

The motion was adopted

MR. SPEAKER: I shall now put Clause 4, as amended, to the vote of the House.

The question is:

"That Clause 4, as amended, stands part of the Bill."

The motion was adopted

Clause 4, as amended, was added to the Bill

MR. SPEAKER: Now the question is:

"That clause, 1, Enacting Formula, and the Long Title stand part of the Bill.

The motion was adopted

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

SHRI S.B. CHAVAN: I beg to move:

"That the Bill, as amended, be passed."

MR. SPEAKER: The question is:

"That the Bill, as amended, be passed."

The motion was adopted

18.07 hrs.

BUSINESS ADVISORY COMMITTEE

Fifth Report

[English]

SHRI SAIFUDDIN CHOUDHURY (Katwa): I beg to present the Fifth Report of the Business Advisory Committee.

SHRI SOMNATH CHATTERJEE (Bolgpur): What is it?

MR. SPEAKER: Shri Saifuddin Choudhary has presented the Business Advisory Committee Report. It will be circulated and it will come up for adoption.

SHRI RAM NAIK (Bombay-North): We were told earlier, at least it is my information, by our Chief Whip that we have not agreed for taking up the Finance Bill today.

MR. SPEAKER: I will accept it.

SHRI RAM NAIK: If there is any other information, I do not know. But by the way, he told us that only we have agreed for passing this Bill today.

MR. SPEAKER: No. I think this matter did not come up for discussion today. It was not discussed today whether we are sitting late. It was discussed yesterday that too many Bills are pending with us and the House is sitting only up to 16th of this month and some of the Bills have to go to Rajya Sabha also. So there was a broad agreement that we will cooperate and sit for long hours also if it is necessary and we may pass it also. In deference to the consensus, which was broadly arrived at, not specifically on this point, I would request that let us sit for some more time and transact the business.

THE MINISTER OF PARLIAMENTARY AFFAIRS (SHRI GHULAM NABI AZAD): Shri George Fernandes suggested yesterday that we sit up to 11 O' Clock. But we may not sit up to 11 O' Clock. We may sit up to 8 O' Clock.

18.01/2 hrs.

[English]

FINANCE (NO. 2) BILL, 1991

MR. SPEAKER: The House will now take up the Finance (No.2) Bill. Twelve hours have been allotted for discussion of the Bill. If the House agrees, we may have nine hours for General Discussion, two hours for Clause by Clause consideration, and one

hour for Third Reading. The time allotted is 12 hours. If there are Members who want to express their views—they are present today—they can avail of that time. Let us please sit and discuss it up to 8 O' Clock and then we may adjourn.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, I beg to move:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year, 1991—92 be taken into consideration."

Sir, I had, in my speech in the House on 24th July, 1991, while presenting the Budget for 1991-92 explained the main features of the proposals contained in the Bill. The explanatory memorandum circulated to the hon. Members also contains the details of the specific provisions in the Bill. I do not, therefore, propose to go over the detailed provisions of the Bill once again.

I feel gratified that the Budget has evoked a great deal of interest; and during the debate on the Budget in this House, a number of very constructive suggestions were made by the hon. Members with regard to some of the proposals contained in the Bill. I have also received a large number of representations from members of the public, trade unions, voluntary organisation, professional bodies and chambers of commerce on the proposals in the Bill. I express my sincere gratitude to all of them for giving us these valuable suggestions.

I would like to assure the Hon. Members that we have given very careful consideration to all points which have been made with reference to my proposals. I had stated in my Budget speech that I propose to make structural changes in our tax system. As the hon. Members are aware, the Government have since set up a Tax Reforms Committee to look into the entire tax structure. The Committee has been directed to submit an interim report within three months and the final report by February 29, 1991. While I will come

before the House with comprehensive proposals after the reports have been received, I seek the indulgence of the hon. Members to put forward proposals for amending some of the provisions in the Finance (No.2) Bill, 1991.

Taking up the provisions for direct taxes, in line with our objective of giving a thrust to exports, I propose to increase the tax incentive for exporters under Section 80 HHC of the income-tax Act. Profit on sale of Exim scrips and receipts by way of duty drawback or payments under IPRS will be treated as exports profits in the proportion of the export turnover to the total turnover of the business. This, I am sure, will motivate both trading and export houses as well as manufacturers to generate more exports.

Hon. Members will recall that I had proposed certain modifications in the scheme of tax concession for tourism industry as contained in Section 30 HHD of the Income-tax Act. Under the existing provisions, this concession is available only to approved hotels, approved tour operators and travel agents actually in receipt of payment from foreign tourists in convertible foreign exchange. The modifications proposed in the Bill was intended to secure that this tax concession would also be available where payments for providing services to the foreign tourists are received in Indian currency from another hotel, tour operators etc. out of the funds obtained by conversion of foreign exchange received from the foreign tourists. In the various representations received by me, it has been pointed out that under the proposal in the Bill, the tour operators would stand to lose. Recognising the contribution made by the tour operators in attracting foreign tourists to this country, I wish to make it clear that extending the tax concession to hotels and travel agents will not be at the cost of our tour operators. With this end in view, I propose to move an amendment to the Bill to secure that the receipts in foreign exchange, eligible for computing the concession, do not get reduced by the payments made to another hotel, tour operator etc. for providing service to foreign tourists.

[Sh. Manmohan Singh]

Under a proposal in the Bill, the tax concession available to Indian companies in relation to receipts of royalty, commission, fees and similar payments from a foreign source for export of technical know-how or rendering of services outside India is to be extended to the non-corporate resident taxpayers. I propose to further enlarge this tax concession and make it available to technical or professional services rendered from India to concerns abroad.

This will, however, not cover cases where the technical or professional service is rendered to non-residents in India. I further, propose to do away with the existing requirement of obtaining prior approval of the tax authorities, in respect of agreements with the foreign concern.

Under an amendment to the Income-Tax Act proposed in the Bill, interests on sticky loans in the case of financial institutions and banks will be charged to tax only for the year in which interest is actually received, or is credited to, the profit and loss account, whichever is earlier. I propose to provide that interest tax on such interests will also be charged only in the year in which the interest is actually received, or is credited to, the profit and loss account, whichever is earlier, by the bank of financial institution.

Hon. Members would recall that I had stated in my Budget Speech that the credit institutions will have the freedom to pass on the burden of interest tax to the borrowers by adjusting suitably the rate of interest. It has been brought to my notice that in many cases where term loans have already been sanctioned, the credit institutions may be able to vary the rate of interest because loan agreements do not contain a provision permitting such variation. I propose to move an amendment to the Bill to provide overriding legal authority to the institutions to vary the rate of interest, if they so desire, in order to pass on the burden of interest tax to the borrowers. Further, I also propose to exempt from the imposition of interest tax, coopera-

tive land mortgage banks, cooperative land development banks and cooperative societies engaged in the business of banking which cater primarily to the needs of farmers and village artisans.

My proposal to extend the coverage of the expenditure tax to the expenditure incurred in restaurants providing superior facilities like air-conditioning has been generally welcomed because these restaurants are patronised by the affluent sections of the society. It has, however, been pointed out that the criteria for identification of restaurants, expenditure in which would come within the purview of the proposed tax, is cumbersome in the form in which it is contained in the Bill. I therefore, propose to modify it and adopt a single criterion, which will be that the restaurant is air-conditional. I will be moving necessary amendment to the Bill for this purpose.

I propose to make some modifications to the proposals in the Bill relating to deduction of tax at source from certain payments. The requirement to deduct tax from interest on bank deposits will apply only to interest on term deposits other than recurring deposits. Further, cooperative land mortgage banks, cooperative land development banks, primary agricultural credit societies and primary credit societies will be taken out of the purview of this requirement. We would thus exclude from the ambit of tax deduction at source most of the depositors from rural areas. Further, these modifications will ensure that the small tax payers are not put to any harassment as a result of the proposed requirement of deduction of tax at source from bank interests and withdrawals from the National Savings Scheme.

Hon. Members may be aware that under an existing provision in section 197A of the Income-tax Act, individuals not having any tax liability can obtain payments without deduction of tax at source by furnishing a declaration in writing in duplicate in the prescribed form. I am directing the Income tax Department to give wide publicity to this

provision and make the requisite forms available at the bank counters.

