवेन्यू क्रिएट की। जैसे करल रिच का सवाल है, अभी उसके लिए मंत्री जी ने कहा कि उनपर टैक्स लगाने का काम स्टेट्स का है लेकिन इस देश में एक भी ऐसी स्टेट नहीं है—केरल और बंगाल की कम्युनिस्ट सरकारों को मिलाकर—जिसने करल रिच पर कोई टैक्स लगाया हो। कोई भी इसके लिए तैयार नहीं होता है। जो अपने आप को

प्रोग्रेसिव कहते हैं वे भी तैयार नहीं हैं । उनका एक ही तरीका है कि तमाम पैसा सेन्टर से जाए । तो इससे काम नहीं चलेगा । जब तक स्टेट्स अपनी रेवेन्यु नहीं बढ़ाती हैं, केवल एतराज करती हैं उससे काम नहीं चलेगा । अभी 10-12 स्टेट्स के 1979-80 के बजट पेश हुए हैं. करीब करीब हर स्टेट का बजट डेफिसिट में है । मतलब यह कि ओवरड्राफ्टिंग होगी । इसलिए इसमें सेन्टर को दोष देना ठीक नहीं है । इस मामले में मैं केन्द्रीय सरकार का समर्थन करता हूं । मैं आशा करता हूं मंत्री जी इस पर विचार करेंगे कि जो मैक्सिमम रेट है वह कैसे कम किया जाए ताकि आपकी रेवेन्यु बढ़े ।

SHRI SATISH AGARWAL: I have already moved my Amendment No. 206 to the First Schedule. In this connection, I would like to say only this much that Part II of the First Schedule to the Finance Bill prescribes the rates for deduction of income-tax at source. Part II, *inter alia*, provides income-tax to be deductable at source from interest on 'rights' debentures issued by widely held companies at a concessional rate of 10 per cent as against 24 per cent in respect of interest on other securities. It is proposed to extend the benefit of deduction of income-tax at source at a concessional rate of 10 per cent to interest on all debentures issued by public companies listed in recognised stock exchanges, local authorities, statutory corporations and also to interest on Government securities payable to non-corporate resident taxpayers.

Some of the very valid points have been raised by Shri Kanwar Lal Gupta....

SHRI DINEN BHATTACHARYA: You did not call me, Sir. I have also moved my amendment.

MR. CHAIRMAN: You were not called because your amendment was already covered by another hon. Member.

SHRI DINEN BHATTACHARYA: I have to express my views on this issue.

MR. CHAIRMAN: All right.

SHRI DINEN BHATTACHARYA: On principle, I am against imposing this surcharge. In the name of surcharge, they are collecting the revenue and they are not sharing the revenue with the States. They call it a surcharge only to see that the States cannot claim any chare from the revenues that they collect by way of surcharge. It is a technical process adopted by the Central Government to deny the States of their share.

My hon. friend, Shri Kanwar Lal Gupta, was saying why the States are not raising their resources. Where are the resources for the States? They are exacting all the resources from the States. How much money they are collecting in the name of increasing taxes on petrol and other things. You see the list of items and you will be astonished to see that there is no scope for the States to collect any extra amount of revenue. What they can do is that the States can collect sales tax. You are also imposing prohibition now and the money that they are collecting from this source has also to be paid by the Centre.

I am totally against the tactics that they have adopted for monopolising all the resources that are there in the country and, at the same time, they are asking the States to increase their revenues for which there is no scope. I am for increasing direct taxes on the affluent sections of people. I am not opposed to it. But they do not do that. They do not increase the income-tax because they have to pay a share of it to the States. That is why they are not treating it as an increase in income-tax. You are making it a surcharge so that the States will not be in a position to claim any money from it. I agree with the other arguments that have been given by our colleagues, but not with what Mr. Kanwar Lal Gupta said.. (*Interruptions*).

SHRI SOMNATH CHATTERJEE: What is the per capita expenditure in Delhi? How many fountains are there in Delhi streets? This is what is happening in one part of the country. At other places, we do not have money even to repair our streets; we do not have money to remove the slums.

SHRI DINEN BHATTACHARYA: You are amassing all the wealth of the country in the name of strengthening the Centre. We have no quarrel if you spend money for Defence, Communications....

MR. CHAIRMAN: Mr. Bhattacharya, you may speak only on your amendment. I think you have made your points....

SHRI DINEN BHATTACHARYA: I did not get any chance to speak in the General Discussion. I would say that the Centre-State relations come here. In that respect, on principle, I oppose this proposal. I have suggested one per cent only for the reason that, otherwise, my amendment would not have been admitted; the President would not have given permission to it. I have suggested a surcharge of only one per cent, not more than that.

SHRI SATISH AGARWAL: I wish to deal, first of all, with the amendment sought to be moved by Mr. Dinen Bhattacharya. With due respect to Mr. Dinen Bhattacharya, I would say that this is neither the time nor the occasion to enter into all those larger issues. These cannot be settled like this. On the larger issues, we could debate later....

SHRI SOMNATH CHATTERJEE: The hon. Minister is tired. Let us give him some respite and resume the discussion tomorrow.

SHRI SATISH AGARWAL: Let us finish this. I seek your cooperation. I am sure that all my good friends will cooperate in disposing of this business in another half an hour.

So far as Mr. Bhattacharya's amendment is concerned, it is with regard to the reduction of the rate of surcharge from 15 per cent to one per cent for the assessment year 1979-80. The assessment year is 1979-80, that is, accounting year 1978-79. Whatever tax or surcharge has already been paid, Mr. Somnath Chatterjee will appreciate, if this amendment is accepted, will have to be refunded.

SHRI SOMNATH CHATTERJEE: Make it a part of income-tax.

SHRI SATISH AGARWAL: I am only saying what will be the consequence if the amendment is accepted. Therefore, this amendment cannot be accepted.

Similar is the fate so far as the other amendments moved by Mr. Venkataraman are concerned. I have great regards for him. But the effect of the amendments proposed by the hon. Member, if accepted, would be that the surcharge paid by the companies during the financial year 1978-79 by say of advance tax amounting to Rs. 70 crores approximately would have to be refunded...

SHRI R. VENKATARAMAN: That was not mine.

SHRI SATISH AGARWAL: Amendments 47, 61 and 96....

SHRI R. VENKATARAMAN: No. You have got confused.

SHRIMATI PARVATHI KRISHNAN: 47 was moved by me.

SHRI SATISH AGARWAL: I am sorry. Hon. lady Member, Shrimati Parvathi Krishnan, has moved it. If it is accepted, it will result in this. The intention of the hon. Member as have been expressed could not be incorporated here. The acceptance of these amendments at this stage in this form would have these disastrous consequences, as I have pointed out. Therefore, I am sorry, I cannot accept them.

18.25 hrs.

[MR. SPEAKER *in the Chair.*]

Now, with regard to one point made by Shri T. A. Pai—he said that this surcharge was levied in 1971 during the Bangladesh war. This is factually not correct. It was in practice, it was in vogue since the early years. It was 10 per cent upto 1970 and probably in 1971 it was raised to 15 per cent. So far as the other questions are concerned, I have dealt with during the general debate on the Finance Bill. Of course, this year—we are not trying to hide anything—we wanted to mobilise more resources. You know we have accepted the recommendations of the Seventh Finance Commission *in toto* and now 85 per cent of the income-tax collections will go to States and also there will be more devolution from excise collections. There may be certain points still which can be settled by persuasion and conversation. We have very cordial relations with all the States and whatever assistance they need, we immediately go to their help but within our financial constrants which are known to the hon. Members.

Shri Kanwar Lal Gupta made some points to-day Earlier also he has been consistently pleading reduction of income tax. He quoted the Choksi Committee report and said whenever the income-tax was reduced, the revenues went up. I have asked the Finance Secretary and other officials to verify the statement made and we will look into it.

Now in this particular provision, whatever is the excess over Rs. 10,000, we used to levy a surcharge of 70 per cent on the excess. We are giving a little bit of relief. The surcharge will not be 70 per cent of the excess. It will be 30 per cent of the excess over Rs. 10,000. This will be our relief.

Looking to the constraint of time and the fact that the hon Members are busy sitting here the whole day and particularly, Mr. Kamath is sitting here, not speaking but fighting for the members, I am very thankful to all of them and request them to withdraw their amendments.

Mr. Venkataraman has given an amendment and I do not want to go into detail of the amendment. But I regret I cannot accept it.

SHRI R. VENKATARAMAN: I am not pressing my amendments.

SHRI KANWAR LAL GUPTA: I am withdrawing my amendments 174 to 182.

Amendments Nos. 174 to 182 were, by leave, withdrawn.

MR. SPEAKER: I will now put all other amendments that have been moved to vote.

Amendments Nos. 47, 62 to 65 80 to 85and 122 to 126 were put and negativated.

MR. SPEAKER: I will now put government amendment to vote. The question is:

Pages 36 and 37, *for lines 29 to 44 and lines 4 to 6, substitute—*

	Income tax Rate of income-tax	Rate of surcharge
"(v) On income by way of interest payable on—	10 per cent.	Nil;
(A) any security, other than a tax-free security, of the Central or a State Government;		
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation es-		

[Mr. Speaker]

tablished by a Central, State or Provincial Act;

(C) any debentures issued by a company where such debentures are listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder". (206).

42 of 1956.

The motion was adopted.

MR. SPEAKER: Now, the question is:

"That first Schedule, as amended, stand part of the Bill."

The motion was adopted.

The First Schedule, as amended, was added to the Bill.

Second Schedule.

MR. SPEAKER: Now, we come to Second Schedule. There is no amendment.

The question is:

"That the Second Schedule stand part of the Bill."

The motion was adopted.

The Second Schedule was added to Bill.

Third Schedule.

MR. SPEAKER: Now we come to Third Schedule.

SHRI KANWAR LAL GUPTA: Can we take this up tomorrow?

SHRI DINEN BHATTACHARYYA: We are tired.

MR. SPEAKER: It has already been decided.

SHRI HARI VISHNU KAMATH: We must have some pity for the Minister.

MR. SPEAKER: You have agreed; the House has agreed and it has decided to complete this by 26th.

SHRI HARI VISHNU KAMATH: The House is master.

MR. SPEAKER: I think Mr. Kamath, you have plenty of energy.

SHRI HARI VISHNU KAMATH: We can sit.

SHRI KANWAR LAL GUPTA: We can finish this tomorrow within one hour. We are very much tired.

SHRI DINEN BHATTACHARYA: The Minister is also tired. (*Interruptions*).

MR. SPEAKER: I may tell you that I have to certify this Bill after the passing of it. I have to go for a marriage tomorrow and I will be absent tomorrow.

SHRI R. VENKATARAMAN: It cannot be finished within half an hour. There are many amendments.

MR. SPEAKER: I think we shall sit till 8 O' Clock and finish this. There is a practical difficulty. In fact I was thinking of asking you to be present tomorrow.....

PROF. P. G. MAVALANKAR: Anyway we can go up to 8 O'Clock. But, let us have a coffee break of ten minutes now!

MR. SPEAKER: You can go for a coffee break one by one. Now let us go to Third Schedule. There are amendments.

SHRI VINODBHAI B. SHETH: I move:

Page 64, line 5,—

for "Eight per cent."

substitute "Six per cent." (20).

