

MR. SPEAKER: The question is;

"That the leave be granted to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1979-80."

The motion was adopted.

SHRI R. VENKATARAMAN: Sir, I introduce† the Bill.

Sir, I beg to move‡:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1979-80, be taken into consideration."

MR. SPEAKER: The question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1979-80, be taken into consideration."

The motion was adopted.

MR. SPEAKER: We shall now take up clause-by-clause consideration of the Bill. The question is:

"That Clauses 2 and 3 and the Schedule stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 and the Schedule were added to the Bill.

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

SHRI R. VENKATARAMAN: I beg to move:

"That the Bill be passed."

MR. SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.

1328 hrs.

FINANCE BILL, 1980

THE MINISTER OF FINANCE AND INDUSTRY (SHRI R. VENKATARAMAN): I beg to move:

"That the Bill to continue for the financial year 1980-81 the existing rates of income-tax with certain modifications, to provide for certain exemptions from income-tax and to provide for the continuance of the provisions relating to auxiliary duties of customs and special duties of excise for the said year, be taken into consideration."

SHRI SATISH AGARWAL (Jaipur): I want to have one clarification. The hon. Finance Minister in his speech on page 8, paragraph 36, has stated, "I propose to introduce today a Financial Bill which seeks to continue the existing rates of income-tax for the financial year 1980-81. However, I have also three proposals of a non-controversial nature for the amendment of the Income-tax Act. I shall now briefly explain these proposals." Then in paragraph 37, he says, "some State Governments have set up statutory corporations for the promotion of socio-economic interests of member of the scheduled Castes and the Scheduled Tribes. I propose to exempt from income-tax the—now you are proposing to exempt—income of all statutory corporations or bodies, associations or institutions wholly financed by the Central or a State Government, established for promoting the interests of the members of the Scheduled Castes and the Scheduled Tribes." After going through the statement in paragraph 36 or 37, one has got the impression that you are going to exempt hereafter all such corporations from the levy of income-tax and continue other proposals. New look to the statement of Objects and Reasons at the end of the Finance Bill. This is paragraph no. 6.

†Introduced and moved with the recommendation of the President.

‡Mover with the recommendation of the President.

Para 6 of the Statement of Objects and Reasons says:

"Clause 3 of the Bill seeks to extend the exemption from income-tax in the case of residents of Ladakh for a further period of three years and to exempt from income-tax awards for service for alleviating the distress of the poor, the weak and the ailing and income of corporations or other bodies, associations or institutions established for promoting the interests of members of the Scheduled Castes or the Scheduled Tribes."

After plain reading of your speech as well as para 6 of the Statement of Objects and Reasons, one gets the impression that you are going to exempt the corporations from the levy of income-tax hereafter. But look to the provision that you are going to add in the body of the Bill, clause 3, page 12: sub-clause (c):

"after clause (26A), the following clause shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1972, namely....."

I should like to know why you are making this provision retrospective, from 1972? Your speech and the Statement of Objects and Reasons clearly state that this is to be prospective. I fail to understand why you have added the words "shall be deemed to have been inserted with effect from 1st April, 1972". You have indicated neither in your speech nor in the Statement of Objects and reasons, This provision is in violation of and counter to what is contained in the speech as well as the Statement of Objects and Reasons. Will you please clarify the position? Is it an inadvertent mistake?

SHRI R. VENKATARAMAN: I am grateful to my esteemed friend for having drawn my attention to this matter. At the moment I can only say that the intention has been to give exemption to these corporations from income-tax from the date they were

started and the words 'I propose to come' only mean that I propose to bring this measure now, not that I propose to give exemption in the future. As far as my statement is concerned, it is fairly clear; at any rate it does not preclude the possibility of giving it retrospectively. Coming to the statement of objects and reasons, clubbing these two sentences together, namely, exemptions to residents of Ladakh and the other, relating to the Scheduled Castes and Tribes, gives the impression which my hon. friend has pointed out. I should submit that though the drafting of the objects could have been more elegant, there is no error, either of fact or of law in this.

SHRI SATISH AGARWAL: I have no objection basically with regard to the grant of exemption from income-tax to these corporations. I would like to know why they chose 1972.

SHRI R. VENKATARAMAN: From the date they were incorporated.

SHRI SATISH AGARWAL: Does it imply that they have not been assessed to income-tax since 1972? If you do not know the answer right now, you may verify and confirm. I have drawn the attention of the House. Your speech does not contain anything with regard to the retrospective effect. If the government wants to make a provision with retrospective effect, that should be specifically-mentioned in the speech or in the statement of objects and reasons. Otherwise the House may be taken by surprise. You say, you propose to exempt and the House will say: all right. But the House will never know that you are going to do it retrospectively from 1972. Are you going to reopen all those assessments? Please verify that; let us know.

SHRI R. VENKATARAMAN: My information is that these corporations were established in 1971 and therefore they would be liable to income tax only after 1972 and that is why the year 1972 has been fixed. So far as

[Shri R. Venkataraman]

the other point is concerned. I have no information; I will verify. I will write to him about that. I hope he has no objection to the fact of exemption being given.

SHRI SATISH AGARWAL: I have no objection. But the question is: are you going to reopen the assessments?

SHRI R. VENKATARAMAN: I will write to him.

MR. SPEAKER: Motion moved:

"That the Bill to continue for the financial year 1980-81 the existing rates of income-tax with certain modifications, to provide for certain exemptions from income-tax and to provide for the continuance of the provisions relating to auxiliary duties of customs and special duties of excise for the said year, be taken into consideration."

SHRI KRISHNA CHANDRA HALDAR (Durgapur): Shri Venkataraman, Hon. Finance Minister, appeared like Ravana in the costume of a saint (Sadhu) with his Budget and Finance Bill to snatch away 'Sita' i.e. the power of 9 States in the coming election. After the election is over real Ravana will appear. But ultimately Hanuman will destroy your Swarana Lanka in future (though today Hanuman may not be in the House.)

The Finance Minister has said that he would approach the House again in 'a few weeks' with a full-fledged budget containing new taxation measures to reduce the budgetary gap. That means a high dose of taxes will come after a few weeks when he will introduce the full-fledged budget.

The hon. Minister presented the Finance Bill mainly to continue the existing rates of direct and indirect taxes to seek some 'non-controversial' changes in the income tax Act with a view to providing concessions to government organisations set up for the Scheduled Castes and the Scheduled

Tribes. Such bodies will be exempted from income-tax.

13.37 hrs.

[SHRI SHIVRAJ V. PATIL in the Chair]

Another change in the Income Tax Act is continuous tax exemption for the residents of Ladakh for another three years keeping in mind the election to Parliament.

The Finance Minister has failed to take advantage of the opportunity provided by the presentation of the interim Budget for 1980-81 to give the country a clear indication of the economic strategy of the new government. The outline of next year's Budget does not even provide a reliable indicator of the planned levels and structure during the coming years as the Finance Minister has made it clear that the country will have to 'wait till the priorities and plan outlays for 1980-81 are finalised by the Planning Commission to be appointed'. What is the condition of our economy—not only stagnation in Industrial growth, prices of essential commodities are also rising in galloping step—only in one week it has risen by 1.2 per cent. If it continues, then in one year it may rise upto 60 per cent. Unemployment problem is increasing enormously. It is said it may be to the tune of 20 million in urban areas and 10 crores in rural areas. Moreover, about 70 per cent of our population is living below the poverty line. 75 per cent of our population has no purchasing power at all. This hopeless condition of our economy is not only due to Janata, Lok Dal rule but due to 30 years of mis-rule of Congress including 11 years' rule of Mrs. Gandhi and including the period of Emergency also. Congress Party has vigorously developed Capitalist economy and all over the capitalist world economic crisis is deepening; here in our country we are finding the same thing.