It has been brought to my notice that the proposed requirement of deducting tax at source from winning from races and payment of commission on sale of lottery tickets would impose an onerous burden on persons responsible for paying these amounts. With a view to mitigating this hardship, I propose to provide for a threshold limit of Rs. 2,500 for deducting tax at source from winnings from horse races. Tax will be deducted at source on commission etc., on sale of lottery tickets only if the payment at any time exceeds to Rs.1,000.

I also propose to make a clarificatory amendment to section 32 of the Income-tax Act relating to deduction for depreciation in computing business profits for tax purposes. Under the proposed amendment, no depreciation will be allowed in respect of any plant and machinery the cost of which gets amortised, in one or more years, under any other provision of the Income-tax Act.

The Bill contains a proposal to amend section 273A of the Income-tax Act and Section 18B of the Wealth-tax Act to provide one more opportunity for disclosing unaccounted income and wealth. Hon. Members would agree that this facility should not be open-ended. I, therefore, propose to provide that it will be available only upto 31st March, 1992.

The Bill contains a proposal under which the discretion of the Income-tax authorities to entertain application for registration of charitable or religious trusts and institutions will be restricted to three years from the creation of trust or establishment of the institution. It has been pointed out that this proposal may prove to be harsh, particularly for trusts and institutions in remote areas who might not be fully informed about the intricacies of tax laws and procedures. I, therefore, propose to provide that a trust or an institution may apply for registration at any time. However, an application made after the expiry of one year from the date of its creation or

establishment will relate back to the date of such creation or establishment only if the delay beyond the initial one year is for good and valid reasons.

At present, interest on National Savings Certificate VI issue and VII issue qualifies, along with income from certain other financial assets, for deduction under section 80L of the Income-tax Act. Interest on National Savings Certificate VIII issue does not qualify for this tax concession. As Hon. Members know, small savings is an important source of revenue for the States. With a view to encouraging investment by tax payers in National Savings Certificates, I propose to extend the benefit of section 80L of the Income-tax Act to interest on National Savings Certificate VIII issue. This tax concession will be available for and from the assessment year 1992-93.

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum) 80L is already available for that. 80 CC is not available.

SHRI MANMOHAN SINGH: At present, mutual funds are not required to deduct tax at source from payments by way of distribution of income on their units to persons other than foreign companies. In the case of the Unit Trust of India, the exemption from requirement of deducting tax at source applies only where the payments are to individuals. Charitable or religious trusts and institutions can obtain payments from Unit Trust of India without deduction of tax at source only by filing a statement in the prescribed form stating that its income is exempt from tax. I propose to move an appropriate amendment to the Bill to bring UTI on par with other mutual funds.

I had stated in my Budget Speech that there was a need for rationalising wealth-tax rates. Because of lack of time, I had not proposed any change in the rates of wealth-tax and had confined myself to removal of a distortion in the rules of valuation of assets when these are held through an investment company. I have since examined one more aspect of the wealth-tax structure which

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needs immediate attention. There has been a marked speculative upsurge in the stock market over the last few years resulting in a situation where the market value of the shares has risen much more than the real value. In 1989, tax payers were given the option to adopt the average year average of the market quotations of shares. The share market has continued to move forward since then. There is, thus, a need to provide for averaging over a longer period, say, of ten years. I, therefore, propose to amend suitably the relevant rule for valuation of shares. I also propose to adopt the same method for revaluing the assets of an investment company for the purpose of determining the break-up value of the shares of such a company.

I would now like to dwell on the concessions relating to indirect taxes, which would have a given effect through notification.

As a measure of relief to the film industry which is suffering from high input cost and increasing competition from the Cable TV and video industry, I propose to reduce the basic and auxiliary duties of customs on colour jumbo films for processing into colour films from the level of 90% to 55%. The estimated revenue loss is of the order of Rs. 100 crores in a full year. I trust this concession will help to bring about a qualitative improvement in the feature films produced in our country.

In this year's Budget, I had proposed to exempt a number of agro-based products such as sauce, ketchup, butter, cheese etc. from excise duties altogether. On the same analogy, I now propose to fully exempt from excise duty fruit pulp based beverages, soups, broths and powders of fruits and vegetables. The revenue loss on account of this exemption is likely to be of the order of Rs. 9 crores in a full year.

In order to help manufacture of cheaper penicillin drugs, I propose to exempt from import duty Penicillin V acid first crystals for making 7-ACCA and to reduce excise duty

on Potassium Penicillin G first crystals from 15 per cent to 5 per cent. In order to encourage manufacture of finished life saving drugs, I also propose to exempt from import duty two bulk drugs, viz., cefotaxime and ceftriaxone. Further, I propose to reduce the import duty on intravenous cannulae and tubing for long term use from 110 per cent to 40 per cent, which is the duty applicable to infusion sets.

As the Hon'ble Members are aware, I have restored the exemption from excise duty to polyamide chips used in the manufacture of nylon yarn in order to ensure that there is no additional duty burden on such yarn used for making fish nets. As a measure of relief to the plastic container industry, I now propose to reduce the excise duty on polyethylene terephthalate chips from 40 per cent to 20 per cent.

I propose to extend the concessional excise duty of 15 per cent available to soaps of value not exceeding Rs. 35,000 per metric ton to soaps of value not exceeding Rs. 35,500 per metric ton.

In this year's Budget, I had proposed to exempt all black and white television sets from excise duty and shift the burden to picture tubes. There have been representations that the proposal had resulted in the cumulative incidence of excise duty going up mainly as credit of excise duty paid on inputs under the MODVAT scheme has ceased to become available. I propose to virtually neutralise this additional incidence by reducing the excise duty on picture tubes for black and white TV sets of screen size exceeding 36 cms. from Rs. 300 to Rs. 275 per tube and to exempt TV chassis for such sets from excise duty.

I propose to exempt from excise duty plaster of gypsum including plaster of Paris which is mostly manufactured in the unorganised sector.

I propose to reduce the import duty from 40 per cent to 30 per cent on sub-components, components and machinery for the

manufacture of fuel injection equipments, for which building up of indigenous capacity needs to be encouraged.

Exemption Notifications relating to the above changes in the indirect taxes will be laid on the Table of this House in due course.

I do not propose to take up the time of the House by dealing with a few other amendments in the Bill which are merely by way of drafting changes or are of a procedural or consequential nature. These have no significant revenue implications.

Sir, I trust that this Bill, with the modifications proposed, will receive the unanimous support of the House.

Sir, I move.

MR. SPEAKER: Motion moved:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1991-92, be taken into consideration."

SHRI RAM NAIK (Bombay North): Sir, it appears that there are substantial changes which the Finance Minister has just now mentioned. According to the rules, we are expected to give our amendments - if there are any - by 10 o'clock tomorrow morning.

We normally get the mail at our residence by 8.30-9 o'clock. We would not find time because there are a lot of changes. Either the time for giving the amendments should be extended or it should be ensured that we get his speech and the amendments which he is proposing at least by night today so that we can burn midnight lamps, study them and then come with proper response to the House.

We should get the concession to give the amendments up to one o'clock. And we should get the text of his speech and also the amendments which the Government wants

to propose today so that we can study. Then, we should discuss.

SHRI K.P. UNNIKRISHNAN (Badagara): We fully support you, (*Interruptions*)

MR. SPEAKER: I think, there is substance in what you say. We will try to facilitate how it can be done. I will just apply my mind and see to it.

(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: Some of the suggestions, which he made, indicate a direction and perhaps intensification of his direction which he adopted in the Budget speech.

I have tried to follow it as best as I can. Even then, I missed several points. Unless those are understood properly, debate on this is very difficult. Many points would be wrongly stated or re-stated. Therefore, I would request you, Sir, that we will speak tomorrow despite the initial agreement that we will sit up to 8 P.M.

MR. SPEAKER: Those who have not understood will not speak today and those who have understood can speak today.

(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: No, That will not do. Then the speeches of those who have not understood will be rumours. (*Interruptions*)

THE MINISTER OF PARLIAMENTARY AFFAIRS (SHRI GHULAM NABI AZAD): This is the third day that you have been saying tomorrow, tomorrow.