SHRI G. M. BANATWALLA: I move:

Page 55,—

omit lines 34 to 37. (28)

Page 56,—

omit lines 1 to 3. (29)

Page 56,—

omit lines 4 to 6. (30)

Page 56,—

omit lines 19 to 21. (31)

Page 56,—

omit lines 34 to 36. (32)

Page 57,—

omit lines 26 to 28. (33)

Page 57,—

omit lines 29 to 31. (34)

Page 57,—

omit lines 37 to 39. (35)

Page 60,—

omit lines 17 to 22. (36)

Page 60,—

omit lines 37 to 39. (37)

SHRIMATI PARVATHI KRISHNAN: I beg to move:

Page 56, line 2,—

for "Five hundred rupees" *substitute*—

"Four hundred rupees" (48)

Page 60, line 38,—

for "One rupee and thirty paise" *substitute*—

"Eighty paise". (49)

SHRI R. VENKATARAMAN: I beg to move:

Page 64,—

after line 14, *insert*,—

"Provided that small scale industries manufacturing goods falling under this Item shall be exempt from levy if the clearance in a financial year exclusive of the value of export goods and excisable goods not falling under Item No. 68 is less than rupees thirty lakhs." (50)

Page 55, line 22,—

for "Twenty-five per cent, *ad valorem*"

substitute—

"Fifteen per cent. *ad valorem*" (66)

Page 60,—

(i) line 28, *omit* "(1)",

(ii) line 19, *omit* 'Twenty per cent *ad valorem*' (68)

Page 55, line 28,—

for "Three rupees per thousand," *substitute* "Two rupees per thousand," (69)

Page 55, line 35,—

for "Two thousand seven hundred and fifty rupees."

substitute "Two thousand five hundred rupees." (70)

Page 60,—

for line 27, *substitute*—

'(xlvii) for Item No. 35, the following Item shall be substituted, namely:—

"35. CYCLES, AND PARTS OF CYCLES OTHER THAN MOTOR CYCLES

5 per cent". (72),

Page 60,—line 38,—

for "One rupee and thirty paise" *substitute*—

"Seventy eight paise" (73)

Page 64, line 5,—

for "Eight per cent." *substitute*—

"Four per cent". (74)

SHRI SATISH AGARWAL: I beg to move:

Page 63, *omit* lines 30 to 39. (55)

Page 64, in line 3, *for* "(vii)", *substitute* "(v)". (56)

SHRI K. T. KOSALRAM: I beg to move:

Page 60, line 38,—

for "One rupee and thirty paise" *substitute*—

"Seventy-five paise." (98)

SHRI MUKUNDA MANDAL: I beg to move:

Page 55,—

omit lines 11 to 13-(108)

SHRI HARI VISHNU KAMATH: I beg to move:

Page 64, line 5,—

for "Eight per cent." *substitute*—
"Five per cent." (115)

Page 64, line 5,—

for "Eight per cent." *substitute*—
"Seven per cent." (116)

Page 64, lines 5 to 7,—

for "ALL OTHER GOODS, NOT ELSEWHERE SPECIFIED, BUT EXCLUDING".

substitute—

"ALL OTHER GOODS, NOT ELSEWHERE SPECIFIED, MANUFACTURED IN A FACTORY BUT EXCLUDING." (117)

Page 64,—

after line 14, *insert*

'*Explanation*—In this Item, the expression "factory" has the meaning assigned to it in section 2(m) of the Factories Act, 1948 (63 of 1948).' (118)

SHRI KANWAR LAL GUPTA: I beg to move*:—

Page 55,—

omit lines 5 to 7. (135)

Page 55,—*omit* lines 8 to 10. (136)

Page 55, line 35,—

for "Sixty per cent."

substitute "Forty per cent." (138)

Page 56, line 17,—

for "One hundred per cent."
substitute "Eighty per cent." (141)

Page 56, line 35,—

for "Twenty per cent. *ad valorem*."

substitute "Ten per cent. if not made by machine; Twelve and a half per cent. if made in cottage industry; Fifteen per cent. if made in small scale industry with an investment of rupees ten lakh and Twenty per cent. if manufactured by medium or big industries." (143)

Page 57,—

omit lines 15 to 17. (144)

Page 57,—

omit lines 18 to 22. (145)

Page 58, line 13,—

for "Twenty per cent."

substitute "Fifteen per cent." (146)

Page 59,—*after* line 34, *insert*—

'(aa) in sub-item (2), for the words "(including transistor sets)", the words "(excluding transistor-sets)" shall be substituted;' (147)

Page 60,—*omit* lines 4 to 6. (148)

Page 60, line 19,—

(i) *for* "Twenty" *substitute* "Fifteen"

(ii) *for* "Twenty-five" *substitute* "Twenty". (149)

Page 60, line 20,—

for "Thirty" *substitute* "Twenty-five" (150)

Page 60, line 21,—

for "Twenty-five" *substitute* "Twenty" (151)

*Moved with the recommendation of the President.

Page 60, line 38,—

for "One rupee and thirty paise"

substitute "Seventy-five paise for hand made matches and One rupee for machine made matches" (152)

Page 61, *omit* lines 33 and 34. (153)

Page 63,—

omit lines 36 to 39. (154)

Page 64,—

after line 14, *insert*—

"Provided that in the case of all other goods, not elsewhere specified,—

(i) if manufactured by hand, the rate of duty shall be—One per cent. *ad valorem;*

(ii) if manufactured in cottage industry, the rate of duty shall be—Two per cent *ad valorem.*

(iii) if manufactured by small scale industries with a capital investment of rupees ten lakhs, the rate of duty shall be—Five per cent. *ad valorem.*" ..

SHRI DINEN BHATTACHARYA: I beg to move:*

Page 63, line 5,—

for "Twenty per cent," *substitute*—

"Five per cent." (208)

Page 63, line 32,—

for "Twenty per cent." *substitute*—

"Five per cent.". (209)

SHRI VINOD BHAI B. SHETH: Sir, in regard to Item 68 the rate of duty has been increased from 1 per cent to 2 per cent and then to five per cent and now it has gone up to eight per cent in all other goods, not elsewhere specified, but excluding...This is a steep rise. Item 68 has become a flexible source of revenue to the government. There is a much hue and cry against this steep rise in the duty. It looks some time that the entire machinery of taxation—direct and indirect—is going on *ad hoc* basis. There is no integrated approach. I do agree that to meet the enhanced demand of the States revenue is a necessity but such a steep rise is not welcome and I would request the Minister to keep the *status quo.*

Sir, the policy of the government is to stand for the small people and the small scale industries but such duties have been affected the cottage industry. I can give the example of brass industry in Jamnagar. It is a cottage industry meeting the 25 per cent demand of brass parts in the country. This hike in duty has affected it and, as such, I request the Government to maintain the *status quo.*

SHRI G. M. BANATWALLA: Mr. Speaker, Sir, I have moved ten amendments seeking withdrawal of the increased duty on motor-spirit, kerosene, cooking gas, dental cream, cotton yarn, power-loom fabric, two wheeler and three wheeler vehicles, matches and so on and so forth.

Sir, as far as the indirect taxes are concerned, it seems that the Finance Minister has virtually gone on a taxing spree. Let us analyse the extent and the nature of this effort for additional mobilisation of resources. By raising the Income-tax surcharge, the additional revenue is estimated at Rs. 46 crores. By raising the wealth tax rates, you estimate an additional revenue of Rs. 6.60 crores.

In other words, from direct taxes, an additional revenue of only Rs. 52.60 crores is expected.

Contrast this with the total additional net collection (which is supposed to come) as a result of the new proposals—subject to later modifications. That comes to Rs. 665 crores. This shows that the brunt of the taxation is upon the various articles. The major source is the indirect taxes. That shows the regressive nature of

*Moved with the recommendation of the President.

the financial proposals that we have. Sir, it clearly shows the extent of burden that is passed on to the common man. From the Direct taxes only Rs. 52.60 crores of additional revenue is expected, subject to later modifications. But the indirect taxes are supposed to yield about Rs. 663 crores. The Government therefore cannot lay any claim to have come to this House with any progressive measure at all.

I strongly submit that the financial proposals are regressive in nature. There is also arbitrary increase in the rate of indirect taxation. Some of the increases are unexplicable at all. When we look at the wide range of our indirect taxation, we have to say that the Government has not only a finger in every pie, but a hand in every pocket, even of the most poor among us. That is the nature of the indirect taxation that we have.

Now, Sir, my amendment Nos. 26 to 36 deal with increased duty on Motor Spirit and the Motor vehicles.

In the case of motor spirit, the rate of duty is proposed to be increased from Rs. 2200 to Rs. 2750 per Kilolitre. Similarly there is additional rate in the case of scooters, motorcycles, and other things. Road transport is today subject to multiple tax by the Centre, by the States and also by the Local Authorities. Centre levies import duties and excise duties on Motor Vehicles, components, tyres and tubes, batteries, motor-spirit, high-speed diesel oil, lubricants etc.

Now I want to place before you certain very startling facts.

The National Council of Applied Economic Research estimates that taxes account for about 62 per cent of the total price of a truck. The tax on diesel alone accounts for 43 per cent of the operating cost. These are things which will have to be seriously considered. It should also be realised that the small transport operators form 99.4 per cent of the total number of operators in the country. I submit that the need of the hour is for rationalisation of taxes on road transport to make it growth-oriented rather than being a hinderance for developing a viable road transport system.

Take the case of petrol. For every litre of petrol we pay, nearly 68 per cent of the cost goes to the Government as excise duty. And this was approximately 64.28 per cent before the new budget levies were announced. I will not take much time of the House, but I hope, you will kindly bear with me because I have not spoken on the Finance Bill at all. I have concentrated on this one aspect of the whole proposal only and, therefore, I seek your cooperation to bear with me for a few minutes.

MR. SPEAKER: I enjoy it; bearing is a burden.

SHRI G. M. BANATWALLA: The duty on cotton yarn is increased from 5.5 paise per count to 6 paise per count and in the case of powerloom fabrics, the duty is raised from 8 per cent to 12 per cent. In the wider general interest, specially, of the common man, we must have the totality of the picture before us. I, therefore, draw the attention of the Government and of the House to the extent of increase in the field of textiles. While the industry was paying Rs. 28 crores by way of excise duties and sales tax in 1951 on a production of 5100 million metres of cloth and 625 million kgs. of yarn, it paid in 1976 Rs. 180 crores on the output and Rs. 152 crores on the inputs of 8160 million metres of cloth and 1000 kgs. of yarn, making a total tax liability of Rs. Rs. 332 crore per annum and showing a rise of as much as 11066 per cent from 1951 to 1976 and there is a further increase in the incidence since then.

Mr. Speaker, Sir, I must say that in the case of such a basic necessity as cloth, certain sympathetic attitude

should be taken. I will conclude by referring to the Jha Committee Report that had said:

> "The indirect taxes should not be introduced merely on revenue consideration as it may then militate against priorities and frustrate objectives"

These indirect taxes are for 'beneficient intervention in the market'. Taxation on cloth must be such as to result in a progressive improvement in clothing standard of the masses. Instead, there is deterioration.

In view of this, I have moved these amendments to the Finance Bill. The Finance Minister has come very cruelly on the urban people; they have been singled out. But is there no poverty in the urban areas. As a matter of fact, the distinction that has been made out is only superfluous, and a state of confrontation as far as the rural and urban areas are concerned has been created. I must, therefore, appeal, though at this late stage, to the Government. Let wisdom dawn on them, otherwise I am sure, the wrath of the people will descend upon the Government sooner or later.

SHRI R. VENKATARAMAN (Madras South): Mr. Speaker, Sir, I have a large number of amendments, but I shall deal with some of them and Shrimati Parvathi Krishnan will be dealing with some others. I shall leave entirely in the competent hands of Shrimati Parvathi Krishnan to deal with domestic products like kerosene oil, matches etc.

So far as the increase in excise duty on certain items is concerned, I want to make this comment. The Government have increased the duty on instant coffee, but there is no increase on instant tea. They have not thought it necessary to tax instant tea, but they have chosen or selected to impose tax on instant coffee. It has a more sinister meaning, as a penalty, on a class of people who are coffee drinkers, and who happen to come from one part of India. (*Interruption*) This is really discriminatory. Why should they impose a tax on coffee, while they have not imposed any tax on tea? Has it any particular, sinister reference to the particular area from where we all come; or has he any other grievance against coffee-drinkers? I can assure you that coffee-drinkers are intellectuals, and certainly they should not be penalized. I strongly protest against this. (*Interruption*) Apart from jokes, it is wrong to make this kind of distinction, because it is liable to be misunderstood—and misinterpreted by interested parties. This is a very small matter. I would appeal to the Minister to give up this particular item.

