

and the people are facing a lot of problems to get petrol and diesel. The Kharif season is also advancing. In the coastal districts also farmers are facing a lot of problems to get petrol and diesel. Through you, I would request the hon. Minister to take appropriate steps to supply petrol and diesel in a correct manner.

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (CAPT. SATISH KUMAR SHARMA) : The hon. Speaker had directed me to make a statement. As the House is aware, I have made a very comprehensive statement. Anyhow, I would like to give the factual position. I agree with the hon. Members. Because of the Mathura Refinery shut down, the whole of north India was affected. But the situation is fast improving. We are getting full cooperation from the Railways with regard to our requirement of the tank wagons. Berthing facility at the ports was also a problem. Now there is full cooperation from the Ministry of Surface Transport. We have got the required number of road tankers now deployed. The latest situation is, I am in touch with it and I am reviewing the situation every day. All the steps have been taken on a war-footing. The latest, yesterday's feed-back is that the situation in UP is improving. The queues which were long ones in UP have started reducing in western and eastern UP. I am not saying that there are no localised cases of dry-out. But I am giving you the overall situation. We are in touch with the Chief Minister of Uttar Pradesh and the Chief Secretary also. In my Ministry I have put a special team to interact with the various States.

Yes, I agree with the hon. Member from Punjab. But the UP situation is improving, has improved. In the next two days I can assure the hon. Members from Punjab, Andhra Pradesh, Rajasthan, Himachal Pradesh and the hilly areas that they will see an improvement. We are very much aware of the harvesting and threshing season right now and the problems that the farmers are facing. I am personally involved in the exercise.

I am taking a review meeting everyday.

[Translation]

PROF. RASA SINGH RAWAT : You have already told about Uttar Pradesh. Now please take up the matter of Rajasthan also.

CAPT. SATISH KUMAR SHARMA : I spoke about Rajasthan also. The situation will improve in Rajasthan and Bihar also. I am talking about entire eastern India. An hon. Member has just taken up the issue of Hyderabad. There was a severe cyclone at the refinery there. All the railway tracks were inundated. It was a local problem. Now the situation has improved in Hyderabad also..(Interruptions)

[English]

MR. DEPUTY SPEAKER : The House stands adjourned to meet again at 2.25 p.m.

13.21 hrs.

The Lok Sabha then adjourned for Lunch till Twenty-Five Minutes past Fourteen of the Clock.

14.36 hrs.

The Lok Sabha re-assembled after Lunch at Thirty-six Minutes past Fourteen of the Clock.

(Mr. Deputy-Speaker in the Chair)

[English]

FINANCE BILL, 1995 *

MR. DEPUTY-SPEAKER : Now, we shall take up legislative business.

Ten hours have been allotted for all the three stages of the Finance Bill, 1995. If the House agrees, we may have seven hours for general discussion, two hours for clause-by-clause consideration and one hour for third reading.

Shri Manmohan Singh, to move the Bill for consideration.

14.37 hrs.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : Mr. Deputy-Speaker, Sir, I beg to move : **

"That the Bill to give effect to the financial proposals of the Central Government for the Financial Year 1995-96 be taken into consideration".

Sir, while presenting the Budget on 15th March, 1995, I had explained the salient features of the proposals contained in the Finance Bill.

I feel gratified by the amount of interest, discussion and debate that the Budget has generated. Hon. Members from both the Houses have made useful suggestions. Many of them have also written to me giving their suggestions. A large number of suggestions have also been received from members of the public, trade unions, chambers of commerce, professional bodies and voluntary organisations. I would like to assure the hon. Members that we have very carefully considered all the points which have been made. On the basis of the discussion we have had on these suggestions, certain amendments to the Finance Bill are being moved in this House. I seek the indulgence of the hon. Members to explain the nature of these amendments.

Sir, in my Budget speech on 15th March, 1995, I had proposed a five-year tax holiday for the development of transport infrastructure. Under the proposed scheme, the five-year period is counted from

* Published in the Gazette of India extraordinary, Part II, Section 2 dated 18.5.95

** Moved with the recommendation of the President.

the year in which the infrastructure facility becomes operational. Beyond the five year period, deduction at the rate of 30 per cent is allowed for another five years.

Representations have been received from the Ministry of Surface Transport, and from infrastructure enterprises, suggesting that in the initial years, the profitability is likely to be very low because of depreciation allowance and operational expenses. Hence, it is very likely that there will be hardly any profit left to derive significant benefit from the proposed tax holiday. I find merit in this suggestion. I, therefore, propose to allow entrepreneurs to choose the initial year from which they want to avail of the five-year tax holiday. The tax holiday has to be availed of within a span of the first twelve years of operation. That means that an entrepreneur who chooses the fourth year of operation as the initial year gets the full tax holiday for five years - from the fourth to the eighth year - and the 30 per cent deduction for the remaining four years, that is, from the ninth to the twelfth year.

In order to widen the tax base, the Finance bill contained a proposal for deduction of tax at source, at the rate of ten per cent of the payments made by persons other than individuals and Hindu undivided families by way of fees for professional and technical services provided the payments during the year exceed twenty thousand rupees. I have received representations from various associations of professionals that the rate of ten per cent, is too high. I, therefore, propose to reduce this rate from ten per cent to five per cent.

In the budget for 1995-96, I had proposed the enlarge the ambit of deduction of tax at source by including payments made by persons other than individuals and Hindu undivided families in pursuance of contracts for advertising, broadcasting and telecasting, transport and catering. The proposed tax deduction was at the rate of two per cent of the gross receipts. Based on representations from the advertising sector, we have analysed the receipts and overheads of this sector and we find that in an advertising agency, except for the commission, the bulk of the receipts are passed on to the print or electronic media. In view of this, a deduction at the rate of two per cent of the gross receipts in the case of advertising agents. I would like to clarify that the proposed deduction would apply when a client makes payment to an advertising agency and not when an advertising agency makes payment to the media. I would also like to make clear that when an advertising agency makes payments to their models, artists, photographers, etc., tax shall be deducted at the rate of five per cent as applicable to fees for professional and technical services.

The Finance Bill as introduced on 15th March 1995 proposes to empower the Central Government to prescribe accounting standards for computing business income with effect from assessment year 1997-98. Some commentators have argued that Government should not prescribe detailed accounting standards for the

determination of income and that the standards set by the Institute of Chartered Accountants of India are adequate.

Members are aware that wherever the Income-tax Act contains precise rules for arriving at taxable profits, these are to be followed. For instance, for determining taxable income, the more liberal depreciation allowance under the Income-tax Rules are followed and not that provided in financial statements such as balance sheets. Since the objectives of financial reporting vary from those of tax legislation, it is not feasible to have a single set of standards for determination of accounting profit and taxable income. It is for this reason that in many countries, including the USA and Canada, the income tax authorities have laid down detailed accounting standards for determination of taxable income. I am sure, Member's would agree that this is a step in the right direction. The Government would, no doubt, consult expert bodies like the Institute of Chartered Accountants of India while laying down such standards.

The Finance Bill also provides that items of plant and machinery costing less than Rs. 5000 will, henceforth, form part of a block of assets and be allowed depreciation at the rate specified in the Income-tax Rules. I have received representations from professional bodies stating that this amendment will be harsh on them because books purchased for professional purposes will no longer be allowed full deduction in the year of the purchase. I realise the need for our professionals to constantly update their knowledge. It was not my intention to use this provision as a tax on knowledge and to discourage purchase of books for professional purposes. I, therefore, propose to allow 100 per cent depreciation of cost of books purchased for professional purposes in the year of purchase. Necessary amendment will be made in the Income-tax Rules.

In regard to indirect taxes I have already taken action in such cases wherever immediate relief was warranted. I would like to briefly mention the changes which have already been made.

In the Budget proposal for 1995-96, additional duty of excise in lieu of sales tax was imposed on cotton hosiery. Many hon. Members cutting across party lines have requested restoration of the exemption as such hosiery is produced largely in the highly decentralised sector. In deference to their wishes, I have restored the exemption on cotton hosiery.

I had made a provision that the exemption from additional excise duty on certain textile processes like calendaring, stentering, etc., will not apply if the factory has got facilities for bleaching, printing or dyeing. It was brought to my notice that these provisions had created certain practical problems for the industry. I have since restored the exemption from additional excise duty as was prevailing before the presentation of Budget for 1995-96.

I have also exempted from basic excise duty doubled yarn, made from duty paid yarn, even if it is subsequently dyed, bleached, printed for mercerised.

In the original Budget proposal, I had imposed a uniform excise duty of 20 per cent on all branded miscellaneous edible preparations. It was represented to me that this would affect even the sweetmeats and snack manufacturers, which was certainly not my intention. I have consequently fully exempted sweetmeats and snacks from payment of excise duty.

I have also reduced the import duty on a number of inputs used for the manufacture of gas discharge tubes and thermistors to 15 per cent. In order to encourage the growth of domestic printed circuit board industry, import duty on inputs for copper clad laminates for printed circuit boards varying from 40 per cent to 50 per cent has also been reduced to 15 per cent.

In addition to the changes already made, I wish to announce a few more concessions responding to the issues that have been raised. In my Budget proposals of 15th March, 1995, as an anti-evasion measure, I had proposed a minimum excise duty of Rs. 11.50 per Kg on fibre or filament waste. I am now proposing that these rates would apply only in the case of manufacturers of fibre and filament yarns from basic states. In respect of waste generated by independent spinning of weaving units I propose to fix a uniform basic duty of 20 per cent *ad valorem* for all types of wastes.

Sir, copper sulphate is used as pesticide in coffee, cardamom, pepper and cocoa plantations. I propose to reduce the excise duty on copper sulphate from 20 per cent to 10 per cent.

I am also proposing to restore the exemption from additional excise duty in the following types of fabrics:

- woven pile fabrics, chenille fabrics and tufted fabrics processed without the aid of power or steam.
- narrow knitted or crocheted fabrics not subjected to any process.

I also propose to fully exempt from basic excise duty braids, ornamental trimmings, etc., not subjected to any process and rubberised fabrics.

In the Budget, I had reduced the excise duty on china and porcelain ware to 15 per cent. I am now proposing to reduce excise duty on kitchenware, tableware, etc. made of glass also from 20 per cent to 15 per cent.

I am proposing to add 31 more life saving drugs in the list of drugs fully exempted from payment of import duty.

I also propose to fully exempt from import duty a number of items of medical equipments which are used in dentistry and for treatment of diseases of ear and throat.

Manufacturers of pressure cookers have represented that the prices of aluminium circles are unduly high. As a measure of relief, I am proposing to reduce the import duty on wrought aluminium products including aluminium circles from 40 per cent to 25 per cent.

To help the printing industry, I had reduced import duty on paper and paper board from 65 per cent to 40 per cent in the initial Budget proposals for 1995-96. However, I have been told that because of steep increase in international prices of paper this level of duty reduction is not adequate. I am thus proposing to further reduce the import duty on paper and paper board from 40 per cent to 20 per cent.

To help in proper storage of foodgrains and reduce losses thereof, I am proposing to reduce the import duty on agricultural silos to 25 per cent, which is the same as the general rate of duty on capital goods for industry.

I also made further simplifications in the Modvat scheme. The following relaxations are being made in the Modvat rules :

- allowing Modvat credit to furnace oil and low sulphur heavy stock used for the production of steam in a factory.
- full exemption from excise duty to job workers for all the job work done in relation to suppliers working under the Modvat scheme.

Button cells are used in electronic watches and cameras and are often smuggled. I am proposing to reduce the duty on button cells from 50 per cent to 25 per cent.

In my original Budget proposals, import duty on black and white picture tubes was reduced from 30 per cent to 25 per cent. I am now proposing to reduce the import duty on glass parts and shells of such black and white picture tubes also from 30 per cent to 25 per cent.

Journals and books printed on paper are fully exempted from customs duty, but if they come in the form of computer readable media such as CD-ROM and floppy diskettes, the duty rate is 50 per cent. There are requests for exempting journals or books from payment of import duty even if they come in such computer readable media. However, keeping the indigenous angle in view, I am proposing to reduce the import duty on CD-ROM and floppy diskettes to 25 per cent.

Several hon. Members have brought to my notice that by reducing the import duty on Carbon black to 50 per cent and having a duty of 40 per cent on its raw material, Carbon black feedstock, the differential between the duties has been considerably reduced. Therefore, I am proposing to restore the pre-Budget level of import duty of 30 per cent on Carbon black feedstock instead of 40 per cent proposed in the Budget. On Napthalene, which is also a raw material, the pre-Budget level of 30 per cent is being restored.

In my Budget proposals of 15th March, 1995, I had reduced import duty on plastic resins to 40 per cent. Manufacturers of Silicone resins have requested for reduction of import duty on their raw material which is 50 per cent in certain cases. I am proposing to reduce the import duty on specified raw materials used in the production of Silicone to 40 per cent.

I am also proposing certain amendments to the Finance Bill seeking to make some changes in the excise and customs tariff. These amendments are generally of technical nature and have no revenue significance.

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

Before I end, I would like to mention the two printing errors that had crept in the Notes on Clause 32 of the Finance Bill. In para 2(b), "or 273 needs to be ignore. In para 2(l), "within fifteen days" should be read as "within such time, not being less than fifteen days, as specified in the notice."

I hope hon. Members will agree that with the changes now proposed to be made, the tax changes in the Budget achieve the objective of giving a strong boost to the economy, while avoiding any burden on the common man, and indeed providing relief in some critical areas. I request the hon. Members to lend their support to the Finance Bill with the modifications I have proposed.

MR. DEPUTY-SPEAKER : Motion moved :

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1995-96, be taken into consideration."

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : What is the revenue implication?

SHRI MANMOHAN SINGH : Quite insignificant.

SHRI NIRMAL KANTI CHATTERJEE : Whenever some concessions or amendments are made, the Minister has to make a statement on the revenue implication. He is silent on it. Let him say that it is insignificant.

MR. DEPUTY-SPEAKER : In the end the Minister will come forward with all the necessary information.

