

and urged the Government to make an infrastructure equalisation plan during the Ninth Plan so that the North-East Region which has been neglected so long by the Central Government can come on par with other States in the country by the year 2000 AD. Even up to the Sixth Plan, Manipur had received only Rs. 4,23.93 crores. For more than thirty years, they have received that amount. So, the position now is that there is unrest among the younger generation. There is so much of discontent. That creates a problem not only for the State but even to the neighbouring States also. Hence Something has to be done by the Central Government. The present economic position of the State is to be reviewed by the Central Government. When the then Prime Minister, Shri Deve Gowda, and our Vice-President Shri Narayanan visited the State of Manipur, the State Government has submitted a memorandum about the conversion of the Manipur University as a Central University. But there has been no response yet. The problem is that the State has been neglected for long and till now, they have no hope. Hence the unrest among the younger generation cannot be controlled in this situation. The present Government should think it over and must have at least one Central University in the State, in the interests of the younger generation. Thank you, Madam.

**THE DEPUTY CHAIRMAN:** Now, after the lunch-hour, we will take up the Appropriation Bill and the Finance Bill together. Eight hours have been allocated for them. The discussion will start and Mr. Veerendra Kumar will be moving the motion. The reply will come after the conclusion of the debate some time tomorrow. We have to finish the eight-hour discussion. I would request Members to abide by the time because we do not have many days to go beyond that period.

The House is now adjourned for one hour for lunch.

The House then adjourned for lunch at twenty-two minutes past one of the clock.

The House reassembled after lunch at twenty-six minutes past two of the clock, The Vice-Chairman (Shri Md. Salim) in the Chair.

**THE VICE-CHAIRMAN (SHRI MD. SALIM):** We shall now take up the Appropriation (No. 3) Bill, 1997 and the Finance Bill, 1997.

### **THE APPROPRIATION (NO. 3) BILL, 1977 AND**

### **THE FINANCE BILL, 1997**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR):** Sir, I beg to move:

That the Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the services of the financial year 1997-98, as passed by Lok Sabha, be taken into consideration.

The Bill provides for withdrawal out of the Consolidated Fund of India of the amounts required to meet the expenditure for the year 1997-98 'Charged' on the Fund as well as the Grants voted by the Lok Sabha. Gross disbursements of five lakh twenty-six thousand one hundred forty-three crore and sixty seven lakh rupees are provided in the Bill. After setting of recoveries and receipts taken in reduction of expenditure, the receipts of departmentally-run commercial undertakings and transactions in the nature of accounting adjustments, the net provisions aggregate to two lakh thirty-two thousand one hundred and seventy-six crore rupees. Of this, sixty-two thousand eight hundred and fifty-two crore rupees are for financing Central, State and Union Territory Plans. The provision for Non-Plan expenditure includes thirty-five thousand six hundred and twenty crore rupees for Defence, sixty-eight thousand crore rupees for interest payments, eighteen thousand two hundred and fifty-one crore rupees for subsidies, five thousand two hundred and fifty-one crore rupees for pensions, sixteen thousand three hundred and sixty-six crore rupees for grants and loans to State and Union Territory Governments and the balance of twenty-five thousand eight hundred and thirty-six crore rupees are for other Non-Plan expenditure, including expenditure of Union Territories

including expenditure of Union Territories without legislature and grants and loans to foreign Governments.

The amounts provided in the Bill are inclusive of the sums already authorised in the Appropriation (Vote on Account) Act, 1997 [No. 21 of 1997].

The House has already had a general debate on the Budget. I would not, therefore, enumerate the details of the Budget provisions but shall try to deal with the points that may be made by the Hon'ble Members in the course of discussion.

Sir, I move.

Sir, I beg to move—

That the Bill to give effect to the financial proposals of the Central Government for the Financial Year, 1997-98, as passed by Lok Sabha, be taken into consideration.

The Bill has been passed by Lok Sabha after accepting the amendments proposed by the Finance Minister. These amendments were proposed after consultation with the major political parties and after taking into account the views expressed by the Hon'ble Members in both the Houses of Parliament, by trade and industry, by the media and by the public in general.

On the direct tax side, suitable amendments have been made in the proposals relating to, *inter alia*, Minimum Alternate Tax (MAT), income-tax exemption in respect of lease payments made by airlines companies, amortisation of expenditure incurred as licence fees by telecom companies, tax holiday for production of mineral oil in north-eastern states and scheme for voluntary disclosure of income.

On the indirect tax side also, certain changes have been proposed by the Finance Minister in deference to the wishes of many Hon'ble Members who made very useful suggestions. The budget proposals have been generally welcomed by one and all.

With these words, I commend the Finance Bill, 1997 to the Council of States and request the Elders to give their whole-hearted support to it.

Sir I move.

The questions were proposed.

SHRI SATISH AGARWAL (Rajasthan):

Thank you, Mr. Vice-Chairman for permitting me to initiate a discussion on the Finance Bill 1997 as well as the Appropriation Bill for the year 1997. Sir, before I say something on the merits or demerits of the Budget as a whole I would like to place on record certain developments during the last one year. This is probably unprecedented in the history of independent India that during this one year, i.e. from 12th of May 1996 to 12th of May 1997 we had four Prime Ministers. It is also unprecedented that we had four Finance Ministers during this period of less than a year. Now, Sir, the United Front Government which presented its Budget in 1996 had a slightly different composition than it has on date with more supporting parties outside. The one feature that has come out is the hon. Minister has stated in this House that it has been widely welcomed. I think it is not a correct statement of fact. It has not been as widely acclaimed. Had it been widely acclaimed, then everybody would have been so upset with the exit or non-joining of Mr. Chidambaram as Finance Minister after the new Government was sworn in. He was out for quite some time. He rejoined the Government and in the meanwhile when he was not a part of the Government it was not Members of Parliament who were upset, it was not the agricultural sector who were upset, it was not the industrial labour sector that was upset, it was not the common man at large who was upset, it was only the corporate sector, the large industrial houses who were so much upset that they even exceeded their limits of approaching a particular political party to join the Government, which is no business of theirs. I take a strong objection to that particular approach. Anyhow, now we have got this Budget. According to my calculation this Budget is being opposed in some measure or the other, in some form or the other, partially, substantially or wholly, by parties. The BJP with 160 Members in the Lok Sabha, the Congress party with 140 Members totally 300 Members—the Left with 60 Members, all opposed it. In effect, only 20 per cent Members of the Lok Sabha are supporting this Budget.