The second matter relates to bidi. This is an item which has been subjected to heavy taxes. We feel that bidi cannot stand any further tax. We have suggested that the tax be reduced to Rs. 2|- instead of Rs. 3— which is the rate imposed—and that the additional duty be reduced from Re. 1|- to 50 paise, so that the maximum effective rate does not go beyond Rs. 250|-.

The third point is about petrol. I do not want to add to what Mr. Banatwalla has ably put forward. I would only say that the Jha Committee went into the impact of indirect taxes on the consumption pattern in the country has found that the transport cost bears 0.61 per cent of the 3 per cent of the tax borne by the lowest class of the people, viz. those who have a consumption expenditure of Re. Nil to Rs. 15|- per month. I would like him to check these figures. The Jha Committee has gone into this, and they have said that transport cost is very high and it affects the commodities and affects the lowest class of people. To increase the burden further by taxation, by levy of excise duties on petrol and diesel oil and thereby increasing the cost of

(Shri R. Venkataraman)

transport of goods, is likely to increase the burden on the lowest section of the people. We have suggested that it may be made Rs. 2500 instead of Rs. 2700.

About kerosene and matches, Mrs. Parvathi Krishnan will speak. Then, the duty on 2-wheelers and 3-wheelers are being increased. These are used for the purpose of transport. And with the high cost of petrol, taxis are plying in the air. They have become as costly as air travel and it is not possible for people to go in taxis; and if you also increase the cost of scooter travel, the middle class and the lower class people will put to a great difficulty.

Then about amendment No. 72. I have suggested that cycles may be brought into the excisable item No. 35. The Finance Minister has stated, in reply, that the cycles will bear 5 per cent under an administrative order. My suggestion is that cycle and cycle parts may come under item 35—as it is now. The word 'cycle' is not there. But 'cycle parts' are there. Instead of that, they can make it 'cycle and cycle parts' and make it 5 per cent and bring them under the excisable list. Then as regards item 68, I am totally against this increase from 5 to 8 per cent across the Board without considering all the consequencies of the impact and the incidence of taxation on the several classes both on production, distribution and consumption. The hon. Minister was saying that we have no alternative: We have to find resources and therefore we are obliged to raise this tax. The Minister has no compunction in raising the tax from 5 to 8 per cent without examination of the consequences. But he does not find it equally good to reduce the non-plan expenditure by a sweep of hand or across the Board by 10 per cent. For that you want a commission. For increasing the tax, you do not want a commission. Not only that, you go contrary to the recommendations of the Jha Committee. This is very surprising. If the Minister could have said, all right, if the deficit is very large, I order that there will be 10 per cent cut across the board on all non-plan expenditures, it would have given something like Rs. 900 crores. There would not have been any necessity for heavy burden of tax as well as deficit. I will speak on this in the third reading. I want to say that this is totally a wrong approach in this matter.

I want to emphasise that Janata Government's attitude towards the small scale industries has been one of paying lip sympathy. Under item 68, they have now come forward to reduce the exemption limit for the small scale industry from Rs. 30 lakhs to Rs. 15 lakhs; and for the balance, from Rs. 15 lakhs to Rs. 30 lakhs, they said that they will impose 4 per cent duty. The existing rule is that upto Rs. 30 lakhs clearance, the small scale industry is exempt. Now here the Minister has stated that Rs. 30 lakhs include the export goods and the exciseable items; and therefore it is Rs. 30 lakhs. The small scale industry is not an exporter, very small, very few, not all the small scale industries are exporters, not all the small scale industries are using exciseable items to that extent. The result is that those who are exporting and those who are using exciseable items will benefit and the really small industrialists will suffer. Now, if the scheme, as suggested by the Government is so advantageous, then why is it that today all the small scale industrial associations have represented to him saying that they would rather go back to the existing position than have this new concession. Even today the association of the young entrepreneurs have submitted a memorandum to you and to every Member of Parliament. They do not want any help from you. They say, "Save us from our friend." If the Government cannot help by excluding exciseable goods and the export goods from Rs. 30 lakhs exemption, let them at least keep it as it is;

let them not give any concession. In the name of concession, they are increasing the burden on the small of the small scale sector. The persons who are able to export will benefit under the new scheme; the persons who are using a large amount of excisable goods will benefit by this item. but the really small man will suffer: and he has put forth his memorandum in which he has pointed out how he will suffer. This is not the first time. A few minutes back, I pointed out how they had denied to the small scale industries the benefit of the tax holiday; and this is another item where they have deprived the small scale industry of a benefit. They are paying a lip sympathy for the small scale industries.

I would plead with them that we do not want your concession. Let this Janata Government leave us alone and leave the small scale industry alone. I am one of those who developed the small scale industries to a large extent and I know their problems. They would prefer to go back to the existing situation than have your concession. I have done.

SHRIMATI PARVATHI KRISHNAN: The first amendment I have is to decrease the duty on kerosene. I am not labouring that point too much because the Minister was present when I pointed out that this was an essential commodity as far as the people in the rural areas are concerned, apart from people in the urban areas. There is no point in going on and on and saying that this is a rural oriented budget and then tax an essential commodity like kerosene. The more electricity, the fewer the babies; this is what they said in China and many other countries. Your family planning programme has run into difficulties. You are taxing kerosene; so that programme will go into further difficulties. Let there be light instead of darkness in the janata rule. Please remove this impose on kerosene and my amendment is to that effect; it restores the old position.

The Minister is going on about the need for money and he may start all over again. I say: do not weep so much, we are all with you we have pointed out yesterday in the general discussion where you can go for money but you are unwilling to turn your head to that side and you turn always against the small scale sector. Mr. Venkataraman was referring to the small-scale industry. When I talked to the hon. Minister he said that it was a right problem and he said: I will sit and discuss with small scale industry people, that is about job works. I pointed out that under item 68, when labour charges are collected, when raw materials etc. are given by the bigger concern and labour charges only are collected from those concerns by the small scale sector, sometimes the excise duty under item 68 was even more than the labour charges. What is your reply in those days? I said that the components that are from ancillaries, bigger units were there to pay the excise and your reply, as recent as 27th January 1979—

DR. SUBRAMANIAM SWAMY: Two months ago.

SHRIMATI PARVATHI KRISHNAN: Mr. Swamy, you are too young to understand this problem.... (*Interruptions*) On 27th January, this is the reply of the Minister: 'The principle of liability of central excise levied on intermediate products placed over a wide area of manufacturing operations...." You were there justifying excise duty at every stage. Then you say: "However, the present exemption upto Rs. 30 lakhs in a year available to small scale sector units manufacturing goods falling under tariff item 68 should ordinarily take care of the interest of the really small manufacturers." That was on 27th January. May I ask: what facts have come to you by the 28th of February 1979, which is a mere 32 days which made you find that Rs 30 lakhs limit was too much? What reply are you going to write in another month's time?

[Smrimati Parvathi Krishnan]

Here you talk very confidently: this is the way we are going to see that the corporate sector is brought to the heel, etc. and the small scale sector? The Labour Minister is sitting behind. I would also like him to understand that the small scale sector is going to break up into smaller units and even the minimum protection that the labour now gets under the guidance and goodwill of the labour minister when he is able to make the state labour ministers listen to him, even that will go. That is happening in hosiery. we know that in Coimbatore, where you had 50 men, you are now having 20 or 10 or 5 persons in each unit, due to breaking up of larger units. from that, there are people sitting in Bombay or sitting in Calcutta who give their trade names; they are not touched: the trade name is not taxed. Why don't you try to find out resources from them? Have you thought of them? These are very small units. The trade names are, Victor and so on. I can give them all to you. They are not taxed, because they are not producers. They are not industry.....

SHRI VISHNU KAMATH: You are advertising.

SHRIMATI PARVATHI KRISHNAN: No, no I am not advertising. That is why I said, I will let you have the names. I never said I will announce the names.

SHRI SOMNATH CHATTERJEE: Post card or inland letters?

SHRIMATI PARVATHI KRISHNAN: Inland letters have gone to 25 paise.

Now I shall confine myself to the....

MR. SPEAKER: If you are writing post card...

SHRIMATI PARVATHI KRISHNAN: This Government must stop all this pick-poketing. This is a pick-pocketing Budget. They are picking the pockets of small scale industry. They are picking the pocket of State resources by sur-charge on income tax. They are picking pockets of the house wives. Your wife has told you that Sir. You told me that she told you that.

MR. SPEAKER: I always keep my conversation with my wife confidential.

SHRIMATI PARVATHI KRISHNAN: You may keep that confidential. You are not having a conflict with her.

She was complaining to you because you were a sympathetic listener. Unfortunately, the Government is not so sympathetic. This is the whole tragedy of the situation.

(*Interruptions*)

SHRI SOMNATH CHATTERJEE: Mrs. Dandavate has to come on the streets.

SHRIMATI PARVATHI KRISHNAN: Mrs Dandavate was waiting a rolling pin. Your wife is not. I do not know whether she is doing it at all Mrs Dandavate was waving in the streets and not at home. That is why he is hale and hearty, here.

MR. SPEAKER: That is one of the reasons why he is here and not at home.

SHRI SOMNATH CHATTERJEE: What about Mrs. George Fernandes?

SHRIMATI PARVATHI KRISHNAN: She has been brain washed.

Now to come back to taxes—the major foundry centres in Coimbatore 250 of them are feeding 200 electric motor and pump manufacturing units and 90 textile units. Now they have given him Rs. 44 crores this year as excise duty, when the turnover is over Rs. 30 lakhs and he is not satisfied with that. In so far as your textile units are concerned, you are giving them a way out by saying --all right, income tax rebate to you, if you say that you are

doing rural development. It is a very peculiar philosophy. Therefore, we said, have a rational tax structure and do not say to me, Mr. Minister, that the small scale industry can well bear the burden. As I said earlier not a single document is there to indicate how much small scale has given to you, what is the industrial production, what is employment generation. I can tell you, in Tamilnadu alone which State has largest small scale industry because we had encouragement very early on that. We have got nearly 4,000 units employing over 80,000 workers and you want 80,000 workers to suffer as the Wimco workers are going to suffer now. We are not asking you to give any relief to the big units. We are not asking you that. But we are saying at least when you are talking about small scale industry, kindly understand it. I do not think you do. You should understand it and that is why this business of going from 15 to 30 and back to Rs. 15 lakhs has got to be stopped. That is why I support the amendment moved by Shri Venkataraman that Rs. 15 lakhs limit should be raised again to Rs. 30 lakhs and the proviso is put in the income tax so that your minions in the Finance Ministry do not come out with the notification as and when they like it just per their whims and fancies according to whoever is pressurising them at that point of time.

SHRI K. T. KOSALRAM (Tiruchendur): I beg to move my amendment.

MR. SPEAKER: You have already moved it.

SHRI K. T. KOSALRAM: "*For* Rs. 1.30 *substitute* 75 paise" My hon friend, our Minister, this morning has in reply to the general discussion categorically stated, that if it is in the interest of the workers, the Government will reduce even the excise levy. Government will not hesitate to revise it if it involves the interest of the workers.

There are three aspects in this match industry. whatever the Minister said is hundred per cent correct, The interest of the workers is the first aspect. The second aspact is, you were all along telling "We are the saviours of small-scale industries." But out of all the hon. members who spoke, nobody has appreciated your policy. From the match industry, the hand made sector have themselves made an appeal to all the hon. members that the excise duty on the mechanised sector should be increased by Rs. 1.50 per gross. But you have increased it by Rs. 2.70. The fact is the WIMCO people are mechanised and they have increased the price. They are selling matches at 20 paise per box. You have not levied anything against the small scale sector but still they are also selling their matches at 20 paise per box so the exchequer is losing money. You are encouraging growth of black money. Yesterday I showed to you the appeal they have made. They themselves wanted the difference to be Rs. 1.50 but you have made it to Rs. 2.70. That is another aspect. Our lady member yesterday said something. But the workers' union have represented to you and sent you a memorandum from Madras, Calcutta, Bombay and all over India. 40,000 people are dependent upon the match industry in the mechanised sector. Farm forestry is in full swing. All put together 60,000 people are going to lose their livelihood. I am very happy you have announced this morning that the workers' interests will be safeguarded. I appeal to you to additional excise of only Rs. 1.50 per gross. If you levy in that way, the ordinary consumer would not lose. The mechanised sector will sell it at 15 paise per box. The handmade sector also will sell it at 15 paise. I appeal to the Minister to accept these amendments. Our Deputy Prime Minister yesterday announced that people from unex-

[Shri K. T. Kosalram]

pected quarters have represented about workers in the mechanised sector. I do not know what he means by unexpected quarters, but the Deputy Prime Minister himself has more or less admitted it. I hope my friend, Shri Agarwal, also will accept our amendments.