SHRI NIRMAL KANTI CHATTERJEE: It is because he had introduced the amendments now.

MR. SPEAKER: Mr. Nirmal Kanti Chatterjee, I have full faith in your capacity to understand and yet, I am not saying that you

should speak today. Even if I say the you should speak today you would have spoken having understood everything very clearly and lucidly, Yet, I m not going to tax as your spirit may not be willing or your flesh may not be willing. I do not know about that. You can speak tomorrow. But Is am asking Mr. Rawat to speak today.

SHRI NIRMAL KANTI CHATTERJEE: I am very glad to hear that you have faith in me
(Interruptions)

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Speaker, Sir, how is it possible? He has accepted so many suggestions?

MR. SPEAKER: Please don't upset him
(Interruptions)

MR. SPEAKER: If you won't allow some people to speak, they won't get any opportunity to speak tomorrow.

(Interruptions)

SHRI RAJENDRA AGNIHOTRI (Jhansi): Mr. Speaker, Sir, that is what I say.

MR. SPEAKER: Shri Agnihotri, please take your seat. Please don't do like this, If you do not want to speak today, you may not do so, you may speak tomorrow. Please do not speak on behalf of others. Speak on your own behalf. (Interruptions)

[English]

MR. SPEAKER: If you do not want to speak today, don't speak today. (Interruptions)

[Translation]

MR. SPEAKER: Why do you plead for others? It is only in courts that one can speak on behalf of others but here one has to speak for oneself.

SHRI BHAGWAN SHANKAR RAWAT (Agra): Have the amendments been laid down?

[English]

MR. SPEAKER: I will facilitate your amendments also. If you have understood and if you want to make your speech, you can make your speech. If you do not want to speak, then I will ask others to make their speeches.

[Translation]

SHRI BHAGWAN SHANKER RAWAT(Agra): Sir, the Finance Bill is the last step of the process of presenting the Budget demands of different departments, Appropriation Bill and the speech of Minister of Finance. It is through this that the economic set up is planned. It also gives direction to the future economy. If we try to examine this Finance Bill to assess as to what will be our condition during the ensuring years, it would be depressing. And it would not be any exaggeration if I say that it is like old goods with new label. Instead of saying old wine, Because I am reluctant to use the world wine.

Finance Bill does not coincide with the objectives announced by hon. Finance Minister in his Budget Speech, the demands of various departments and the industrial and trade polices announcement by Government. The announcement made by hon. Finance Minister says that a taxation committee is likely to be formed under the Chairmanship of Dr. Challyaha. This committee will suggest the ways of bringing about simplification and give recommendation regarding re-structuring the whole system. I welcome this step. But it should be ensured that the recommendations will be submitted by the stipulated dates. Besides, I would like to say that modification of simplification about which you talk of, is not reflected in the budget speech of hon. Finance Minister and his budget proposals.

I am dismayed to note that such a feeling is missing in this Finance Bill. The way price rise his increased enormously in the country, the way the purchasing power of the rupee has gone down, is frightening for me

as well as for every consumer. We expected that Government will stick to Late Rajiv Gandhi's promise that after coming into power he would roll back the prices with in hundred days to the old level but the situation is reversing. The way the production cost has increased and the way there is price rise of the consumer items, it quite horrible. I believe that with the devaluation of rupee the purchasing power has decreased by 28 per cent and it all happened because of the collusion between I.M.F. and the Government of India and I also apprehend that there would be a further devaluation of 20% next year when we will be meeting here after Christmas, there would be definitely... (Interruptions)

We may meet before Christmas, I have no detailed information regarding that but I would definitely say through you, that crores of people of this country who work hard and who follow the laws and observe the rules and regulation to bring about economic prosperity are being cheated. Our Government is shrouding those facts, The devaluation scheme has been accepted by the administration also. Therefore, I would say that we will be getting gift of devaluation in January, 1992. There would be devaluation of rupee by 48% during the regime of Shri Narasimha Rao about whom I said during my speech on Motion of Thanks on President's Address that I find glimpse of Lal Bahadur Shastri in him. But he has been the least successful because of his financial policies. Consequent upon it there will be enormous pricerise and we can visualise it. I would like to say the way rupee is being devaluated and that the foreign currency is being respected, that we are heading towards total dependence on the foreign exchange. The purchasing power of the rupees has been reduced to one paise as compared to its price on 15th August, 47. I am pained to simply remind the days when during Morarji Bhai's regime export of gold was opened for the benefit of goldsmiths, that time Shrimati Indira Gandhi has said that the mangalsutras of their daughters have been snatched but now I say that the daughters won't even get the Mangal sutra for marriage when there will be marriages in ensuring January

and February. That time the price of gold will be more than Rs 10,000 per Tola. Even nowadays, we get the same hints about the price of Gold from the transactions of gold.

Secondly, I would say that Budget is the basis of all the planning of the entire country. In fact it is the Guiding force of the planning. Unemployment is increasing on an alarming scale. I would not like to go into its reasons. But this budget does not give any hope that unemployment opportunities will be created and people would get employment. There is no such provision in this budget. I was expecting that Government would do something in this direction, as Rajiv Gandhi had said in of his election meeting speeches that employment opportunities would be provided when he would form the Government. It was reported in the newspapers also. So we were hopeful that when he would be in power he would bring a new joy in the lives of the unemployment youth. Mothers, who had brought up their children with utmost care after facing so many hardships were expecting that their trying time, their hard days would come to an end. Starvation would cease to exist. I was expecting that this Government would definitely provide unemployment allowance to the unemployed but neither any provision for providing jobs to the unemployed people has been made nor there is any provision under which employment opportunities would be created. I do not find any provision of employment allowance which would bring a new ray of hope to the billions of unemployed people for whom there is no future, who are having tough time because of price rise and have lost all hope.

Now, I would like to speak about exports about which tall claims are being made. Our Prime Minister and the Finance Minister go to the foreign countries with a begging bowl in their hands. Our Government has provided all the facilities for export and announcements to this effect are frequently made. Through you, Sir, I would inform the hon. Minister for Finance that the bureaucracy is deceiving. It will literally drown the system. I would repeat it again and so that you may not forget my warning. Please don't

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misunderstand if, I have used flowery expression while initiating discussion on the Finance Bill. I am trying to apprise you and warn you of the cheating and conspiracy that is brewing up in your department. Government allows the exporters to import the necessary material upto certain limit. But the exporters to whom you grant the import licence are involved in a racket of Rs. 20 crore in the sense that import license worth Rs. 20 crores have been pilfered and now are being sold in black market. A Delhi based firm gives a ring to a businessman of Agra for a deal regarding selling import licences. They assure him to provide these licences. I can provide you the name, telephone number and address of the firm, if you wish, with full responsibility. I suspect a pilferage to the tune of more than Rs. 20 crore in licences has taken place

Import licences worth Rs. 1.5 crores were stolen from the office of the Joint Chief Controller of Imports and Exports, Ministry of Commerce in Kanpur. These licences are misused and goods are being imported surreptitiously. Import licences worth Rs. 4,58,300 which was granted to an Agra based exporter was stolen. Since then, those people have been knocking at the doors of the officials of the C.C.I. and E, but nobody listened to them. Then they inserted advertisements in newspapers and with great difficulty, the officers took note of the case. A kind hearted officer took pity on them and some inquiries were made and it became known that out of an import licence for Rs. 4,58,300, the thieves had imported goods worth the entire amount permitted under the licence except for Rs. 60,000.

The Kanpur-based importers have been knocking at the doors of the Commerce Ministry, but it is not prepared to register even a complaint of theft. As a result of the collusion between the staff of the Ministry and that of the Post and Telegraph Department licences are not reaching the importers. The officials at the post offices too do not entertain their complaint. They put forward

their argument that they won't register a complaint, unless and until a competent official of the Ministry of Finance lodges a complaint to the effect that they had issued a licence to the importer and that the licence has been stolen. These importers are shabbily and rudely treated by the officials of the Ministry, so much so that they are bluntly told that it is not their job to look into such matters and are even asked to get out of the room. Therefore, I would like to draw the attention of the hon. Minister towards the nexus between the officials of his Ministry and that of the Department of Post and Telegraph. If necessary, I am prepared to furnish the necessary evidence in this regard. Similarly, a large number of Agra-based importers are also at the doorsteps of the Ministry. They have furnished a long and exhaustive list, but no action is being taken on that. The hon. Minister is requested to issue duplicate licences, so as to provide some relief to these importers, who are suffering for no fault of theirs.