Once again I may bring to your notice that the time allotted for discussion is ten hours; General discussion — seven hours — Margin discussion 35 minutes, General discussion - six hours twenty five minutes - Clause-by-Clause consideration, two hours and third reading is one hour. The time allotted for each political party is as follows :

Congress - three hours nine minutes, BJP - one hour twenty six minutes, CPI(M) - twenty six minutes,

Janta Dal - seventeen minutes, CPI - ten minutes, Samata Party - ten minutes, AIADMK - nine minutes, Janta Dal - seven minutes, Telugu Desam - nine minutes and JMM - four minutes.

Our experience is that the earlier speakers consume more time with the result the Members whose names come afterwards get very little time. So, unnecessary unhappy developments take place in the House. I request the Members to try to accommodate each other. Names shall have to come through Whips only. Whips only should decide whom to call first. Independent slips which come to the Chair create difficulty.

Now I shall call Shri Ram Kapse to initiate the discussion.

SHRI RAM KAPSE (Thane) : Hon. Deputy Speaker, Sir, I am happy that after two months some concessions have been announced by the hon. Finance Minister. I expect that at the end of the discussion he will agree to some of our proposals which are really in the interest of common man.

This was obviously an election-year budget but my speech will not indulge in election-year political speeches. I will deal only with issues and I hope the Finance Minister will respond in an objective manner. After all he is an economist first and politician later and in recent months only he had become a politician.

I intend to discuss at length two specific issues, (1) the need to raise minimum Income Tax exemption limit to Rs. 50,000 and (2) deduction on tax at source on interest on bank deposits in the course of my speech with a specific purpose to show how this Finance Bill is against common man. Now, he was saying that whatever he has done today is in the interest of common man. These two incidents, I think, are sufficient to understand that the common man's interest is overlooked by the Finance Bill. The last four Finance Bills were framed by a technocrat and we have experience in the last few months of the result in the State elections. The change was imminent. His party has to face the electorate in less than ten months. The electorate has already rejected his party in State elections and the likelihood of repetition of the same performance is very large. But, as a friend, I would like to remind hon. Manmohan Singh Ji, of our Maharashtra experience. In the last one year the Maharashtra Chief Minister tried his utmost to woo the electorate - every day there was a new announcement - and he miserably failed. It is an eye-opener if we see why he failed. The reason is people are disgusted with the prevailing corruption, inefficiency and the deep-rooted insensitivity of the men in power.

I was astonished to see that he forgot many of his assurances made in the last four years, assurances given to Parliament and given to the people at large. Take for instance, his failure to implement the proposal to abolish the surcharge on Corporate Tax or the proposal

to de-regulate the Insurance sector. These were his intentions. He declared that in Parliament and through Parliament he wanted to reach the people. But he has not mentioned in his Parliament speech, neither in the Finance Bill nor on the Budget, the non-fulfilment of his promise made to the country in the last four years. He owes an explanation to the country for his lapse.

The main issue is inflation. The Finance Minister keeps repeating that he has done nothing to push prices up. But what he keeps trying to hide is, he has done nothing to bring prices down or even to keep them under control either. Therefore, even if he has committed no sin of commission, he is guilty of sins of omission. He has done nothing to give a new direction to the problem of inflation. From this it follows logically that Income Tax structure needs to be restructured. If the purchasing power of the Rupee has diminished so dramatically, should not the real middle-class which has registered a massive growth in recent years, be given its just due? If in 1981 the exemption limit was Rs. 15,000/- and if those same Rs. 15,000/- are worth Rs. 51,000/- today, it is only just that the exemption be raised to Rs. 50,000/- from Rs. 40,000/- and that when he has already proposed up to Rs. 40,000. But, in reality, looking at the inflation, it is not worth Rs. 15,000/- of 1981 which was in practice.

15.00 hrs.

The Chelliah Committee Report recommended that the top rate of 40 per cent should be made applicable to income over Rs. 2 lakh whereas in the Budget this year, it is proposed to be Rs. 1,20,000. Chelliah Committee's recommendation about the top rate of 40 per cent should have been implemented this year in view of the fact that the present rate of inflation is likely to increase in the next Financial Year. One of the factors which will push up the inflation is the growing volume of non-plan expenditure of the Government. The fiscal deficit is likely to exceed the target of 5.5 per cent of the Gross Domestic Product. Hence the amendments by the Members of the Bharatiya Janata Party about personal taxation should be accepted in the name of justice. The laudable provision to exempt endowments for a handicapped dependent up to Rs. 20,000 is undermined by making the amount chargeable to tax as income of the assessee if the handicapped dependent pre-deceases the assessee. This provision is harsh, inequitable and will discourage such endowments. We propose to limit the tax liability in such cases to 10 per cent on 'flat rate basis'. It needs to be accepted.

15.01 hrs.

(Shrimati Santosh Chowdhary *in the Chair*)

I hope, the Finance Minister will not be harsh, at least, about this amendment. I could not understand how this Government is totally unmindful of the problems of small depositors in banks and bankers in general.

The Finance Bill, 1991 had introduced a provision about enlarging the scope of deduction of Tax at Source by including interest on bank deposits. At that time the provisions of TDS were applicable to payment of interest at Rs. 2500 or more. We opposed it vehemently and next year it was withdrawn. But this year the same scheme has been brought back, only the amount is changed from Rs. 2500 to Rs. 10,000.

The Government expects that banks should collect taxes on behalf of the Government if the yearly amount of interest on bank deposits is more than Rs. 10,000. The banks work on the principle of secrecy. But this Government is totally unmindful of that principle. They want that even a clerk in the bank should know each and every deposit of the customers. The Government is also unmindful of the administrative expenses which the banks will have to incur. You are asking the bankers to do the work which they are not expected to do. They are asked to do a job just as the primary teachers are asked to do any job, whether it is census or family planning. So, you are expecting the bankers to do the job of the Income Tax Department. The real question is how much more are you going to collect? Is it negligible? If it is negligible, I expect of the Finance Minister that the senior citizens, the pensioners, the common man, and the retired persons need not be taxed in such a manner and at the same time the banks should not be put to this hurdle. The real criminals engaged in hawala transactions and other traders are going scot free. They are still working at a very high speed. I expect of the Finance Minister that at least the middle class people who have deposits up to Rs. 1 lakh and who are chased with the help of banks may not be chased. Please give it up and save the banks and the common man.

All the schemes introduced in this Finance Bill are opposed by the entire banking industry. When the common man comes into trouble because of your TDS, he will definitely oppose this scheme. This is the election year. You were rejected in many States. You try to be good to common man. If you know what is good for you, you withdraw this proposal immediately. In 1991, you introduced this scheme and then you withdrew this scheme in 1992. You had re-introduced this scheme in 1995. But can we really speak about next year's Finance Bill? We do not know whether you will be there next year.

We do not know what will be the position next year. This is the final year of the Tenth Lok Sabha. So, please withdraw this scheme. The Banks are going to face many problems. They have submitted their Memoranda to you. But their anxiety is about deduction of interest on Cumulative Deposits and the interest on deposits from bank to bank. The taxation on bankers are worth considering. I would request you to re-consider the whole issue.

I welcome a proposal to amend Section 80(1A) with a view to allowing a tax holiday in respect of profits

and gains from industrial undertakings engaged in development of infrastructure. The concept of BOT and BOOT is being introduced. It is a good thing.

The Explanatory Memorandum mentions that industrial modernisation requires a massive expansion and a qualitative improvement in infrastructure. Our country is very deficient in infrastructure such as Expressways, Highways, Ports and rapid urban rail transport systems. Additional resources are needed to fulfil the requirements of India within a reasonable time frame. In other countries 'build, operate and transfer or build, own, operate and transfer' concepts have been utilised for developing new infrastructure. Hence this concession. It is a good idea. But noted Economist, Mr. Nani Palkiwala is right when he repeated a question asked by some industrialists 'Can we trust the Government of India'? I sincerely wish that the Finance Minister declares on the floor of Parliament that our policy would ensure that those who act on the faith of the existing law would be protected. It has happened in the last four years.

The Finance Bills, year after year, have not adhered to this principle. Even concessions given in Income Tax were withdrawn. Therefore, I suggest for such a declaration by Dr. Manmohan Singh.

Lastly, I will be dealing with the small scale industries. The small scale industries are demanding justice for years. If at all the Government wants job-oriented small scale industries to flourish in the interest of youth who get jobs in small scale industries, they should be clear and brief while issuing Notifications. Last year, Notifications were issued month after month and it created a chaos.

I requested sincerely that the Notifications should be given once and clearly. Their demands for 10 per cent age points less than the effective rate up to Rs. 1 crore and 5 per cent age points less than the effective rate up to Rs. 2 crore need to be accepted.

There are small scale industries which deserve a special concession. The Associations representing small scale manufacturers of paints and pressure cookers, and plastic re-cycling industry, shoddy manufacturers and others have already submitted their representations. I am happy that you have taken care of pressure cookers. But you have not totally accepted their demand. These industries are facing uneven competitions with multi-nationals. So, in the interest of youths who get jobs in the small scale industries, I request you to please do the needful in the matter. If the small scale industries flourish, it is good for the country. The Mexican experience warn is about the dangers of uncontrolled inflation and debt. The Indian economy is much stronger than the Mexican economy but a near double digit inflation and increasing external and internal debts are the causes for worry. Liberalisation and globalisation are frequently quoted terms but then why is it not our industries given access to Western technology? Are we going to stick at the level of assembling only? Foreign exchange reserves and rise

in food production are trumpeted. This is illusory stability with a potential for great instability. The time for making up is now. It is not too late yet. But very soon it will be. The present Government keeps harping about the crippling burden the previous Government had left as a legacy. Will it do anything to reduce the even more crippling burden it will leave for the next Government?

DR. DEBI PROSAD PAL (Calcutta North West) : Madam, I rise to support the Finance Bill of 1995. The Finance Bill reflects and implements certain basic proposals of the taxation policy which has been enunciated since 1991. It is wrong to suggest, as the Opposition Member was trying to contend that the present Budget is an election-eve Budget. It is only wrong to suggest that these taxation measures are the continuation of the policy which the Finance Minister has enunciated since the present Government came to power in June, 1991 and reflection of that policy with a thrust upon the anti-poverty alleviation programmes. Now, what is the new taxation policy which we have to bear in mind? The taxation policy is not an end in itself. It tries to implement certain economic philosophy. It tries to implement certain economic and fiscal concepts which have been accepted in our new economic policy. Under the new economic and taxation policy the entire tax structure has been reoriented with an eye to simplify the tax rates and lower the tax rates so that there may be a better compliance of the tax proposals and at the same time there is a thrust on the stimulation of growth of investments in agriculture, industry and employment generation in the economy. Now, that is the basic objective and with these twin objectives the present taxation policy has been followed since 1991. At present the Finance Minister has introduced certain basic concepts which will try to stimulate investments in agriculture and industry. The present Budget marks a steady increase in the growth of investments in agriculture, in the growth of industrial investment, in the growth of direct foreign investments, in the growth of foreign exchange reserves and in the increase of employment generation. Now, these are the basic concepts and features of the present taxation policy which is reflected in the Finance Bill. I can understand the anxiety of the Opposition Member when he says that in the elections to the different State Assemblies our party was not successful. It was not because of the enunciation and formulation of the new economic policy. It may be due to various factors such as exploitation of fundamentalist ideas and the local issues. But the Opposition Member should not forget that it is not the last verdict of the people. The new economic policy has been accepted all over the country. Even in West Bengal where the Leftists are in power, who hitherto described the new economic policy as a surrender of the economic sovereignty to the foreign country, have accepted this policy. It is good that they have accepted this policy for the improvement of the industries in West Bengal. It is good that they have accepted the new economic policy for the revival and growth of economy of West Bengal. So, even the Leftists have accepted this new economic

policy which has been enunciated by the Finance Minister and pursued for the last four or five years. Our Budgetary or taxation policy got certain scheme. It is not an election Budget. In 1991 when we came to power, there was an unprecedented economic crisis in the economy which everybody knows. Short-term measures were taken to tide over the crisis. Once the crisis was tide over, macro economic measures were taken in industrial policy, in trade policy, in fiscal matters and in fiscal sector. The economy was set on the right path.

After the economy has been set on its right path, the economic consolidations of the gains from the budgetary measures have been now adopted in the last two years' budgetary policies and even in the present year with a thrust for the poverty alleviation scheme. That was the aim of all fiscal policies.

The aim of fiscal policy is to reach the results of the economic fruits to the common man. That was the scheme. With that idea in view, the Finance Minister has been more pragmatic in his approach. The taxation exemption limit had been increased from Rs. 30,000 to Rs. 35,000 last year. Again it has been increased to Rs. 40,000. Certainly we would have been happy if it could be further increased. But one should not forget, if the total exemption which is allowed also under Section 80(L) and otherwise, a person who is earning Rs. 50,000 has not to pay any income tax at all.

Now, the Member from the Opposition was referring that in 1981, the taxation limit was Rs. 15,000 and compared to present inflationary spiral it comes to nearly about Rs. 51,000. Even now if the total exemption is taken into account, if an assessee earns Rs. 50,000, he has not to pay any tax at all. If a working woman earns Rs. 54,000, she has not to pay any tax at all. Not only that, the deduction under Section 80(L) has been increased from Rs. 10,000 to Rs. 13,000. These are the measures which have been taken in order to help the common man so that their income level upto Rs. 50,000 is not touched by the Revenue authorities.

It is true that in the corporate sector there was a promise made by the Finance Minister for five per cent deduction in the surcharge of the corporate tax. But at the same time, one should not forget that as a result of the industrial growth and development, as a result of increase in the agriculture, and as a result of the employment generation, there has been a macro economic stability in the economy.

The industries are more concerned with the macro economic stability and as a result of which they can invest largely in the industries and also in other spheres. So even this non deduction of five per cent surcharge in the corporate sector will not seriously affect the corporate sector because otherwise they are happy with the macro economic stability in the economy, in creating a spurt in the industrial development. There has been an increase in the industrial development.