SHRI MUKUNDA MANDAL: Sir, I have moved my amendments because of the fact that the Finance Bill introduced by the Finance Minister is anti-people and the imposition of excise duties will be a burden on the rural people mostly. It is said by the Janata Government that the budget is a rural-oriented budget. But the actual thing is that he has imposed much more excise duty on kerosene which is used by the rural people. The agricultural labour, the marginal farmers, all these people use kerosene. But on kerosene, excise duty has been imposed. Again on biscuits, more excise duty has been imposed. Is it the contention of the Government that only affluent class consumes biscuits? Mostly patients and children consume biscuits. So, the lower middle class will be affected by the imposition of this excise duty. This is the international year of the child and that is why, for the benefit of the child, much more taxes have been imposed on biscuits.

Government has no hesitation in imposing excise duty on tooth paste because the Government thinks that it is consumed by the affluent sections. What is the need of saying so? The lower middle class people also use tooth paste. They are mostly affected by this increase of excise on tooth paste.

Again, on soap, excise duty has been increased. None can say that the poor people do not use soap. Perhaps, our hon. Minister will say that poor people do not use soap and that is why, excise duty has been increased on it.

Excise duty has been increased on matches, which is mostly used by the rural people. What is the purpose of increasing excise duty on matches, I cannot understand. This will mean that the workers in the small scale sector particularly in the match factories will go out of employment. Particularly, the problem of the WIMCO workers will come in.

I want to move my amendments and I will request the hon. Minister to accept my amendments.

SHRI HARI VISHNU KAMATH: Mr. Speaker, this is the only set of amendments I have tabled to the Bill. I have not moved any other amendment.

Before I proceed to speak on the amendments, I would make an earnest request to you and I hope, you will earnestly consider that request, I am reminded of a similar episode in the provisional Parliament in 1951 when we had a nocturnal sitting and Shri Rajagopalachari, the then Home Minister was piloting the first Constitutional Amendment Bill—Mr. Venkataraman will bear me out—he intended to lengthen the sitting but I got up and told him that we would be prepared to cooperate with you and have an all night sitting, if necessary, provided he gives us dinner. Immediately he jumped in his seat, and agreed to give us dinner, and so we had a sitting after the dinner also, a post-prandial sitting. We had a sitting till about 8O'clock. Then we had a dinner here on the lawns.

MR. SPEAKER: I take it, it is one of the amendments.

SHRI HARI VISHNU KAMATH: I would like to know your reaction to it. Not you, the Government should stand the dinner.

MR. SPEAKER: That is why, I readily agreed.

SHRI HARI VISHNU KAMATH: What Rajaji could do, could not the Janata Government do now?

MR. SPEAKER: I do not know that.

SHRI HARI VISHNU KAMATH: I do not cast a burden on you. When Shri Mavalankar was then in the Chair, I did not cast a burden on him. So, I do not cast any burden on you. But it is courtesy to say "yes", as Rajaji did then.

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI SHEO NARAIN): What do you want?

SHRI HARI VISHNU KAMATH: I can give you an idea, but not the brains to understand that.

MR. SPEAKER: From the dinner let us go to the amendments. I think they will consider that.

SHRI HARI VISHNU KAMATH: I have not moved any other amendments. This is almost the last Schedule. or the penultimate Schedule. But I am sorry to say that this is about the worst levy, item 68, and I must say, atrociously unjust levy, and it is completely antithetical to the philosophy of the budget. The hon. Deputy Prime Minister, yesterday or day before yesterday when he announced the new concessions, spoke about the rationale of the budget. I think there is no rationale at all about this item 68: it is totally, unmitigatedly irrational. And why? Within the last three years there has been a 700 per cent hike in this particular excise duty, and that too, unfortunately, I am sorry to say, by the Janata Government. In 1977 it was raised from 1 per cent to 2 per cent. I have got the Schedule of the Central Excise and Customs Act, 1944. Before the Janata Government came to power, it was 1 per cent. Then it was raised to 2 per cent by Act XXIX of 1977. Then, last year, suddenly, there was a steep hike from 2 per cent to 5 per cent by Act XIX of 1978. Now it is being raised from 5 per cent to 8 per cent. You just want to rob the people; it is robbing—I cannot find any other word for it—just to gather money, just to raise resources, by hook or crook, more by crook than by hook. I do not understand it at all. It is most atrocious.

They are trying to explain it away in the *Memorandum Explaining the Provisions in the Finance Bill*, 1979, where on page 57 there is a short explanation, which reads as follows—the tariff description has been amended to delete the definition of 'factory'—

"*Existing description.*

All other goods not elsewhere specified, manufactured in a factory but excluding etc."

Then there is an Explanation:

"*Explanation:* In this Item the expression 'factory' has the meaning assigned to it in Section 2(m) of the Factories Act, 1948."

Now the proposed provision is:

"*Proposed description.*

All other goods, not elsewhere specified, but excluding, etc."

There is a footnote to that. What is that footnote? It reads as follows:

"The tariff description has been amended to delete the definition of factory. However, by virtue of an exemption notification, goods manufactured in places other than 'factories' are being completely exempted."

But there is a snag. What is the snag? Please see the Factories Act. I have got the Factories Act, 1948 where the meaning of "factory" is given in section 2(m) as follows:

"'factory' means any premises, including the precincts thereof, whereon ten or more than ten workers are working, or were working

[Shri Hari Vinshnu Kamath]

on any day of the preceding twelve months and in any part of which the manufacturing process is being carried on with the aid of power or ordinarily is so carried on."

"or (ii) whereon 20 or more workers are working or were working on any day in the preceding twelve months or any part thereof, and the manufacturing process is being carried on without the aid of power or is ordinarily so carried on."

According to the new provision, if goods are manufactured in a factory of this kind, without power, with 10 or 20 workers, then they will have to pay 8 per cent excise duty, they are not exempted. It is only goods manufactured in places other than factories which will be exempted. If you manufacture goods in a small scale industry, in a cottage industry, even in your own home, in your own cottage, that also is not exempted, because the definition of a factory has been this. Therefore, bearing in mind this, the hike, the steep increase in excise duty is totally unjustifiable. Why? Because how many goods are being manufactured in these small cottage industries and also small scale industries which would be exempted, because they are factories? Take for instance pencils, bangles, ice, lanterns, candles, tonga parts, agricultural tools etc. These are all manufactured in small scale industries, and these will not be exempted under this new provision. If this is not anti-Janata philosophy, anti-Janata Budget, anti-Janata manifesto, what can be? I am sorry to say all this, and I am deeply moved, angered by this provision.

PROF. P. G. MAVALANKAR: I share your anger.

SHRI HARI VISHNU KAMATH: I am glad I am in good company

Therefore, I would earnestly plead with the Minister to reconsider it. I would have been happy if it had been reduced from 5 to 3 or 2 per cent, but you are raising it from 5 to 8 per cent. How much money do you expect to gather from the three per cent extra duty?

SHRI SATISH AGARWAL: Rs. 100 crores.

SHRI HARI VISHNU KAMATH: You have been very delinquent in collecting taxes. Do your duty first. Don't touch the poor people. It is most disgraceful, I, am sorry to say, for the Janata Party to behave like this.

Therefore, I would earnestly request that this should be reduced, that it should at least remain at the earlier level. I would have been happy if it had been reduced.

My hon. friend Shri Vinodbhai Sheth has moved an amendment to increase it from 5 to 6 per cent. I do not wish to do it. I have given notice of an amendment to increase it to 7 per cent, but I do not wish to move it. I stick to 5 per cent. Remain at 5 per cent, and try to garner more money by other ways and means, and do not completely destroy the Janata philosophy, the Janata manifesto, the Janata Party which went to the people in 1977. The peaceful revolution that it wrought should not be betrayed. We have increased it from 2 to 5 per cent and now to 8 per cent. Mr. Speaker, I feel you agree with me, I am convinced that you agree with me, and most of the Members, right, left and centre, agree with me. Some may not.

So, I move that 8 per cent should be reduced to 5 per cent, and also the original provision of factory should be retained in the Schedule, so that the cottage industries, the small scale industries, will be exempted from paying 8 per cent tax, and they will have to pay only 5 per cent excise duty, not 8 per cent as is sought to be done now. Otherwise, the small and cottage industries will have to pay 8 per cent because they will not be exempted from the levy.

I move three Amendments No. 115, 117 and 118 and commend them to the wholehearted acceptance of the Minister, of the Government, of the Treasury Benches and of the entire House.

श्री कंवर लाल गुप्त : यह जो थर्ड शेड्यूल है यह सब से ज्यादा मिस्चीवस है जिस के कारण लोगों पर सब से ज्यादा बोझ पड़ रहा है, वे लोग चाहे गांवों के हों चाहे शहरों के हों। इतना नेट बिछा दिया है कि शायद ही कोई आदमी इस से बचा हो। अभी तक 30 साल के बजट में ऐसा नेट नहीं बिछा था जैसा कि इस में बिछा है। आप ने कुछ मार्जिनल रिलीफ दी है सोप में और दूसरी चीजों में। लेकिन उस का कोई इम्पैक्ट नहीं है। प्राइसेज गैलप कर रही हैं। आप कहते हैं साढ़े चार परसेंट प्राइसेज बढ़ी हैं लेकिन अगर कन्ज्यूमर रिटेल प्राइसेज देखें, उस को स्टडी करें, तो मैं कह सकता हूं दिल्ली में हम ने सर्वे किया है, पांच परसेंट से 25 परसेंट तक चीजों के दाम बढ़े हैं।

You are also responsible. The prices have increased on account of Budget the prices of consumer goods have increased on account of some Government Departments. All combined together have produced this effect of rising prices.