Therefore, I would like to say that none of the schemes, announced in the House, aimed at providing relief and facilities to importers and exporters are going to succeed, unless and until bureaucratic redtapism is done away with and rules and procedures are simplified. This bureaucracy won't allow any scheme to succeed.

Secondly, you have enthusiastically talked of introducing 'Exim Scrips' and thereby providing relief to importers and exporters. I studied your proposal, but unfortunately did not come across any point on which I could congratulate you. I am not stingy so far as felicitating people is concerned, but in this case, I have to be, as I feel that the Government is going to get cheated once again. When import licence issued from the Ministry doesn't reach the importer, what can one say about Exim Scrips which are just like bearer cheques and any pick-pocket can get away with it? At present, the Government can at least catch hold of the corrupt officials, as only two departments viz. the Ministry of Commerce and the Post and Telegraph Department are involved. If a

serious effort is made, they can at least be caught. But once this Exim scheme is introduced, the pickpockets will make away with the bearer cheques, never to be found again and profiteers, and the commission agents who are hand in glove with the officials of the Commerce Ministry will have a field day, Looting and cheating the importers. Thus, the entire system will collapse and the Government will fail to achieve its desired objectives. Therefore, it is essential that the name of the importer is mentioned in the Exim Scrip.

Mr. Speaker, Sir, I would also like to mention here that the country's diamond industry exported goods worth Rs. 1200 crores. but the official in the Reserve Bank of India are not paying any attention to this industry. This industry employs lakhs of workers, who dedicate their lives and even get affected by infectious diseases like T.B.. They earn foreign exchange worth Rs. 1200 crores for their country, but the Government rules and regulations are bound to wipe out their very existence. I would like to caution the Government that if it does not take this matter seriously, then we will not only have to beg for foreign currency, but also lose the Rs. 1200 crore worth of foreign industry and then automatically Thailand, which is our main competitor in this field, will capture the world market and consequently our diamond industry will suffer.

Mr. Speaker, Sir, I believe that the hon. Minister also agrees with me that certain principles govern direct taxes. The Government has constituted the Chelliah Committee to find out ways and means to simplify the direct taxes. Sir, instead of the various performs, formats etc the Government should prepare such a statement of each tax payer that would contain comprehensive details about the various taxes the person has to pay, including income tax gift tax, wealth tax etc. The rules should be simplified, to enable even the layman to understand them. The existing income tax Act is a boon for income tax officers and lawyers dealing with income tax cases. It is a different matter that I too am an advocate but I deal with only

Criminal Cases, not income tax cases. Despite that, I would say that the existing laws are a boon to the lawyers. It is a fact and not a joke that an I.R.S. officer commands more dowry in the matrimonial Market than an I.A.S. officer and I.R.S. is considered more lucrative service than I.A.S. The reasons are very well known to everyone and as a representative of the people, I cannot say more.

Mr. Speaker, Sir, the tax payers are finding themselves at the loser's end, as a result of the increasing prices, inflation and devaluation. At the time of devaluation, the taxpayers expected the Government to bring about some kind of balance, by raising the limit of taxable income. We had demanded that there should be no tax on annual income upto Rs. 48,000. The salaried class finds itself in dire straits, at the moment. The Government should not be under the impression that all Government employees are corrupt. I would like to say here that most of them are honest and their life has become miserable along with that of shopkeepers, and other professionals. As a result of devaluation, the purchasing power of the rupee has gone down. Therefore, it won't be proper to keep the income tax limit below Rs. 48,000. or else, the Government should make an announcement in the House to the effect that despite the devaluation of rupee, the Government is in possession of a magic wand would enable it to provide essential commodities, at fair prices to all the people. Unfortunately, the Government has no such formula in hand. Even the system of Fair Price Shops has flopped. People don't get items of daily necessity from these shops. It is possible to provide all items, at subsidised rates. The Government made an announcement in the House to the effect that it won't seek income tax returns from the rural folk, who toil day and night to eke out a livelihood and deposit their saving in the bank, but where do they have the money to deposit in banks?

One is reminded of the days, when people were dying of hunger in France and large group was holding demonstrations

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outside the Emperor's places, raising slogans. When the queen enquired the reason from the Emperor, he told her that the people are demanding bread upon this she retorted. If they don't have bread, let them eat cake! The Government has created a similar situation in our country as well. I would like to tell the Government that the villagers do not have money to deposit in banks. The proposed Amendment is not going to make any difference.

I know that when my colleagues make even a passing reference to Hindus, the other side takes strong objection to it. One can smell hatred and contempt for Hindus from their utterances. We have a majority Hindu population in the country. All the people coming under the Hindu laws, except for Muslims and Christians have their own social system. Among the Muslims, if a husband divorced his wife, the latter was left without any means of livelihood. Therefore, in the aftermaths of the Shahbano controversy, the Government brought a Bill under which the task of taking care of such women was entrusted to the Wakf Board, which is financed by the administration. However, in a Hindu United family (H.U.F.), it is the responsibility of the head of the family to look after the orphans, widows, divorcees etc, in the family, even at the expense of his personal comforts. Unfortunately, the hon. Minister of the Finance has not been sensitive enough to pay any attention towards the problems faced by H.U.F. I would have acknowledged the Hon. Ministers sensitivity had you fixed the limit at Rs. 22,000 per annum, instead of the proposed Rs. 12,000. Therefore, through this Amendment, I urge the Government to make changes in the provision for H.U.F. You have made a provision that if a member of H.U.F. is a tax payer, his limit would be 12,000/-. I want to submit that if in any HUF, less than half of the members are tax payers, even then you should raise this limit upto 48,000/-. Taking HUF as a unit, exemption should be given to this limit of Rs. 12,000 is totally wrong and unjustified. The social ethos, culture and

traditions which are dear to us may be cared for. This matter does not pertain to religion, but to social system. Otherwise, Similar arrangements will have also to be made for lakhs of widows, elders and orphans of the country, as you have brought forward for Muslims. But this will not be feasible to the administration to make arrangements for them. The society is performing this job but the Administration is unable to perform it. Therefore, do not disturb the social fabric of society. I appeal to you on behalf of lakhs of widows, orphans disabled and dependent who are living under the shelter of Hindu Undivided family. But if the present system is disturbed then the whole thing will get astrayed.

When you were speaking on the of clause 28 (A) (a) I was attentively listening to you. I was under the impression that probably you would have freed yourself from the clutches of the bureaucracy. Your bureaucracy is prepared to extend facility to restaurant owners and guides, but is not prepared to provide any facility to petty artisans, small restaurant owners and showroom owners, and the persons selling things on pavement in front of hotels. Hotels hire small premises to entertain foreigners. Foreigners are entertained with soda water and drinks, and shown idols of Shiva, specimen of Taj Mahal and Banars silk with Gardoji work. These prospective buyers are told the history in detail and persuaded to buy handicrafts of craftsmen. But instead of extending the benefits to them they have completely been deprived of the relief through this special provision. Those who are engaged in foreign exchange, trade with foreigners, and try to persuade the foreigners to purchase Indian goods, attract foreigners to visit tourist places i.e. Agra, Delhi. Varanasi and Khajuraho in India, are brought under the purview of tax trap and you do not want to give benefits in foreign exchange to them. With due regard, I would like to state that this paradoxical policy is not proper and you must rectify it.

I would like to say one more thing about Hindi and English languages. I am not well versed in both the languages. The word

accommodation in Hindi version of the Act has been defined as "Awasiya Sthal, Awasiya Bhawan" but in English accommodation is called accommodation. The people who bring accommodation hire shop in that accommodation, are liable to be levied an expenditure tax, while he is a tenant and he has nothing to do with the hotel management. In the Hindi version of the Bill the word accommodation has been defined as 'Awasiya Bhawan' but the accommodation hired is commercial and not residential persons hiring accommodation set up showrooms for displaying goods and also entertain foreigners with tea etc and you have take all these people as the hotel owners. I have given an amendment in this regard. If the hon. Minister finds some free moments and may have himself free from the bureaucratic pressure, then he is advised to consult some dictionary and find out the exact meaning of the words used in this Bill. If I am right, you should accept it. The Provision of 28 (A) (a) has been introduced retrospectively with effect from 1 April, 1986. Thousands of cases have been finalised and decided upon by the Income Tax Department. Now you have complicated the situation by bringing forth this Bill because all the decided cases will be re-opened and the assesseees would have to suffer a lot. It is therefore, requested that the Government should save the shopkeepers and craftsmen from harassment.