Sabha oppose certain provisions of the Budget, partially or wholly. Now the Finance Bill was tabled in the Lok Sabha on 28th February, 1997. I take serious objection to a particular matter which I would like to raise here. I am not aware of any such instance having taken place in the legislative history of Parliament, even as a Minister in 1977-79 or otherwise as a Member of the Lok Sabha or as a Member of the Rajya Sabha.

After the tabling of the Finance Bill in the House on 28th February, 1997 and before the passing of the Finance Bill, before any official amendments are moved by the Government, how is it that the excise notification issued on 19th March, 1997 was amended by the Government through another notification on 11th of April, 1997? They levied a fresh tax. I have got that particular notification here. I want a clarification. I take strong objection to it. The Government is not constitutionally competent, or legally authorised to do it. It is highly improper. It is contempt of the House. It is a breach of privilege that you amend a particular provision in the Finance Bill through a Government notification on 11th of April before the Finance Bill is taken up for consideration by the House. The Finance Bill became the property of the House on 28th February, 1997. If any amendments were to be carried out in the Finance Bill, it had to be moved by the Finance Minister on the floor of Parliament. Parliament should be taken into confidence. Only then some new levy could be levied. But by simply issuing an excise notification on 11th of April, 1997 which unfortunately or fortunately happened to be the date when the previous Government was voted out of power, does it not give a bad smell? Is this notification not stinking? Could you do it? Is it to your knowledge? Are you aware of it or is it without your knowledge? How could you do it? By notification No. 19/97 dated 11th April, 1997, a fresh clause has been added to an earlier notification No. 4/97 dated 1st March, 1997. It says, "in the table, for Sl. Nos. 115, 116 and the entries reading thereto, the following shall be substituted, namely:". Here entries 115 and 116 appear. But 116 has been divided into another paragraph 116A and a duty of rupees six per kilogram has been levied on dyed, printed, bleached or mercerised yarns, whether

single, multiple (folded) or cabled, manufactured in a factory which does not have the facilities (including plant and equipment) for producing single or draw twisted or texturised yarn.

A fresh tax of six rupees per kilogram was levied through this notification of 11th April, 1996 which superseded the earlier notification which was a part of the Finance Bill.

**[The Vice-Chairman (Shri G. Swaminathan) in the Chair]**

I think in my humble opinion this is highly improper. This had never been done in Parliament. This had never been done at the back of Parliament. I think the old Members must be aware of it. Mr. John Fernandes is here, Mr. Nilotpal Basu is here. Never before had such a thing come to our notice.

**SHRI JOHN F. FERNANDES (Goa):** Mr. Vice-Chairman, Sir, we have a Standing Committee and this Bill was referred to the Standing Committee on Finance and hon. Member Shri Satish Agarwal and myself are Members of it. If the Government wanted to make any changes, it would have been ethical on the part of the Government to, at least, refer the matter to the Standing Committee when the House was not sitting. I think the hon. Minister should respond to it.

**SHRI NILOTPAL BASU (West Bengal):** Sir, since it is a procedural matter, the Minister can clarify the position. Mr. Agarwal has raised a very serious issue.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** I understand that.

**SHRI NILOTPAL BASU:** Sir, it is only a procedural question.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** I think it is a matter of importance because the hon. Member, Shri Satish Agarwal, has said that no amendment can be made without reference to the House because the Appropriation Bill and the Finance Bill have become the property of the House. Hon. Member Fernandes has said that since there is a Standing Committee on Finance, any amendment or whatever is there should have been referred to that Committee. These two matters, in my view, are important and I hope

matters, in my view, are important and I hope the Minister will take cognizance and will give a suitable reply.

**SHRI SATISH AGARWAL:** Keeping aside the issue of making a reference to the Standing Committee, I would like to know whether such a notification has been issued and whether it is in the knowledge of the hon. Minister who is sitting here. This simple thing does not need an answer from Mr. Chidambaram who is in charge of these Bills. I would like to know whether such a notification levying an excise duty of Rs. 6 per kilogram was issued at a time when this Government was being voted out. What is the factual position? Am I correct or not? I want this much only.

**SHRI M.P. VEERENDRA KUMAR:** Sir, I have said that all the queries, questions that may arise during the debate will be duly and fully answered. During the course of the debate, there will be more number of questions. I assure that all those questions would be answered at the time of reply.

**SHRI SATISH AGARWAL:** Is it to your knowledge?

**SHRI M.P. VEERENDRA KUMAR:** Every issue that is raised by any hon. Member will be responded to.

**SHRI SATISH AGARWAL:** Probably, he is unaware of this. It is even more surprising. I am only asking you to give me the factual position whether such a notification was issued.

**SHRIMATI KAMLA SINHA (Bihar):** There is no need for the Minister to react right now. He can react when he gives the reply to the debate. He need not stand up every time to give answers to each and every question at the same time.