पोजीशन यह हो गई कि पांच परसेंट से 25-30 परसेंट तक दाम बढ़ गए। अब यह हालत है कि जिस परिवार की आमदनी 800 रुपये है उस पर सौ रुपये का बोझ बढ़ गया, जिस की पन्द्रह सौ है उस पर डेढ़ सौ रुपये का बोझ बढ़ गया। इस तरीके से हर एक आदमी पर मिडिल क्लास पर जो बोझ पड़ा है उस को बर्दाश्त करना उस के लिए संभव नहीं है। मैं समझता हूं पहले तीस वर्ष में कभी ऐसा बजट नहीं आया जैसा कि इस बार आया है। मैं मंत्री जी से कहूंगा कि अभी तो आप कोई कंसेशन देंगे नहीं, क्यों कि जो इन्स्ट्रक्शंस हैं उन का पालन आप को करना है। उस के लिए मैं शिकायत नहीं कर रहा हूं। लेकिन मैं यह जरूर चाहूंगा कि कम से कम आइन्दा आप इस की जांच करें कि प्रोडक्शन पर इस का कितना असर पड़ रहा है, कन्ज्यूमर्स पर कितना असर पड़ रहा है और लोग हमारे बारे में क्या सोच रहे हैं। आप महीना पन्द्रह दिन इस की साइंटिफिक स्टडी जरूर करिए और यह एश्योरेंस दीजिए कि इस साल की वजह से जो सभी चीजों के दाम बढ़ गए हैं उन को आप आहिस्ता आहिस्ता कम करेंगे। अगर आप ने इस में देर लगा दी और बाद में कम भी किया तो उस का कोई फायदा नहीं होगा। आप देखें कि वनस्पति घी के दाम आप ने नहीं बढ़ाए लेकिन फिर भी एक टिन पर 20 रुपये दाम बढ़ गए। यह बजट की वजह से नहीं है लेकिन इंटरनेशनल मार्केट एस टी सी की प्राफिटियरिंग इन सब चीजों की वजह से हो गया।

जो ट्रक्स बन रहे हैं, एक ट्रक पर पन्द्रह हजार का ब्लैक है। उस के टायर भी नहीं मिल रहे हैं। उन पर भी ब्लैक है। चारों ओर से हाहाकर मचा हुआ है। टूथ पैस्ट, टूथ ब्रश, वाशिंग सोप, नहाने का साबुन, टायलेट सोप, हर एक चीज के दाम बढ़ गए। जो आ कमेटी की रिपोर्ट है उस पर भी आप ने ध्यान नहीं दिया। मैंने कल ही इस बारे में एक सवाल पूछा था। उसमें मैं ने पूछा था कि स्माल स्केल सेक्टर और आर्गेनाइज्ड सेक्टर में टायलेट सोप, वाशिंग सोप, टूथ ब्रश, टूथ पेस्ट आदि जो हैं वे कितने बनते हैं। इन के बारे में मेरा जो संशोधन है वह यह है कि आप जो ये चीजें काटेज इन्डस्ट्रीज में बनाते हैं, उन को रिलीफ दीजिए और उस को 2 परसेन्ट कर दीजिए, जो स्माल स्केल इंडस्ट्रीज हैं, उस से थोड़ा बढ़ाइए और जो मीडियम और बड़ी इंडस्ट्रीज हैं, उन के लिए जितना अब है, उतना ही रखिये। यह जनता पार्टी की पालीसी है कि हम चाहते हैं कि लेबर आरियेन्टेड इंडस्ट्रीज हों। मैं ने अपने प्रश्न में पूछा था कि टूथ पेस्ट स्माल स्केल सेक्टर में कितना बनाते हैं, तो मुझे यह जवाब मिला था कि 1978-79 में स्माल स्केल सेक्टर में 687 टन टूथपेस्ट बनाया गया और आर्गेनाइज्ड सेक्टर में 1978-79 में 10,932 टन टूथ पेस्ट बनता है। इसी तरह से टेलकम पाउडर्स की बात है। स्माल स्केल सेक्टर में 1972 में 78.68 लाख टन बना और आर्गेनाइज्ड सेक्टर में 2,637 टन बनता है। तो मेरा कहना यह है कि जो स्माल स्केल सेक्टर में बनता है, उन को एन्क्रेज करने के लिए आप उन को सुविधा दीजिए।

आइटम नं० 68 के बारे में कह कर मैं अपनी बात खत्म करूंगा। 30 लाख रुपये जो पहले था, उस को कम कर के 15 लाख रुपये आप ने कर दिया है और इस का असर केवल 300 इन्डस्ट्रीज पर पड़ा। कोई बहुत ज्यादा फर्क इस से नहीं पड़ता है अगर इस को आप 30 लाख रुपये भी कर देते हैं। यहां पर सी०पी० आई०, सी०पी०एम० और कांग्रेस के लोगों ने भी कहा है और चारों तरफ से यह मांग है कि स्माल स्केल सेक्टर के लिए आप आइटम नं० 68 को ठीक करिये। खास तौर से मेरा उस में एमेंडमेंट यह है।

[श्री कंवर लाल गुप्त]

My amendment is this:

"Page 64, after line 14, insert—

'Provided that in the case of all other goods, not elsewhere specified,—

(i) if manufactured by hand, the rate of duty shall be .	One per cent *ad valorem*
(ii) if manufactured in cottage industry, the rate of duty shall be	Two per cent *ad valorem*
(iii) if manufactured by small scale industries with a capital investment of rupees ten lakhs, the rate of duty shall be	Five per cent *ad valorem*.'"

In the end, may I request the hon. Minister to assure this House that, even in future, he will look into the matter and examine it and if he finds that there is a case for reduction, he will reduce it.

SHRI DINEN BHATTACHARYA: The intention of the hon. Minister is that we should not oppose any item, any extra burden that has been imposed on the people by the Finance Bill. Many things have been stated here by the hon. Members. I join my words with theirs. Mr. Kanwar Lal Gupta belongs very much to the ruling party. Of course, I know that he will withdraw his amendments. Still I fully agree with him in what he has said. It is strange that the Janata Government after coming to power, have increased the excise duty from 2 per cent to eight per cent. They are violating their own assurances to the people. I emphatically protest against the imposition of these new excise duties on soap, tooth brush, tooth paste, biscuit —this is international Children's Year, you must not forget—but biscuit the poor man will not be able to buy for his children now. You have imposed not only on these items but so many new items you have added. For spare parts that are necessary to run a truck or a car you are imposing further excise duty on them. Not only that, even locks and keys are not spared. You cannot even lock your house You have to pay for that. For locks and kens 20 per cent *ad valorem* has been introduced here.

So the Janata Government is making it a farce. But you will have to face the music. You go to your people now and face them. The prices are increasing like anything. It is like an epidemic. If the cost of one item is increased, the cost of other items which are not even taxed, also goes up. This is taking place everywhere and I do not see any anxiety among the Ministers who are sitting here and chit-chatting their own private matters. They are not at all anxious that such a serious blunder they are now committing.

AN HON. MEMBER: Smt. Parvathi Krishnan is also there.

SHRI DINEN BHATTACHARYA: Smt. Parvathi as also Shri Ravindra Varma.

SHRIMATI PARVATHI KRISHNAN: As also Shri Dinen Bhattacharya.

SHRI DINEN BHATTACHARYA: I know after protesting and putting your amendment, You are joining Shri Ravindra Varma.

SHRIMATI PARVATHI KRISHNAN: I went to him to persuade him to do something for the WIMCO workers.

SHRI DINEN BHATTACHARYA: I am grateful to her that she has reminded me as to what will happen to the workers.

SHRIMATI PARVATHI KRISHNAN: He needs to be reminded about workers.

MR. SPEAKER: You have your trade union rivalry here also?

SHRI DINEN BHATTACHARYYA: No question of forgtting.

THE MINISTER OF STEEL AND MINES (SHRI BIJU PATNAIK): He must have been very hungry, so he is forgetting.

SHRI DINEN BHATTACHARYYA: The Steel Minister is sitting here and he is accusing the Bureau of Public Enterprises and that on account of them, he is not in a position to come to any wage settlement. He must not forget that the workers of the steel plants are getting ready to face him if he does not come forward with a settlement in respect of wage. So also coal and other things. So I will request the Steel Minister who is otherwise very friendly to me—let him do his duty. Let him not poke his nose into other matters. If he wants to do so I have got the weapon how to face him. So, I will strongly plead with you to see that the Minister will kindly look into these matters that are brought here. Don't have closed mind; have open mind. Take some steps so that at least the people may think that whatever the Members say here, the Government considers about them.

SHRI SATISH AGARWAL: Mr. Speaker, Sir, I am very thankful to the hon. Members for reminding me now and then about certain proposals which, according to them, are very rigorous in nature.

I have benefited a lot after hearing their brilliant speeches. I can only assure the House that here so far as the general criticism of the general levy is concerned, it has been replied to on several occasions. While replying to the general debate by the Deputy Prime Minister on the Finance Bill, it is well known that near about Rs. 46 crores of concessions have already been announced. Even then there has been some criticism so far as petrol, petroleum product, kerosene and many other items are concerned.

SHRI DINEN BHATTACHARYYA: And about soaps and tooth brushes also.

SHRI SATISH AGARWAL: Concessions on Chocolates, biscuits, tooth brushes and laundry soaps and detergents have already been announced. For the information of Shri Banatwalla—he made a very strong point regarding so many levies particularly, with regard to power-processed fabrics where the duty has been increased from 8 per cent to 12 per cent, for his satisfaction, I announced the reduction of at least 1 per cent with effect from 24th April. That has already been done. And it has already been announced here. So, nothing need be said on the general levies. Under certain compulsions and cnstraints of resource mobilisation and by having some ideas about the direction of the budget and the economy that we have, we have to resort to this taxation.

A plea from practically all sections of the House has been made with regard to reduction in the existing exemption limit under item No. 68 from Rs. 30 lakhs to 15 lakhs. Before saying something on this, in brief, I would like—not to correct Mr. Kamath—to bring to his notice because he is elder to me he is like my grandfather (*Interruptions*) of course, not father, but grandfather....

AN HON. MEMBER: What happened to you? He is a bachelor.

DR. SUBRAMANIAM SWAMY: Bachelors of that age are like grandfathers!

MR. SPEAKER: I don't think we should go into the domestic affairs.

SHRI SATISH AGARWAL: Regarding his observation that under Item 68, it is true that initially duty was 1 per cent and it was raised to 2 per cent and then to 5 per cent and 8 per cent. What is the impact of it?

This is a commodity taxation. There is a difference between the commodity taxation and income-tax. Under the

[Shri Satish Agarwal]

commodity taxation, if the price of the goods is Rs. 100/- it was being sold at Rs. 105 plus excise duty previously. Now, we have made it Rs. 108/- if a man is having a turnover of more than Rs. 30 lakhs. So, it is not 800 per cent that way because... (*Interruptions*).

SHRI HARI VISHNU KAMATH: From Rs. 101 it has gone up to Rs. 102, 105 and 108 due to the Janata Government.

SHRI SATISH AGARWAL: Rs. 101 to 108 does not come to 100 per cent. Only the price goes up. Because the excise duty is added into the price of the manufactured product, it has gone up from Rs. 105 to 108. It means ultimately there is a three per cent increase that way.

Now, Sir, even then because there has been a unanimous demand from all sections of the House, particularly with regard to these two points, we have examined them. This limit has been reduced from Rs. 30 lakhs to Rs. 15 lakhs. But, as I said, earlier also, there was a lot of representation that those which are exported are included in item 68 for exemption purposes. Previously we have excluded it. That is number 1. Number two is that those which are exported have been excluded by us along with other items also. Tis goes a long way in giving relief (*Interruptions*). So, I would submit, that because a unanimous demand has been made from all sections of the House... and I can assure the House that I will convey the sentiments in the strongest possible words to the Deputy Prime Minier. We will conduct a study as to how adversely it has affected really the smal man and the small scale sector. I can give an example of electronics where with an investment of Rs. 10 lakhs you can have a turn-over of Rs. 1 crore So, they cannot be designed for excise purpose as small. The intention of the House is that the really small should benefit and should not be taxed unduly. I can assure the House that we can conduct a study as to how adversey this reduction of limit from Rs. 30 lakhs to Rs. 15 lakhs has affected the really small man and if it has really adversely affected the small man, I can assure the House that appropriate measures shall be taken at the approriate time and necessary relief will be given.

Sir, so far as WIMCO question is concerned, I have already made a reference to that. The intention of the government is to have emloyment-oriented industries, to lay more emphasis on them, to give more incentives to them and to give more encouragement to them. We are holding a meeting with regard to match industry probably on 30th. I have specifically gone to Madras and Madurai and also sent my officers to Sivkasi to study their problems. I have received their report. We will have a discussion on the 30th and sort out the problem.

SOME HON'BLE MEMBERS: What about kerosene?

SHRI SATISH AGARWAL: I am sorry I cannot agree to that suggestion. I once again request the hon'ble Members to withdraw the amendments that they have moved.

SHRI VINOD BHAI B. SHETH: I seek the leave of the House to withdraw my amendments.

Amendment No 20 was, by leave, withdrawn

SHRI G. M. BANATWALLA: Sir, I press all my amendments but I request that my amendment No. 29 about kerosene should be put separately.

SHRI R. VENKATARAMAN: Sir, I press my amendment No. 50.

SHRI K. T. KOSALRAM: In view of hon. Minister's assurance, I would not press for my amendment. I seek the leave of the House to withdraw my amendments.

Amendment No. 98 was, by leave, withdrawn.