The Congress Party has said that they would build a Socialist pattern of society and in 1971 elections, Mrs. Indira Gandhi raised the slogan of

'Garibi Hatao' but what has happened to Garibi, all of you know very well. I do not want to go into the details here.

As the economic crisis is aggravating, the Government headed by Mrs. Gandhi is curtailing the powers of the States and depriving them of their legitimate share in Centre's earning, Agriculture, Education, Health development, construction of roads, supply of drinking water etc., all these are in the hands of the State Government, but due to lack of sufficient funds, they cannot discharge their duties properly. In this context, I would demand the review of Centre-State relations for the development and to strengthen the unity and integrity of our country. I demand that 75 per cent of Central Budget allocations should be distributed amongst all the State Governments. In this context, I would demand a review of the Centre-State relations for developing and strengthening the unity and integrity of our country. I demand that 75 per cent of the Central Budget allocation should be distributed amongst all the State Governments.

To check the price rise, physical control of the essential commodities by the Centre is absolutely necessary and all these essential commodities should be distributed through the public distribution system.

Government is taking of self-reliance. But our foreign loan has gone up to ten thousand crores of rupees and we have to pay several hundred crores of rupees as interest. This year, the Government is depending mainly on the foreign assistance, which means dependence on foreign countries. Multi-national companies are already exploiting our country. Our country has become the hunting ground of the multinationals and monopoly capitalists and will continue to be the hunting ground of those elements. Our national independence may be at stake.

So, our country is passing through an unprecedented economic crisis. The crisis has aggravated in all spheres of social and economic life, as if we are sitting on a volcano. One day the volcano may erupt and the situation may become worse. Then, how are we to come out of this severe crisis? We have to take bold and radical steps. We have to end all types of exploitations. So, I demand that we have to nationalise the foreign capital working in India. We have to nationalise all industries controlled by monopoly capitalists. Radical land reforms should be undertaken and land should be given to the tiller. In this way, gradually socialisation of all means of production should be done. We have to take bold steps. If we do not change our outlook, if we do not change the structure of our economy and the structure of our society, this capitalist society will not be able to solve the basic problems of our nation and the people. We must change our outlook. We have to change our society and economy through bold steps. We have to build up gradually a socialist society. If we can proceed in this way, we shall be able to solve our problems and lead our country towards our cherished goal. We shall then be able to eradicate poverty, solve the unemployment problem and in this way we shall be able to solve all the problems.

SHRI C. T. DHANDAPANI (Polilachi): Sir, I am very thankful to the Finance Minister for having brought some concrete proposals for promoting the interests of the weaker sections of our society. A deficit budget has been brought consecutively for the last two years. I do not want to say that a deficit by itself will harm the economy or the nation, provided the gap is being invested in developmental activities. Otherwise, if the gap is used for some other purposes, certainly it will harm the nation and the economy. I am sure the Finance Minister would take proper

[Shri C. T. Dhandapani]

steps and see that this amount is utilised for developmental activities in the country.

Many things have been said in this House by the leaders of various political parties. As far as price rise is concerned, all political parties at one place or other are being cursed by the public because all of them—Congress, Janata, CPI, CPM, Lok Dal, even my Party DMK—were ruling parties in different States. So, all political parties are responsible and answerable to the public for the increase in prices. But I would like to say that the Finance Minister was good enough to bring about some proposals at this juncture. The Minister has spelt out some programmes such as proper and effective supply of essential commodities like edible oil, kerosene, diesel, sugar, etc., stringent action against hoarders and black-marketeers, encouragement for higher production of consumer goods and allocation of 300 crores for Food for Work Programme. Here I would like to request and appeal to the hon. Minister that a watch should be kept on the funds which are being distributed to the States, whether the State Governments are really utilising the funds for the purpose for which these are being given. For example, during the 2½ year rule of AIADMK, funds were allocated by the Janata Government at the Centre to the State for various programmes but they were not utilised properly by them. One portion of the fund was squandered away by two Ministers i.e. Mr. Ponnaiyan, Minister for Transport and Mr. Kolandaivelu, Minister for Agriculture. These funds had not reached the poorer sections for whom they were meant. So, it should be looked into.

The hon. Minister has also announced awards to litterateurs, scientists, artists, etc. which is an encouraging measure to the educated mass.

When many States are facing financial crisis on account of natural cala-

mity, I appreciate the gesture of the Finance Minister in allotting Rs. 204 crores to the States.

I am also happy that the Finance Minister has given tax exemption to corporations or associations which are engaging in development and other activities in regard to the welfare of Scheduled Castes and Scheduled Tribes. In Tamil Nadu, there is a Harijan Housing Corporation in which I was one of the Directors. During the DMK rule we constructed about 3500 houses, each house costing about Rs. 4500. The Government had spent about Rs. 13 crores on these houses and they were distributed free to Harijans. No money was collected from them. The scheme was initiated by Dr. K. Karunanidhi.

I want to say something about two banks i.e. Agricultural Development Bank and National Bank for Rural Development. I want to say something about their formation. My fear is that these banks will not be able to serve the rural areas. Instead of that, this money could be directly distributed to the State Government or the co-operative banks in the States, who themselves can go to the poorest sections and agricultural labour and distribute the money. Then they can recover it very easily. So far as the banking system is concerned, it is not the payment but the repayment which is the biggest problem. Suppose a bank advances money to some agriculturist in a village, it is a very big problem for the bank to go to the village and recover the money. An officer or employee of the bank would not go to the village to recover the loan. Even if he goes, he will claim Rs. 300 or 400 as travelling allowance. So, the bank loses all interest to recover the loan and there is over-expenditure. If, on the other hand, this money is given to the State Government, then either a revenue inspector or village munsiff will go to the village for both disbursement and recovery. Since they personally know the activities of the

villagers and their habits, they will be in a better position to recover the money. Therefore, my suggestion is that, instead of having an infra-structure and investing so much money, which may actually get lost, they could better hand over the money directly to the State Government for disbursement.

I am thankful to the Minister that he has been good enough to place some money at the disposal of the States. At the same time, it is being allotted under the Income Adjusted Total Population Formula, which was evolved some years ago. If this formula is applied, then certainly the smaller States, the lesser populated States, will be affected. Therefore, it has to be revised. The amount has to be given according to the necessity or requirement. For example, during the AIADMK regime, the Chief Minister, Shri M. G. Ramachandran, did not approach the Central Government for funds for allocations. He said that the Central Government Plan allocations to the State Governments are not sufficient. So, he made an appeal to the Leader of the Opposition, Shri Karunanidhi to approach the Central Government and get more funds for the States. It is rather strange. He is at the helm of affairs and instead of approaching the Central Government, he requests Shri Karunanidhi to do it.

AN HON. MEMBER: Shri M. G. Ramachandran is not present here to defend himself.

SHRI C. T. DHANDAPANI: But the CPM is very much here and it is his partner.

MR CHAIRMAN: Generally we avoid giving names of persons who cannot defend themselves.

SHRI C. T. DHANDAPANI: I am talking about this because there is some relevancy. He wanted our leader to approach the Central Government and get money.

SHRI R. VENKATARAMAN: If you say the Chief Minister and the Leader of the Opposition, it would be all right.

SHRI C. T. DHANDAPANI: So, this allocation should be made on the basis of some concrete formula, according to the needs of the States.