I can appreciate the measures which have been taken by the Finance Minister in giving a booster to the infrastructure industry because if the country is to make stride on economic growth and development, the development of infrastructure is an essential requisite. It is a practical measure which has been taken by the Finance Minister that Section 80(i)(a) has been suitably amended in order that investments which are made in infrastructure industry like construction and building of railways or roads, bridges, airports and other expressways then these will be given a tax holiday for five years and thereafter at 30 per cent.

I pointed it out in the Consultative Committee and I am very happy to learn that the Finance Minister has recognised and has accepted the basic need because if five year tax holiday is given, there is a gestation period during which the corporate sector investing funds in the infrastructure industry may not get any profit at all. Therefore, the tax holiday may become an illusion by the recent amendment which has been announced by the Finance Minister today.

He has appreciated the practical need and therefore, what he has given now is that the tax holiday will be given and you can choose any year within the first five years. The five year period will be written from that particular period when you have commenced the production. You can choose any particular year so that ultimately the year in which you did not earn any profit that will not be taken for the purpose of computing the five year period.

I welcome this measure of the Finance Minister. This will be certainly removing much of the apprehension. But I will also again request the hon. Finance Minister to kindly take into consideration one thing. Section 80(IA) provides that the corporate sector which has invested its funds in the infrastructure industry will enter into an agreement with the Central Government or with the State Government or with the local authorities or with the statutory body so that within the period of the agreement, they will have to return the infrastructural facilities, the infrastructural facilities will be transferred to the Central Government or to the State Government or to the local authorities. So, there is nothing in the Statute as to what will be the consideration for which this has to be transferred. Huge amount of investment is necessary for the purpose of developing and building infrastructure. Even if the infrastructure industry facilities are to be transferred to the Central Government or to the State Government or to the local authority, there should be adequate protection so that the capital investment made by the corporate sector may not be completely denuded. I request the hon. Finance Minister to look into the matter and if possible give some protection so that the corporate sector may be encouraged to invest more funds in the infrastructure industry.

Now, with regard to the IDS, one of the objectives of the taxation policy is to widen the tax net so that the tax rate may be lowered and the tax net is widened. It has been the common experience that unless the tax is deducted at source, it is not always possible to take recourse to or to unearth the defaulting tax-payers. Sometimes they do not disclose their real income at all. In order to catch hold of these persons, there is a device that you deduct the tax at source, which has been accepted almost in all modern countries, so that there may be easier collection of tax and at the same time the tax-payer is saved from the trouble of paying the money when the assessment is made. This measure is not something which is not objectionable. But the rate of tax at which it has to be deducted sometimes may be harsh.

I am very glad and I congratulate the Finance Minister that he has acceded to the request that in the case of professional people like Chartered Accountants, doctors, medical practitioners, lawyers, architects, the rate of tax at which it has to be deducted has been reduced from ten per cent to 5 per cent. I would also suggest to the Finance Minister, if it is possible, to have a relook at the picture. Just like the rate of tax deducted at source in the case of contractors and sub-contractors is only at 2 per cent and 1 per cent, will it be possible to reduce it in the case of professional people any further? But at the same time I will request the hon. Finance Minister to bear in mind one important thing. The tax is deducted now at source almost at all levels. Even the Unit Trust, the Mutual Fund and in the banks, where the money is deposited, the tax is to be deducted at source beyond a particular level of income. Now, what will happen if the tax deduction certificate is not given in time. Under Section 203 of the Income Tax Act, there is an obligation to give the certificate to the tax-payer after the amount has been deducted and paid to the Treasury. But there is no penalty and there is no provision for that. If the tax deduction certificate is not given in time, then the difficulty is that for a person who is a professional or who is a contractor, money has been deducted at source but the certificate is not forthcoming and, therefore, he does not get the adjustment. Because the amount that has been paid on behalf of the person and from whose income it has been deducted he does not get the benefit of tax deduction. The person who deducted the tax also does not get the benefit.

There should be a penal clause that if the certificate is not issued within one month from the date of the deduction of the tax at source and the payment to the Government treasury, then, either the entire amount has to be borne by him and the tax-payer is to be allowed at least a benefit of claiming the tax deducted even after the assessment is completed by way of rectification as it is very often done in many other cases under Section 155 of the Act.

I welcome the Finance Minister's proposal regarding search and seizure assessment. It has been found on experience that when a search takes place, a long time elapses. When even the summary assessment for it is made, regular assessment is not made and the tax-payer is in a very uncertain situation. To obviate all these complications and difficulties, the Finance Minister introduced a special procedure for assessment in respect of assesseees. When there is a search and seizure of an individual's undisclosed income or of his assets or undisclosed assets, the assessment is to be made within a year and the notice is to be given to the assessee. Regular appeal is provided for to the Tribunal and 60 per cent of the undisclosed income is to be assessed. No further penalty is to be levied for the concealment of income or for the non-payment of interest and so on. This is a welcome measure because that will encourage people to have their undisclosed income assessed at a flat rate of 60 per cent and it will also augment the exchequer.

As there has been a suggestion from many quarters including different Chambers of Commerce and if the Government wants more money by way of unearthing of the undisclosed income, I would request the hon. Finance Minister to consider extension of this scheme to those who are voluntarily prepared to disclose their income which has not yet been unearthed. That is the measure which will not only encourage the people to come with their undisclosed income for disclosure but also the Government will be benefited because the Government will also be getting more money by this disclosure. There is nothing wrong in it excepting that in the case of search and seizure the rate of tax may be a little higher, say 5 per cent or more. Otherwise, there will be a discrimination. Those whose house has been searched, they can get the benefit of 60 per cent and pay up all their tax liabilities but those who have not been the subject of search, but have been assessed regularly, will be subjected to penalty assessment for their income not hitherto disclosed and the liability may be more than hundred per cent. This discrimination, in my respectful submission, requires consideration by the hon. Finance Minister.

Now, I am very grateful to the hon. Finance Minister for accepting the suggestion which has been made in the case of the depreciation on books. There has been a general complaint that unless hundred per cent depreciation is allowed on books which are being normally used by professional people, like doctors, architects, engineers, lawyers, etc. there will be serious difficulties because books after two year, become completely obsolete in the professional world. I am deeply grateful that the Finance Minister has acceded to this suggestion and today he has announced that hundred per cent depreciation is to be allowed in respect of books which are used by professionals.

Regarding the fixed GDA, there is also another important thing which I will request the hon. Finance

Minister to re-look into it. Under the method of accounting which is adopted by the business people, those whose income is from business profession or from other sources, normally, up-till-now, such income is to be computed either on cash basis or on mercantile basis or on high bid system because in certain receipts of income, it is possible to adopt the cash basis and in other places, it is possible to adopt the mercantile basis. It has always been accepted. So long as it has been regularly employed, there is no reason why it should be completely thrown away.

It will create difficulties. I am also glad and I am grateful to the Finance Minister that regarding the maintenance of the accounting standards the Central Government ultimately will consult expert bodies like the Institute of Chartered Accountants in framing the standards for the purpose of maintaining the accounts.

Regarding indirect taxes, it has been the policy of the Government, which the Finance Minister announced, in the case of reducing as far as possible the anomalies, to give an impetus and to reduce the cost of inputs to the producers, ensuring ultimately a benefit to the tax payer under the MODVAT scheme. These are integrated planning schemes and I hope that as a result of them there will be a lesser burden of excise duty not only upon the producers who are producing the inputs but also in reducing the cost for the manufacturers. But the whole question will be, if it was the intention to reduce the cost of manufacturer the Government should see that the reduction of the cost is ultimately reflected in the reduction of the price to the consumer; because that is the ultimate aim when the excise duty is being reduced, the input cost is being reduced and also as a result of the MODVAT scheme which has now been extended in different directions to reduce the cost so that the consumers who are getting the benefit it has been found on experience even though excise duty has been specifically slashed down the consumers have not been at all, or very slightly, benefited by such reduction in the cost. So, the Government should have some sort of supervisory control so that the reduction of excise duty may be ultimately reflected and it may be reaching the ultimate consumers who are to be benefited by that.

We have always been told that the reduction in the import duty will be creating a greater complication among the Indian manufacturers. Experience has shown that import duty even if it has been reduced there has been not much increase in the imports. The Finance Minister, in order to boost up investment has reduced import duty on machinery and also on capital goods from 65 per cent to 50 per cent. This is a welcome measure, but because of the risk there will be a great encouragement to investment in the capital goods sector and also it will to some extent throw complications and our Indian industry will be standing on feet of self-sufficiency. The entire budgetary schemes and the Finance Bill aim at not only increasing the revenues of

the country by lowering the rate of taxes, a better tax compliance, but at the same time the thrust is upon the poverty alleviation schemes.

The Finance Minister announced that even any contribution which is made to the Urban Poverty Reduction Fund which has been announced by the Prime Minister on the last Independence Day, one hundred per cent deduction would be allowed. Similarly, contributions to the Scheduled Castes and Scheduled Tribes Fund will be hundred per cent exempted. Those deduction will be fully allowed.

These are some of the measures which have been taken with an eye to ameliorate the conditions of rural people and the thrust of the present Budget is to improve the rural employment, to improve the health conditions, to increase generation of employment in the rural sector and also in the urban sector. We must not forget that in other countries the growth of capital is seven to eight per cent. If India has to achieve that standard we require greater industrial development, greater agricultural development and for that purpose, direct investment of foreign capital is needed. As a result of the policy of the Government there has been a large inflow of direct investment in foreign investment and these are not consumer goods industries. But these are in the core sector industry like power, and for example the other core sector industries where foreign participation is flowing.

These are the achievements of the present Government since it came to power in June, 1991.

It is wrong to suggest that these measures are only on the eve of an election which may come. It is a measure which has been a continuation of the Policy which has been taken since June, 1991.

As the hon. Prime Minister himself has observed on the Budget of 1995, it is a Budget of economic growth and a continuation of our Policy which the present Government has pursued since 1991. It is a Budget where the people will be the large beneficiaries and the thrust is upon the development of the rural sector, the development of the health and also the employment conditions of our rural sector. This has been not this year's attempt but it has been done even in the Budget of 1994-95. Out of Rs. 78,000 crore of the Plan expenditure, more than 50 per cent has been employed for the development of the rural sector, and out of Rs. 1,23,000 of the Non-Plan expenditure, the subsidies on food and fertilisers take a larger share of our expenditure. Now, these are only for the betterment of the conditions of the common man.

Therefore, I welcome the Finance Bill and I commend this Finance Bill with the modifications which has been introduced by the hon. Minister of Finance.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : I do not want to speak today. I feel that there is neither a quorum nor adequate number of speakers present.

MR. CHAIRMAN : But they have already given their names. That is why I am calling their names.

SHRI NIRMAL KANTI CHATTERJEE : So what I can do is that I can try today also and take another chance again.

[Translation]

SHRI RAMASHRAY PRASAD SINGH (Jahanabad): Mr. Chairman, Sir, I am grateful to you for giving me this opportunity to speak on the Finance Bill. Just now, many hon. Members expressed their views on the Finance Bill but to me it is only an election budget. It is being said here that certain such provisions have been made in the current year's budget, which have been mentioned right now, that if these are implemented properly, they will leave a very good effect on our people. Our hon. Minister says that the current budget aims at economic development, eradication of poverty from the country and generation of new employment opportunities. Besides, the hon. Minister has made a mention of many other things. The people can really benefit from all these schemes and programmes if these are earnestly enforced and proper steps taken for their implementation without resorting to propaganda alone. Here, I would like to know one thing. This House has not been apprised properly of the results of the Prime Minister's Employment Guarantee scheme and many other employment schemes in vogue for the purpose of removing poverty.

Mr. Chairman, it has, of course been stated in this House that millions and billions of rupees have been spent for removing poverty but no evaluation has been made thereof. There is no monitoring to ascertain whether this money spent has actually been instrumental in removing poverty. If poverty has been removed, then it is all right, but a lot of money has also been spent in my area, yet, it could not remove poverty. It rather added to the problems of the poor rather those have increased.

Mr. Chairman, the hon. Finance Minister is a great scholar but I have many times raised this question in the House that if a scheme implemented fructifies and gives the desired results, it is worth the effort but in case it does not fructify, it will be an exercise in futility, no matter we may come to the House with a piece of paper to claim that so much money has been spent. The schemes launched there were fraught with financial misappropriation. I do not see any reason in launching schemes unless corruption is eradicated. All the resources employed will go down the drain if this devil of corruption is not kept under check. In such a situation, the Government shall have to ponder over it. It is not that I am speaking like this in this House and there is no weight in what I say. I must say it clearly that launching of your schemes has further added to the poverty there. People are faced with more problems now.

Mr. Chairman, substandard material was provided to them for their development and improvement which further aggravated their problems. The testimony of it lies in the fact that there were no returns of the funds granted for the purpose. What is the reason behind it? Is everybody having malafide intentions? It is not so. What needs to be monitored is to locate the people having malafide intentions. The loudspeakers and other devices made available to the youth there were of substandard quality. The professional orchestra players were supplied with substandard implements due to which they are all perplexed. Similarly, the cattle provided to them were of substandard species and one animal was given to more than one person. How can the Government come to know how far have the people been benefited if proper monitoring is not done?

Mr. Chairman, what is happening to the Prime Minister's Employment Guarantee Scheme launched recently? What is the role of the bank employees in that? The district administration is flooded with such applications. As a result, the applications are selected by a lottery system. The department of Industries give its clearance to such selected applicants and sends them to the bank where the youth keep pleading for six months to one year but they don't get any loan from the bank. They yield in abject capitulation. Is this what the scheme purports at? For example, there is a branch office of Allahabad Bank in Jahanabad. The Branch Manager has for six months been harassing a youth who has been given no loan despite the clearance of the department of Industries. We have also written letters to this effect.