I would like to conclude my speech by referring to the issue of nationalised banks. I think if I do not raise this issue, I will not be fulfilling my duty. Eight major banks of the country - New Bank of India, Bank of India, Punjab & Sind Bank and United Bank of India, Vijaya Bank, Syndicate Bank and Bank of Maharashtra are running sick. Sickness of banks is likely to jeopardise interests of depositors. You please safeguard the interests of the depositors. Banks are giving loans to industrial house in violation of the rules, thereby killing the interests of depositors. The Bombay branch of the United Commercial Bank sanctioned the loan of Rs. 30 crores to a leading industrial house under political pressure, against the recommendation of its Board. In conformity with the

conventions of the House and I also regard the same, I do not want deliberately to mention the name of any person who is not present in the House, but through you, I would like to request the hon. Minister of Finance to talk to me in this regard if he is at all worried in this matter. I am prepared to mention the name. This sort of wastage of Bank money is not good. Twenty nationalised banks have given loans to the tune of Rs. 62,308 crore. Out of this amount Rs. 33,000 crore extended as loan is lying unrecovered.

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More than Rs. 20,000 crore out of this amount have been put into the written off account by the nationalised banks and has been shown as bad debts. In sick units, Rs. 8,000 crore extended as loans are lying blocked. This total amount is 15 per cent of the total loans. That's why I urge that it is an important issue. In the country the people have deposited an amount of Rs. 1,91,000 crore in the Banks, but you are using the Banks as an instrument to meet your political ends, and nothing is being done to streamline the functioning of banks. Thus, the interests of the depositors are being jeopardized. At the time of nationalisation of banks, Shrimati Indira Gandhi had stated that the banks, having no control of capitalists, will become the instruments of welfare of poor. But the poor are still suffering and their congestion has not improved at all. The poor who are unable to repay loans are sent to jail and their property is being attached. On the other hand the capitalists and influential persons who have taken loan do not repay their loans and do not get any punishment because of political patronage. Therefore, I urge upon the Government that the banks may be allowed to function independently and should not be used as political instruments for vested interests.

I would like to say one more thing. The hon. Minister has mentioned about the term deposits and made a provision of deduction of income tax at source. Due to this reason the Banks are facing the problem of heavy

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exodus. In other words, the people are withdrawing their deposits from the Banks in large quantity.

The people are in a hurry to withdraw their deposits from their 'term deposits' is called "Savadhi Jama" in Hindi. The bank officials are going from door to door and persuading people not to do so by offering them other incentives. Due to this tax provision, deposits to the extent of Rs. 2,000 crores have been withdrawn from banks. The Government may retain this provision for its pleasure but it would cause a heavy loss to the banks. The hon. Minister of Finance should reconsider it, I do not agree with him that a mere declaration by the depositor that he is not an income tax payee would serve the purpose. Because the bureaucracy has become totally uncontrolled. They do not pay any heed. There are other ways to control them. On behalf of the tax payers of the country, I have presented certain hard and soft facts before the House. I would like express their feelings in the following lines:

"Mohabbat mein junoon ke asaar nazar ate hein,

Hum ahein bharate hein, ve nazar palat lete hein."

Therefore, Mr. Speaker, Sir, through you, I would like to submit that the hon. Minister of Finance should not overlook the interests of the people. He should listen to the poor and understand their problems. If he really wants to improve the economy of the country, he will have to adopt a humane and realistic attitude. I am confident that the hon. Finance Minister would accept all the suggestions and amendments I have proposed and remove the irregularities and redtapism so as to provide relief to the people of this country through his dynamic leadership.

With these words, I conclude and thank you for the opportunity you gave me to

express my views.

[English]

SHRI MANMOHAN SINGH: With your permission I would like to make one correction. There was a slip tongue with regard to paragraph 25. I will repeat that.

I propose to extend the concessional excise duty of 15 percent available to soaps of value not exceeding Rs. 35,000 per metric ton to soaps of value not exceeding Rs. 38,500 per metric ton.

[Translation]

SHRI BHAGWAN SHANKAR RAWAT: Mr. Speaker, Sir, so far as the exim scrip cases are concerned, there would be no use of giving concessions unless they bear the name of the importer. Scandals will continue to be there. Therefore, it is very essential to make provision in this regard. Unlike the bearer cheque, it should bear the name of the individual so that it may not be misused, only then it would be beneficial.

DR. DEVI PROSAD PAL(Culcutta-North-West): Mr. Speaker, Sir, I support the present Finance Bill which has been presented to this House. I have taken the view not only within the floors of this house but also in the different chambers where I have to attend and address at such an important Bill comes at a point of time when there is little time for discussion and deliberation by the Members of the House. A Finance Bill has a great impact upon the economic consequences of the country and if this Finance Bill is passed through in such haste and hurry then the Members of the House have little time to deliberate on the matter. We were told that the Legislature understands the needs and requirements of its people. But, is it the way how important provisions of the Finance Bill are to be discussed only within two hours? General discussion for nine hours and Clause by Clause consideration for nine Hours.

MR. SPEAKER: Not two hours. Mr. Pal,

any I correct you? We are discussing it for 12 hours.

SHRI DEVI PROSAD PAL: This is not the way. The Finance Bill is ought to be scrutinized by a properly appointed select Committee. I will present before the Finance Minister how there have been a some sort of bureaucratic oversight over some of the provisions of the Bill which renders it almost completely anomalous. I support the basic approach of the Bill. The Finance Bill and the fiscal policy is not an end in itself. It is a means to an end. It not only tries to augment the resources of the exchequer but also to the fiscal measures are employed in order that imbalances in the socio-economic sphere are sought to be adjusted and corrected and in this way we have to consider the impact of the fiscal measures on the economy.

Now, the major objective in the Finance Bill are to meet this challenge. As the Finance Minister himself has pointed out, there have been a macro-economic mal-adjustment in the last several months, with the result that our balance of payments position has been precarious. Our foreign exchange reserves had dwindled almost to a negligible point. Along with this, we have the legacy of the last 15 months before the present Government came into power, a Deficit Budget which has surpassed all its previous records. More than 11,000 crores was the deficit in the earlier Government and with this background the present Government has to come and take the fiscal measures. The price rise as a result of the loans which the earlier Government have taken on two occasions has surpassed the rate of inflation at the one-digit and we have now reached a two-digit inflation. With this background when the Finance Minister has to present the Bill, naturally he has to look into all these various aspects and the major attempt of his was that the trend which was so long taken that the indirect taxes would exceed the return from the direct taxes a trend that affect the economy particularly the poor persons. The present Bill tries to revers the trend. Therefore the insistence is upon the direct taxes much more than upon the indirect taxes. The

direct taxes, as the Finance Minister has pointed out, will be generally realised from those who have the greater capacity to pay. Now for the purpose of raising taxes revenues by resort to direct taxes, two important objectives are to be followed. Firstly, those who have the capacity to pay, their pockets will be touched more and secondly there should be a better tax compliance. In spite of the devaluation, in spite of the balance of payments position becoming precarious, I must thank the Finance Minister for not touching the pockets of the middle class people more than what existed in the preceding year. So, the rates of taxes for the middle-class people remained unchanged. Infact, the rates of individual assesseees have remained unaffected although there was a great fear that because of the collapse, because of the paucity of foreign exchange reserve and also because of the balance of payments position, the taxes might be revived at a higher rate.