I am thankful to the Finance Minister that he has come with this budget with an open mind. Take, for example, Shri Charan Singh. He was the Home Minister, who could control the price rise. Then he was the Finance Minister, when he could have formulated a better fiscal policy. He was also Prime Minister when he had overall control over the entire economy. Yet, he presented a budget which harmed the entire country. This is not my view, but that of his own party leader, Shri Morarji Desai, who made a statement in Bombay, which I quote:

“Former Prime Minister Morarji Desai on Thursday alleged that the Union Budget presented by Mr. Charan Singh as Finance Minister in his Cabinet was a part of “conspiracy” to pull down the Janata Government.

Inaugurating a voluntary social organisation called “Lok Seva Samiti” here Mr. Desai said, when Mr. Charan Singh consulted him on the budget he had warned him that the budget would evoke people's anger and result in disrepute to the Janata Government and the party.

The “conspiracy”, he said, was proved from the statement of Mr. Raj Narain that “he (Mr Raj Narain) would work from outside to bring down the Government while Mr. Charan Singh from within”.

Mr. Desai blamed those “politically ambitious” leaders who quit the Janata Party for the present political instability in the country and characterised the caretaker Government of Mr. Charan Singh as “a Government of

[Shri C. T. Dhandapani] thieves", adding that those who had "collaborated" with him to form the Government were also "thieves".

I do not mean the CPI(M) because CPI(M) colluded with the Lok Dal to form the Government. I do not want them to get angry with me. Why I am telling you this is because of the bad administration and bad financial policy of the previous government that this price rise has occurred. Even Mr. Charan Singh was telling the other day about the national growth. He has stated that the growth rate for 1977-78 is 5.2 per cent, and for 1978-79 it is 4.1 per cent. He said like that. But at the same time he has forgotten to quote the previous years. He only said that for the year 1977-78 it was 5.2 per cent. But after the one-year rule of the Janata it was reduced to 4.1 per

cent in 1978-79. Mr. Charan Singh himself quoted that in 1978-79 it was 4.1 per cent. At the same time it has been said here by Mr. Charan Singh and others about increased production. I agree that there was an increase in production, but at the same time I want to ask one thing. Here I would quote some figures, with regard to agricultural production. In 1976-77 the production of pulses was 11.4 million tonnes and in 1978-79 it was 12.1 million tonnes. The production of foodgrains in 1976-77 was 99.8 million tonnes and in 1978-79 it was 119.2 million tonnes.

There was an increase in production, but I want to ask the Members belonging to Lok Dal and others who supported the Lok Dal, as to why there was a price rise when the production increased. Again I quote the figures as below:

	Prices		
	1976-77	1978-79	
Pulses	145.7	247.1	i.e., over all increase of 47.7 per cent.
Foodgrains	152.7	172.6	i.e., 11.6 per cent.
Fruits and Vegetables	148	161	i.e., 19.3 per cent.
Eggs, fish and meat	176.2	217.1	i.e., 11.6 per cent.
Oil seeds	123.8	159	i.e., 21.7 per cent.
Edible oil	142.8	158.6	i.e., 23.2 per cent.

In cotton textiles it was 157.5 in 1976-77 and 181.4 in 1977-78, i.e., 12.7 per cent more. These are the figures.

I am giving all these figures because Mr. Charan Singh and others have claimed that production was increasing. In that case, why did prices also increase? That means there must have been something wrong in the administration and management. Some people might have done something wrong, hoarded all these things. The previous Government had allowed them to hoard all these things.

14 hrs.

I want to request the hon. Minister to provide employment to the unem-

ployed, particularly persons who are living in the rural areas. For example, in the hilly areas, in the districts of Coimbatore and Nilgiris as also Ootacamund and Valparai, people living in remote areas, plantation workers, do not get proper wages or other benefits. I want the hon. Minister to constitute a corporation on the lines of the other corporations for the betterment of the plantation workers. Valparai, which is situated in a hill, is a remote area, and no facility is being provided to the plantation workers there. I request the hon. Minister to evolve some scheme to help them and their families.

Bonus is claimed by many workers, but I would like to say that it is certainly deferred wages and should be

given to all, irrespective of their wages or earnings. All Government employees should get bonus. In our Hindu society, we have many unexpected commitments, and we do not know when we have to meet them. For meeting them, we have to shell out from our pockets. An employee earning Rs. 2,000 from Government is not in a position to maintain his family and also meet such unforeseen expenses in his family. He has to borrow. So, I suggest that all Government servants, whether officers or ordinary employees, should be given bonus.

Further, the exemption limit from income-tax now provided is not sufficient because of inflation. Nowadays, an income to Rs. 2,000 is not a big thing. Therefore, I would appeal that the limit should be raised to at least Rs. 24,000. You may say that it will apply to all, not only Government servants. It is so, but while the salaried people cannot escape income-tax because they are signing on the stamp and getting their salary, the big industrialists can escape. They can catch hold of political parties, whichever party is in power. The moneyed people, big industrialists, come here and they escape taxation. They can evade taxes, they can show double and triple accounts, whereas a Government servant cannot do so. He can show only one account and that too a good account, a white account. Therefore, I would request that the income-tax exemption limit should be increased to Rs. 24,000.

Though this is an interim budget, nothing has been said about the agriculturists and the weavers. Now the price of yarn is going up like anything and the weavers are not in a position to pay the high cost of yarn. There should be some infra structure to get the yarn from the mills and distribute it to the weavers so that they can get the yarn at a reasonable price and do their work and sell their products at a reasonable price. Now because of the alarming situation, they are not in a position to get the yarn and do their job. I would request that some ar-

rangements should be made in this regard. As far as the agricultural loan is concerned, the Minister has said about rural development. We are forming banks to give loans to the agriculturists. At the same time we fail to understand what their economic condition is, it is very bad. As far as Tamil Nadu is concerned, enough power is not available, there is complete power failure, 60 per cent power-cut is there and the factories are closing down. Even the agriculturists do not get adequate power.

MR. CHAIRMAN: We are discussing the Finance Bill. The scope is very limited. You cannot discuss all the things.

SHRI INDRAJIT GUPTA: The scope of the Finance Bill is unlimited.

SHRI C. T. DHANDAPANI: Agricultural loans should be wiped out immediately. During our election campaigns, including the Cong-I party at the Centre, we have given an assurance in this regard and that should be done immediately. A new formula should be evolved in the matter of loans to the agriculturists.

With these words, I welcome the measures mentioned in the Finance Bill as well as the Budget. Thank you.

SHRI INDRAJIT GUPTA (Basirhat) My very brief remarks, which I propose to make, can also be taken as in the nature of seeking a clarification. I had raised this point during my speech on the General Budget. But I was eagerly awaiting to see whether the hon. Finance Minister would make any reference to it in his reply. But he did not and that is the only reason why I am raising it again. This is with reference to the proposal to set up a National Bank for Rural Development and also what is somewhat connected with it, the announcement by the Minister that the public sector banks have also agreed to accept the obligation of raising the share of priority sectors in their total lending to 40 per cent in the next five years. And then,

[Shri Indrajit Gupta]

he went on to say that this will greatly help in meeting the credit needs of rural areas. Priority attention will be given to the requirements of small and marginal farmers and landless labourers. So, on the face of it, it seems as though there are two proposals, both of which are aimed at giving assistance to the poorer sections in the rural countryside, one is the setting up of National Bank for Rural Development and the other is the public sector banks, whom he has persuaded, to increase their share of their total lending for this sector.

What I wanted to know was this. As far as the public sector banks' credit to the rural sector is concerned, all the evidence which is available indicates and all responsible economic journals in this country have also written about it several times, that the bulk of the bank credit to the rural sector never reaches really the poorer sections, let alone the landless people. I expressed apprehension that new Bank which is proposed to be set up will also benefit only the richer sections the richer farmers and the big landlords. That is why in my speech I had asked whether the Government has in mind any new modalities, any new provisions which they are going to make in this new Bill which is going to be brought. I suppose, to set up this Bank which will obviate this difficulty.