Mr. Chairman, how can the schemes become successful if things take place like that. If there is no improvement, then the new scheme launched in the name of the Prime Minister will meet the same fate of a flop as did the earlier one. This necessitates a strong check on the evil of corruption. Every scheme will be an utter failure if corruption is not checked and weakened.

SHRI AYUB KHAN (Jhunjhunu) : Checking corruption is the job of the State Government.

SHRI RAMASHRAY PRASAD SINGH : I am talking about the Bank Manager that he is not making loan available. How does the State Government come into picture in it. Does the Bank Manager come under the jurisdiction of authority of the State Government? He comes under the jurisdiction of the Central Government. You leave everything to the responsibility of the State Government.

Secondly, the Government has raised an expectation about subsidy which gives the impression that people will be greatly benefited. With regard to economic reforms, I perceive that the reforms should result in a particular effect. There is rapid inflation today. The prices of commodities are rising fast. Why is it so? With the increase in finances, our currency will be strong and we can exercise control over the market. This is a rule

of economics. But why is there a steep increase in the prices of commodities when you claim to possess a huge amount of foreign exchange and undertook great economic reforms? This contradiction will go a long way to prove whether what you claim is true or untrue. I am making some points before you.

The purchasing power of the poor has been decreasing. He cannot purchase anything. What is the position of the cloth used for 'Dhotis' and 'Sarees' today. A 'Dhoti' that cost Rs. 46 earlier has registered an increase of Rs. 20 and costs Rs. 66 today. How can the people afford to buy it? Subsidy should be given on the cloth prepared so that the poor can be able to purchase it and cover their bodies. But this, too, is not being done. I am saying this here because the hon. Minister is a great scholar of economics. Not only me but everybody admits that he is a scholar. What is the use of his erudition if the country is not benefited by this? The country and the poor should be benefited by his knowledge and erudition.

Mr. Chairman, so far as industries are concerned, these should be set up with the help and on the basis of economic reforms. The small scale industries are a great source of revenue in the country but these have been rendered nearly dead today. Attention should be paid to it. To my mind the advent of multinational companies which are likely to spread here consequent upon the pursuance of new economic policy will devour the small scale sector. The question is that for example a person owns a soap manufacturing factory. With the advent of foreign companies the soap prepared by modern machines will not only be better in quality but will also cost less than the indigenous small scale industry soap. That way, the small scale industry will be annihilated from the market. Besides that, it needs to be ensured that the foreign companies do not manufacture things which are produced indigenously. Otherwise, the goods made by foreign companies will be more in demand which will adversely affect our production.

There is the question of a large army of weavers today. Weavers are facing extinction today; because there is no market for their produce. Nobody is going to buy their goods in the absence of a market. They move from door to door, from village to village to sell their produce but they earn no profit. The result is that they cannot repay their loans either. I urge upon you that the Finance Bill you talking so tall of should not be restricted to propaganda alone but should come to be matched with the ground realities so that employment can be provided to the poor. The youth are fleeing from the villages in the absence of work there. It is a great problem for the country that our youth are unemployed today. They will take to subversion and other disgraceful deeds if no work is given to them. That will add another problem for the Government. It will then have to deploy platoons of army for suppressing that rebellion and spend a lot of money, too, on the exercise.

Mr. Chairman, through you, I suggest that if the same money to be spent later on such an exercise is channelised for setting up industries, it can provide them employment and they will also be able to repay the loan. There is increasingly rampant corruption today. It should be checked. It may take some time. Then alone can that youth stand on his own for self employment. It is worth thinking that what will be left for his employment if he doles out 25-30 per cent of the funds to the corrupt officials. The Government has given relaxation on many things. For that we thank you I have only to say that the country can be saved and poverty removed only where corruption is eradicated in the country. Your party has strengthened the roots of corruption and corruption has in turn eaten into the vitals of the country. I urge that employment should be provided to the youth who are wandering in search of a job so that they are not dissuaded to choose the wrong path.

I have noticed that no action is taken unless the situation deteriorates. The Government starts contemplating things when the country is thrown to the dogs. Why does not it foresee things and contemplate in advance. Had forethinking been a habit of the Government, there would have been no Kashmir problem, no Assam Problem and no Punjab Problem. The crux of the matter is that employment should be given to the youth so that they are not led astray. This will strengthen the country's economic position also. With these words, I conclude.

*SHRI V.S. VIJAYARAGHAVAN (Palakkad) : Madam Chairperson, I rise to support the Finance Bill. What one could see in the present Budget is a bright reflection of the economic policy followed by this Government for the last four years. It is a fact that the Government has been subject to severe criticism on account of the policy of liberalisation. But, the critics of the Government have deliberately overlooked a pertinent point, that is, the emphasis laid on rural development. In the present year's budgetary provisions, an amount of Rs. 30,000 crores has been earmarked for rural development. Father of the Nation, Mahatma Gandhi believed that India's heart lied in its villages. We had such great visionaries who held that prime attention should be given to the development of villages. Pandit Jawaharlal Nehru laid the foundation of the development of Indian villages through five-year plans. Indiraji, inherited the vision of her glorious predecessor and implemented successfully various projects for the total emancipation of the Indian villages. Shri Rajiv Gandhi continued with the programmes and accentuated the liberation of villages from backwardness. Under the dynamic leadership of Hon. Prime Minister Shri Narasimha Rao, our Government is also moving in the same direction. It is not a small thing that in the Budget presented by Dr. Manmohan Singh, 30,000 crores rupees have been provided for rural development. It is to be noted that

* Translation of the speech originally delivered in Malayalam.

such a big amount has never been allocated for rural development. Madam Chairperson, let me congratulate the Hon. Finance Minister on this account.

As a result of liberalisation the situation has changed in such a way that private individuals invest in the industrial sector whereas the Government invests in the rural sector. If the Government had to make huge investments in the industrial sector, the rural sector would not have had such a big share of investments. The fact that two thirds of the total employment opportunities are created in the rural sector has to be understood in order to look at the Government's economic policy in the right perspective. Everybody who is committed to the economic prosperity of the country has to appreciate and support the policy of the Government. Therefore, Madam Chairperson, I would say that Budget is an important milestone in the process of eradicating social inequality and poverty.

Let us examine the various steps taken by the Government to this effect. A Rural Development Fund has been constituted in NABARD with effect from April 1995. State Governments are entitled to avail loans from this 'fund'. The main objectives of this fund are soil preservation and completion of small scale and medium scale irrigation projects. New loan facilities have been provided for Scheduled Castes and Scheduled Tribes. 400 crores rupees have been earmarked for this purpose. Rs. 1000 crores have been allocated for the development of Khadi-Gramodyog Scheme. This will definitely accentuate the development of that sector.

Another notable point is the helping hand offered to the handloom sector which is facing a serious crisis. Through NABARD schemes have been implemented to finance the handloom sector. At this point, I would also like to point out that the extensive loan facilities provided for small industries will give a boom to that sector. Appreciating the various schemes and provisions that are expected to add momentum to the overall growth and development of the various sectors of our economy, I would make a humble suggestion to the Hon. Finance Minister. I feel that it would be in the fitness of things to constitute a monitoring cell to review and analyse the activities of the organisations that deal with these aided projects. I would like to bring it to the notice of the Hon. Minister that a considerable share of the amount allocated for rural development has been pocketed by middlemen and agents. There are several cases where the money do not reach the unprivileged classes who have been envisaged in the projects as their beneficiaries.

I welcome the decision to raise the Income Tax limit from Rs. 35,000/- to Rs. 40,000/-. At the same time I would request the Hon. Finance Minister to raise it further to Rs. 50,000/-. To the great relief of the public, the product tax on various consumer goods have been slashed. The objective should be to bring down the tax

rates gradually through years. This can be achieved by increasing production and by making the tax system more effective.

Madam Chairperson, let me make use of this opportunity to bring to the notice of the Hon. Finance Minister some of the important problems of my State. Farmers in Kerala are facing a severe crisis on account of the steep fall in the prices of agricultural products like pepper, cardamom, coconut etc. At present, there is no mechanism to check this regular feature of fall in the prices. I would like to suggest that some system should be constituted in the model of Agricultural Price Commission to take care of these products and fixing minimum support prices for them.

Unemployment is another severe problem that the State has to face. The severity of this problem is obvious from the fact that more than 50 lakhs educated youths remain unemployed in the State. 30,000 crores rupees have been allocated for rural development. I request that while formulating schemes for rural development Kerala may be given a proper share considering the magnitude of the unemployment prevailing in the State.

The Industrial development is taking a sluggish pace in the State. The work of the Thermal Power Station in Kayamkulam has been progressing at a snail's pace for so many years. The same is the case with the Naval Academy Project in Ezhimala. The Palakkad unit of the Instrumentation Company Limited has been making profit from the beginning. There is a move to privatise this profit making unit alongwith the other units of the Company which were running at loss. I am constrained to say that this would be an injustice done to the active and efficient labourers of the Palakkad unit. They are being punished for no fault of theirs. This unit may either be converted into an independent unit or be associated with BHEL. Let me reiterate the fact that the Palakkad unit has been running profitably, and it would be sheer injustice if the labourers in that unit are made to pay for the inefficiency of other units. This move, I am afraid, Madam, would send a wrong signal to those who work in the Public Sector that the Government is not paying proper attention of their cause. At present the Palakkad unit of the Company is under consideration of BIFR.

Pooyamkutty Irrigation Project is one of the projects taken up by Kerala after giving up the Silent Valley Project. At the time of giving up the Silent Valley Project, Kerala was given a promise which has not been fulfilled as yet. Another Project that awaits the clearance by the Department of Environment & Forests is the Kuriarkutty-Karappara Project. I request the Government to give sanction to these two Projects, which were promised to the State in lieu of the Silent Valley Project. Another Project, the work of which is being stalled is the Attappadi Valley Irrigation Project. Government had invested Lakhs of rupees on the Preliminary works of the projects including the construction of Guest Houses when the project was abandoned. This project would have contributed to the upliftment of Attappadi, which

is backward tribal area. This practice of abandoning projects the midway, after spending crores of rupees has tremendous repercussions on the public exchequer. So, I plead with the Government to continue with the Attappadi Irrigation Project and not abandon it the midway.

The Government do not have a specific policy on coconut. In the previous year's Budget, an amount of Rs. 20 crores was allocated for the development of coconut. In the present budget also the same amount is allocated. Whereas in the case of 'oil palm' the budgetary allocation was raised from Rs. 23.5 crores in 1994-95 to Rs. 25 crores in 1995-96. From this it is obvious that the Government is taking an attitude of negligence towards coconut. It is a long pending demand that coconut should be declared as an oil seed. There have been contrary versions as to whether coconut has been declared an oil seed or not. One thing is clear that so far no benefit has reached the coconut growers. I demand that coconut should be included in the 'Technology Mission' alongwith 'oil palm'. There should be an end to the discrimination which is being shown to coconut. Coconut may be included in either 'National Oil Seed Development Project' or 'Oil Seed Production Trust Programme'. I also demand that the minimum support price should be increased at least by 300 rupees.

Madam Chairperson, I would also like to draw the attention of the Hon. Minister to the inordinate hike in the price of fertilizers. After the presentation of this year's Budget, the prices of 'Factomphos' shot up to 7,200 rupees from 6,500 rupees per tonne. The price of 'Potash' increased from Rs. 3,700 to Rs. 4,700. Madam Chairperson, I am constrained to say that this is an injustice done to the poor farmers. Similarly, the rate of interest for short term agricultural loans was hiked to 14.5% from 11.5%. As I welcome the Budget presented by the Hon. Finance Minister on all other aspects, it pains me to say in this august House that, the budgetary provisions have nothing but woe to offer the farmers of this country. Having hailed from a peasant family, I think it is my painful duty to reflect in this House the anguish of the farmer community. They bear the brunt of some of the budgetary provisions as the prices of fertilizers are hiked, the rates of interest for agricultural loans are hiked, and they are not getting minimum price for their products like coconut, cardamom and paddy. I hope the Hon. Finance Minister will be kind enough to look into these matters and reconsider some of the budgetary provisions in order to bring down the prices of fertilizers, to reduce the rate of interest for agricultural loans, and to increase the minimum support price of agricultural products like coconut. It is my faith that the Hon. Finance Minister will be considerate towards the poor farmers of this country. I once again request the Minister to give utmost importance to these points and alleviate the grievance of the public that this year's Budget has served them a severe blow.

Madam Chairperson, I am grateful to you for giving me this opportunity to bring to the notice of the Hon. Finance Minister some of the most urgent needs of the people of my State and my Constituency. With these words. I support the Finance Bill.

16.03 hrs.

SHRI GIRDHARI LAL BHARGAVA : (Jaipur) : Madam Chairman, first of all, I would like to submit to the hon. Finance Minister to raise the exemption limit of income tax. Today, this subject is the talk of the town. Both the Central and the State Government middle class employees have been continuously demanding that the income tax exemption limit should be raised. The hon. Minister has agreed just now to raise the limit from 35 to 40 thousand. The demand of my party is that the income tax exemption limit should be raised upto Rs. 60,000. If it is not possible to do so, then it should at least be raised upto Rs. 50,000.

Secondly, concession should be given to the cottage industries also.

Thirdly, the hon. Minister has mentioned to give concession to backward areas. Please also include three States in that list. 11 districts of Rajasthan are desert areas. Madam Chairman, Rajasthan, Gujarat and Haryana whose borders touch one another should be given exemption in income tax and these States should be included in the list of backward States. My next submission is that the exemption limit for HUF should be increased from Rupees 18 thousand to Rupees 24 thousand. The hon. Minister also said that the exemption limit in property will be raised from Rs. 2 lakh to Rs. 5 lakh. No property can be acquired in Rs. 5 lakh. If you want to earn praise by giving relaxation in this manner, then it will prove futile. Keeping in view the price hike, it should be raised at least upto Rs. 10 lakh. I want that the firm rate should be 20 instead of 40. I urge upon the hon. Minister that exemption limit on the income of the old people should also be raised.