SHRI HARI VISHNU KAMATH: Sir, because of the unreasonably obstinate attitude of the Minister Verging on cussedness, I hope no alternative but to press my amendments No. 115, 117 and 118.

SHRI KANWAR LAL GUPTA: I seek the leave of the House to withdraw my amendments.

Amendments Nos. 135, 136, 138, 141 *and* 143 *to* 155 *were by leave withdrawn.*

MR. SPEAKER: Now, I put all the amendments together to the vote of the House excepting the government amendments, amendment No. 29 of Mr. Banatwalla, amendment No. 50 of Shrimati Parvathi Krishnan and amendments Nos. 115, 117 and 118 of Shri Hari Vishnu Kamath.

Amendments nos. 28, 30 *to* 37 48, 49, 66, 68 *to* 70, 72 *to* 74, 108, 116, 208 *and* 209 *were put and negatived.*

SHRI R. VENKATARAMAN: May I say something? Some of us are not clear....

MR. SPEAKER: I Will be putting Amendment No. 29 separately. I said that.

SHRI R. VENKATARAMAN: That is about kerosene. Amendment No. 50 relates to small-scale industries. You may also please put that separately to the vote of the House.

MR. SPEAKER: Yes. Excepting amendment Nos. 29 and 50, Kamath's amendments and Government*amendments. I have already said that.

20.00 hrs.

I shall now put amendment No. 29 moved by Shri Banatwalla to the vote of the House. The question is:

"Page 56—

Omit lines 1 to 3" (29)

The Lok Sabha divided:

Division No. 23] [20.04 hrs.

AYES

Banatwalla, Shri G. M.
Bhattacharya, Shri Dinen
Chatterjee, Shri Somnath
Goswami, Shrimati Bibba Ghosh
Hande, Shri V. G.
Kosalram Shri K. T.
Krishnan, Shrimati Parvathi
Mandal, Shri Mukunda
Mavalankar, Prof. P. G.
Naidu, Shri P. Rajagopal
Rachaiah, Shri B.
Rangnekar, Shrimati Ahilya P.
*Singha, Shri Sachindralal
Venkataraman, Shri R.

NOES

Agrawal, Shri Satish
Ahuja, Shri Subhash
Alhaj, Shri M. A. Hannan
Amat, Shri D.
Argal, Shri Chhabiram
Bagun Sumbrui, Shri
Bhanwar, Shri Bhagirath
Brij Raj Singh, Shri
Chand Ram, Shri
Chaturvedi, Shri Shambhu Nath
Chaudhary, Shri Motibhai R.
Chavda, Shri K. S.
Dandavate, Prof. Madhu
Danwe, Shri Dundalik Hari
Deshmukh, Shri Ram Prasad
Dhillon, Shri Iqbal Singh
Dhurve, Shri Shyamlal
Fazlur Rahman, Shri
Ganga, Singh, Shri
Gattani, Shri R. D.
Godara, Ch. Hari Ram Makkasar

*Wrongly voted for Ayes.

Gupta, Shri Kanwar Lal
Harikesh Bahadur, Shri
Heera, Bhai, Shri
Jain, Shri Kalyan
Jaiswal, Shri Anant Ram
Joshi, Dr. Murli Manohar
Khan, Shri Kunwar Mahmud Ali
Mahi Lal, Shri
Mankar, Shri Laxman Rao
Mandal, Dr. Bijoy
Nayak, Shri Laxmi Narain
Pandey, Shri Ambika Prasad
Pandeya, Dr. Laxminarayan
Patel, Shri Dharmasinhbhai
Patnaik, Shri Biju
Poojary, Shri Janardhana
Pradhan, Shri Pabitra Mohan
Raj Keshar Singh, Shri
Ramji Singh Dr.
Sai, Shri Larang
Saran, Shri Daulat Ram
Sarkar, Shri S. K.
Satya Deo Singh, Shri
Sharma, Shri Yagya Datt
Shatri, Shri Y. P.
Sheth, Shri Vinodhbhai B.
Somani, Shri Roop Lal
Sukhendra Singh, Shri
Swamy, Dr. Subramaniam
Tej Pratap Singh, Shri
Thakre, Shri Kushabhau
Tyagi, Shri Om Prakash
Varma, Shri Ravindra
Verma, Shri Brij Lal
Verma, Shri R. L. P.

MR. SPEAKER: Subject to correction, the result** of the division is: Ayes : 14; Noes : 56.

The motion was negatived.

MR. SPEAKER: I shall now put amendment No. 50 to the vote of the House.

Amendment No. 50 was put and negatived.

MR. SPEAKER: I shall now put amendments Nos. 115, 117 and 118 by Shri Hari Vishnu Kamath to the vote of the House.

The question is:

Page 64, line 5,—

for "Eight percent" *substitute*—

"Five per cent" (115).

Pagt 64, line 5 to 7,—

for "ALL OTHER GOODS, NOT ELSEWHERE SPECIFIED, BUT EXCLUDING".

substitute—

"ALL OTHER GOODS, NOT ELSEWHERE SPECIFIED, MANUFACTURED IN A FACTORY BUT EXCLUDING" (117).

Page 64,

after line 14, *insert*—

'Explanation—In this item, the expression "factory" has the meaning assigned to it in section 2(m) of the Factories Act, 1948 (63 of 1948)' (118).

The Lok Sabha divided:

Division No. 24] [29.07 hrs.

AYES

Banatwalla, Shri G. M.
Bhattacharya, Shri Dinen
Chatterjee, Shri Somnath
Goswami, Shrimati Bibha Ghosh

**The following members also recorded their Votes:

Ayes : Shri Skariah Thomas.

Noes : Prof. Dilip Chakravarty, Shri Sudhir Ghosal and Shri Sachindralal Singha.

Hande, Shri V. G.
Kamath Shri Hari Vishnu
Kosalram, Shri K. T.
Krishnan, Shrimati Parvathi
Mandal, Shri Mukunda
Mavalankar, Prof. P. G.
Naidu, Shri P. Rajagopal
Rachaiah, Shri B.
Rangnekar, Shrimati Ahilya P.
Thomas, Shri Skariah
Venkataraman, Shri R.

NOES

Agrawal, Shri Satish
Ahuja, Shri Subhash
Alhaj, Shri M. A. Hannan
Amat, Shri D.
Argal, Shri Chhabiram
Bagun Sumbrui, Shri
Bhanwar, Shri Bhagirath
Brij Raj Singh, Shri
Chakravarty, Prof. Dilip
Chand Ram, Shri
Chaudhary, Shri Motibhai R.
Chavda, Shri K. S.
Dandavate, Prof. Madhu
Danwe, Shri Dundalik Hari
Deshmukh, Shri Ram Prasad
Dhillon, Shri Iqbal Singh
Dhurve, Shri Shyamlal
Fazlur Rahman, Shri
Ganga Singh, Shri
Gattani, Shri R. D.
Ghosal, Shri Sudhir
Harikesh Bahadur, Shri
Heera Bhai, Shri
Jain, Shri Kalyan
Jaiswal, Shri Anant Ram
Joshi, Dr. Murli Manohar
Khan, Shri Kunwar Mahmud Ali
Mahi Lal, Shri
Mankar, Shri Laxman Rao
Mondal, Dr. Bijoy
Nayak, Shri Laxmi Narain
Pandey, Shri Ambika Prasad
Patel, Shri Dharmasinhbhai
Patnaik, Shri Biju
Poojary, Shri Janardhana
Pradhan, Shri Pabitra Mohan
Raj Keshar Singh, Shri
Ramji Singh, Dr
Sai, Shri Larang
Saran, Shri Daulat Ram
Sarkar, Shri S. K.
Satya Deo Singh, Shri
Sharma, Shri Yagya Datt
Shastri, Shri Y. P.
Sheth, Shri Vinodbhai B.
Singha, Shri Sachindralal
Somani, Shri Roop Lal
Sukhendra Singh, Shri
Swamy, Dr. Subramaniam
Tej Pratap Singh, Shri
Thakre, Shri Kushabhau
Thakre, Shri Om Prakash
Varma, Shri Ravindra
Verma, Shri Brij Lal
Verma, Shri R. L. P.
Verma, Raghunath Singh

MR. SPEAKER: Subject to correction, the result of the division is:

Ayes : 15; Noes : 56.

The motion was negatived.

MR. SPEAKER: The question is:

Page 63, *omit* lines 30 to 39. (55)

Page 64, in line 3, *for* "(vii)"; *substitute* 'v'". (56)

The motion was adopted.

MR. SPEAKER: The question is:

"That the Third Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Third Schedule, as amended, was added to the Bill.

MR. SPEAKER Now we come to the Fourth Schedule. Mr. Venkataraman.

Fourth Schedule

SHRI R. VENKATARAMAN: I beg to move:

"Page 65, line 8,—

for "One rupee per thousand."

substitute—

"fifty paise only per thousand." " (76)

MR. SPEAKER: Mr. Dinen Bhattacharya, do you want to move your amendments?

SHRI DINEN BHATTACHARYA: Yes. I beg to move:*

"Page 65, line 12,—

for "Ten per cent." *substitute*—

"One per cent". (210)

"Page 65, lines 14 and 15,—

for "Two rupees per kilogram" *substitute*—

"Fifty paise per kilogram"." (211)

"Page 65, line 16,—

for "Five per cent." *substitute*—

"One per cent." " (212)

MR. SPEAKER: Now Mr. Venkataraman.

SHRI R. VENKATARAMAN: I do not want to take the time of the House. My amendment No. 76 relates to the additional excise duty on bidi; and I would plead with the Minister at least to reduce it from Re.1/-to 50 paise.

MR. SPEAKER: Mr Dnen Bhattacharya.

SHRI DINEN BHATTACHARYA: While supporting the reduction of tax on bidi, I want to add that the Government had said, while presenting the Budget, that it was rural oriented and that they have done much for the rural people. But in the list, it will b seen that on the chewing tobacco which the agricultural labourers use, they are levying 10 per cent more *ad valorem*. Then comes the snuff and the hookah tabacco. Who uses hookah? It is the rural poor peole who use it. The Minister of Steel never goes to his constituency. Otherwise the people there will catch him by the neck and ask why Government is putting additional burden on them, towards hookah tobacco. My amendment is very simple; and I request Government to think over the matter and not to touch these items at least.

SHRI SATISH AGARWAL: Due to paucity of time, without saying anything much more, I am sorry I have to say that I cannot accept these amendments.

MR. SPEAKER: Mr. Venkataraman, are you pressing your amendment No. 76? The Minister has not accepted it.

SHRI R. VENKATARAMAN: I seek leave of the House to withdraw my amendment No. 76.

Amendment No. 76 was, by leave, withdrawn.

SHRI DINEN BHATTACHARYA: I am pressing my amendment Nos. 210, 211 and 212.

MR. SPEAKER: The question is:

Page 65, line 12,—

for "Ten per cent." *substitute*—

"One per cent." (210)

Page 65, lines 14 and 15,—

for "Two rupees per kilogram" *substitute*—

"Fifty paise per kilogram"." (211)

*Moved with the recommendation of the President.

Page 65, line 16,—

for "Five per cent." substitute—

"One per cent" (212)

The motion was negatived.

MR. SPEAKER: The question is:

"That the Fourth Schedule stand part of the Bill."

The motion was adopted.

The Fourth Schedule was added to the Bill.

MR. SPEAKER: The question is:

"That Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

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

MR. SPEAKER: Now the Minister has to move that the Bill as amended be passed.

SHRI SATISH AGARWAL: Before I move a formal rerolution for passing of this Bill, I wish, once again, to thank the hon. Members for the excellent cooperation that they have given and the constructive criticism that they have levelled. Now, I move:

"That the Bill, as amended, be passed."

MR. SPEAKER: Motion moved:

"That the Bill, as amended be passed."