At present, even in respect of the public sector banks, we find everywhere the old conventional and, I should say, conservative attitude of the bank managements in the matter of choosing their creditors continues. Even in the urban areas we find that where small people, small traders and small transport operators and such kind of people are actually supposed to be helped by the public sector banks, that is not happening. I have talked to several bank managers. What they say is, "Oh! All these instructions come to us from Delhi people who are all ideologically-oriented. But the people in Delhi have no idea of difficulty in running a bank. If we go on giving loans to all the small creditors,

all these credits ultimately have to be written off as bad debts." The old conception which is there in banking management practices of bad debts, of risky debts, of not giving loans to creditors who have got no adequate security or collateral to offer is still continuing, this psychology among the bank managers is prevailing fully and the Government goes on giving guidelines or directives from here which cannot possibly be implemented if that old thinking continues.

I, therefore, want to know, when these promises are being held out to the House that this time small and marginal farmers and landless people are going to be benefited what is the actual position I would say that either we have been taken for a ride, we have been hoodwinked all over again, or the Government should spell out and clarify how they propose to really see that the fruits of new credit institutions will actually reach the people who are not only in most need of it but whose number is today swelling every year in this country by lakhs, that is, the landless people and the poor small and marginal farmers. Unless the Government throws some light on this, this new Bank which is proposed to be set up will be nothing but a bank for the kulaks. It is a bank of the kulaks, a bank by which public funds can be funnelled out only to the richer sections in the countryside, adding to their prosperity, no doubt. I am not saying that they should not get any credit. They also should get credit naturally since we want agricultural production to be boosted. They should get credit for legitimate purposes. But if the whole thing becomes so lopsided that all of it is funnelled out to these richer sections and the poorer sections are deprived of it because they have no security to offer and that any loan given to them will be considered a bad debt, then I do not see how the contradictions can be solved. Therefore, I would request the hon. Minister to throw some light on what they are thinking about this matter. Otherwise it is useless to go on saying that public

sector banks are now going to give 40 per cent of their total lending to the poorer sections in the countryside. It will never in practice be given to them. It is not given to them. The whole philosophy and concept of what is meant by creditworthiness, when you are talking in terms of democracy and socialistic development and all that and the old hackneyed outdated ideas of creditworthiness have to be removed and the Government should tell us about that more clearly. Otherwise, we do not understand why we should vote money and funds for getting up some additional insulations to help only the richer people in the countryside.

श्री सतीश अग्रवाल (जयपुर) : सभापति महोदय, वित्त मंत्री जी अभी किसी कार्य से गये हैं और वित्त राज्य मंत्री जी यहां उपस्थित हैं, इसीलिए मैंने उचित समझा कि मैं हिन्दी में अपने विचार प्रकट कर दे।

जहां तक इस वर्तमान वित्त विधेयक का सम्बन्ध है इस वित्त विधेयक में यह व्यवस्था की गई है कि सन् 1979-80 में जिस प्रकार करो की व्यवस्था थी, मामूली संशोधनों के साथ उस व्यवस्था को अभी लागू रखा जाए। 1979-80 में जो करो की व्यवस्था थी, जो पिछली सरकार ने हम सदन में प्रस्तुत की थी और जिसके सम्बन्ध में वर्तमान वित्त मंत्री, श्री बैंकटरमण ने घोर आपत्ति डग मदन में प्रस्तुत की थी और जिसके सम्बन्ध में उस समय कर्तव्यपालन की दृष्टि से, जब मैं उधर बैठा था और वित्त विधेयक को पायलट कर रहा था तो उनके द्वारा उठाई गई आपत्तियों में से जिन आपत्तियों के सम्बन्ध में मेरी स्वयं की सहमति थी उनके सम्बन्ध में विशेष तौर से उत्तर न देते हुए बाकी सभी प्रश्नों के उत्तर मैंने दिए थे—शायद इस बात का स्मरण आपको होगा। लेकिन यहां पर जो बातें मैं रखना चाहता हूं वह बातें ऐसी हैं जिनके सम्बन्ध में आप से अपेक्षा नहीं करता कि वित्त मंत्री या वित्त राज्य मंत्री अभी इस सदन में सभी बातों का जवाब दें। मैं उत्तर प्राप्त करने के लिए बिन्दु नहीं रख रहा हूं, मैं विचार के लिए बिन्दु रख रहा हूं। यदि उनको सुविधा हो तो उत्तर दें, और यदि सुविधाजनक न हो तो उत्तर न दें।

एक मौलिक प्रश्न को मैं आपके सामने रखना चाहता हूं। हमारे देश में जो करो की व्यवस्था है, जो कर-प्रणाली है वह इतनी जटिल है कि जब तक इसका सरलीकरण नहीं किया जायेगा, कराधान की व्यवस्था जब तक व्यावहारिक नहीं बनाई जायेगी, करागण जब तक व्यावहारिक नहीं होगा, तब तक इस देश में करो की चोरी होती रहेगी तथा काला धन पैदा होता रहेगा।

आज आपके सामने काले धन की समस्या है। वांचू कमेटी की रिपोर्ट हमारे सामने आई। आज कीमतें बढ़ रही हैं। आज इस सदन में सम्मानित सदस्यों ने इस बात के बारे में जोर दे कर कहा है कि सीमेन्ट निर्धारित कीमत पर नहीं मिलती लेकिन काले बाजार में 40, 50 या 60 रुपये बोरी मिल जाती है। इसका अर्थ यह है कि काले बाजार में खरीदने के लिए लोगों के पास मुद्रा है। आज हमारे शासन की व्यवस्थायें इस प्रकार की हैं जिनके कारण काला धन बन रहा है, निरन्तर बनता जा रहा है। सरकार इसको रोक नहीं पाई। हमारी सरकार भी इसको रोक नहीं पाई थी परन्तु हम दो वर्षों के लिए थे और आपकी सरकार 28 वर्षों से थी। क्या हम गम्भीरतापूर्वक इस बात पर विचार नहीं कर सकते कि इस काले धन के जनरेशन को किस प्रकार से रोकें जायें? इसको तभी रोकना जा सकता है जब हम इस देश में व्यावहारिक कराधान प्रणाली का निर्माण करेंगे। अभी जो प्रत्यक्ष कर हैं उनके सम्बन्ध में बड़े अव्यावहारिक कानून बने हुए हैं। प्रत्यक्ष करों के सम्बन्ध में वांचू कमेटी की रिपोर्ट आपके सामने है, चौकसी कमेटी की रिपोर्ट आपके सामने है। मैं पूछता हूँ कि चौकसी कमेटी ने जो सिफारिशें दी हैं उनके सम्बन्ध में सरकार कोई निर्णय क्यों नहीं लेती? इस सम्बन्ध में सरकार को कठोर निर्णय लेना होगा कि हम किस प्रकार से सारी प्रक्रिया को बदलें। हो सकता है कि पहले साल में आपको बड़ा भारी घाटा हो लेकिन मैं स्वयं ऐसा मानता हूँ कि कोई भी व्यक्ति जो एक लाख रुपया कमाता है वह 70 हजार टैक्स में नहीं देगा क्योंकि 30 हजार जो उसके पास बचेगा वह उसके बाकी खर्चों के लिए पर्याप्त नहीं होगा और उसके बारे में इनकम टैक्स ऐक्ट में कोई एराउन्स नहीं है। इसलिए आवश्यकता इस बात की है कि प्रत्यक्ष करों के सम्बन्ध में व्यावहारिक आधार दिया जाए, जैसे कि चौकसी कमेटी ने अपनी रिपोर्ट में सुझाव दिया है कि 50 परसेन्ट से अधिक कराधान नहीं होना चाहिए, जैसे कोई पांच लाख कमाता है तो उससे आप ढाई लाख से ज्यादा मत ले। हम प्रकार का कठोर निर्णय लेना बड़ा मुश्किल काम होगा। ऐसा निर्णय लेना कोई आसान काम नहीं है लेकिन इस दिशा में विचार किया जाना चाहिए। क्या इस प्रकार का सरलीकरण नहीं किया जा सकता है?