Now, I would like to draw your attention towards the fact that while presenting the fourth budget, you have paid attention towards the poor. They should be uplifted and given its benefits. When the hon. Minister made a declaration in this regard in his fourth budget, it was also said that this benefit will be given through the banks. The condition of the banks is well known to clear everybody and they are depending upon them. The banks are running in loss. It has been said that with the merger of the banks, the poor will be benefited they will get relaxations. I thought that you might have come to know about the sentiments of the people but in the present political scenario, nothing is likely to be achieved. Keeping in view the coming elections and to avoid the wrath of the people the slogan of the poor was raised. But, my submission is that it will not serve any purpose. Therefore, please improve the condition of the banks and in this way the economic condition of the country will be improved and the people will be

really benefited. Likewise, budgetary, concessions to the tune of the thousand crore rupees have been given to the people but it has not been mentioned as to how the internal resources will be mobilised. A Machinery should be set up to see whether the concession is reaching the consumers or not and whether the people are getting the benefit of price reduction or not. The concessions which you had declared Earlier were reduced after few days. After some time, you will realise its ramifications because you have also a family. The moment, the Finance Minister presents the budget in the House, prices of items begin to hike, you have stated that if this benefit will not be passed on to the consumers then you will be compelled to reconsider it. I request you consider it right now. You yourself will come to know whether the prices have gone up or decreased. Though, you have given concession of Rupees two thousand crores yet you have not pondered over it at all as to how its benefit will reach the people.

I would like to submit one more thing that the benefit is not reaching the people and the deficit is increasing continuously. The physical deficit during 1993-94 was 6% of GDP. It has increased upto 7 per cent during 1994-95 and it is estimated to be 5.5 per cent during 1995-96. Your estimate has proved wrong. God knows where it will go. It can increase upto 6.50 per cent or more. It seems that the total deficit will reach upto 7.3 per cent. In this way, unless you make these data available to the people, they cannot be swayed. Therefore, the actual figures should be made available to the people. Likewise the revenue deficit, which was Rs. 16,261 crore during 1991-92 has reached upto Rs. 33,541 crore during 1994-95. These data prove that the country is passing through a critical phase. At least you should admit it and the revenue deficit, which you are going to make up by giving loan is fatal for the country. Rupees has devaluated 4 times. I think that if such devaluation continues then the condition of the country will be more miserable. The debt burden is increasing. During 1991-92, 52.2 per cent of loan was taken on account of revenue deficit. During 1992-93, 66.65 per cent was transferred from revenue deficit. It has gone upto 67 per cent in the budget for 1995-96. The deficit is increasing and it is a must to ponder over the revenue deficit. If the same condition persists, the whole money will go in deficit and nothing will be left for the development of the nation.

I would like to draw your attention specially towards one thing that only 50-55 per cent of the annual budget is spent during the first 8 months and during the last 3-4 months the officers spend lavishly to utilise the full budget allocation and on account of it, the allocated amount is not spent in schemes. Therefore first of all, schemes should be made and then money should be spent for the development of the nation so that this money can be used in the schemes and the country can make progress.

Mr. Chairman, Sir, it seems from the way the prices are shooting up that people will lose the capacity of saving. In October, 1992, the currency increased by 20.5 per cent and the burden of loan had gone upto Rs. 50,000 crore. I would like to furnish some data of price hike. During 1994-95, the price of tea; oil seed; egg, meat and fish; cement, medicine and textile increased by 47, 29, 28 and 70 per cent respectively. If the situation remains the same then the common man will lose the capacity of saving. Today, you refer to Dollar instead of rupee and say that so much goods can be bought in one dollar but a common man does not know, what is a dollar. If the same trend continues then people will forget rupee and will remember dollar.

Today, what is the position of foodgrains production in the country? Honestly speaking the production of foodgrains has declined. The common man of the country lives on barley and other coarse grains on cheap rates. The Government should make such arrangements that it can be made available at cheap rates. The import specially of edibles should be reduced. The pulses are the most dear item in the world, while it is considered to be the best food item for the poor. There is a saying and both the rich and the poor say that the Roti should be made available to them. Pulses and coarse grains should be cheap at least in our country.

My submission regarding agriculture and fertilizers is that due to the use of chemical fertilisers, the fertility of the land is decreasing. It is an issue to be pondered over seriously. The issue of giving pass books to the farmers have been left to the State Governments. The Central Government should take the initiative so that the farmers can get the pass books in time. The Government of Rajasthan is making efforts in this direction and for it, it deserves congratulations. The Central Government should take the initiative to get this work done.

Sir, my submission to you is that the people are not happy with these policies. There is resentment among the people in regard to the way this budget has been presented. As far as the issue of LPG gas is concerned, Rajasthan is not getting its due share. Rajasthan Government should get its proper quota of gas. Rajasthan is getting only 3.25 per cent gas out of the total capacity of HBJ pipeline. My submission to you is that the line which passes through Rajasthan will go upto Dadri from Vijaypur and it will pass through Sawai Madhopur, Dholpur and Alwar districts of Rajasthan. Therefore, Rajasthan should be given two crore metric tonnes of gas.

I would like to draw the attention of the hon. Minister towards one more thing. Earlier, the Central Government used to give papers for publishing books and exercise books at control rates. Now this quota has been withdrawn. As a result thereof, the rates of books and note-books have gone up and now these have become more costly. My submission is that the quota which was being given to the States earlier should be restored.

We are not satisfied from the figures of 1994-95. 33.48 crore people are living below poverty line. The labourers are being retrenched in factories, unemployment is increasing among unorganised labourers day by day. Will the hon. Finance Minister ponder over it as to how these factories would be made viable?

At the end, my submission is that you should ponder over these schemes comprehensively and the income tax exemption limit, which I have asked for to be increased upto Rs. 60 thousand, should at least be increased upto Rs. 50 thousand.

I am thankful to you for giving me an opportunity to speak.

16.18 hrs.

(Shrimati Geeta Mukherjee *in the Chair*)

[English]

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : Madam Chairperson, I crave your indulgence on two points. One is, we did not have any discussion on the General Budget. The second reason is that it does seem that there is a paucity of speakers and I may be allowed to consume the rest of the time today.

When we discuss the Finance Bill and the detailed provisions of the Finance Bill, we want to find out the background also. The Finance Bill is an instrument for mobilisation of resources. We also want to see whether through the Finance Bill, the purpose of equity has been served. Therefore, I want to go back a little.

The Finance Minister in his Budget speech has told us so many things. He has accused us as being blind due to political rage; in the heat of political debate we have lost sight of what had already been achieved. Maybe. My submission would be that because of abject surrender to people elsewhere, our Finance Minister is not able to see a few other things. The crucial things in the economy affected the people and affected growth, have escaped his attention in the Budget speech also. Let me mention some of them.

The first thing is he has to explain to all our people how is it that despite a lower per capita availability of foodgrains, our foodstock is building up. What is happening despite a lower per capita availability? Is it an indicator that people are eating less and therefore more are available in the coffers of the public sector?

The second thing I want to mention is a very crucial thing — he has claimed many achievements — a very crucial thing for growth and development in the economy is the savings rate. Let us see what the savings rates are in the course of last few years. In 1990-91, the savings rate was 23.7 per cent; in 1991-92, it has come down to 23.1 per cent; in 1992-93, it has come down to 20.0 per cent; and 1993-94, it is 20.2 per cent. Some people questioned this estimate. Even in terms of gross domestic capital formation, the figures are 25.7 per cent

in 1990-91, it come down to 22.9 per cent to 23.3 per cent and then to 21.3 per cent. There is no reference to it. Through the Finance Bill we tried to find out whether it contains any element which will augment the process of increasing the savings rate.

The third thing I want to highlight is in terms of employment. He has used a beautiful expression drawing from Cassandra etc. Let me get the figures as far as it goes from the Economic Survey. And the per capita availability. Do you want the figures? You do not want the figures..(Interruptions) I can give you the figures.

SHRI SAIFUDDIN CHOUDHURY (Katwa) : He has not taken any figures from the Economic Survey.

SHRI NIRMAL KANTI CHATTERJEE : Your figures — the Economic Survey figures. This per capita availability of foodgrains was: From 510.01 grams per day in 1991, it has come down to 468 grams, 464 grams and 474.2 grams per day. This is the decrease in terms of growth of our population and the availability. I have frequently heard credit being taken that we have achieved a record production. It is seldom mentioned that record was achieved in 1980-81 in terms of that Five Year Plan. That is never mentioned and since 1980-81 to 1994-95, population has grown by at least some 30 per cent and that figure is achieved in 1994-95 and our Agriculture Minister, may be Finance Minister also takes credit for that.

This is what has gone into a decreasing per capita availability. Yet, our stocks are building up. Of course, it should be qualified by one statement.

I was referring to employment. Let me mention that figure also. There is a very interesting employment figure given here. In the public sector the employment figure is, in 1990-187, in 1991-190 in 1992-192 and in 1993-193. It is increasing, very satisfying. Only that it is increasing in the public sector at a much lower rate than the growth in the labour force. He says employment is not growing.

What is the story of the private sector? In the private sector, the growth is 75.82, 76.76, 78.46, and 1993 figures are available here. There is a slight decline. Together it is 263, 267, 270 and 272. Anybody handling figures will tell that this does mean that unemployment is increasing at least in the organised sector. The figures are in terms of lakh persons at the end of the financial year.

At least in the organised sector people are getting fewer chances for employment. We shall look into what is happening in the other sectors later. However, we have been hearing, despite all this, by no less a person than the Managing Director of the International Monetary Fund that poverty level has come down in India to 25 per cent. I do not know whether he shares that figure, because all available statistics with the Planning Commission as corrected by the Experts Body — I also handle National Sample Survey Organisation data —

indicate that the figure is hovering around 40 per cent. With rising inflation, with lower availability of foodgrains and building stocks, the conclusion can only be that more and more people are coming below a poverty line which also is defined in a very very artificial and abnormal manner. The Managing Director of the International Monetary Fund is also very assuring.

SHRI MANMOHAN SINGH : Where is the statement of the Managing Director?

SHRI NIRMAL KANTI CHATTERJEE : I am not carrying all the statements for your consumption.

SHRI MANMOHAN SINGH : Give a copy of it.

SHRI NIRMAL KANTI CHATTERJEE : I will try to do that. I am sure he has got a copy, he is trying to score a point. I receive those survey publications.

He has also said very confidently that India will not go the Mexican way. Maybe. Only he could not say that Mexico will not go the Mexican way. This, they could not say. Today, after the events, they have become wise and they have come to us to assure that India will not go the Mexican way. I know the Finance Minister is firmly convinced that that is true. I will come to that also.

I am trying to approach the financial provisions in the context of these things. He has also said that our external debt stock is coming down. He claims this.

I will not question that figure although I will question all the other figures of the Budget. He does not mention here that that does not reduce our external liability. There is a distinction between external debt and external liability. What we say is — it is his own approach — that instead of borrowing, let us invite foreign capital within the country. And everybody knows that in any business people borrow in order to have a higher rate of return than the rate of interest they pay. If that be so, then the foreign capital that is coming here, whose profit will be repatriated, only adds to our liability instead of reducing the liability, which is indicated by the six of external debt stock. This, he never mentions. I will not go into that.

He has said that there are problems of management in public sector enterprises, etc. He has said, he has inherited the economy. He was about to make a true statement by not saying since when he has inherited it. Is it from Chandra Shekharji? Is it from the Janata Dal Government? Or, was the economy in tatters even earlier and all the problems he was handling from 1991-92 were generated because of events that occurred in the mid-80s? However, because he was silent, I give credit to him. He was not being explicit on that point.

The other point is this. He has questionable figures. I do not question the fact that there is a decline in the inflation rate over the last few weeks, after they rose for several weeks, say, ten weeks or so before that. What I question is that it was never below two digits. I want him to substantiate the daily statements that they issue

that it is less than a two digit figure. We have asked about it in the Question Hour that if we compare figures, it will always be hovering around two digits. He says that the figures are not available with him. His Department is less inefficient than that. If he tries he can get the figures. And whether or not it has declined, I am maintaining that the level remains at two digits. There is nothing very touchy about whether this is two digit or not. In any case, it indicates that a tremendous pressure on prices is continuing. And that means that the condition of the life to the people is getting worse and worse. He has taken credit about infrastructure building. This has been done not with our funds, not through public sector investments. We all know the story of ENRON. We want infrastructure to be strengthened, but not through the ENRON route. That he does not mention. On the other hand, he does insist that the Electricity Boards should enhance the rates and in that should try to mobilise the resources without telling us that that is another way of having a higher rate of inflation in the economy via cost push.

I will mention another point on this and then move on to something else... (*Interruptions*) In the Budget there is a very dangerous statement about the Insurance sector. The first steps to privatisation has been taken in terms of Malhotra Committee Report. If anything, we have to oppose it tooth and nail. If there is any success in India since the planning days, they are there in the financial sectors. Since the banking sector was nationalised, they could reach out which the moneylenders used in their game in the countryside. If, there is any credit point to be given, it is on the Insurance sector for innovating new schemes and reach out to the millions in our countryside. Forgetting all that, they are now trying to hand over this Insurance sector to the foreigners who are there with very very large funds. I need not tell him that it is one of the ways of functioning of large monopolies. They function in such way that they incur losses for ten years so that they can wipe off competition; and then take the pound of flesh. It is known worldwide. Capitalism has not changed its spots; the multinationals are the capitalists and they have not changed their spots. This is the game they indulge in; they will do it. Competition means 'no holds barred' competition. Therefore, they will ruin the Indian Insurance sector; if possible, they will ruin the Indian banking sector by offering tremendous concessions in the beginning. They will recover the losses in India through profits in Africa; and the Indians would be paying through their noses, after they have succeeded in enumerating the Indian sector.