SHRI HARI VISHNU KAMATH: I am on a point of order. Rule 219(6) read with rule 93(2) Rule 219 deals with the Finance Bill. Sub-rule 6 says: "In other respects the rules applicable to Bills in Chapter X of these rules shall apply." Now please turn to Chapter X, rule 93. Those rules shall apply to this Bill also. What does rule 93(2) say? It says: "Where a Bill has undergone amendments the motion that the Bill as amended be passed shall not be moved on the same day on which the consideration of the Bill is concluded, unless the Speaker allows the motion to be made." If you have allowed it, you kindly say so.

(*Interruptions*)

MR. SPEAKER: I am compelled to allow it.

(*Interruptions*)

SHRI HARI VISHNU KAMATH: That hurdle is got over. Then I come to rule 219. You see rule 219(3). According to sub-rule 2, the time fixed for the disposal of all the business, financial business, according to the old rule is 1700 hrs. but the House agreed to 1900 hrs., and now it is 2000 hrs. That is all right. I do not question that. The House is master of its own procedure. I had already stressed that point. I had said that the hour is not sacrosanct. You did not agree. But you yourself, *suo-motu*, yesterday, made it 1900 hrs. I felicitate you on that. I am glad about it and now I seek guidance and light from you in that respect. According to sub-rule 2, it is to be put at 1700 hrs; just now it is 2000 hrs. On the allotted day that the Bill be passed, sub-rule 2 shall have effect notwithstanding that amendments have been made. Now what does sub-rule 2 say? Now please go back.

MR. SPEAKER: Back and forth.

SHRI HARI VISHNU KAMATH: Sub-rule 2 says: "The Speaker shall at 1700 hrs. (now it is 2015 hrs.) on the allotted day. as the case may be, put every question that is necessary." That is the end. It may be 1900 hrs. or 2100 hrs. to night actually when you put the question. Now the proviso comes into play here "provided that if a Minister has a right of reply to the debate on the motion". Now the motion is that the Bill be passed. Is it not? On the motion, if he has not replied, he has got the right to reply, as you know. Has he or has he not?

SHRI SOMNATH CHATTERJEE: He has not.

MR. SPEAKER: He has not; he may.

SHRI HARI VISHNU KAMATH: He has a right to reply to the debate. He has a right, but it may not be exercised. He has a right to reply on the motion which is under consideration, discussed at 1600 hrs. that is, one hour before the closure. The sub-rule (2) refers to 1700 hrs. and this proviso refers to 1600 hrs. one hour before the final closure, that is to say, one hour for the third reading; 1600 hrs. on that day; and he has not commenced his reply at that hour, that is, he has not moved his motion.

MR SPEAKER: Please come on. Let us not have a private talk.

Interruptions)

MR. SPEAKER: The Speaker shall enquire how much time is required.

SHRI HARI VISHNU KAMATH: The Speaker may enquire so that other Members may have a proper chance to speak. The Speaker shall first enquire how much time is required not exceeding one hour. He cannot misappropriate the entire hour. Not exceeding one hour he requires for the reply, and the Speaker shall call upon any Member for the time being addressing the House to resume his seat at such time as well leave available before 19 or 20 or 21.15 hours the amount of time which the Minister has stated that he would require. Kindly enquire from the Minister.

MR. SPEAKER: He does not want it. Now, I request the Members not to take more than five minutes.

SHRI HARIKESH BAHADUR (Gorakhpur): I have been expecting that the hon. Minister would announce a ceiling on the capital, because all the time we had been pleading for that. Because uncontrolled capital huge capital in the hands of individuals becomes an instrument of exploitation. Here in this country we find that there is huge capital that is being controlled by some monopoly houses and it has become an instrument of exploitation. They are not only influencing elections but also influencing government and government decisions. Ultimately they are harming the entire people of the country. That is why I had been expecting that the hon. Minister would do something in this regard but nothing has been done. In future if something is going to be announced in this regard, the government must announce a ceiling on the capital.. (*An Hon. Member*: In this session?). I do not know.

The second thing is that it is most unfortunate that the external capital is also influencing our elections as indicated by the former United States ambassador, that Congress (I) has taken money from the United States. That is the most dangerous thing. If this trend is allowed to develop here, it will ultimately harm our national interest and it is a disastrous thing. That is why I want this thing should be enquired into and the guilty persons must be punished.

About Rs. 12,000 crores have been invested in the public sector and all the times we are having losses. This loss is ultimately harming our national interest. Government is always coming forward with some taxation proposal. We want that the public sector must be made efficient so that the loss would not be there and the losses should be converted into profits. I want the government to come forward with some legislation making responsible the executives who are holding top posts in those undertakings so that the losses would not be there.

Deficit financing also is not going to pay us. That is why government should think of it seriously. If there

is deficit financing and at the same time if there is some hampering in food production due to natural calamities, etc. there will be inflation and that is why I request the government not to come forward with heavy deficit financing; ultimately it will harm us.

Now my last and Final point is that I would like to request the hon. Minister that Government must announce at least 10 per cent cut in the administrative expenditure. It is most essential. I hope the Minister will accede to it.

SHRI SKARIAH THOMAS (Kottayam): It is a matter of common experience that the prices are rising very fast. After the presentation of the Budget, the officials of the Finance Ministry had said that price rise would not be more than one per cent. But the wholesale prices have already risen by 3 per cent. It seems the Finance Ministry has no control over the price situation. A lack of seriousness is reflected in dealing with the financial matters.

The Hon. Finance Minister calls himself a farmer's son and the champion of the poor. But it is the poor man who has been hit hard by the new taxes he has imposed. For example, millions of poor, lower and middle income groups in the cities and villages use kerosene for cooking and lighting their houses. The rich man does not use it for these purposes. The Finance Minister has raised the levy on kerosene. Same is the case with bidi. Millions of poor people in this country smoke bidi. The rich man generally does not smoke bidi. But he has chosen to tax the poor man's bidi. There has been a persistent demand for removal of these taxes. But the Finance Minister has not accepted their demands. But he has given concession on the capital gains tax. This only shows where his sympathy lies. I am sorry to have to say this. Therefore, I strongly demand that the tax on kerosene and bidi should be immediately withdrawn.

Having said this, I would like to bring to your notice one or two problems of Kerala. Sir, rubber is a very important factor in the economy of Kerala. Lakhs of small and medium rubber growers depend on rubber for their livelihood. Now whenever there is a slight increase in the price of natural rubber, the tyre manufacturers demand import of rubber. They also raise the price of tyre. But even when the price of natural rubber comes down the tyre manufacturers never bring down their prices. Therefore, my submission is that a reasonable remunerative price should be fixed for natural rubber, and the Govt. should never import rubber because it will ruin the small rubber growers of Kerala and thus it will ruin the economy of Kerala.

Another point is about cloves. I understand there is a proposal to import cloves. My submission is that the Government should encourage the growers instead of importing these things at a higher price. The higher price goes to the foreigners. Our people are not benefited by that. If the Government gives incentives to the growers of clove there will be more production and we will not have to spend our valuable foreign exchange on these imports. Therefore, my request is that the Govt. shoud give up this policy of importing rubber, clove, etc. when there is a temporary shortage. Instead, the growers should be encouraged to grow more so that our domestic demand is met fully and also we get into a position where we can export these commodities. With these words, I conclude.

SHRI R. VENKATARAMAN (Madras South): This is a disasterous budget and we are afraid it will kindle the conflageration of inflation which will envelop the country causing misery to all sections of the people. The budget proposals have been fram-

[Shri R. Venkataraman]

ed recklessly, carelessly, without taking into account the consequences on the sections of the community. In fact they have been advancing wrong arguments possibly because they were basing their tax proposals on wrong premises. They say that they are trying to stop Wimco from expanding. They have increased taxes on Wimco.

The WIMCO is not paying the tax; you and I are paying the tax. Actually the price of WIMCO matches have gone up by 28 per cent in the first week and it is the people who are paying that price. It is not the Government which is paying it. (*Interruption*).

In every item on which tax is levied, you will find that there has been a spurt in prices, what I said at the beginning that there will be a 10 per cent increase in prices will be an under-estimate at the end of the year. I am very sorry that the Finance Ministry has not been able to show any concession to the small scale industry and all their professions about helping them have only brought them greater disaster, greater harm and greater difficulties. By saying that they are going to help them and by giving them assistance by way of excluding the exports, they have helped those small-scale indutries which are exporting, not the real small scale industries. Hosiery Industry does not export and it is suffering. People have come and shed tears about hosiery industry. A small industry producing ancillaries and components for various industries will suffer if it is not exporting. I can give any number of industries which will suffer on account of the change that the Government has made.

It is on the whole a budget which will do a lot of damage to the reputation of this Government. As I said at the very beginning, if I were looking at it politically, I welcome it because it will make this Government very unpopular. But from the point of view of the people, the suffering will become greater and to the extent that we are all public men, we will have to share the criticism that we have been responsible for allowing this kind of things to happen in this country.

There is one other matter to which I would like to refer on this occasion. A number of clauses have been put into this Bill which have no financial implications. The Public Accounts Committee and other parliamentary committees have often reiterated that during the budget and in the Finance Bill, those provisions which do not have financial implications but which are of a character which affects or changes the tax system must not be brought and these must be brought by way of separate legislation. If you do not do that, there is no time for a careful examination of the provisions of the Bill and mistakes are bound to occur. One such instance was, last year they brought forward an amendment to the Finance Bill in which they said that people must submit their advance tax estimates before the date of filing their return. Now they found it was a mistake and they have changed it through an amendment saying "on or before the date". If we had time to consider, some of us who are accustomed to looking at legislations would have ourselves suggested it. People like Shri Somnath Chatterjee who are looking into legislations would have helped us. The same mistake is repeated here. Clause 9 dealing with measures curbing the tax avoidance through interpolation of trusts, clause 23 relating to wealth-tax, clause 3 relating to exemption from income-tax for statutory bodies, clause 20 provisions relating to settlement of income-tax appeals—all are provisions which require careful examination. Frankly they were introduced only day before yesterday evening and we have had no time

to look into them. We strongly protest against this kind of legislation. If they want to introduce any changes in the tax structure, then they should bring forward separate legislation. In the Finance Bill only provisions with financial implications such as raising the tax or lowering the tax alone should be brought in.

I am quite sure, the next Finance Bill will come with a number of amendments of the various mistakes which have been committed by the hasty way in which these have been brought in this Bill. I hope they will take a lesson from this and will not repeat this kind of legislation in future.

SHRI SOMNATH CHATTERJEE (Jadavpur): Mr. Speaker, Sir, I am forced to speak on the third reading because we found complete intrasigence on the part of the Government to accede to even most reasonable suggestions which are not only coming from the opposition but really which is the demand from the country as a whole. We have seen various organisations, middle class people, house-wives have organised themselves, taken deputations and met the Deputy Prime Minister and Finance Minister. Even members of families of the hon. Ministers have been forced to go on the street for the purpose of showing their support for the ordinary people. My intention is not to embarrass ony of the hon. Ministers. I am trying to impress upon this Government that they appear to be completely impervious of any popular feeling and reaction. They have lost all sense of circumspection. They have lost all sense of having a minimum consideration of the people's necessities, people's urges, aspirations, their troubles, their difficulties or representations made to this Government. They are all the time busy with their own internal fighting. They are not seeing the writing on the wall. They have taken things for granted. They are taking the country for a ride. They have lost all touch with the people, all touch with popular movement. They are busy with cattle not busy with human population. This is the position this country has been brought to. They are completely impervious so far as popular feelings and reactions are concerned.