Corporate taxes have been increased from forty percent to forty-five per cent for public companies and from forty-five per cent to fifty percent for closely-held companies. Direct taxes been much greater revenue but, at the same time, the Finance can be increased upto a point, but the interest for economic growth also cannot be lost sight of. We must have objectives of balancing economic growth with economic justice. He has now reduced the rate of depreciation for the plant and machinery which are used in the business. We have been making representations against this measure and there would have been a proper discussion, then possibly the point might have been brought home to the Finance Minister. The rate of depreciation even earlier was fifteen percent and for tripple-shift working it was thirty percent. That was considered to be a reasonable rate of depreciation. Even under the Companies Act, the rate of depreciation of fifteen percent and for double or triple-shift working it is thirty percent. So, both under the fiscal law and also under the company law, thirty percent was considered to be a reasonable rate of depreciation. In these modern days, when the prices of plant and machinery are increasing, and with the modernisation of plant

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and machinery, unless the proper rate of depreciation is allowed, it will be difficult for the industry to grow on its own. I will request the hon. Finance Minister to have a relook in to the matter - the rate of depreciation has been reduced to twenty-five percent, with no allowance for double-shift or triple-shift. Now the highest rate of depreciation will be twenty-five percent. We must not forget that the provision for depreciation is one of the Potant sources for the generation of internal capital for the corporate sector. Unless the corporate sector is forced to borrowings, either from the public authorities or from the Government or from other sources, the company normally relies upon the provision for depreciation as a source of internal capital. With this reduction in the rate of depreciation, the generation of internal capital for the companies will be seriously affected. There have been widespread representations from the different Chambers, from different associations and I will request the hon. Finance Minister to have a relook into the matter. If the corporate sector has to develop on its own, flow of generation of internal capital has to be there.

We must not forget that the investment allowance which was allowed so far has been withdrawn.

Another important thing which I will request the hon. Finance Minister to relook into the matter is that from 1988-89, there has been a change in the policy of the Government. Instead of allowing depreciation on individual plant and machinery, now depreciation is allowed on the entire block of assets. It has been classified into four categories and plant and machinery on which depreciation is allowed is taken as a block. Now for the first time, there has been in the present budget as provision that if each plant and machinery does not work for more than six months, then fifty percent of the depreciation will be allowed. Now this measure will be completely setting at naught the entire scheme which has been introduced by the Finance Act of 1988-89.

If you are allowing depreciation on the entire block of assets and if you now allow it only 50 percent of the rate on individual plant and machinery, then again the corporate sector has to maintain a record of each plant and machinery. The whole idea of introducing depreciation on the entire block of asset was to remove some of the difficulties and complications so -in the maintenance of separate accounts for individual plant and machinery and to have a simpler procedure. By this measure, the entire thing has been set at nought.

I do not know whether this suggestion, which I am making, will also appeal to the hon. Finance Minister. Otherwise it is no good allowing depreciation on the block of assets.

Coming to the Balance of Payments position, I congratulate the hon. Finance Minister for giving greater incentives for the growth of export industry. Section 88-HHC has been introduced earlier to give incentives to the export industry. It has been further liberalised by the present Finance Bill. I would appeal to the hon. Finance Minister to consider afresh; the scheme which for the first time introduced a distention between the deduction of tax relief on the exports of goods manufactured and trading goods. Now trading goods have been defined in Section 88-HHC as goods which are not manufactured. Therefore, there is no definition of manufacture. Processed material will be non-manufactured goods. Processed goods are, for example, cashew nuts, rice, minerals etc. These are not manufactured goods. In allowing the deduction on account of exports of these type of trading goods, the export profit is to be determined by reducing direct and over-head cost.

Please remember. We are not having any cash incentive any more as a result of the policy of the Government. We are not having any incentive for exports and the import entitlement receipts and duty are withdrawn. The processed industry constitutes more than 60 per cent of the exports to the foreign countries. In the case of these

trading goods, if the direct cost and indirect cost is to be deducted, then there is hardly any profit for the processed goods and they will be benefitted practically at a very marginal level, although on the goods manufactured tax deduction will be allowed on Proportion of the export turnover divided by the total turnover and the deduction is to be ascertained on the basis of such proportion. It is difficult to understand as to why that formula is not adopted in the case of trading goods. I will appeal to the hon. Finance Minister to again consider the matter and have a re-look into the position. In the case of total turnover, many of these, for example sales tax, excise duties and other things are included, whereas in export turnover these are not included. In the case of proportion, unless like is compared with the like how can you determine the proportion? Therefore, for the total turnover, many of the items which are not going to the export turnover have to be deducted. But what about the sales tax? What about the excise duty and what about the other items which do not go into the export turnover?

I will appeal to the Finance Minister to kindly look into the matter and if something can be done, this will be encouraging the export industry.

In the case of hotel industry, it is true that, encouragement has been given to boost up the hotel industry. If the hoteliers take the money from any tour conductors or the tourists within the foreign exchange which has been sent from abroad, then they will be given the relief for deduction, under 580 HHD.

This relief was insisted upon by the hotel industry long back. This has been given effect to, but only from April 1992. I will request the hon. Finance Minister to kindly look into the matter and if possible, extent the benefit not from April 1992 but from the day when section 80HHD was introduced. Now, in the case of the hon. Finance Minister, he has tried to introduce the interest tax. Regarding the tax to be deducted at source only the term deposit is now to attract such

deductions. But what about the different kinds of other term deposits on which tax is to be deducted at source? Except the bank interest, in respect of other institutions tax is to be deducted at source regarding the interest on term deposits. There are lakhs of term deposits which are made all over the country in banks. How the banker will be able to deduct tax and keep records unless separate accounts are maintained for each individual depositor whether his interest exceeds Rs. 2500/- or not? So long, the interest paid by the banker was exempted from the deduction of tax at source. Regarding deductions of tax on the commission, that was also a new feature of the Finance Bill.

MR.SPEAKER:Please conclude.

DR. DEVI PRASAD PAL: I would appeal to you to give me a little more time because there are many important clauses in the Bill which require consideration and it is the last opportunity which we get because after that the Finance Bill will be passed. [Interruptions]

I will point out that for the first time interest tax has been introduced although it was done away with much earlier. Interest tax means the banker has to charge a higher rate of interest now for paying this tax. Interest tax rate is at 3 per cent and financial institutions are to pay this interest tax. The result will be, the rate of borrowing will be much higher. I would appeal to the Finance Minister to consider it to see whether it will be advisable at this stage when the country requires generation of capital to increase and introduce for the first time the interest tax particularly for the banking and other financial institutions.

The Finance Minister has suggested and has introduced measures for better tax compliance. Power has been given to the Commissioner to waive penalty or interest under section 273A. When we are considering that the discretionary powers should be reduced as far as possible, it is the industrial policy of our present Government that we are to unshackle the economy from the

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cobwebs of bureaucratic discretion and the Finance Minister himself in his Budget speech pointed out that too much bureaucratization has been one of the major defects in the fiscal administration. We are to consider whether such wide diversion is desirable. The hon. Finance Minister has suggested that in the case of interest of mutual funds received by off-shore funds, that will be tax at the rate of 10 percent instead of 25 percent. But under Section 115A the rate of tax has been retained at 25 percent. This is nothing but a bureaucratic oversight. If you have introduced a lower rate of 10% in section 115 (ab), then you should delete that 25 % tax under Section 115A.. Otherwise which rate of tax will be applicable?

It has been the policy of the Government and I welcome the policy that at the time when the tax is deducted at source it will be either at the prevailing rate under the Finance Act or in any other law. Under many double taxation agreements, tax rate has been reduced, but when the tax is deducted at source, this is not taken account of. But it should be taken note of. Otherwise the entire scheme of Section 2(37A) will be rendered nugatory. Similarly, when the interest is paid on tax refundable to an assessee, the rate is only 12 percent, but when the tax is payable by an assessee, he has to pay interest at the rate of 24 percent. Such anomalies require immediate attention.

If the Finance Minister would be kind enough to give me time, I will point out that the such anomalies has rendered many of the clauses open to criticism.

Now, I may point out the rules for the valuation of unquoted shares of the investment companies. This very measure which is now sought to be introduced was suggested in 1981 regarding valuation of the shares of investment companies according to their break up value by reference to Market value of assets.

This was introduced in 1981. Objec-

tions were raised specially because this will create difficulties in the administration, and it was dropped.