**SYED SIBTEY RAZI (Uttar Pradesh):** Sir, I have to make my observation on this issue. It is a procedural matter and it is a factual thing. I think the Minister should respond to it immediately. If he does not have the information with him, he can at least assure the House that he will check up and come before the House.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** Let me tell you that the Minister has taken cognizance of the matter raised by the hon. Member. He has given an

assurance that every query raised by the hon. Members will be fully and thoroughly answered at the appropriate time. He is not answering immediately. It is left to the Minister to decide as to when he should give his reply.

**SYED SIBTEY RAZI:** Then, we have to take it that the Minister does not know.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** He said that he would answer all the questions. May be he will take his own time.

**SHRI M.P. VEERENDRA KUMAR:** Sir, I don't think it would be a good precedent to cast aspersions when I say that all the issues will be answered at the time of reply to the debate and to presume from this that the Minister does not know anything. I never made any such allegations against any Member regarding his knowledge. I don't think there are any parameters given to any Member to judge how much knowledgeable a Member is and how much intelligent a Member is, etc.

**SYED SIBTEY RAZI:** I am sorry, Mr. Vice-Chairman. I take a strong objection to this.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** Mr. Razi never questioned it.

**SYED SIBTEY RAZI:** Sir, the Minister is here as a representative of the Government and he must answer each and every question that the hon. Members may put to him.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** See, the hon. Member has raised a point... (*interruptions*)...

**SYED SIBTEY RAZI:** The Minister is passing aspersions against the Members... (*interruptions*)... I am very sorry you have no brief at the moment.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** The hon. Member only said that it would be advisable for the Minister to respond to the question immediately. I assured the House that the Minister had taken cognizance of the matter and would reply at the appropriate time, perhaps after consultations with his officers and other Ministers. He can take his own time. We cannot compel him to reply immediately. That is what I said. But the point is that he has assured the

House to give reply to all the questions and he has taken cognizance of the matter raised by the hon. Member, Agarwalji. That is what I want to say.

**SHRI SATISH AGARWAL:** Mr. Vice-Chairman, Sir, I leave this matter here. Now, I am not looking at the Budget proposals in any partisan way because during the last 50 years, whenever a Budget was presented, the Treasury Benches would support it.

There are Members opposite to them on this side who oppose the Budget. I say, leaving this tradition aside, let us have some sort of a benchmark to evaluate the Budget. For example, what do I do if I want to invest in a company? I see the Balance-Sheet of that particular company and then find out whether the financial health of that company is sound. I look into the Balance Sheet. In some cases, the Balance-Sheet of a particular year may not be very good. In that case, I look into the past Balance Sheets, the past performance. If that also is not sufficient, then I go into the prospectus of the company to find out what promises were made and how the company has behaved all these years. These are the three parameters which one examines while investing in a company.

Now, let us see the Balance-Sheet of the Government of India. What is the Balance-Sheet of the Government of India. Please look into the Economic Survey. How far sound is the financial health of the economy? How far strong are the fundamentals? How much progress have we made? In what direction have we progressed? Let us take the first benchmark. And take it that I am not speaking only as a BJP man, I am speaking objectively as a Member of this august body. What is the Balance-Sheet of the Government of India? And what were the Balance-sheets earlier also?

Sir, the Government of India in its Economic Survey gives a sheet with regard to the assets and the liabilities of the Government of India. If my memory doesn't fail me, in 1978-79 the assets were more by Rs. 3,300 crores, that is, the liabilities were less by Rs. 3,300 crores. In 1980-81, when Mrs. Gandhi returned to power, the excess of liabilities over assets was only Rs. 750 crores. What happened thereafter during the whole decade? And what is the

position as on date? In 1996-97 what is the excess of liabilities over assets, which was only Rs. 750 crores during Mrs. Gandhi's tenure in 1980? The excess of liabilities over assets according to the Economic Survey of the Government of India is Rs. 2,40,717 crores. The liabilities are more by Rs. 2,40,000 crore. Where has all this money gone? It has not gone into creation of assets. The assets are less by Rs. 2,40,000 crores. That means we have been borrowing and borrowing, internally and externally and consuming the whole money in our current account expenditure. We haven't created assets. Sir, this is not a very sound financial management. The Government has to explain and the Government has to bring out a paper. I demand that there should be a White Paper on these borrowings and where these borrowings have been utilised. There should be a White Paper. As we have brought out a White Paper on subsidies, there should be a White Paper on the utilisation of the borrowed funds also. I am not against borrowing. My party is not against borrowing. But I am against borrowings being utilised for meeting daily consumption needs. So, I demand a White Paper on this

Now, let us take the figures of 1990-91 by which time the excess of liabilities over assets was Rs. 77,820 crores. Dr. Manmohan Singh in 1990-91 delivered his first speech and he stated in the House that this country could not wait, this country could not live on borrowed funds and he immediately introduced all those economic reforms under the garb of IMF and the World Bank. He said the country cannot live on borrowed funds. This he said in 1991. What was the position in 1990-91? The excess of liabilities over assets was Rs. 77,820 crores. If I deduct this amount from the figures of 1995-96, the borrowed funds come to Rs. 1,32,170 crores during the five year reform period of Dr. Manmohan Singh and the Congress regime.