दूसरी बात यह है कि टैक्सेशन का जो प्रोसीजर है, जो प्रक्रिया है वह बहुत जटिल है। मेरे जैसा व्यक्ति जो तीस साल से वकालत करता है, ढाई साल मंत्री रहा और अनेक वर्षों तक संसद् और विधान सभा का सदस्य रहा और मुझ से आप कहो या मैं पहाड़िया जी तथा भीष्म नारायण सिंह जी से कठिनाई आप अपना इनकम टैक्स रिटर्न भर दीजिए तो आप उसको नहीं भर सकते हैं। आप नहीं भर सकते हैं, क्योंकि उनका परिपत्र बहुत ही जटिल है। मेरा सीदा सम्बन्ध उनसे न होने की वजह से, अधिकारियों से कहने पर भी मैं कुछ नहीं करा सका, लेकिन इस बारे में आपको विचार करना होगा कि आज इस प्रकार का इतना लम्बा परिपत्र

[श्री सतीश भद्रवाल]

होना क्या वह कागज की, स्टेशनरी की बरबादी नहीं है। उस परिपत्र में अनेक कालम ऐसे हैं, जिन की कोई आवश्यकता नहीं है।

यहां पर मैं एक छोटा सा उदाहरण देना चाहता हूँ। मुझे सी० डी० एस० जमा करना है। अब मैं बैंक बुक लिए फिर रहा हूँ, और घर में बाहूँ कि किसी भादमी को बैंक काट कर या कैश भी दें, सी० डी० एस० जमा कराने के लिए, तो वह सी० डी० एस० जमा नहीं होगा चाहे वह कैश ले कर जाए, बैंक से कर जाए और चाहे पालियामेंट की मैन इन्च में जाए तो भी वह सी० डी० एस० जमा नहीं होगा। मैं जब किसी भादमी को इन्स्ट्रक्शन दे कर सी० डी० एस० जमा कराने के लिए भेजता हूँ तो कह दिया जाता है कि उन्हीं को भेजिए।

मैं जब पिछली बार जब सरकारी दौरे के सम्बन्ध में अमरीका और इंग्लैंड गया, तो मैंने वहाँ सारी टैक्सेशन की व्यवस्था के बारे में जान कारी हासिल की थी। वहाँ मुझे अनेक लोगों ने बताया कि हमको 15—15 साल हो गए इनकम टैक्स आफिस गए हुए। न जाने की आवश्यकता है और न हमें कोई बुराता है। लेकिन यहाँ तो व्यवस्था अजीब है और वह इस लिए है कि मौखिक रूप से हम और आप भादमी को बेइमान समझ कर चलते हैं और इस लिए हमने इस प्रकार की अटिल प्रणाली बना रखी है और हम इसके कारण किसी प्रकार का सरलीकरण करने के लिए तैयार नहीं होते हैं। इस कारण आवश्यकता इस बात की है कि चौकसी कमेटी ने जिस प्रकार की सिफारिशें दी हैं, जो सरकार को मान्य है, उनके बारे में गम्भीरता से विचार किया जाय। पिछली सरकार ने उस पर विचार किया और कुछ निर्णय भी लिए। लेकिन वे अधूरे पड़े रहे, पूरे नहीं हो पाये जब सरकार एक समिति बनाती है, पहले तो वह समिति बनाती ही क्यों है और बनाती है तो उसकी सिफारिशें लेना, उस पर पैसा खर्च करना, उस पर निर्णय नहीं लेना, यह कोई उचित चीज नहीं है।

मैं समझता हूँ कि प्रत्यक्ष करों के सम्बन्ध में चौकसी कमेटी ने जो सिफारिशें की हैं कि 50 परसेंट टैक्सेशन का मैक्सिमम लेवल रखा जाए, इससे उपर न रखा जाए, सरकार इसको प्रयोग करके देखे। क्योंकि मैं यह मानता हूँ कि कोई भी सरकार, खास तौर से अविहसित देशों के सम्बन्ध में, बिना करघान के नहीं चल सकती और इस लिए रिटार्सिजस का माबिसाइजेशन आवश्यक है और आप इस सम्बन्ध में विचार कीजिए।

दूसरी बात इसी सम्बन्ध में यह है कि आप यह नहीं कह सकते हैं कि हिन्दुस्तान में एक लाख रुपये से ज्यादा टैक्स देने वालों की संख्या लगभग 50 है। क्या नहीं जो आप यह कह सकते हैं कि हिन्दुस्तान भर में एक लाख से ज्यादा आमदनी वाले व्यक्ति केवल 50 हैं। ऐसे व्यक्ति तो केवल बम्बई शहर में मिल जायेंगे और दिल्ली में भी जिस जायेंगे लेकिन मुझे यह कहना है कि यह सारा एक व्यवहारिक पहलू बना रखा है और उसी के कारण ये सारी चीजें चल रही हैं। इसलिए आपका जो इनकम टैक्स डिपार्टमेंट में सर्वे तथा इन्वैस्टीगेशन डिपार्टमेंट है, उसको मजबूत करने की जरूरत है। मैं समझता हूँ कि हिन्दुस्तान के अन्दर कम से कम जो भादमी गाड़ी रखता है, उसको तो इनकम टैक्स पेयर होना ही चाहिए क्योंकि इन कार मेटेन करने में 500 या 600 रु० लगता है और वह भादमी चाहता है कि 50 रु० भी टैक्स कान देना पड़े, क्योंकि कानूनी जटिलताओं के कारण भादमी में एक मनोवृत्ति बनी हुई है और इसीलिए ये सारी चीजें उत्पन्न होती हैं हर भादमी इमानदारी से जब टैक्स देगा जब आपके कानून व्यवहारिक होंगे, उनका ईरासमेंट नहीं होगा, करप्लान उसमें नहीं होगा, परेशानियाँ उसमें नहीं होंगी। इस लिए इस समस्या की गम्भीरता को देखते हुए आप विचार कीजिए कि लोगों को हम कैसे इनसिन्टिव दें ताकि लोग इमानदारी के साथ प्रमाणिकता से अपने टैक्स को भ्रदा करें।

उसी प्रकार से इन-डाइरेक्ट टैक्सेशन, अप्रत्यक्ष कर भारत सरकार की कुल आयवनी का लगभग तीन-चौथाई है, लेकिन इसके बारे में आपको "झा" कमेटी की रिपोर्ट प्राप्त हो गई है। उसमें कुछ सिफारिशें की गई हैं, उन सिफारिशों को आप आधा तो रिजैक्ट कर दीजिए या लागू कीजिए। इस सम्बन्ध में पिछली बार भी भूतपूर्व वित्त मंत्री ने, जब वे लिरवरोध पक्ष में थे, इस बात की मांग की थी कि "झा" कमेटी की रिक्मेडेशन आई हैं, उनको लागू किया जाए। मैं समझता हूँ कि जब उन को समय मिला है और वे इस सम्बन्ध में निर्णय भी करेंगे।

कमोडिटी टैक्सेशन का जहाँ तक ताल्नुक है, उसमें एक परम्परा बन गई है कि हर वर्ष जब बजट बनाने के लिए बैठते हैं तो य सोचते हैं कि दो हजार करोड़ रुपये की आवश्यकता है, दो हजार करोड़ रुपया हमको चाहिए यह रुपया हमें इनडाइरेक्ट-टैक्सेशन से इतना मिल जा जाएगा और डाइरेक्ट टैक्सेशन से इतना मिल जाएगा और कमी की पूर्ति के लिए इन-डाइरेक्ट टैक्सेशन का तरीका इतना आसान है कि इसके जरिए कुछ भी हासिल किया जा सकता है।

The easiest way, I must say, is to impose on the excise side.