In 1986 again the very same Bill was introduced by the then Finance Minister Shri Vishwanath Pratap Singh. Then objections were raised from different sources and it was found difficult to comply with and administer and hence this was also dropped. Present rules regarding the valuation of the unquoted shares of companies. The same thing has now been repeated again in the amendment which is sought to be introduced in the valuation of the unquoted shares of the investment company.

These will bristle with difficulties if you try to value the shares by referring to the market value of lands and buildings and other assets. It will be impossible to come a proper to valuation by this yardstick.

Another important thing I want to point out to the hon. Finance Minister is regarding medical expenses. Under Section 17 of the Income-tax Act, you are allowed by the reimbursement of medical expenses. Earlier, if the hospital is not a Government hospital, then Rs. 10,000 was to be allowed as deduction for medical expenditure on the employee or his family. This was introduced by a notification on 6th June, 1991. On 24th July when that Budget was presented, that was done away with. Now only Rs. 5,000 will be allowed for medical expenditure on the employee and another Rs. 5,000 on the family of the employee.

When the Notification was issued on 6th June, 1991 why was there the necessity for again doing away with that on 24th July, 1991?

I will appeal to the Finance Minister because many of the middle-class employees will be affected by that.

Another important point regarding medical expenses is when, for example, an employee has treatment for difficult surgeries like open heart surgery or transplanta-

tion, of kidney or cancer, if it is not in a Government hospital which does not provide for these amenities, then full expenditure is not to be allowed on these difficult operations and if the employer gives money, why should it not be exempted from being taxed? If a Government employee incurs the expenses, it is allowed. When an employer incurs these expenses for an employee of open heart surgery or for transplantation of the kidney or for cancer, the expenditure should be allowed and there should not be this sort of distinction.

I would appeal to the Finance Minister kindly to look into the matter and, if necessary, introduce an amendment in Section 17.

As I pointed out, on the whole, the budgetary policy, and the Finance Bill, aims at certain objectives which I fully support and I congratulate and thank the hon. Finance minister for having a difficult task particularly in the case of these balance of payments position being so precarious and in the case of the price inflation being staggeringly high. In spite of that, in the bill that is presented, the taxation has been put within reasonable limits.

The fiscal measures which have been introduced, the objectives which have been outlined, are very laudable. I am sure, the hon. Finance Minister will kindly look into the implementation part of these proposal. He has made many amendments. I am not discussing about them because the suggestions which I have given through the various chambers. I am glad and I must thank the Finance Minister that he has been pleased to accept some of these suggestions. But I would also, again request him to look into some of the other items which I have brought to his attention.

With these words, I support the present Finance Bill. I hope the members of the House will support the Bill as it has been presented after due amendments.

[Translation]

SHRI MANJAY LAL (Samastipur): Mr. Speaker, Sir, I rise to oppose this Bill. I want to oppose it because it has been prepared with the objective of safeguarding the interests of capitalists and fulfilling the needs of international finance institutions.

Mr. Speaker, Sir, the wisdom and character of a Government can be judged on the basis of two things - First the nodalities followed to increase revenue and second ability to control price rise. Mr. Speaker, Sir, it is not a criterion of a socialistic state: It is not a criterion of bill of a welfare of state also.

Mr. Speaker, Sir, as soon as the present Government came to power, they made an assurance to check the price rise immediately. But as per the figures provided on the floor of the House, the prices of essential commodities increased by about 3.1 percent from July 20 to Aug. 10; and about 13.5 percent in a year. Hence, they have failed to fulfil their promises of stabilising the prices within 20 days of presenting the Budget. Therefore, I oppose the Bill.

Mr. Speaker, Sir, when we got independence on Aug. 15, 1947, we had deposits of hundreds of crore of rupees in pound sterling in England and today after 44 years of independence of situation has deteriorated to the extent that though we are free from servility of bullets but economically we are no less than slaves. We have a debt about Rs. 4,50,000 crores, out of which Rs. 1,70,000 crores constitute external debt. By the end of this year, this amount will touch about two lakh crores of rupees figure. Besides, we are going to take loan of about Rs. 10,000 crore from the I.M.F. We also propose to import arms of about Rs. 6,000 crores. In this manner, we are getting ruined day by day. The gap between the rich and the poor has been widening continuously.

In 1947, when we got independence, the total population of the country was 34 crores and we did not have food-grains to cater to the needs of our people. We had to

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import foodgrains. Today, the population has increased to about 85 crores. Gandhiji used to say that the farmers are the backbone of the country. Farmers worked hard and increased the foodgrains production. The result is that we have become self-reliant to meet the needs of 85 crore people. It has been possible only due to the hard work put up by the farmers. They worked day and night. The present Government proposes to put a burden on them. Earliest the subsidy on fertilizers had increased their interest in cultivation but by withdrawing the same provision the Government has disheartened them. The Government has withdrawn the provision just to create a rift among the marginal, medium and big farmers. This action on the part of the Government would do nothing more than encouraging black marketing. Farmers will not at all be benefited.

If we evaluate the provisions made in regard to irrigation this year, we find that even after 44 years of independence, we have managed to provide irrigation facilities just to 40 percent of the total land. On the other hand wasteful expenditure is going up by leaps and bounds. In the budget, tax burden on common man has been increased. The rate of taxation has been increased on Bidi and not on those who take whisky. I consider the Finance Bill that has been presented in House as anti-people.

Mr. Speaker, Sir, the industrial policy was also placed before the House along with the general Budget the same day. It clearly indicates that the Government proposes to give adequate concessions to set up multinational companies in the country in order to bring foreign capital to the country but that policy will prove disastrous for the country. 40 percent of the total export constitutes the products manufactured by the small scale industries. If the Government allows multinational companies, the small scale industries will be ruined. And in this way, it will not be possible for us to increase our export.

While leading the freedom struggle, Gandhiji had three things before him—viz. swaraj, self-reliance and setting up of small scale industries. But after 44 years, of independence, the small scale industries are on the verge of extinction. At the same time, our foreign exchange reserve is also decreasing.

Mr. Speaker Sir, I would like to give you some figures as to what has been our position of foreign trade from 1980-81 till date.

In the year 1980-81, our export was of Rs. 6,711 crores, whereas our import was of Rs. 12,549 crores. It means there was deficit of Rs. 5,838 crores. In the year 1981-82, our export was of Rs. 7,806 crores where as our import was Rs. 13,608 crores. As such there was a deficit of Rs. 5,802 crores. In the year 1982-83, our export was of Rs. 8,803 crores, whereas the import was of Rs. 14,293 crores. So, there was a deficit of Rs. 5,490 crores. In the year 1983-84, the export was of Rs. 9,771 crores and the import was of Rs. 15,831 crores. The deficit was of Rs. 6,060 crores. In 1984-85, the export was of Rs. 11,744 crores, whereas the import was of Rs. 11,744 crores, whereas the import was of Rs. 17,134 crores. So the deficit was of Rs. 5,390 crores. In 1985-86, the export was of Rs. 10,885 crores whereas the import was of Rs. 19,695 crores. The deficit was of Rs. 8,763 crores.

MR. SPEAKER: Manjay Lal Ji, there is no need of these figures please go ahead.

SHRI MANJAY LAL: Mr Speaker, Sir, I would like to give the figures of the last year. In the year 1990-91, the export was of Rs. 32,527 crores and the import was of Rs. 43,171 crores. The deficit was of Rs. 10,644 crores. The total defect in last 10 years was of Rs. 77,949 crores.

Mr. Speaker, Sir, I would like to submit that today farmers are not getting remunerative prices for their produce. People purchase their produce at cheap rates and after processing they sell the same at high rates. Processing cannot be done in small industries. We sell maize at Rs. 2 per kilo, but we

have to buy it at Rs. 60 to Rs. 70 per kilo, when it is processed into cornflex in the Mohan Meakins. Similarly, potato is sold at Rs. 3 per kilo, but the rate of potato chips in the market is Rs. 60 to Rs. 70 per kilo. The rich are getting richer and the poor are becoming poorer and the gap between the rich and the poor are getting wider. Now foreign investors will come who will make the situation worse.

Mr. Speaker, Sir, I would like to submit that we aped other large countries like the U.S.A. and Russia for preparing plans, but we didn't use our intelligence, which failed the entire plan. There is a basic difference between America, Russia and our country. There, the total land area is more as compared to their population, but in our country, the population is more than the total land area. Therefore, we should not ape others. This is the reason why the gap is getting wider between the rich and the poor and the rich are getting richer and the poor are becoming poorer.