It was not an investment in creation of capital assets. It was diverted to meeting the expenditure on daily consumption. They have to explain it. What is the position during your regime, i.e., in the year 1996-97 also? How much have you borrowed and consumed? During 1995-96 and 1996-97, if I deduct the

amount, then the difference for 1996-97 comes to Rs. 31,000 crores. Rs. 31,000 crores have become an excess liability, have been added to excess liability chapter during 1996-97. The total of excess liability as on date has become Rs. 2,40,000 crores. Rs. 31,000 crores created only during 1996-97, that is during Mr. Chidambaram's period, that is during the United Front Government's period. I want to know where these Rs. 31,000 crores have gone. Where have you utilised this money? Is it sound financial management? Is it sound economic management? An euphoria was created on Doordarshan, everybody was happy, stock markets were booming and industry was very happy. Our urban middle class people were very happy, but what is the position now? What is the intrinsic strength of the whole economy? You have to explain this.

They say, "During the last six years fiscal deficit is so much percentage of the GDP, we have brought it down from six to five to four." You are talking in terms of percentages of GDP. What is the total fiscal deficit that you have incurred during the last six years? The total fiscal deficit incurred during the last six years comes to Rs. 3,20,824 crores.

Now, you naturally have to print notes. Then, the Plan has to suffer, development has to suffer. What are you doing? What have you done? This is the position. I have gone by the balance-sheet method. I have gone by your performance method; Your performance from 1991-96 and during 1996-97 also. And if I see, — what is the constitutional mandate? If I go to the prospectus of the company, what is the performance of the company? What is the constitutional mandate that was given to us in the Preamble of the Constitution? The Preamble of the Constitution, Mr. Vice-Chairman, Sir which is a mandate to the whole nation, which is a mandate to the Members of Parliament, which is a mandate to the rulers, what does it say? "We, the people of India having solemnly resolved to constitute India into a Sovereign, Socialist, Secular, Democratic Republic" — and the most important — "and to secure to all its citizens" — what? — "Justice, social, economic and political." This is the original constitutional mandate of 1951. Look back. This is the fiftieth year of Independence. This is the

golden jubilee of the Independence we are celebrating. We have completed 50 years, 1947 to 1997. Let us look back; let us retrospect above party lines, whether it is Congress, whether it is BJP, whether it is United Front or anybody. What is the position as on date? What was the objective of the Plan — First Plan, 1951-56, 1956-61, 1961-66, Annual Plans, 1969-74, 1974-79 and then Annual Plans and like that? Over the total eight Plan period, during the total planning period, we have spent about Rs. 1,200,000 crores. Rs. 1,200,000 crores, i.e., rupees twelve lakh crores. What is the outcome, as on date? What were the objectives of the planning in 1951? The objectives of the planning in 1951 were removal of poverty removal of unemployment, income inequalities, regional disparities, basic minimum needs; improving the quality of life. These lauding objectives were enshrined in the First Plan document in 1951 and these are enshrined in these documents. Last year, your Government under the Prime Ministership of Shri H.D. Deve Gowda, and Shri P. Chidambaram thereafter, went a step ahead and assured the nation that poverty alleviation is the first priority, so far as this Government is concerned. I would like to remind this House as to what the position is. What is the number of poor people in this country now? This is your booklet. What does it say? It says that people living below the poverty line are 32 crores, that is, 37 per cent. This is one factor which has come out of it. It is a shame for us if after 50 years of independence after having spent Rs. 1,500 thousand crores over planning, after having borrowed huge sums from the whole world, internally and externally, 32 crore people, which was the original population of undivided India, is living below the poverty line. What is the *per capita* income of these people living below the poverty line? Sir, I have got an answer in this very House through a question wherein I asked as to what was the income of the people living below the poverty line. The answer to this Unstarred Question No. 2009, dated the 13th March, 1997 is that the estimate of income the *per capita* consumption expectation of the people living below the poverty line, 35.97 per cent of the total population, according to the NSS of 30th Round, is estimated at Rs. 172 per month which

means Rs. 5.75 per day. This is the reply to my question in Rajya Sabha. You are talking of seven per cent growth. But whose growth? The growth of these people! Do they not require growth? Growth does not mean growth in stock exchanges. growth does not mean growth of the capital market; growth has not to be measured in terms of industrial development. Growth has to be measured in terms of industrial development in this country in concerned. Unfortunately, there are three sides of poverty; one is chronic poverty, the other is seasonal poverty and the third is the structural driven poverty. These are the three major sides of poverty which have been brought out by a very nice booklet published by the Rajiv Gandhi Foundation. I got this publication two days before. They say that the structural adjustment poverty has come about during the last six years of economic reforms; the chronic poverty was already there and the seasonal poverty was also already there. But since 1990 onwards, since the date you initiated the process of economic reforms in this country, the poverty has increased much more on account of structural adjustment, consequential technical changes; closure of inefficient industrial units created unemployment and this enhanced the menial poor. So, this is the position. Then they say deprivation of mankind has been manifested in various forms — inadequate access to education, poor health services, lack of safe drinking water, poor sanitation, low levels of income, social inequities, discrimination against women, exploitation of children, deterioration of environment, perpetuation of crime, to name only a few. I do not want to repeat the whole thing. An international seminar was held. Some concrete proposals were made regarding poverty alleviation. This is the position. But, what about the poverty which has been there on account of structural adjustment? What are you going to do with this? This particular book which focuses on the poor has also brought out one thing more — in absolute number it is 32 crores; percentage-wise it is 37, much more than one-third. This is one more feature which has come out. Mr. Vice-Chairman, the percentage of people living below the poverty line in Punjab is 11.77. But, the percentage of people living below the poverty line in Bihar is 54.96. See the regional

imbalance. I am not going to other causes which are happening in Bihar. But, this is a hard fact that half of the States are above 40 per cent. It is fortunate of Punjab that it has got the lowest percentage of people living below the poverty line. So, the particular objective of bringing improvement in the regional imbalance has gone away... Poverty alleviation — that is gone.