In the Budget also, the Finance Bill becomes relevant. I will say first about statistics. It was last year when I pointed out that the entire speech of the Finance Minister is based on the Revised Estimate figures; and I tried to indicate last time also that all the Revised Estimate figures are in a very significant manner like that. In terms of revenue, they overstated; in terms of expenditure, they understated, compared to the final

account. Last year I compared up to 1992-93. This time, the figures are available for 1993-94. We have the final account figures; we have the Revised Estimate figures; we have the Budget Estimate figures. Once again the old story is repeated there and you will be surprised. Let me give you the figures. I cannot appreciate this kind of shamelessness which is associated with the World Bank and the International Monetary Fund. Why should the Indian Finance Minister be associated with such a kind of a thing? I would give you the 1993-94 figures. Please look at the figures. The Revised Estimates say that the corporation tax would be collected for 1993-94 and the value would be Rs. 10,500 crores. The actual figures today is Rs. 10,060 crores. This is about corporation tax. The taxes on income other than corporation tax at that time was Rs. 1,728 crores which is the Revised Estimate; and the actual is Rs. 1,346 crores. The figure of the interest tax was Rs. 900 crores which is the Revised Estimate and the actual recorded, as shown this year was Rs. 727 crores. This is the story in terms of revenue.

On the expenditure side, the picture is that the revised estimates will underplay and therefore, when assuming the revised estimates, the total budget deficit and the total fiscal deficit are always underplayed. This is the very peculiar pattern we are discovering year after year. I do not know about the 1980s. But I have tried to find out to what extent this is true during Dr. Singh's regime and I have discovered that it is true every year. So, the collection figures and the budget estimate figures also, for the coming years, are highly suspect. I want to make that point and I want to be convinced.

SHRI SAIFUDDIN CHOUDHURY : It is not being corrected year after year.

SHRI NIRMAL KANTI CHATTERJEE : No, no. Correction is actual.

SHRI MANMOHAN SINGH : We are living in a world of increased uncertainty.

SHRI NIRMAL KANTI CHATTERJEE : Yes, I certainly concede to that. Uncertainty is increasing and accelerating, in fact, because the hustings are near and I think it is not uncertainty now; it has transformed itself to dialectics, into a certainty that he will no longer remain the Finance Minister, unless, of course, he ceases to be bonded to the international agencies and ceases to be bound by his colleagues with utterly corrupt nature.

SHRI A. CHARLES (Trivandrum) : Why are you always pessimistic.

SHRI NIRMAL KANTI CHATTERJEE : I am not pessimistic. I am welcoming him. I will be happy if he can continue. The only condition is that he gets himself free from the bondage of international masters and also disassociates himself from the political party which has become so corrupt. These are the two conditions. That is all. Then we shall accommodate him, if these two things happen.

Sir, in this context, we shall try to judge the Finance Bill. His claim is that he has given to States. We shall

try to find out his resources first. He has tried to cut down on the plant budget; he has cut down on investment in public sector enterprises; he has cut down on aids to States. So, he has cut down on these sides. Do not challenge me. Planned expenditure, support to Plan, is increased by 4 or 6 per cent and the inflation rate is at least 9 to 10 per cent. The total plan budget is increased by 4 per cent which means a decrease in real terms. For States, it is a joke when he claims that he has given more. The figures are that in the revised estimates, it was Rs. 19,304 crore and the proposal is to give Rs. 19,506 crore. And just add to this that the collections from the States, in terms of interest for all the loans advanced, would be increased in the current year by Rs. 2000 crore. This is strangling the State. We are in the midst of the municipal elections. And we have to answer the people there. When we ask our people, "Why are the roads not good and why is there no drinking water supply?", they will say that the State Government is unable to give and when we go to the State Government, they will very simply say that this is how the Centre deals with us. The saving rate in the economy is low. The Government will not mobilise a higher fraction from the savings and yet, how do we expect that we meet the needs of the municipalities and the needs of the States which are concerned more with the vital sectors of the economy.

It is in this context that we have to assess the quality of the Finance Bill. He has also claimed. It is very interesting. This is another surprising thing from him that in rural development, this time he has offered Rs. 7,700 crore compared to last year's Rs. 7010 crore. An increase seems to be happy. Then he claims: 'It seems that Rs. 30000 crore target of the Eighth Plan is going to be realised.' Is it honest to make a statement of this kind? This Rs. 30,000 crore of the Eighth Plan is based on a particular price level. That Rs. 30,000 crore at the current rate of inflation — when it ends in five years would be Rs. 60,000 crore. If you claim that you are reaching the financial target of expenditure on rural development in terms of the Eighth Plan, then what is this, if not beyond? You talk of transparency. Let it be transparent and then tell the truth instead of gimmicks or polemics. This is what we expect, if from nobody else, but from Dr. Singh.

SHRI A. CHARLES : Is there any system to show? ... (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE : That is your understanding. Therefore, I have not mentioned to you. I have mentioned to Dr. Manmohan Singh.

SHRI A. CHARLES : We also understand. What you said, I have understood.

SHRI NIRMAL KANTI CHATTERJEE : I can try to explain. Madam, I was a Member of the Rajya Sabha...

SHRI A. CHARLES : You try to give a message just stopping the whole thing.

SHRI NIRMAL KANTI CHATTERJEE : I will give you another story because there is enough time for me, I have no difficulty.

I was a Member of the Rajya Sabha. At that time, Shri Rajiv Gandhi was the Finance Minister. He was trying to compare the plan provisions with the actuals of the earlier years. And, when I rose to challenge him, saying, "You are comparing incomparables", he got so confused that he sat down and said, "All right, I will come to you later." And later, he never came. This happens. You provide for Rs. 10,000 crore and then there is inflation rate and you will see that in pure financial terms, more often than not, we have succeeded in overspending the plan targets. And, you will see in the same plan document that in real terms we have not. This happens. Therefore, any knowledgeable persons will not claim that we are going to reach the target and mislead the entire country by saying Rs. 30,000 crore was target and we are about to reach. It is not transparency and honesty. That is the point I am making.

Madam, now I come to this part - the Finance Bill. Revised estimates, I do not have to go. Now, imagine, we are not able to mobilise. He has made a concession. Whenever he makes a concession, he says the concession is insignificant and the Budget estimates are profit. Today also he said, "It is insignificant". What is significant, we do not know. Now, in terms of the Finance Bill and other measures - some of them are not in the Finance Bill, they are notified, etc. - we could not give amendments to them. The revenue collection is affected. He has conceded some Rs. 3,000 crore in Customs Duty and some Rs. 331 crore in Excise Duty. And, in the end, in this debating atmosphere, he claims, all that is taken into account, as 'really insignificant'. Yet, I want to assert, 'was there any scope to mobilise further resources?' I will give three instances.

One of them has I think by now become rather infamous, not because we mentioned it; but the fact is that it is infamous. We get it from their own departmental figures and we only repeat it. In the share market, if Rs. 14 lakh crore were transacted, according to their estimate, income generated would be one lakh crores of rupees. Even at the marginal rate of taxation, if we could collect at least 40 per cent of that, it would then be Rs. 40,000 crore. Now, he assumed a fiscal deficit of Rs. 58,000 crore. That is a high figure and that of course is bogus. Now, you assumed a budget deficit of Rs. 6,000 crore. Imagine a collection of Rs. 40,000 crore. There is one great source of Rs. 40,000, provided we can tap it. I don't know why it is not tapped. One condition could be that the present Government should resign; or yet other condition could be that Dr. Singh should resign from present political party and help form a new pattern of Government and so on. I don't really know whether it is true. But here was a source which could not be tapped under the present dispensation.

SHRI MANMOHAN SINGH : I would like to know what is sources of this figures of Rs. 40,000 crore. I will be grateful if you could send me the information.

SHRI NIRMAL KANTI CHATTERJEE : Don't you have presumptive tax? If you have a turnover of Rs. 5 lakhs, you assume a provisional income of Rs. 35,000. Then what be the tax on Rs. 14 lakh crore? Was that not your estimate? If you do not remember, you may consult your Department. I am just utilising your own figure. You may please see the report of the JPC.

SHRI MANMOHAN SINGH : This does not apply to it. This fourteen lakh crores of rupees that you are talking is just fiction.

SHRI NIRMAL KANTI CHATTERJEE : You say this Rs. 14 lakh crore transaction is a fiction! In your response to the JPC report, you have never said that this transaction is a fiction. How much money is lost in the banking sector? May be three to ten thousand crore is lost. But what has not been lost has been utilised in the share market. Ask Shri Ram Niwas Mirdha, the Chairman of the JPC. He will point out the details. What has been squared up also generated income. Therefore, the total transaction is Rs. 14 lakh crore. And eight per cent of that would be one lakh crores of rupees. This is one source that I am referring to.

There is another source. I do not know what prevented you from tapping that. I have got the details in respect of this second source also from your Department only. Various exemptions provided in the Income-tax Laws have led to this kind of a situation. I have a list of more than one thousand companies with me. Their profits range from Rs. 10 crore to Rs. 200 to 300 crore. They are big companies. What is interesting is that they do not pay any tax. All these companies are known as zero tax companies. The maximum tax according to that list was eight per cent. Why is it so? It could be argued that they might be generating block income. It could also be argued that there might be tax evasion. But the real cause is tax avoidance. It is indeed in terms of tax avoidance. We have succeeded in providing so many loopholes in our taxation laws that a company earning Rs. 300 crore does not have to pay any tax!

And he is widening his tax base by going to the retailers and requesting them to pay one rupee at least. You just imagine, has the tax clause been such that they would have paid taxes, it would have meant — I take the average gross earnings as Rs. 100 crore and Rs. 1000 crore and another Rs. 1,00,000 crore and if you tax them at 20 per cent rate — Rs. 20,000 crore.

Like the Railway debate everybody wants a platform in his Department. He has to give one concession to each. He goes on giving concessions to all charitable trusts. Many hon. Members on the other side, have no income or pay no tax but move in Benz cars. I wonder how they get money! They are supported by trusts.

There are so many of them and they say that there is a good regulating authority to see that trusts do not misbehave. When the Cabinet misbehaves, why should not the trusts misbehave? This is another source which they are refusing to handle.

You just imagine the dimension or the size of the amount. Even if they partially succeed, these deficits could have been there. The States need not have been charged and the States would have smiled at the Municipalities and Panchayats. There is a list which has been given not by the Department but by the Reserve Bank of India, which Rangarajan and I also mentioned the other day. There is a list of more than 5000 entities who have defaulted and none of them has defaulted less than a crore of rupee. And there are many who have defaulted much more. Because of these 5000 individuals defaulting over Rs. 1 crore, each leading to Rs. 100-2000 crore, there is a problem with the banking sector. There is a problem of capital in the banking sector and, therefore, Dr. Singh has to provide for Rs. 5000 crore in one year, Rs. 5700 crore for another year and Rs. 8050 crore for this year. These are the areas where if a Government which is determined to be less corrupt than it is today, there will be no problem in functioning without depending on IMF or the World Bank. We can stand on our own legs. We can additionally help alleviate poverty and we need not deny anything to the public sector enterprises.

The story of public sector enterprises is fantastic. I was mentioning the figures. Now let me mention another part of those figures. The cut from the expenditure, as I have said earlier, is always understated in the revised estimates compared to the actuals. Now, I introduce an amendment to my statement. It is not so in all the cases. It is not so in the case of public sector enterprise and Plan expenditure. There, in fact, the revised expenditure overstates and the actual is lower. This was the story in 1993-94 and this was the story in earlier year also.

17.00 hrs.

Wherever there is a cut in terms of investments in the public sector enterprises, in real terms, the plan size is coming down. Who are the sufferers? The sufferers are the public sector undertakings. My hats off for the public sector enterprises.

Now, I will give you an interesting figure. It tells a very interesting story. So, I am drawing the attention of the Finance Minister towards that figure. It says that the employees of the public sector enterprises were suffering due to rise in prices till the year 1976-77 viz., the Emergency year. Can you imagine that? The rise in Consumer Price Index was more than the rise in per capita emoluments of the public sector enterprises. Since then, the employees of the public sector have been able to organise themselves. They have acquired strength in their Unions. They have succeeded in increasing their per capita emoluments to a higher rate than the rise in the Consumer Price Index. Despite an oppressive regime all through, it was their strength which had made them to succeed. So, there is no question of

their going back. They did not realise that you imagine the scene before that time. They thought that a benevolent Government after independence is their and they will do everything. It took them more than thirty years to realise that they have to mobilise themselves, otherwise they will not get a single pie. At last they have succeeded. That was the figure which I would like Dr. Manmohan Singh to ponder over.

I will now come to some of the provisions of the Finance Bill.

[Translation]

SHRI HARCHAND SINGH (Ropar) : Let us make Dr. Singh a communist.

[English]

SHRI NIRMAL KANTI CHATTERJEE : Do you think that it is possible? I will try that. You indicate your possibility. I do not want to waste my efforts.

Sir, on the Finance Bill, I will not go into very many difficulties but I will just make some broad points. I do not believe in raising of the Exemption Limit. It makes the Finance Minister somewhat happy! I believe, on the contrary, that an individual takes pride in saying that he is an Income Tax payer. He takes pride in saying that out of his Income Tax, one person living below the poverty line is helped. But his tax right has been very low. We have sung beautiful songs in favour of the very rich saying that it was a confiscated right. Out of 97 per cent, how can anybody pay tax? Well, there may be no disagreement. It has been brought down from 97 per cent to 40 per cent. The Finance Minister says that because it has come down therefore things have started paying. But, at that time, for ever, it was 20 per cent at the bottom. Why have you not reduced that? Why do you not have a system which begins at a much lower rate so that even the less paid people who are above the poverty line and at a sufficient level feel proud to say we are tax payers. Let it be one per cent. They are prepared to have tax deduction at one per cent rate. So one percent is not a very absurd figure.