मैं समझता हूँ कि यह कोई उचित कारण नहीं है।

I am happy that the hon. Finance Minister has come back. I am not here to make a long speech or to criticise the Minister who confines the same proposal. I was simply making certain observations just to help you in formulating your proposals. I do not want right now your reply, but, if it is convenient to you, you may reply on some of the points but if they are not convenient to you, you don't reply at all. But, please bear in mind that the whole tax structure in this country is so complicated and there is such a huge evasion of taxes and corruption, that this needs some overhaul, change, in the whole tax structure. How will you do it? If you do it, I will compliment you. So far as the taxes from the direct and indirect side are concerned, they are a component of the whole tax revenue of the Government of India—three-fourth from the indirect taxes and one-fourth from the direct taxes. Can this not be reversed? We should have revenue—three-fourth from direct taxes and one-fourth from the indirect taxes. Can it not be reversed? It cannot be. The direct taxes are always preferable to the indirect taxes. I am sure that the Government will not be able to do it. At least you will examine the reports of the Jha Committee and the Choksi Committee and see to it that the recommendations are implemented in the coming budget and you can incorporate those recommendations and give relief to the people at large.

Similarly, the procedures have yet to be simplified and tax evasion has to be checked. I know that if we are able or if the Parliament or if all of us are able to check the tax evasion, probably, there will be no necessity for the additional taxation to make up such huge deficit which is growing like anything. We did all our efforts. For example, we set up an anti-tax evasion directorate also. That has to be strengthened by the Government and all effective steps will have to be taken and some action has to be taken against those officers who are actually in collusion with the assesses which have resulted in the erosion in tax revenue of

the Government of India. Something of that type has to be done. Unless we do that, you cannot stop the evasion. The Finance Minister also, while criticising the budget proposals last year, made a very very strong plea that since 15 per cent of our rural population controls sixty per cent of the lands in the rural areas why extend so much benefits to these 15 per cent of the people who belong to the rich category. It is the rural sector who are owning 60 per cent of the lands.

I would like the Finance Minister to examine this as to how to tax these 15 per cent people who are controlling 60 per cent of the lands. In the name of rural economy, in the name of rural sector and in the name of agricultural economy, I had been pleading that there was rural capitalism. Suppose they are 100 thousands. I do not mind as to why they should not come in the tax net. Or there may be a thousand people why they should also not be brought in in the present Finance Bill which you have introduced. You are making a provision for the set off of losses also of previous years. You are thereby adding to this deficit. I am a practising lawyer and suppose I am earning Rs. 20,000. And suppose I am having an agricultural income of Rs. 10,000. Now, you include this Rs. 10,000 for rate purposes only. I say why not that also be taxed? If I am having income from other professions and I am having agricultural income also if you include that for tax, then that will relieve the burden on the land and you would thereby make available more lands for distribution amongst the poor. If I am having income from agricultural land worth Rs. 50,000 a year on which I am not paying income tax. I am trying to convert my black money into white by showing some income from the agricultural land. This is a dubious way of avoiding taxes. You have to do away with that. If I am having agricultural income of Rs. 50,000 why should it be included only for rate purposes? This amendment has to be brought in to do away with this practice. If you are having income

(Shri Satish Agarwal)

from this or that source, just by inclusion of agricultural income for rate purposes, you are not paying tax. We are so sensitive as if there are people having cars, bungalows, etc. living a very luxurious life. This does not mean that they are living in villages in huge mansions. Shri Viridi Chand Jain knows that 90 per cent of the population in Barmer and Jaisalmer are poor. Because some are living such luxurious life and are living in villages, they do not deserve all this. This is a very vast structure. We can mobilise certain resources the State Governments can also be advised to mobilise resources from this particular sector. You will have to examine this. I am not here to tell you at what limit or what level this should be done. This is also one consideration. You had also made a strong plea last year and you are of the firm conviction that if we make investments in the public sector undertakings of the order of about Rs. 15,000 crores, we should get some return also. If we get a return of at least 10 per cent on this investment of Rs. 15,000 crores, then there is no need for any additional taxation. That was your conviction. You pleaded for it last year also. I am sure that you will stick to it this year also and try to improve the functioning of those public sector units. The Bureau is under you. But I am afraid you won't be able to do much in this connection because the different public sector undertakings are under the charge of different ministries and they feel that it is a part of their empire and the Finance Minister is there only to bring in more resources or to meet the losses of the public sectors which they are controlling. But they would not like to have any advice or guidance or interference from the Finance Minister. That has been the attitude. If you are able to mobilise more resources from the public sector undertakings you can really help a lot for building up a good economy.

So I would plead with the Finance Minister that the whole tax structure has to be rationalised and has to be

given a new content.

On the Indirect Taxes side also there are certain things which you have got to do.

I pleaded on the last occasion also, I will not speak so far as your other Bills are concerned. So, I now say this. You misunderstood me last time. That is why I am repeating it. The administrative expenditure is practically 2.5 per cent while they contribute only 1/4 of the total revenue of the Government of India whereas regarding the Indirect taxes which contribute 3/4 of the total revenue of the Government of India the expenditure comes to hardly 0.8 per cent. But there has been genuine demands that if you want to improve the functioning of the particular departments or wings, you have got to do certain things. There are competent officers but then the load is so much and stagnation is so much that you have to do something. You should make provision for some more Assistants in the service, in the cadre, as has been the case with regard to the income-tax department. So, if you are able to create the post of assistants on the indirect taxes side also, I do think it will go a long way in helping the removal of stagnation in the department and encouraging officers who are on duty and simultaneously also making for certain more facilities being given for them which will in turn bring in more revenue. You have subdivisional magistrates, tehsildars etc. getting Rs. 500 belonging to State Government, living in Govt. accommodation, or bungalows and so on and there are collectors and senior officers belonging to Customs and Excise Dept. bringing in thousands of crores of rupees from one State. They are living in rented bungalows. Please have a massive building programme also because a satisfied service is a boon for the department and our whole developmental strategy depends upon the mobilisation of more of resources. The major part comes from export revenues. And that too, from indirect taxes. Therefore it is essential that you look to this aspect of the matter also.

There is certain lobbying in the excise law. The previous Government promised to do something about it and you must also see that you bring in a comprehensive excise Bill which must be brought so as to plug all the lacunae in the excise administration and in the excise law. I would beg of the Finance Minister to do away with *ad hocism* and I wish to say this that your powers under customs law for giving *ad hoc* exemptions was misused prior to 1977. Try to generalise the exemptions under section 25 (1) as far as possible and utilise section 25(2) as less as possible. We try to do it. We generalise the exemptions under section 25(1) extending notification and having least possible discretion to officers or the Ministry under section 25(2) but there may be cases where exemption may have to be granted under Section 25(2) I don't deny it. But be cautious about it. There may be recommendations from the administrative ministries with regard to exemptions, on import duty on certain items and your Finance Bill contains an enlarged provision and more allocation from import duties and it means, the policy of liberalisation of imports, is going to continue. Because, you have increased by Rs 156 crores or something like it I faintly recollect that I don't know the exact figure. But there is a tendency. There are lobbies in the various Ministries

I wish to warn you, and I have gone on record in my notings on the files, that there are powerful lobbies in this country who try to manipulate favourable recommendations from administrative Ministries to get exemption from levies and duties. I request you and beg of you in the name of development of this country to be cautious about it.