3. P.M.

On unemployment I have got the figures, but I do not want to waste the time. The whole House knows how many people are unemployed. Unless one is unemployed, he does not become poor! If somebody is employed, he is above the poverty line! So, Rs. 5.75 per day is the income of a person living below the poverty line. Rs. 5.75 per day! And, what were you going to do? Were you not aware of this problem? You are aware of this problem. According to the statistics of a publication brought out by the Lok Sabha Secretariat on the eve of a conference, according to this, in 1995-96 what is the per-capita income at constant prices? It is Rs. 2,573. That means Rs. 214.5 per month; that means Rs. 7.15 per day in 1995-96 at constant prices. This is a Lok Sabha publication. Rs. 7.15 per day! Below the poverty line is Rs. 6.75 per day and the national average is this at constant prices. May be the prices have risen so much since 1980 that everything has been neutralised. What are you going to do about it? What have you done about it? What did the then hon. Prime Minister promise to the nation last year? What was his address to the nation? "This is the national agenda for removal of poverty, Brothers and Sisters," and then he says, "Removal of poverty is the topmost issue on the national agenda. We have committed ourselves to the removal of poverty. Programmes for generation of employment, creation of assets, imparting of productive skills and raising the incomes of the very poor people would all be strengthened and provided with larger funds." This is what your predecessor Prime Minister, Shri Deve Gowda announced to the whole nation, promised to the whole nation. This is his address. Poverty alleviation is first on the agenda. What does your Finance Minister say? At page number 729, the Minister of Finance replying to the discussion, said: "Agriculture," — opening

sentence — "rural development, rural employment and irrigation are very high on the agenda of the Government." This is very high on your agenda also. What did you do in 1996-97? You reduced the Plan expenditure by Rs. 10,000 crores and then you have reduced where? You have mentioned these sectors. You have reduced how much? In agriculture to the budget estimates of 1996-97 you have added only Rs. 138 crores for 1997-98; in rural development you have added only Rs. 171 crores; in irrigation, which is high on the agenda of this Government, you have reduced by Rs. 925 crores; in energy you have reduced by Rs. 36 crores and in social services you have added only Rs. 3,238 crores. These are your papers, not mine. On basic minimum needs, previously the assistance was Rs. 2,216 crores but now you have shown it as Rs. 1,662 crores. Then, for Centrally sponsored schemes, it was Rs. 8,256 crores, you have brought it down by Rs. 785 crores and there is a short-fall in the last year. Now, you have reduced it by Rs. 820 crores on Centrally sponsored schemes. Then you talk of the North-East. What happened to that package for the North-East? What happened to the economic package for Jammu and Kashmir? Where are they? Where do they find a place in these Budget papers? Are they there? No. This is not mentioned. You have abandoned all that. You have reduced your Plan Expenditure by Rs. 10,000 crores in 1996-97 and what is the position otherwise? The position otherwise is, there are short-falls in the infrastructure. You have failed to achieve the targets of the Eighth Five Year Plan — I need not reiterate — whether it is power, transport, ports, roads, railways, — all critical sectors of infrastructure where the targets have not been achieved. Your total borrowings are 24 per cent of the total receipts and your interest payment is 25 per cent of the total expenditure. You are borrowing and paying the whole in interest payments. Your internal public debt is 52 per cent of the GDP. In 1992 it was Rs. 2,83,000 crores. On 31.3.97, it has reached Rs. 6,12,430 crores. Your external debt is about US \$92 billions, which comes to more than three lakh crores. You have put this country into a debt trap. You are going on a borrowing spree. During the last six years you have exceeded your liabilities by Rs. 2,40,000 crores, creating no assets. You are

in a debt trap. The country is in a debt trap. Our future generations are in a debt trap. Our future generations will never forgive you: We have no moral right to borrow money and consume ourselves and leave the debt to our future generations. Sir, the famous President of America, Thomas Jefferson, one of the outstanding Presidents of the USA, said, "The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of Governance. We should consider ourselves unauthorized to saddle them with debts, and morally bound to pay them ourselves". If this is a principle of political morality, India is stridently immoral. We are definitely burdening our future generations with all this debt. Where are we taking all this? What is the position now, in 1997? Your exports are not going up. Your internal production gone down. It has slowed down.

In regard to agriculture, it constituted 58 per cent of the GDP long back. I don't want to take up the figures. The contribution of GDP has come down from 58 per cent to 28 or 30 per cent. Industrial production is on date sluggish. Stock markets are dwindling. Capital markets are shaking. Despite all tall promises and despite all the euphoria created after presentation of the Budget, the hard reality is that the economy is not in a sound state. We are suffering everywhere. So far as agricultural production is concerned, even after 50 years of independence we are importing wheat. We are going to import about three million tonnes of wheat.

What about the Government's wasteful expenditure? Have you checked up? Twenty-five crores are to be realised from the Prime Minister on his unofficial visits. Twenty-five crores from the Prime Minister! I am talking about the previous Prime Minister. I have got that question-answer with me. What have you done? Nothing absolutely... *(Interruption)*.

**THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN):** Who is the previous Prime Minister?

**SHRI SATISH AGARWAL:** Previous Prime Minister in 1991—96. The question refers to that.



SHRIMATI KAMLA SINHA: Sir, there are so many previous Prime Ministers.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): That is why I wanted him to clarify.

SHRI SATISH AGARWAL: What was your share in world trade? Here there is a Library also, in 1950-51 India's share in world trade was 2.05 per cent. And what is India's share now? Now, in 1995-96 it is 0.80 per cent, that is, less than one per cent. It was more than two per cent, and now it is less than one per cent. You are talking of exports. You are giving every concession to exports.