He will then say, you pose administrative problems. I have given amendments. I have not suggested this drastic measure. But what I have suggested is that let us do these things. We have a slab of Rs. 40,000 to Rs. 60,000. Retain that slab. But have a tax rate of 10 per cent there. Go step by step. Let the first slab be not more than 10 per cent. That is from Rs. 60,000 to Rs. 1,00,000 instead of 1,20,000. That is also my amendment. Have a rate of 20 per cent from Rs. 1,00,000 to Rs. 2,00,000 have a rate of 30 per cent. Then from Rs. 2,00,000 to Rs. 5,00,000 have a rate of 40 per cent. Above five lakhs you can go up to 45 per cent instead of limiting yourself. It is taxable income. It is not gross income and you have got so many provisions for tax avoidance. That is one kind of a suggestion that I want to lay before the House and the Finance Minister.

There is a second suggestion which I want to make in terms of surcharge on corporation tax. It unnecessarily creates problem. How much will you get if the surcharge

is 50 per cent on 40 to 45 per cent corporation tax? What is the margin? Had it been surcharge on income tax, there could have been an argument that the States are deprived of their income. You have to share the income tax with the States. But in corporation tax in any case you do not have to share with the States. This is explained by the fact that the Finance Minister was too confused after the drubbings in the recent elections.

Now, coming to income tax, what is our approach towards it? I discussed this matter with Dr. Pal. He says that if there is a search operation and if income is discovered, it takes a lot of time to find out from the record books whether that income relates to this year or the earlier year or ten years ago. It takes a lot of time and involves a lot of litigation. My suggestion would be, have a flat rate of 60 per cent irrespective of the year to which it relates to. The question which Dr. Pal put into my mind was that if somebody before being caught declares his income, he should be paying a higher tax. My proposal is very simple. Previously we had so many schemes to unearth black money. Sometimes we succeeded through these schemes in generating more black money. My proposal would be that if there is a voluntary declaration whenever, let them be charge 60 per cent. And if such a declaration comes after discovery or after search or after seizure, let them be charged 70 per cent.

This takes into account all the previous black-money unearthing schemes brought in many Finance Bills.

17.10 hrs.

(Mr. Deputy-Speaker in the Chair)

I have another suggestion. There is always a scheme of advance tax. In fact, such defaults take place, like the advance tax. Somebody has not paid the advance tax as was paid quarterly and 90 per cent has been paid before 15th of March. Dr. Debi Prosad Pal is a master because he is a tax lawyer, who always argues in favour of tax evaders. Therefore, he is a bigger master.

MR. DEPUTY SPEAKER : Taxpayers and not Taxevaders.

SHRI NIRMAL KANTI CHATTERJEE : But supposing the advance tax is not paid by an assessee to the extent of 90 per cent, but he pays it in April or May or June, then an alternative could be that he pays the tax plus the interest for this money. But the provision, I do not know and I am not sure, seems to be that he pays interest upto the time of settlement of his tax return. If that be so then that would not be advisable.

These are the three alternatives. One is, that if you do not pay advance tax or taxes either or you have evaded taxes earlier, one alternative is, you pay the current rate plus accumulated interest or at a flat rate which you are declaring, say 60 per cent or whichever is lower. But if you are searched and caught, then pay at the rate of 70 per cent or accruing interest whichever is lower. This kind of an approach, I believe, would be useful for getting more taxes.

About tax deduction at source and acquisition of housing property, I have mentioned the tax deduction at source. That I shall do myself. If I have a deposit today of one lakh rupees or more and if they are giving me 12 per cent rate of interest, I get Rs. 12,000 from one fixed deposit and he deducts tax at source. There is no difficulty at bank. I think, Dr. Pal also mentioned this because they will immediately give me a receipt that he has deducted it at source. There is no difficulty at all. If I am a taxpayer I can immediately attach that to my tax return. But there are money deposits in various companies and these companies take time. Sometimes they do not deposit the money.

I know of cases, when this has happened, telling you that they have deducted. Their letter is not acceptable to the income tax authorities and he has to suffer twice. That one has to see that in such a case there has to be penalty for all this. If such a scheme is made that such deduction of tax is taking place and if that has not been deposited somewhere, there should be provision to have urgent measures. Unless that is done, this will be a fraud. Otherwise, what will happen is splitting of amount. Instead of having one lakh rupees in one deposit scheme, there will be two schemes of Rs. 50,000 each.

You smoothen the process so that you do not add to the labour intensity of financial institutions.

Sir, if at all direct tax has any characteristic, it has the characteristic progressivity compared to indirect taxes. Direct taxes, as you all know, is not proportional and it is progressive. If you have a certain income, all do not pay 20 per cent. If you have a larger income, you will pay 30 per cent and if you have a still larger income, you pay 40 per cent. That is the element of progressivity in direct taxes. That is why, we prefer direct taxes. In old day classic economics, marginal utility to them is less, etc. Now when you give concessions in indirect tax, exactly the reverse happens. When you take the tax, it is progressive. When you give concessions, it becomes regressive. The higher tax paying person gets larger benefits compared to the lower tax paying person. Therefore one has to be careful. This is a very simple one. One can illustrate it. All those who are asking for increasing the sum from Rs. 13,000 to Rs. 20,000 or Rs. 25,000 under Section 80(L) do not appreciate this and they should understand that somebody who is paying at 40 per cent rate is a bigger beneficiary in terms of Section 80(L) than somebody who is paying at the rate of 20 per cent. Is there a way out? I have suggested some amendment. There is a way out. If you are not able to eliminate all concessions, in all cases what you do is a very simple thing, that is, instead of permitting deduction on income, you permit deduction on tax at a flat rate, say 20 per cent. In all those Sections, which prefix Section 80 — I have given this amendment including Section 80(L), — the principle obviously is that of Section 88 and he had announced all these concessions and five-year tax holiday also. Let us say for five years, if you have generated income, all the income is not tax free. But, whatever the tax

amount would be, 20 per cent tax will have to be paid. Or make it 50 per cent but make them pay because they made money. Make it really progressive and not regressive as all concessions in direct taxes are. That is my suggestion. I do not know to what extent he is bonded to the rich in our country. And, therefore, I do not know to what extent he will be able to free himself from this.

Sir, I will now come to indirect taxes. Now what is our attitude to indirect taxes?

Mr. Deputy-Speaker, Sir, now you have rung the bell. There is an understanding with the former person, who was in the Chair, that I will continue. I do not know whether the communication system is adequate or not.

SHRI MANMOHAN SINGH : There is no such understanding ...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Well, if there is such an understanding with you, let us communicate that thing.

In passing, let me try to mention this. The opposite of indirect tax to certain extent is subsidy. If the subsidies, irrespective of the kind of reason or argument for direct taxes, are inherently at a flat rate, then it is a progressive one. The story of subsidy is this. In the Budget, the provisions are reduced. And whether it is a food subsidy or a fertiliser subsidy or even in terms of railways, in all these areas, the subsidies are coming down in real terms.

I still do not know because I was surprised to see a figure of the oil pool, perhaps, that while the revised estimates say it is Rs. 85,000, in reality it is Rs. 7000 total. The figures are so untrustworthy that one really cannot speak much on the figures. Also the provisions for even the science and other things have decreased in real terms, despite contrary claims.

As far indirect taxes, our approach is the less the better. With one provision, if there are no excise duties, we will be very happy in broad terms, because it is a burden. It is highly regressive. But there is a qualification. The qualification is that given the level of living within the country, we distinguish all commodities or divide all the commodities into two types. We consider some of the commodities as necessary and some of the commodities as luxury. This line is naturally a moving one. In the United States, the dividing line will be at one place. Many more commodities will be considered. The necessity is there with a per capita income of 300 dollars. Somebody was objecting to the expression 'dollar'. The level of living is such that the necessities and the luxuries will be defined in a different manner and we want to utilize our excise duties carefully. Here also, we suggest that reduce the excise duties on consumer goods or necessities or raw materials which go into necessities to the extent which I distinguish them to zero. No matter, but do not reduce the excise duties on luxuries. Luxury is another important aspect.

Please permit me to go into some generalities at this stage. We are saying that plenty of foreign capital

is coming...*(Interruptions)* I am relating this story. Do not be impatient with me. The international scene is that through some centuries of exploitation of the rest of the world, huge surplus of capital has accumulated in certain countries. Further, tremendous scientific inventions and scientific discoveries have been made in the very recent years so that the pattern of the technology is such that it is becoming a jobless co-experience. The technology which is developing now do not require many people. In future it will be requiring still fewer people, if robots are introduced. There is a problem for the surplus capital. The market also is getting saturated in that trend. Therefore, the current trend which you may have observed also and it may have registered in your mind, is those who have money, let them be fed with newer and newer kind of goods. Let supply of newer goods generate a demand in those who have the wherewithal to purchase. If you have a 12 inches TV or 14 inches TV, give 21 inch TV. If you have 21, give 29. If you have got a Maruti, offer them Mercedes. This is true here. It is very difficult in the already advanced countries. So, the entire production effort is to generate new kind of goods or to improve in such a manner the earlier goods that a demand can be generated in that is limited. Therefore, here is a problem, i.e. tremendous amount of surplus accumulated through exploitation all over the world and fewer areas of investment which is known as foreign direct investment. Yet capital loses its value. Unless capital generates more capital and if capital cannot generate profit, it ceases to be capital.

Therefore, for the hunt of profit, it has to roam around the world and in which way it can be done? That is one area. You produce Mercedes. Producing cars worth Rs. 3 lakh is not enough. You should produce cars worth Rs. 15 lakh and also wherever the existing products are being sold, take over those profits. Some surplus is generated in this way. You take over those companies, but even then if there is a surplus what to do? You find out an area where no production is necessary. Is there such an area? He said that war product was such an area. But there is another area and that area is called share market. Nothing is produced or generated excepting profit or loss. Therefore, the internationally exploited surplus is flowing into these kinds of areas or sectors. There are goods which the very rich can buy and there are goods which the others were buying but they were not owing the output. It is this that is happening in India also.

I can remind him one thing. He frequently mentions about China. The story is in terms of foreign capital which is a wonderful one. Let me mention this. The foreign capital was sought for during the days of Lenin and Stalin. But they refused to come. Now the pressure is such that they are trying to reach China, India and the rest of the world. Their own markets are struck. There is competition also. We are trying to exploit all the competition. Is there a difference with West Bengal? He has mentioned about West Bengal. West Bengal takes into account display of world capital. Therefore, they try to sort out sectors. Why will they allow this? It is a battle between foreign capitals' proclivity for profit

and the requirement of the capital of the State. But it is not opening the womb as Dr. Singh is doing because the womb is not of his but of the country. It is in this context what we have to think about other part of the indirect taxes known as customs duties. Firstly, in terms of excise duties, wherever you try to reduce the duty on luxury goods, we are opposed to that. We have no objection for the reduction of excise duties on the consumer goods or the inputs of those consumer goods. Custom duty is also an indirect one. This is the same approach.

Please look at the times where you have increase the excise duties. Take the case of cement. He may also consider it a necessity because the Government is also there in the construction projects.

SHRI MANMOHAN SINGH : There is no increase in the effective duty. It is given the benefit of MODVAT.

SHRI NIRMAL KANTI CHATTERJEE : I do not know about MODVAT. I will be corrected by all the manipulations that you can generate. What I see in this memorandum is very simple.

SHRI MANMOHAN SINGH : Please read it carefully.

SHRI NIRMAL KANTI CHATTERJEE : I am reading it. I quote :

"Increase in excise duty on portland cement from Rs. 330 per M.T. to Rs. 350 per M.T."

If this is an adjustment, God knows what I will be satisfied, if he explains. On the other hand, there are some other items and commodities of luxury types where he has reduced the prices. He has announced some concessions but I could not catch the figures then. The duty on some imported raw materials for TVs and colour TVs has been reduced.

I welcome today's amendment regarding silicon and sulfuric acid. Here also they say that sulphate is used as pesticide and they have suggested that duty on that part only which is consumed as pesticide be reduced from twenty per cent to ten per cent. He is very liberal. He has reduced the duty on the entire production by ten per cent. I do not know why. Anyway, there might be some justification. I am not able to oppose it because it is our general approach to have a cut on excise duties ...*(Interruptions)* I was also to have gone but I have seen too much of his face, therefore, I did not go.

Similarly, there is reduction in excise duty on ...*(Interruptions)*

MR. DEPUTY-SPEAKER : Nirmal Ji, you have taken one hour and twenty minutes.

SHRI NIRMAL KANTI CHATTERJEE : So, there are forty minutes left for two hours. Kindly help me, Sir.

MR. DEPUTY-SPEAKER : If you were the only hon. Member, the Chair would have had no objection absolutely.

SHRI NIRMAL KANTI CHATTERJEE : I am coming to an end, Sir.

There is a reduction in excise duty on perfumed hair oil put up in unit containers. I do not know whether he applies it.

SHRI MANMOHAN SINGH : It is a poor man's item.

SHRI NIRMAL KANTI CHATTERJEE : Okay. Then, on perfumes as such also, he has reduced the excise duty. We are opposed to that. Who are the consumers of perfume I know. The hon. Opposition Leader is there. He is a connoisseur but he can afford to pay.

AN HON. MEMBER : Connoisseur of what?

SHRI NIRMAL KANTI CHATTERJEE : Of perfumes ...*(Interruptions)*. I think this is a common knowledge that he continues to live as a bachelor.

SHRI ATAL BIHAR VAJPAYEE (Lucknow) : I do not use perfume, I use itr.

SHRI NIRMAL KANTI CHATTERJEE : Okay. He wants a costly variety. Similarly, there are other items also but I shall abide by your indication and shall not go into any more details.

I have just another point from a different angle and let me put it on record. Asbestos is considered to be a health hazard - its output and its final product also, as advised by the international experts recently. Why is it necessary to encourage its consumption by reducing the duty? Let him think about it. It is considered internationally a health hazard, although it is used by the poor sections of the population.

SHRI MANMOHAN SINGH : The latest view is different.

SHRI NIRMAL KANTI CHATTERJEE : Okay, if I say, he may not accept it but the international masters here have begun to advise that as far as possible, you should get away from asbestos...*(Interruptions)*

PROF. SAVITHRI LAKSHMANAN (Mukundapuram) : You please rise up to the level of international masters so that he could accept your recommendation.