SHRI K. LAKKAPPA (Tumkur): We are supported by poor people and not by black-marketeers and hoarders.

SHRI SATISH AGARWAL: Please do not give a political content to everything.

I do not want to give the name, but in one particular case I got it examined

and re-examined and then the difference came to Rs. 7 crores. This was in one case, they recommended Rs. 14 crores but on my getting it re-examined, it was reduced to Rs. 7 crores. Thus, in one case because of close scrutiny, we could save Rs. seven crores to the exchequer. I request you to be very cautious about accepting proposals from the administrative Ministries with regard to exemptions either from import duty or export duty and these must be got examined and scrutinised closely.

These are some of the observations and suggestions which have made. I do not expect a reply to all the points right now. I hope the Finance Minister will consider my suggestions with regard to Choksi Committee Report, Jha Committee Report, Comprehensive Excise Bill, simplification, and streamlining the various procedures, strengthening of the Anti-tax evasion directorate etc. These are some of the points that I have submitted before the House on this occasion. I will bear in mind the rest of the points and may make my observations when the final Finance Bill comes before the House.

MR. CHAIRMAN: No other Members whose name appear on the list with me are present in the House. So, I will call the Finance Minister to reply. Had I known this, I would have given Shri Agarwal some more time.

SHRI INDRAJIT GUPTA: We are already running behind time. The next two items, which are quite important, have to be completed by 4.30 for which I have forgone my lunch.

SHRI R. VENKATARAMAN: Mr. Chairman, Sir, I am really thankful to the hon. Members for the various suggestions made in the course of the debate. I will briefly deal with some of them.

Shri Halder in the course of his speech said that we should nationalise all industries, all foreign investments and administer land reforms in such a way that all the means of produc-

[Shri R. Venkataraman]

tion are socialised This is a very tall order for me and I will not be able to do it, but the efforts of this Government will be to move towards a control of the resources in such a way that it does not affect the social weal and the country's economic development and growth. Whatever we may do, we want economic development, but it should not be at the cost of social justice. We would certainly try to frame our policy in such a way that while we strive for economic development, that development does not get a priority over the social justice which is the basic principle of our Constitution as well as of the Party's policy.

Shri Dhandapani, while speaking on this Bill, referred to a very important point, namely, that the IATP, the income adjusted to total population formula is not favourable to the States which have smaller population. I want to clarify the position. The main distribution of the Central assistance is through the Gadgil Formula. The IATP Formula applies to what is known as centrally sponsored schemes which are transferred to the States. In the National Development Council a number of schemes which originally centrally sponsored schemes were transferred to the States and along with that the money for that purpose was also transferred. So, in transferring that amount, the IATP formula was adopted. So far as the main distribution of the Central assistance is concerned, it is according to the Gadgil Formula. So far as states are concerned, we have not received any complaint that the distribution is not fair or equitable. One hon. Member has said about the bonus as a deferred wage and one month salary should be given to every employee including officers as bonus. As I said earlier, we cannot. We have now started on this formula of giving bonus on the basis of productivity and it is now being distributed. A formula has been arrived at satisfactorily.

AN HON. MEMBER: You said that banks are not productive centres.

SHRI R. VENKATARAMAN: So far as banks are concerned, they are governed by a separate agreement between the employees and the Banks. They do not come under this formula. That is why it does not apply. It applies only to Government departmental organisations like Railways, P&T, Defence Production Establishments. So, the present formula has been arrived at after a careful discussion with the employee's organisations and it has been accepted by them. He has also suggested that the income-tax limit should be raised.

SHRI NIREN GHOSH (Dum Dum): Whether the central trade union organisations, all of them, have accepted it.

SHRI R. VENKATARAMAN: To our best of knowledge and information, the Government staff has accepted it. Whether they have accepted it or not is not relevant to the question; the question is between the members of the Defence Establishment, Railway Establishments and the Government. They have accepted it. The hon. Member has also suggested that income-tax limit should be raised I have already told the House in the course of my reply to the debate that I cannot commit myself to any tax proposal at this stage. It is not done. I will only say that every good suggestion that emanates from side of the House will be given a most careful consideration.

Shri Indrajit Gupta had referred to new banks for rural development. I know his special problems. In fact, both the Chief Minister and the Finance Minister of Bengal had a discussion with me. Their complaint is that even 33 per cent of the total lending which is being observed in other states is not being done, so far as Bengal is concerned; and he wanted some special efforts should be made to persuade the banks in Bengal to increase their advances to the rural

sector, to the rural population. I had a discussion with him. We have noted that request and we will give our attention to it. I know that the credit does not reach the poorer people there.

SHRI INDRAJIT GUPTA: My point was that the old concept of credit worthiness, the yardstick of credit worthiness, if it continues in the old conventional way, it cannot solve this problem. The banks themselves will not give loans. They say, "These are bad debts. We have been told by Delhi not to give loan to people who will never repay their loan. So, why should we give them loan?" How do you solve this problem?

SHRI R. VENKATARAMAN: We cannot solve the administrative problems of individual banks. What I would like to do is to ask the banks to advance 33.3 per cent of the total lending which is going to be increased to 40 per cent, to the weaker sections with respect to the twenty point programme in the rural sector. If they do not do it, I will ask them: what were the reasons or hurdles which prevented them from reaching the targets which we have set. They will come forward with certain reasons why they could not fulfil. If they are able to fulfil in other states it should not be difficult to fulfil it in West Bengal. Therefore, I do not see that this will present a very great problem. Now that we are going to take it up and try to persuade the banks to increase their lending to the rural sector, it will be our duty also to clear all the hurdles in their way to make it possible for them to lend. Beyond that I cannot give any further assurance in this matter.

SHRI P. RAJAGOPAL NAIDU (Chittoor): There is only one difficulty with regard to security.

SHRI R. VENKATARAMAN: No person can ask the bank to lend absolutely without any security. He will have to have some security. It

can be tenancy; it need not necessarily be ownership of the land. We can say that his tenancy can be the security. Some such relaxation may be done. But if you ask the finance ministry to issue a directive that money should be lent by banks without any security, I think we will be running into a state of bankruptcy.

SHRI INDRAJIT GUPTA: The landless people will never get anything.

SHRI R. VENKATARAMAN: The landless may not get for the purpose of land; they will get for other purposes like small scale industry, village industry or something of that kind. I am afraid that beyond this I cannot go further. Banking is a delicate institution and if moneys are not repaid, there will be run on the banks and the banking system will collapse; we will have to be careful about it. We can see within the framework of banking some liberalisation is brought about.

Shri Satish Agarwal gave a number of suggestions. He has a lot of experience in the administration of this department and as I said earlier I have considerable regard for his competence in this matter. He admits himself that there are certain matters in which I cannot commit myself. There are certain matters where I can indicate the line of action which is possible in the ministry. I have myself gone through L. K. Jha's report; I was one of those who had long discussion with Jha when he visited Madras for the purpose of taking evidence and discussed the various aspects of excise levy. I agree that the cascading effect of indirect taxes is pushing up costs very much. I would carefully examine Jha committee report and then try to come forward with appropriate suggestions for improvement in excise administration.