Mr. Speaker, Sir, I would like to give the details of assets of some industrialists of this country. In 1961, the total assets of the Birla Group of industries were Rs. 153 crores which increased to Rs. 6,974 crores in 1989. The assets of Reliance Group was Rs. 278 crores in 1981 which has increased to Rs. 324 crores in 1989. The Tata group of industries had an asset of Rs. 116 crores in 1951 which has increased to Rs. 6621 crore in 1989. That is why, I am opposing this Bill, as it will particularly increase the regional disparity. In Bihar, this disparity has increased a lot. 10 percent of the total population of this country lives in Bihar and from First Five Year Plan to Seventh Five Year Plan, the allocations made by the Centre to the State has been only of the order of 2 1/2 percent to 4 per cent only. It has never been more than 4 1/2 per cent. This is increasing the regional imbalance. The Government has said that it would work for the removal of regional imbalance, but no such provision has been made in this Bill. Besides, there was also a proposal to increase the pension of the freedom-fighters, but no such provision has been

made in this Bill. Therefore, I find this Bill anti-democratic and pro-capitalists. That is why, I oppose it.

SHRIK. MURALEE DHARAN (Calicut):
Mr. Speaker Sir, thank you very much for giving me a chance to participate in this Bill. I rise to support the Finance Bill. Our country is facing a very critical financial situation. But in this situation also our hon. Finance Minister presented a good budget. I agree that some proposal are not good, especially the tax imposed on the petroleum products and cooking gas. The increase in tax on cooking gas, I am sorry to say, is an unpardonable crime committed to our housewives. My request to the Finance Minister is to reduce that rate.

In case of Petroleum products, everyone is thinking that petrol is being used by big people. That is not correct. In the case of taxi and autorikshaws, they are used by common people. So, if their rates are increased, that will definitely affect the common people. If a common man wants to go to hospital, definitely they want to take a taxi. But now the taxi rates are very high. Therefore, my request is that the rates of petroleum products should be reduced.

I am coming from a small State of Kerala. In Kerala the coffee industry area is in my constituency, that is in Vynad district. The coffee growers are facing so many problems in the State of Kerala. If they sell their coffee through open market, they will get Rs. 30 per kilo.

But now they are in the stringent hands of the Coffee Board. The Coffee Board is giving them only Rs. 13 per kilo. In 1989 the coffee growers got Rs. 23 from the Coffee Board; but now they are getting only Rs. 13.

Pepper industry in Kerala is facing great difficulty. A kind of disease of affecting the pepper industry. The point is that pepper production is very low. The Kerala Government wanted support price to coffee and pepper. My request is to provide support price to coffee and pepper.

[Sh. K. Muralee Dharan]

There is a proposal before the Central Government to start a new Rating Training Establishment in Calicut which belongs to my constituency. That proposal is now pending because of lack of funds. My request is to allow sufficient funds to start the Rating Training Establishment in Calicut.

A common thing that is affecting agriculturists in rural areas - as the hon. Minister knows - is that they are not getting sufficient loans from the banks.

Actually the bank managers in the local area are the masters of that village. They are raising so many objections and the poor agriculturists are not getting loan from the banks. I think, the Minister knows these facts and he will do justice to the non people.

Before concluding my speech, I want to say one important point. One of our friend is telling about the present situation. They are blaming the Congress rule. They are telling that for forty years, the Congress ruled this country but our country's situation is not good.

I am inviting the attention of that friend: who are the non-Congress Prime Ministers in India? Is he Shri Morarji Desai, Shri Charan Singh, Shri Chandra Shekhar or Shri V.P. Singh? Shri Morarji Desai left the Congress in 1969. Shri Charan Singh left the Congress in 1967. Shri Chandra Shekhar left it in 1974. Shri V.P. Singh left our party in 1987. So, if you are blaming Congress, these four persons were in Congress. At that time, you opposed them. But they left the Congress. And you are supporting. When Shri V.P. Singh presented the financial budget in 1985 and 1986, you opposed that budget. You told that he is a capitalist; he is supporting America. You made that type of allegations. But when he resigned from our party and joined the Janata Dal, at that time, you supported him. So, it happened in Mr. Morarji Desai's case also. This type of allegations are not good for a good democracy.

The main thing is you cannot oppose some of the politics or if Congress committed any mistake, you can correct them. But you do oppose blindly. If Shri V.P. Singh is in Congress, then his administration is not good. When he left our party, then he is every nice chap.

SHRI GEORGE FERNANDES (Muzaffarpur): He left it on Bofors.

SHRI K. MURALEE DHARAN: Sir, you are every senior Member. I am a junior Member. Please allow me to speak. This type of thing is happening now.

Sir, atrocities against women, of course, happened in all the State. But if it happened in Andhra Pradesh, Karnataka to Kerala, that is an atrocity. But if it happened in West Bengal, Uttar Pradesh or somewhere else, that is only a lovely affair. That type of comment is not good for a healthy democratic situation. So, my request is that all parties should join together and save the integrity and sovereignty of the nation.

So, again I take this opportunity to congratulate our Finance Minister who presented a good budget in the financial crisis situation also. I am wholeheartedly supporting this budget.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Speaker, Sir, I oppose this Bill. After mortgaging the gold of our country three times, and devaluing the rupee twice, this black Bill was prepared at the instance of the IMF and it is anti-people and anti-poor. This Bill will increase inflation and the gap between the rich and the poor will also widen. Sir, it will not be wrong if I say that several provisions of this Bill are going to put a direct burden on the poor.

The hon. Minister of Finance has brought forward many amendments here. It is distressing that he could not fulfil his promise of containing the prices. The hon. Finance Minister has himself said that the prices can

not be reduced within 100 days. By saying this, he has backed out from promises made in the manifesto of the Congress Party. I would like to know what sin the poor State Government employees and other people have committed that the income-tax exemption limit has been limited to Rs. 22000 only. Is it a permanent arrangement? When the Finance Minister was making all those good announcements, we had expected that he will also announce the increase in the exemption limit in consonance with their manifesto. You are the Finance Minister who had worked behind the curtain till now. You had prepared all the Bills and had run the Congress Party. Your name "Manmohan Singh" signifies that you are a lovely person. I hope that you will fulfil the hopes of the Government employees who are looking to you with hopes that they have got a good Finance Minister now and they get the much needed relief. I would like to submit that there has been as steep rise in prices and everybody has come within the purview of the exemption limit of Rs. 22,000. Even a poor vendor has come under the limit. When everyone has come under the taxable limit, the Government should at least review the limit. You still have time. You have entire day tomorrow and you make the announcement in the evening. You should give it a deep thought tonight and you will be applauded if you accept my demand of raising the income tax exemption limit to Rs. 48,000. Otherwise, the time is every powerful. We have also come here by winning the elections and how. We had thought that we will remain as Members of Parliament for five years, but had to go after 11 months and now again we have won the elections with great difficulty.

Nothing can be said about tomorrow. Every-day, we feel that today we are here, but tomorrow we may be out of power and have to go to the masses. Therefore, whoever does the work is applauded. I hope you will raise the limit upto Rs.48,000.

Apart from this, I have to make yet another submission. At present, the standard deduction is one-third of the basic salary and the limit should be increased to Rs.20,000. This is a common issue of the employees. In view of the price-rise, if you take steps in this regard, people will praise you. I request you to announce the increase in income-tax exemption limit to Rs.48,000 and standard-deduction limit to Rs.20,000 in your concluding speech on this Bill tomorrow.

MR. SPEAKER: Mr. Bhargava, you may continue tomorrow. I would like to make a special mention before I adjourn the House.

There are hon. Members sitting in the House who did not Speak. They knew that they were not likely to be called upon to speak. But they have assured courtesy to the House and cooperated. They deserve our appreciation and congratulations.

Now, the House stands adjourned to meet again on the 12th September, 1991 at 11 AM.

20.00 hrs.

The Lok Sabha then Adjourned Till Eleven of the Clock on Thursday September 12, 1991/Bhadra 21, 1913 (Saka).