Now, Sir, there is a drastic cut in import duties. You look at lowering of duties in indirect taxes. You kindly see. What did he do? Then, in regard to in direct taxes, after approval from Parliament on specific rates of duties — I am not taking the time of the House by referring to the details — what has the Government done? I only want to bring this to the information of this august House.

Now, when we demand Rs. 500 crores or Rs. 1,000 crores for the development of North-East, Dr. Dutta, the Government says: 'We are short of funds'. When we demand more money for irrigation, the Government says: 'We are short of funds'. When the State Governments ask for allocation of funds for irrigation, you say: 'We are short of funds'. But what does this CAG Report say? This is on page 9 of the Report of the CAG for the year ended 31st March, 1996. This is in respect of indirect taxes (Central excise). It talks about the number of cases and amounts involved in demands for excise duty outstanding as on 31st March, 1995, and 31st March, 1996. Now, what is the latest position, i.e. as on 31st March, 1996? After giving the figures, the Report says: 'It may be seen that 46770 cases involving demands amounting to Rs. 12730.62 crores were pending on 31st March, 1996, with different authorities'. This is the total amount of excise demands pending. The amount involved is Rs. 12,730.62 crores.

Then, take customs. What is the total duty foregone here? When we make some demands, you do not accede to our demands. You say: 'We are short of money; we cannot give you any

relief'. On the other hand, what is the position in the case of customs duty? What is the total customs duty foregone? During 1993-94, it was Rs. 12,850 crores. In 1994-95, it was Rs. 15,709 crores. In 1995-96, it was Rs. 10,057 crores.

What is happening? You are foregoing so much of customs duty. This is happening every year. This is the extent of customs duty foregone. Now, you have got, the Government has got, powers under sub-sections (1) and (2) of section 25 of the Customs Act. Powers are there with the Government under section 5 of the Excise Act to grant exemptions. But you are granting exemptions ad-hoc, after approval by Parliament, in an arbitrary fashion. There is no authority to look into these things, except the Public Accounts Committee. How much they can do? This is the amount you have given by way of exemptions every year. The total comes to more than Rs. 38,000 crores.

I now come to the direct taxes. What is the amount involved? The total amount of tax remaining uncollected as on 31st March, 1996, was Rs. 28,969.59 crores. It is almost Rs. 29,000 crores. I would like to give the figure here about the company cases and non-company cases. We are talking about the poor. On the other side, you have not collected as much as Rs. 29,000 crores. This has nothing to do with the seventy per cent of the population of this country. This has nothing to do with about thirty crores of people living below the poverty line.

The total outstanding amount is about Rs. 29,000 crores. Out of this, company cases account for Rs. 12,433.53 crores; non-company cases — Rs. 16,536.06 crores. This makes up a total of about Rs. 29,000 crores. The amount involved is, more than Rs. 12,000 crores in respect of companies. I am not going into the details of the other figures. But I would like to highlight one thing about these company and non-company cases.

There is a column here which talks about the slab of income of over Rs. one crore in each case. In respect of such company cases, the gross arrears is Rs. 8,534.67 crores. In respect of non-company cases, it is Rs. 11,571.38 crores. Here, I am talking about the companies which have an income of more than Rs. one crore. In a country where the *per capita* income of the

people living below the poverty line is just Rs. 5.75, here are companies having an income of more than Rs. one crore owing so much amount to the exchequer. The total gross arrears comes to Rs. 20,106.05 crores. These are companies having an income of more than Rs. one crore. The total gross arrears in respect of companies and non-companies comes to more than Rs. 20,000 crores.

Whenever we make any demand: 'Give us more money for the development of North-East', whenever we make any demand: 'Give us more money for fighting militancy in Punjab', the Government says: 'We will consider; we will discuss'. For example, I come from Rajasthan where 60 per cent of the area is desert. The Rajasthan Government is doing its best. It is distributing books. It has made female education free. What is the position elsewhere in this country? Practically more than Rs. 50,000 crores have been locked up either in court cases or in adjudication, whatever it is. The total tax, whether it is customs, excise or direct tax, comes to round about Rs. 50,000 crores. Some may be one year old and some others may be two years old. This is the total. This is a huge sum.

How much is involved in the non-performing assets of public sector banks? Another Rs. 40,000 crores are involved in the non-performing assets of the banks.

What is the cost overrun? This has been examined by the Planning Committee. The Central Government projects costing more than Rs. 20 crores were examined. The cost overrun is more than Rs. 40,000 crores. There is cost overrun and time overrun in major projects and medium projects in the field of irrigation, power or others.

The time overrun is different. Have you punished any officer so far? Our matters for taking small measures are referred to the Ethics Committee. I welcome it. But, what about these officers who have a guaranteed protection under article 311 of the Constitution? You visualise a project and earmark Rs. 100 crores. Tell the officer in charge of the project, "We will give you 10 per cent extra. We will give you three months extra time. If you do not complete the project within the specified time, you go home. You are no more in Government service." The

time has now come for this country to take stock of the situation. For how long can this country put up with cost overruns and time overruns? If there is time overrun, the community is deprived of the fruits of development for a very long time. There are two disadvantages. More money has to be spent. More borrowings have to be resorted to. More interest payment has to be made. The interest payment is more than the capital itself. This is the situation, this is the trap in which this country has fallen. You are bent upon doing this.

Your balance of payments position has improved slightly. What are you going to do? You are permitting import of consumer items. What is the need for these? You are still indebted externally. You have a debt of about Rs. 300,000 crores or about \$92 billion, and the external debt cannot be paid by printing notes at Nasik; this can be repaid only by exporting more. Your exports are less, and your imports are more. I can understand imports of tanks or fighters for defence or infrastructural times. What are you permitting? And at what cost? You are permitting consumer items.