SHRI NIRMAL KANTI CHATTERJEE : I am trying very much. I want India to be a global leader and we want to be heading towards that situation. I have offered him our company at that stage also, provided he is unbundled from the present masters.

There is also reduction in excise duty on electrical parts and accessories of motor vehicles. I do not know on which kind of motor vehicles it has been reduced. I shall not be happy because, as I said, on indirect taxes this is the kind of approach that I have got, and I want to examine each of the items from that point of view.

I have given some amendments. I, therefore, do not want to go into all these things.

Let me conclude. I am not going into the full details. I think there is a point when the Chair has to be respected.

I know that it does not make any difference in the sense that in the coming hustings they have no future whatever they do. Yet, I want to see them less bruised

than they otherwise will be and, therefore, I suggest that you have to restore all your cuts on public sector enterprises. I can read out the whole list. And the funniest part of this public sector enterprises is — I can imagine it — when you approach him he says : 'it is referred to B.I.F.R.'. And the B.I.F.R. has said that : 'Let it be closed down'. What can I do? When the B.I.F.R. tells them that : 'This is a feasible project and it is your responsibility to adopt it', they say to B.I.F.R. to kindly reconsider. This is the kind of approach they have got and the entire expenditure of cut because of their refusal to collect more Finance Bills and otherwise, is falling on the leading economic sector which is otherwise called the public sector.

The Plan expenditure on public sector is coming down and the most hurt is West Bengal. The whole list of annexures which is given in the Expenditure Budget indicates how much you have provided even last year and in many cases only wages are paid. That helps to retain the market. If you do not produce and only generate income that sustains some entrepreneurs somewhere for selling their goods because they are not producing goods but generating income. But that is not the thing that you want. We want that not all such public sector enterprises depend on the workers. He has made a mention that managerial people has he been able to punish and throw out in the course of the last three years? You go to unit after unit and you will discover that they have no interest and they only move from one place to another and if it is the case of IAS officers, it is an additional thing. They have no interest in development of production and, therefore, in development of the economy and, therefore, in development of the country.

Now I wish to conclude. I welcome him to join our path and, thus, free himself from all the bondages and the shackles and if he can do that we welcome him; otherwise let the dustbin of history absolve him.

MR. DEPUTY SPEAKER : Prof. S.P. Yadav may speak now.

[Translation]

SHRI BEHRU LAL MEENA (Salumbar) : Mr. Deputy Speaker, Sir, is each party allocated equal time?

[English]

MR. DEPUTY-SPEAKER : I may mention that nobody has spoke from the Janata Dal. Your objection is really very very valid. I have told in the morning also as to how much time is allocated to each political party. It is up to us to confine ourselves within the time allotted. If it exceeds then as it happened yesterday by Members asking for one minute or one-and-a-half minutes it goes late and we were able to see the music yesterday in the end. There will be lot of unrest also. Therefore, it is better that we could confine ourselves to the timings. Your objection is very valid.

Prof. Yadav to speak now.

[Translation]

DR. S.P. YADAV (Sambhal) : Mr. Speaker, Sir, with regard to the debate on the Finance Bill, I would like to say in clear terms that the nation had pinned great expectations on hon. Manmohan Singh ji when he was entrusted with the portfolio of the Ministry of Finance in 1991, but he has been taking the risk in the name of pushing the economy forward on mere assumptions. I am of the opinion that the remissness manifest in the Government Budget during the past three years will push the country into a great peril in future. The present fiscal deficit portrays a clear and transparent picture of this Government's budget and reveals how the budget has been formulated.

My point is that this budget does not provide for any facilities for the commoners. I had said it last year too that it is generally the salaried class alone which comes into the grip of income tax trap. I must call a spade a spade in stating that this country has witnessed many great scandals. What happened to the money involved in these scandals? The JPC report raised the curtain from a major scam. Where is that money? On the other hand, a salaried person is issued a salary certificate and the income tax is recovered from him in advance. The concerned department deducts the income-tax money by calculating and assessing the same in advance even when he is not in the know of things but the Government does not think in terms of giving the salaries class any facility. Today the salaried class of each department and each hierarchical rung fixes his eyes on the income tax limit in the budget and they hope that still it should be raised.

The film star turned Member of Parliament from New Delhi constituency, Shri Rajesh Khanna had promised during his election campaign that he will raise the income tax exemption limit to Rs. 60,000 but no heed was paid to him and he was proved to be a liar among the people. He will not probably dare make any promise to the people in future because the electorate of Delhi is not a rural illiterate electorate. The people of Delhi are nor rural folk and they can detect and pinpoint each and every flaw or infirmity. The raising of the exemption limit to Rs. 40,000 is like a drop in the ocean. Income increases with the increase in inflation but the expenditures incurred are overlooked. Along with the income, the rate of inflation should also be kept in mind. Levying tax on income of one individual class alone is not in the fitness of things. The salaried class is perplexed due to the expenses they have to incur. No attention is paid to the increase in rent, the schooling and other expenses of the children etc. Therefore, I demand that this limit should be raised to Rs. 60,000. The income tax exemption limit was not raised last year but it should be raised this year.

Secondly, I would like to say that under the Prime Minister's Employment Guarantee Scheme, there is a provision of granting Rs. one lakh each to the unemployed graduate youth for self-employment. Many

provisions are made in this House in this regard but they are implemented properly? No follow up action is taken in pursuance of the provisions. There are innumerable educated unemployed youth heading towards 21st century for the benefit of whom this scheme was launched but for them it merely seems to be a magical spell or a mirage. Merely a provision has been made for them...*(Interruptions)* You were right in saying that it is a sheer illusion. I would urge the hon. Minister to clarify in his reply to the debate the amount of money distributed to the youth under this scheme; the number of beneficiaries, statewise; the manner in which they utilized the funds and whether they have been established or not. It has been brought to my knowledge that the Government officials responsible for distribution of funds under the scheme demand a definite advance share in bribe before disbursing grants to the youth. I am saying this on the basis of practical experience because many such youth come to complain to me. They allege that no money is given to them under this scheme and scores of hurdles are created in their way. To my mind, they can be benefited by this scheme only if the process of disbursement of grants is made easy. Otherwise, they will be left making relentless efforts and they will not get any encouragement.

I would like to apprise you of the harassment meted out to the farmers in so far as grant of loans to the farmers through the banks is concerned. The banks instead of granting loan amount to the real beneficiary disburse them to fake persons in the name of these farmers and then try to recover the loan amount from these farmers. A very poor farmer of a small townships of my area, Behjoi, has been regularly making visits to the co-operative bank. He has taken no loan from the bank and the bank employees admit that he has availed no loan facility yet notices of loan recovery are repeatedly served to him. I fail to understand the *modus operandi* of these banks. These are reluctant to grant loans to the poor. They charge a definite percentage of amount from a loan beneficiary. This should be paid attention to.

[English]

SHRI MANMOHAN SINGH : Sir, the hon. Member should know that the cooperative banks are under the control of the State Government. Therefore, if there are such complaints, they should be brought to the notice of the State Government.

[Translation]

DR. S.P. YADAV : My third point is that the R.B.I. guidelines issued from time to time provide that the States are empowered to spend 60% of the amount of money accrued to the banks from the States themselves but some backward States of the country, like Uttar Pradesh and Bihar are not granted that 60% amount to be spent by them. That amount is instead diverted to Delhi, Bombay and Calcutta, I would like to urge you to improve the present system so that development works could be undertaken in the backward States and they do not continue to be backward for ever. According to

my information these backward States are allowed to spend only 30% of the amount. May be the Government has more accurate information but I am of the opinion that the Central Government should not indulge in such type of discrimination. The condition of these States is deteriorating. The Central Government should treat all the States equally. The people of all the States should be given equal opportunities and rights of development.

Today, the Government lays the greatest emphasis on privatisation. There was a reason of nationalisation of the banks during the regime of Shrimati Indira Gandhi which created a great stir in the country and that step was acclaimed throughout but today we are heading towards a totally opposite direction and the Government is committed to resort to the privatisation of most of the fields of activities and departments.

Mr. Deputy Speaker, Sir, through you, I would like to submit that the government has even privatised railway stations. What will be its consequences? In what direction will we be led? I think we will come back to the old practice and start working as we used to do earlier. I understand that the Government has no concrete plan. Most of the time after independence, the Congress party has ruled the country. But Congress party has never prepared any action plan or draft which could help development of the country and the country may make progress and the prospect of the country may look bright.

Mr. Deputy Speaker, Sir, our country is entering into the 21st century. But the hon. Minister of Finance has not made any Budgetary provision for the students who are at present doing graduation and post-graduation in the colleges and Engineering or any other diploma courses. He has not made any budgetary provision for those unemployed youth. It was boasted by the Government that this year's budget will be farmer oriented but in reality, nothing has been done for them. You can yourself see the reality. I can show you the pitiable condition of farmers if you accompany me there. You cannot guess their condition sitting in this august House or living in Delhi. There may be many hon. Members of your party and hon. Ministers here who cannot distinguish between a wheat plant and a barley plant. Now you yourself should guess as to what can these hon. Ministers think about the welfare of farmers.

Mr. Deputy Speaker, Sir, why farmers are worried today? Today, water for irrigation is the most essential requirement of farmers. I went for electioneering to Bihar during last polls. A new D.M. took charge of Dumka. He took an initiative to dig wells and ponds there and resolved the drinking water problem there. If the Government provides drinking water, it accomplishes its greatest task. Today, the situation has come to such a pass that farmers do not get even drinking water. So, from where can they get water for irrigation?

Mr. Deputy Speaker, Sir, there was an uproarious scene in the House in the name of farmers. It is the season of harvesting and threshing of crops. Moreover, sugarcanes and 'Metha' are to be irrigated this time. But diesel is not available there. The farmers are facing

a lot of difficulties due to non availability of diesel. The diesel is available but it is being sold at the rate of Rs. 15 to 20 per litre and not at the controlled rate of Rs.7.45 per litre. This august House merely discusses the issue of farmers but we do not pay any attention to their practical difficulties. The Government does not fulfil its responsibility.

Mr. Deputy Speaker, sir, no budgetary provision has been made for unemployed youths. There is a provision for reservation. But the quota for the Scheduled Castes and the Scheduled Tribes is not fulfilled. Provision should have been made in this budget in this regard. But nothing has been done. I would like to submit that the number of jobless youth would reach more than 21 crore in the beginning of the 21st century. So, you will have to think over it.

Mr. Deputy Speaker, Sir, the Government has set up industrial banks for the industries which are being set up. A Bill also has been passed regarding industrial banks in the country. But the Government has done nothing till date to provide any facility of advertisements etc. for those small industrialists who want to set up small scale industries. I had suggested last time also that if the persons who want to set up small scale industries should be provided knowhow at Tehsil level, only then they will be greatly benefited. They can take benefit only when the process or the system of the government is streamlined. But no such work has been done so far. The Government has done one thing for which we will praise it. The allocation of Rs. one crore to each M.P. for MP's Local Area Development Fund Scheme is yielding good result which is very obvious. MPs visit their constituencies. They are practical persons. They gave in writing the requirements like those of roads, tube wells or hand pumps, schools etc. in their area on priority basis and the D.M. had to accept them. Neither any person nor the Government could interfere in it. Therefore, the works are being completed in time. In this regard, I would like to submit to the Government that in Uttar Pradesh from where I hail, 5 Assembly constituencies constitute one Lok Sabha constituency. In Bihar, 6 Assembly constituencies constitute one Lok Sabha constituency and in Madhya Pradesh 8 Assembly constituencies constitute one constituency. If we conduct a survey of entire India, it will be clear from that the amount of Rs. one crore is not adequate for this purpose. However, we would like to thank the Government that it agreed to MP's suggestion and provided the funds which are being utilised properly.

I would like to submit that if the Government allocates at least Rs. 2 crore per year to an MP for the MP's Local Area Development Fund Scheme, the development will be much more because we are responsible to the Parliament. We will be responsible for the mark carried out with that amount. However, the process of expenditure is very defective. It will have to be rectified. The term of the present parliament is to expire after one year. I request the Government to bring certain changes which may be practical and the country

and our society is benefited. It is my opinion that individual interest dominate the national interest here during discussion. I should not mention it but I would like to point out that when we go through the newspapers every day, we read about many scandals involving Hawala trade. The kickback in foreign currency has been distributed in these scandals between the bureaucrats and politicians and news about these scandals are appearing daily in the newspapers. I have certain proofs also in this regard. If required, I can show you that diary also which will reveal as to who has received money and how much and when did he get? I can furnish complete information in this regard.

We may pass the Finance Bill here but our economy is shattering in this system. We are thus destroying our economy. The Government cannot even imagine it. You are considered to be a good and able Finance Minister. I am afraid that the country will be ruined. Today, the nation is trapped into the debt net. The manner in which the Government wants to display the progress of the country by seeking loan from foreign countries is not good. If we manage our problems ourselves it will be good for us and only then we can make progress. The progress made by seeking foreign loan will not be considered a progress in true sense because it cannot strengthen our economy. We cannot be prosperous by taking foreign loans.

I, therefore, would like to submit to the Government that the majority of the people live in villages. Many people in rural areas live below poverty line and they are not even able to get food for themselves. The Government should think over their pitiable condition. The Government should act in a manner which is practical and people may feel that something is being done for them. You should do justice to them. It should not remain in the papers only.

With these words, I conclude.

[English]

MR. DEPUTY SPEAKER : Now, as you have experienced it, the time allotted for this Bill is ten hours out of which we have consumed three hours and twenty-five minutes, the remaining time is six hours and thirty-five minutes. There are many hon. Members who want to participate in it. Is it the desire of the House that we should sit for another half-an-hour or forty-five minutes?

SOME HON. MEMBERS : Let us continue it tomorrow.

MR. DEPUTY-SPEAKER : Now, the House stands adjourned to meet again tomorrow, the 19th May, 1995 at 11 a.m.

1801 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, May 19, 1995/Vaisakha 29,

1917 (Saka).