Their sole justification for these terrible imposts, these unheard imposts of indirect taxation to the extent of Rs. 655 crores, is that it will revamp the rural economy as it were and it will put a curb on conspicuous consumption in the urban areas. What are the items that have been chosen for this taxation?—most ordinary articles which are of daily use by the most ordinary people in this country. The wonderful notion of this Government I do not know whether many of the hon. Members on the Treasury Benches share that—is that all the people in the urban, semi-urban, municipalities and so on and so forth, suburban areas, are rich people. They can be made to undergo all sorts of additional burdens as if the income is keeping pace with the expenses. There is no wage policy, there is no income policy, no expenditure policy in this country. There is no labour policy as such. And what is happening as a result? On the plea of giving boost to the rural economy, a handful of the rural people namely. the rural rich—this cannot be denied have been chosen to be given certain extra facilities and special favours. On the plea of revamping the rural economy, today the net have been throffin wide for indiscriminately bringing in people within that net irrespective of their financial capacity to bear it. Now, ordinary articles like kerosene have been taxed as if the urban people are using it and the rural people have no requirement of it. Today, they transport has become the greatest victim of this Budget. Who are using the daily transport? —not the rich farmers in the villages alone but what about the ordinary people

[shri Somath Chatterjee]

here? Now, there has already been spiralling increase of the bus fares, taxi fares and so on and so forth. Here, we found that within a few days the taxi fares had to be increased; bus fares had to be increased. In West Bengal and other States, the bus operators are making demands to raise fares and the West Bengal government had to appoint a commission to look into it. For whose benefit has this budget been framed? I was a little sorry that the very able Minister of State, Shri Satish Agarwal, was doing a very unpleasant task. He said: we find so much is our deficit, we have to find out money somehow or other. Go, close your eyes, think of some item, open your eyes and whatever item comes, go on putting your tax on that, as if that is the attitude to the budget proposals. The Budget is not for the purpose of finding out how much money you can collect from which source. That is not so. The budget proposal has to take into account the condition of the economy of the country, which direction it has to be given, what are the imbalances which have to be removed, what steps have to be taken to revive to economy and so on. This is the budget exercise. It is not like ordinary legislation. That is the importance we give to the budget proposals and to the Finance Bill.

We want a proper discussion on this Bill. It is not a matter which should be rushed through.

When we find that articles of daily use consumption like matches, apart from the effect on the employment— am coming to that in a second— abart from the effect on employment when there are so many imposts on matches, kerosene and things of that kind, when some concessions have been given, out of Rs. 656 crores, they have given a concession of Rs. 46 crores, as if the people of this country have been done a great favour...

THE MINISTER OF STEEL AND MINES (SHRI BIJU PATNAIK): What do you want?

SHRI SOMNATH CHATTERJEE: I want all these taxes to go. What about the corporate sector? What is the increase you have made in the higher income brackets? So, this is the *modus operandi* that has been adopted, which is nothing but a fraud on the economy. They wanted to increase the total amount of tax. They could have done it. But, no; instead of increasing the tax, you have increased the surcharge; the object is that the States may not get the benefit of it. But the tax-payer has to pay for it.

Well, how much have you increased those taxes and what is the percentage of burden on the common people of this country? There is no exercise done by this Government. We were told, and that was the biggest joke of th eyear and a hoax, that there would be a one per cent rise due to this budget. Are the people of this country intended to be taken for a ride? Even today the Minister had to admit a 4.8 per cent rise within a few weeks, after the budget proposals came in the wholesale price index So far as the consumer price index is concerned, nobody knows what is the actual impact of the incidence on the common people. But the people in the poor classes and lower middle class, people in the slums, they are suffering today. But nothing is mentioned about them. What is their percentage? What is increase in their case? Now we are told not only about the budget proposal but the international price level, the Arab oil crisis and so on and so forth, which have all contributed to the price rise. What is the exercise that the Government have done in this matter?

Here I would like to give this Government a friendly warning. We know that they have done somthing good in this country in the initial stages. But then they have lost all perspective of their duties of their functions, o

their obligations to the country, to the people who have put them there. They have lost their sense of priority. Now the Ministers are busy, defending themselves in the party forum. I am not directly concerned with that, but the fact is that it is having its effect on the administration, which has come to a sandstill. The bureaucratic hegemony is increasing day by day. Even the States' Plan proposals are being held up here for months and months, because the Ministers have to fight against the onslaughts of their party colleagues. This is the position, the state of affairs in this country.

AN HON. MEMBER: Democracy.

SHRI SOMNATH CHATTERJEE: May be your brand of democracy, where the problems of the people are not being considered.

We have supported them so long as they were fighting for the restoration of democratic rights, for the restoration of our fundamental rights, for removing the dark stains of emergency. But, so far as the daily life of the people in this country is concerned, we find that for years and years they have been stagnating, more people have gone below the poverty line during the 30 years of independence and more and more resources have concentrataed in fewer and fewer hands. The disparity between the people has increased. Can anybody deny that? What is the effect of this Budget on the rural economy also? There will be greater disparity among the rural people because only a handful of the rural people will get the benefit the rural rich. The obvious beneficiaries are the kulaks. Therefore, we are opposing this, and we are telling them that it is no good giving wague promises, saying: "We shall consider, we shall tell the Prime Minister, we shall ask the Finance Secretary to see what can be done. You are making very good suggestions, but I am sorry I cannot accept them." Very politely Mr. Agarwal has been rejecting all the proposals, saying. "I am sorry, what can I do. I have no such brief."

Therefore, I submit that time is running very fast. Please do not be complacent. If you think that by your complacency and inaction, you can bring about wonders, we will keep on fighting more and more bitterly, and you will learn the lesson, but before you learn the lesson, the people will be suffering so much that all that you try to do will not bring them any relief. Therefore, the imposts on the common people should have been reconsidered and withdrawn; at least they should have substantially minimised the rigorous of it.

This malfunctioning and non-functioning so far as the economic sphere is concerned, has been such that its repercussions have been felt in the States. Although the Seventh finance Commission has given greater monetary assistance to the Stataes by increasing their share of the divisible pool etc., that is hardly enough. Even the planning proposals of the West Bengal Government have been reduced here because they say: "Well, you will get more funds out of the Seventh Finance Commission's recommendations".

What is happening in this country today? I am not grudging the progress or advance made by any part of this country. I wish every part of the country well, they are our brothers, wherever they are, but from 1969 to 1976, in these 7 years, the *per capita* bank credit advance in this country was: Tripura 19, Orissa 24, Assam 40, West Bengal 146. Against that, Maharashtra got 308 and Punjab 346. I do not grudge them what they have got, let them have the benefit of it, but is there equitable distribution of the available resources?

Take the LIC per capita investment, and see how the eastern region of this

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country is being treated: Assam 16, Orissa 23, Tripura 5, Bihar 14, West Bengal 17, Gujarat 52.

Are these distortions not brought to their notice? Are they not aware that these are the distortions in the economy that still exist, that a very inequitable distribution system is being maintained in this country? Merely coming up with *ad hoc* answers to very serious and genuine problems will not help the people. I can tell you that the people will not accept this. We speak because the people have sent us here. The trouble with Mr. Patnaik is that he thinks that his Nilamani Routray is perpetual or parennial. Nobody is parennial. We want to co-operate with you. We are the inevitable future. We are not merely the thriving present. But we are the inevitable future, you cannot stop it. I am sure many who are sitting there will see reason and join us. I used the same phrase in the last House, that with her temporary majority Mrs. Gandhi had bulldozed many legislative provisions through the House. That has proved to be true. I also want to tell you that yours is also a temporary majority. Don't rely on that. Don't think that the people will be perpetually with you. Therefore, pay heed to the people's miseries and try to learn lessons, try to render help to them.

With these words, I oppose the Bill.

SHRIMATI PARVATHI KRISHNAN: Mr. Speaker, Sir, I would just like to remind the House and remind you, particularly, of the manner in which, after the Budget came, there has been a wave of protests throughout the country. Only this morning, a delegation of women met you and handed over to you a memorandum requesting you to hand it over to the Finance Minister.

MR. SPEAKER: I have done that.

SHRIMATI PARVATHI KRISHNAN: They will be happy to know that.

SHRI HARI VISHNU KAMATH: Did you pass on your observations to the Finance Minister?

SHRIMATI PARVATHI KRISHNAN: Why I am constrained to refer to this is because the Minister in replying to the debate became quite emphatic that the prices of many items have gone up—milk has gone up; pulses have gone up; vanaspati has gone up; oil has gone up this has gone up that has gone up and, according to him, not because of the Budget, not because of the taxes, but because of other factors. This is going too far. It is very coincidental that these price rises have come immediately after the Budget.

We have pointed out that this type of taxation, indirect taxation, precisely has led to the spart in prices. That is what everybody on both sides of the House has said. The housewives have pointed out that since the Budget, the prices of so many items have gone up—soap, toothpaste, detergent, coffee, cigarettes, tea, matches, kerosene oil, cooking gas—and these are all directly taxed. Apart from that, the prices of other essential commodities have also gone up. Anatole France said, "It is better to understand a little than to misunderstand a lot." So let the minister at least try to understand a little that we have been trying to convey, the manner in which this Budget has affected every section of the society. The Government has an equal responsibility to improve the life of urban as well as rural people. It is a dangerous trend that the Budget has been presented to start a controversy between the rural and the urban people. Today, you go and see the slum dwellers. Are they any better off than the rural people? The rural people themselves are driven to the urban areas in search of employment because you do not implement land reforms, to guarantee employment and sustained income for the landless labour who

landed here on the 20th March. Therefore, I would appeal to the Minister—he has given certain assurances—that he will take up those assurances seriously.

For example, you take item 68. You say, it is a rural-oriented Budget, oriented towards rural people, the poor people who are suffering. Cotton hosiery comes under item 68 You are now having excise duty on it. Who uses cotton hosiery? It is the port and dock workers who use it; it is the building workers who use it. It is the rural people, the landless people. Who buy cotton hosiery The cotton hosiery manufacturers have been demanding that this should be removed from item 68. What has been removed? Readymade clothes, terylene shirts which cost Rs. 70 to Rs. 80 and more each. Is it the rural people who use terylene shirt? Is it the building workers who use terylene shirts? (*Interruptions*). Certainly not. Therefore, as I have been requesting, cotton hosiery should be removed from item 68, apart from what they have asked about 30 lakh limit on which he has given an assurance and we will remind him though he has not answered my question. Why his mind has changed between 27th January and 28th February. He cannot answer it because it is not his mind that has changed but it is the back-room boys who produce something else and he has to sell it on the floor of the House. We are not prepared to buy it. You may try to sell it. All those sitting there, including Dr. Subramaniam Swamy, may be able to buy it, but not we. Therefore, be careful. Go into this matter. Carry out your assurance. Convince the Deputy Prime Minister that it is necessary to restore the old 30 lakh limit for small scale Industry, and I hope he will do it.

But my last word is this. I am really sorry that you could not accept the amendment moved by Mr. Banatwalla on kerosene. I only hope that the threat held out by your colleague, the Minister of Petroleum and Chemicals, that another price rise is going to come in petroleum products, will not be carried out. Otherwise, I am sorry the patience of our people cannot last out.

MR. SPEAKER: The question is..

AN HON. MEMBER: The Minister has to reply.

SHRI SATISH AGARWAL: He wanted a commitment from me whether I would speak or not and I said that I would not speak. He extorted that commitment from me. It is going to be 9 O' Clock. Mr. Speaker, with your permission, I will take only two minutes.

I am really thankful once again for the constructive suggestions that have been made at the last hour before the passing of the Finance Bill. I appreciate the excellent cooperation that has been given to me. I was very much diffident in the beginning how I shall pilot this Bill because it was for the first time in my life that I had to pilot a Finance Bill, that too in this august body.

SHRI SOMNATH CHATTERJEE: You had to carry a deformed baby. But you have done very well.

SHRI SATISH AGARWAL: I thank all the hon. Members once again for the cooperation given. Regarding the points that have been mentioned here, we shall look into them.

MR. SPEAKER: The question is...

SHRI HARI VISHNU KAMATH: On a point of order, under article 100(4) of the Constitution. This is an important Bill. It cannot be passed without a quorum. Let us have a count. There is no quorum in the House...

MR. SPEAKER: There are more than 60 Members....

SHRI HARI VISHNU KAMATH: I don't think so. Let us have a count. 54 constitute the quorum..

MR. SPEAKER: There is quorum in the House. There are more than 60 Members.

The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

MR. SPEAKER: The House stands adjourned till 11.00 a.m. on Friday.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, April 27, 1979/Vaisakha 7, 1901 (Saka).

G.M.G.I.P.N.D—882 LS—