I was reading this just by the way yesterday. Normally I do not see the bazaar section in newspapers. I just glanced at it yesterday. There is a shop for undergarments. What is the cost of the undergarments? They were not available in this country. These undergarments are sold for Rs. 1,500/- to Rs. 2,000/-. Those people do not pay income-tax. The undergarments are freely available. They are being imported for abroad. Why have you permitted these imports?

You are permitting even wood, *lakdi*, wood-logs free of import duty. We, Members of Parliament, submitted to the Finance Minister a memorandum--I am just concluding--signed by Chavan Saheb, other Congress Party Members, me, probably Members from your party also, Shri Vayalar Ravi, Members from all parties. We said, "Here is a substitute wood made out of bagasse. It will be produced locally, indigenously. It will substitute everything. But you are importing free of duty wood-logs from abroad." Here is a man who has set up an industry. He belongs to Andhra Pradesh. He is not my relative. He came to us. He explained the position. We saw all that. I talked to so many friends. We recommended it, but the Minister

did not remove the excise duty. The Minister levied an excise duty of 8 per cent on this item.

We moved amendments. We demanded removal of the excise duty of 8 per cent on *namkeens* of Bikaner or Indore, in which some peanuts are used. He did not remove it. Well thought-out amendments were moved by the B.J.P. this time. For the first time we had a meeting with the Finance Minister for one hour and fortyfive minutes. He gave us a patient hearing and assured us that he would do what was necessary. But what has happened to the tele-com project imports. Raw materials were taken at a high rate of duty. Who decides about all this? You apply your mind on this. I know that the Finance Minister was sitting in the North Block up to 3 a.m. and that he did a commendable job. I appreciate it. But what about all this? What about the tele-com projects? Our I.T.I., Bangalore, is being closed down. It is being referred to the B.I.F.R. You are de-reserving the items from the small-scale sector. So, he did not care about the comments of Dr. Manmohan Singh, he did not care about the comments offered by the Secretary-General of the Bolshevik party.

उन्होंने टी.वी. पर कहा कि भट्ठा बैठ जायेगा अगर ये आर्थिक नीतियां चलेंगी।

They are your supporting parties. Congress is your supporting party; the CPM is your supporting party; CPI is your supporting party. You have not taken care of their comments. T.M.C. does not care for the Left. I may understand that, because they blocked the entry of Mr. Moopnaras as the Prime Minister. But what about the Congress party with 140 Members? You do not care about the opinion of the former Finance Minister.

Sir, W.T.O. is meeting on 2nd of June, 1997. They are now pressurising India to reduce the import duty to 40 per cent. The tariff barriers have been brought down. Now they demand that quantitative restrictions should also be removed. America has imposed quantitative restrictions on our exports of textiles, fabrics and of everything. Now, the Government of India, Ministry of Textiles have issued a circular to all these associations and have asked them on the issue of removal of quantitative restrictions imposed by India. On 2nd June,

1997 you will be forced at the WTO meeting, as you have brought down the peak rate of customs duty to 40 per cent, remove these quantitative restrictions also. If your quantitative restrictions are removed, then you will find a lot of fabrics coming here. Another Manchester will come over here, against which Gandhi Ji had to fight to save our country. Indians, unfortunately, have a fancy for foreign items and goods. So, for the time being, you would be putting the country into a great soup. I feel that the present Budget is anti-poor pro-rich, anti-small scale, pro-corporate houses, anti-domestic industries pro-multi-nationals. Reduction of excise duty was demanded by us on the basis of well-thought out amendments moved in the other House and discussed with your Finance Minister. If you are adamant on these, I cannot help. You have numbers with you. But mind you, 80 per cent of the Members supporting you within the Government including the CPI and CPM, and also the Congress party are opposed to your approach and direction. Since you do not have the direction, which was promised to the nation by your former Prime Minister, Shri H.D. Deve Gowda and the present Finance Minister, Shri Chidambaram, in his Budget speech in the other House, I think we are heading for the same catastrophe, which we had in 1995. India is in a debt trap, unless you have an illusion of 7 per cent growth in G.D.P. Growth is good, but disproportionate growth is never good. Growth has to be with social justice. Our women folk have to be empowered and our poor people have also be empowered. There are two dimensions of the development. One is the economic dimension of development and the other is the social dimension of development. We have totally neglected the social dimension of development. We have violated the Constitutional mandate as contained in the Preamble of the Constitution.

So, Sir, I say that on the basis of your performance for the last one year, on the basis of your performance for the last six years, on the basis of your performance of the Plan objective for the last 50 years and on the basis of the objective as contained in the Preamble of the Constitution, these are the four things on which if I look at your Budget, your direction

of the economy, then, I can verily say that you have failed on every front. This Budget is anti-poor, pro-rich, anti-industry, pro-multinational, anti-small-scale industry, pro-large corporate houses. So, please give a thought to it. The time is not yet gone. Please take the House into confidence, formulate your policies properly, invest more in social sectors like education, health and sanitation. These are the basic minimum needs which were identified by the former Prime Minister, Shri Deve Gowdaji in a meeting with the Chief Ministers of all the States. So, please concentrate on them. For two or three years, give a go-by to every other item except these basic minimum needs of the country. The poor people also have equal rights. They are also citizens living on footpaths or pavements. They are also citizens like us. They have a right to have their say in national matters. So, please give a thought to it seriously. Don't make it a partisan issue. Thank you very much.