I have also gone through Choksi committee report. In respect of Choksi committee report, I am unable

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to give the same kind of assurance that I gave about the Jha Committee report.

In my opinion it requires further examination and I will therefore require sometime to examine the Choksi committee report and come forward with appropriate piece of legislation. In any event I entirely agree that the Income-tax Act should be streamlined and we should have a simpler, more easily understood law. Today it is so complicated with so many amendments that an average citizen cannot understand the Act himself. We shall take up this question and see what best can be done. In fact one of our difficulties is, we as a nation are absolute puritans. The moment there is some escape, some evasion somewhere, we immediately rush to plug the hole and bring an amendment, bring a rule to control this and that. The result is that the whole Act gets cluttered up with amendments and rules. In a vast country of 2000 miles of length and breadth some lapse some where is inevitable. All that you can do is when the person is caught, he must be given a deterrent punishment so that others do not commit the same crime. But for every mistake, for everything that occurs we go on amending the law. In this way we will be left with the wilderness of the law. Therefore, I have a feeling that there should be a radical change in our approach to this question. In the Acts and rules that we frame hereafter we should be very careful to see that for the sake of one rule, for the sake of one evasion or for the sake of one avoidance which may take place we do not make the entire community suffer under the labyrinth of laws and regulations.

Shri Agarwal also said that there should be incentives for the people to pay taxes. I would like to have a separate chat with him for some ideas on this subject. Normally, a person would like to pay tax if

the tax is at a reasonable level. The principle in all taxation is that it should be cheaper to pay the tax than to avoid it. That is the principle we should adopt—that in the long run it should be cheaper for the person to pay the tax than try to avoid it. If that is what he means, that point we will bear in mind.

Similarly, in regard to indirect tax he has suggested a complete review and I have already said we will do that.

There is one point which Shri Agarwal raised. I hope his party will support the proposition when it comes to the House i.e. taxation of the richer agriculturists. I know on this matter there will be a lot of cross thinking. I know all people on this side will not agree and on that side too all will not agree. But the tax should be levied on those who have the ability to pay. It is the fundamental principle. It is one of the canons of taxation that those who are taxed should have the ability to pay and conversely where there is ability to pay they should be taxed. Where there is ability to pay, there is known asset or property, known income, these things at the moment are not subject to the same kind of levy as the other incomes and property are.

I do not know if the House will completely agree with this approach. But I am not giving my mind on this. I have only put the pros and cons on this matter. We will go into this. One of Members very strongly pleaded that only 15 per cent of the people control nearly 60 per cent of the land holdings in this country. There is no reason for continuing the concessions to them. I at any rate do not change my policies and principles because I sit on different sides of the House. We have to look into this matter and carefully go into it.

With regard to the public sector also, it shall be my endeavour to see that they give a fairly reasonable account of themselves. They may not make immediately very high profits but they must justify the investments made and we have invested more than Rs. 15,000 crores in them. We will do our utmost to see that the public sector produces certain returns commensurate with our investments. We shall try to pull it up. Mr. Agarwal had some bitter experience when he tried to do it, I know. But I hope I will not have the difficulties of the same kind and I look forward to doing something in this regard with the cooperation of my colleagues. I thank the House for all the suggestions they have made.

MR. CHAIRMAN: Motion moved:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill to continue for the financial year 1980-81 the existing rates of income-tax with certain modifications, to provide for certain exemptions from income-tax and to provide for the continuance of the provisions relating to auxiliary duties of customs and special duties of excise for the said year, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: We shall take up clause-by-clause consideration. There are no amendments. The question is:

"That clauses 2 to 5 stand part of the Bill."

The motion was adopted

Clauses 2 to 5 were added to the Bill.

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

MR. CHAIRMAN: We shall take up the third reading.

SHRI R. VENKATARAMAN: I beg to move:

"That the Bill be passed."

SHRI NIREN GHOSH (Dum Dum): I will make some brief points. I come to the subject of overdraft. If the Centre has the right of overdraft, an equal right should be given to the States also on a par. Or, the right of the Centre to have overdraft should go. It is leading to inflation and it is ruining the country. So, the system of overdraft should be stopped altogether. But if the Centre thinks that they have to do it, then the States should have equal right of overdraft on banks. The Centre has no right to say to the States, "You stop overdraft".

Secondly, there should be something like excess profit tax that was instituted during the war period. It should be reimposed. A tax of that pattern should be reimposed to mop up the excess profits.

There should be a ban on the export of profits from India. The profits should be ploughed back for investment inside the country.

There should be a drastic reduction of taxes on diesel and kerosene, with which the common people are concerned, for public transport etc. because 70 to 75 per cent of the prices of these commodities is due to the tax. The best course is that only the home value or the indigenous production cost should be charged from the consumers. Because of high excise duty, the poorer sections are hit hard. So, I think that at least 50 per cent reduction in duty should be there immediately so that public transport which runs on diesel becomes cheaper.

15 hrs.

You are giving subsidies to the industrial houses worth Rs. 3000 crores a year. It is so much a donation from the citizens of India to the business houses. This cannot go on. You cannot institute a Civil Supplies

[Shri Niree Ghosh]

Corporation because you cannot afford to give Rs. 500 to 600 crores as subsidy. Then what right have you got to take away Rs. 3000 crores and donate to the industry in various ways. This also must go.

As regards public sector, I should say that the root cause of the malady in the public sector is the management by bureaucrats. They play ducks and drakes with public money. They come and make profit. They become bosom friends of capitalists and then they leave. That is why, the public sector suffers. Therefore, the elected workers should have control over the plants.

These are the few points I wanted to make.

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

15.02 hrs.

STATUTORY RESOLUTION RE. NOTIFICATION INCREASING THE EXPORT DUTY ON HESSIAN CLOTH AND BAGS

THE MINISTER OF FINANCE AND INDUSTRY (SHRI R. VENKATARAMAN): I beg to move:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. GSR 54(E) dated 18th February, 1980, increasing the export duty on hessian cloth and bags (other than carpet backing) from Rs 600 per tonne to Rs. 1000 per tonne, from the date of the notification aforesaid."

Prior to 18th February 1980, all jute goods were exempt from export duty. This exemption was granted in 1978

and 1976 in the wake of competition from synthetics. From April, 1979 cash compensatory support was also provided on major export items of jute manufacturers. However, since the middle of 1979, competition from synthetics being on a low key on account of the hike in petroleum crude prices, export of jute goods got a substantial Boost. Besides; international prices of jute goods also registered a sizeable increase. In particular, there was a spurt in the prices of hessian, the principal export item in the jute family. It was in view of this development the cash subsidy of 6 per cent which was earlier given in respect of hessian was withdrawn in August, 1979. Subsequently, in November, 1979, the cash compensatory support in respect of carpet backing was also withdrawn. The question of reviving the export duty was also reviewed. It was decided to examine the position on a later date on consideration of the fact that the industry has not fared well in the past couple of years and it was not clear whether the increase in prices was a temporary one.

At the time of the review made in February 1980, it was noticed that the international prices of hessian were still on the higher side, though they had declined from the level reached towards October/November, 1979. As against an average cost of Rs. 5,800 per tonne, the sales realisation was Rs. 8,780/- per tonne. The jute industry was thus earning a profit of about Rs 3,000 per tonne from export of hessian. The continued demand for hessian goods despite the higher prices was also indicative of the fact that the goods could bear the burden of the export duty.

In view of the above considerations, the Government decided to re-impose the export duty on hessian cloth and bags other than carpet backing at the rate of Rs 1,000 per metric tonne so that the Exchequer could also get the