**SHRI K. RAHMAN KHAN (Karnataka):** Mr. Vice-Chairman, Sir, I thank you for giving me an opportunity to speak on the two Bills—the Finance Bill, 1997 and the Appropriation Bill, 1997 moved by the Finance Minister. After listening to the speech of our esteemed colleague and a senior Member of this House, Shri Satish Agarwal on the Budget, I agree with him only to a certain extent that allocation in this Budget to the social sector is not up to the level of the claim made by the United Front Government. Tall claims have been made that this Budget has provided funds much more than what the previous Government did for the social sector. The provision in the Budget is not just the quantum of money. The quantum of money, the value of the money would be coming down. If you raise the quantum, percentage-wise it is not going to make any difference to the socially deprived persons to come up. The quantum jump should be in the number of beneficiaries who are going to derive benefit, not on the basis of percentage or on the basis of the amount provided in the Budget.

Mr. Vice-Chairman, Sir, the Finance Bill which has been moved by the Finance Minister today is nothing but giving effect to his proposals promised in his Budget which he presented on the 28th February, 1997. We must admit that the Budget has been generally

welcomed. It has created a confidence in the capital market. The people have generally welcomed it. We should not ignore this fact. I have my own reservations to the claim that it is a dream Budget".

The Budget has nothing new. There is no departure. There is no innovative scheme for achieving the objective of poverty alleviation. There is nothing in it which can be claimed as something novel, something which is going to bring a total revolution.

Sir, the former Prime Minister, Shri Deve Gowda, has said in a television interview, when he was asked what he lost and what the country lost, "I have lost nothing, but the country has lost a lot." When he was asked what the country had lost, he said, "We were about to take off, but we were grounded", without explaining how he was about to take off. After all, through the Budget only a Government will be able to reflect its policies, financial policies, what it is going to do, what the aspirations of the people are and how it is going to fulfil the aspirations of the people through the Budget. The former Prime Minister, Shri Deve Gowdaji, has said that they were about the take off and the country had lost. I do not think that he has put any big question mark which, probably, has to be answered by the continuing Government.

Coming to the Finance Bill, the Finance Bill has introduced 58 amendments in the present Act, the Income-tax Act and the Direct Tax Act. There are two amendments in the Interest Tax Act and one amendment in the Expenditure Act. There is a new scheme of voluntary disclosure. There are a few amendments in the Customs and Excise Duty Act. Sir, I would like to know this from this Government and the hon. Finance Minister. At the time of presenting the Budget, the Finance Minister has released the report of an Expert Group on the simplification and rationalisation of the income-tax law. Now, as promised by him, as promised by Dr. Manmohan Singh in 1995, there is a need for change in the entire Income-tax Act. The law has become very complicated and it needs a total revamp. It should be simplified as well as made easy-to-understand for the tax-payer. The Expert Group was constituted in that direction. They have submitted a report and that report is before the nation for discussion. I

would like to know, when that report is there before the Government, where was the need is for so many amendments. When the Government says that very shortly it is going to bring a Bill based on the recommendations of the Expert Group, is it serious? I say this because 18 amendments which are in the proposed Finance Bill have already been recommended by the Expert Group to bring in changes.

So, I would like to know whether the Government has taken a decision, wherever they have departed from the observations, that they are going to do away with that, or whether it is to be taken, wherever they have accepted, that these Expert Group recommendations have already been accepted before the new Act comes into force. Take, for example, section 16. The amendment proposed by the Expert Group in section 16 is almost the same as that of the proposal made in the Budget and the deduction given in the income-tax rates. That is why the Government has to now say when they are going to bring this Bill based on the Expert Group recommendations.

Sir, while talking about the report of the Expert Group, I am disappointed with the report of the Expert Group. It is an exercise in futility. They themselves have admitted that the time at the disposal of the Group was rather short. The Group started functioning effectively only from September, 1996. However, the Group had the benefit of interacting with leading Chambers of Commerce. Based on these interactions, the Group has tried to get rid of the new tax to simplify the tax-structure. Further, the Group says: "The group was considerably handicapped by two factors. One is the paucity of basic data." Sir, it is here that I want to draw the attention of the Government to. The Group says, the Group has the paucity of the relevant data to discharge duties which are required for analysing the impact on several aspects and the various alternatives. No reliable information is available even relating to the allowance claimed by the large companies of tax-payers, according to the income rate, the tax effect of various incentive provisions like relief for savings specified in the Act, the impact of depreciation rates and the clause under which an appeal can be made. Mr. Satish Agarwal has

rightly pointed out that when they are not having the basic data, when the Government is not having the basic data of the companies about the various claims made by them how we could expect that this Expert Group could have done their job to our satisfaction, that is simplification and rationalisation of the tax-structure?

Sir, another important constraint is the weakness of the administration. The Group says, "The other constraint has been the weakness of the administration. At several points the Group has to compromise on some of the canons of taxation and administrative considerations based on the feedback from the field and the experience of senior officers in the matter of implementation. The report of the Group might have been different in some of the crucial areas had the administration been in a position to handle the volume of work with greater speed and efficiency, such as processing of challans and refund of applications. A more rational system of income taxation will have to avoid a quantum leap in the administrative organisation and installation of modern information system in the Tax Department." Sir, the report of the Expert Group, in my opinion, —it is also admitted by them—is not a report on the basis of which we can take a risk for simplification and rationalisation of the tax-structure or the income tax law. This has to be further studied. If a Bill is prepared on the basis of these recommendations, the same thing will prevail and the income tax laws will be further complicated. We will not be able to improve the tax laws. We are only blaming the assesses; we are only blaming the tax payers. The Expert Group admits:

"There is also a growing recognition that along the sanctions for default, incentive for good tax payers, behaviour also can overcome people's antipathy to taxes. A friendly rather than an adverse tax department willing to hear the other side with patience and understanding and provide facilities for complaints can go a long way to enhance respect for law even by the partial and habitual defaulter."

I would like to know whether our tax administration is aware of this. Today we are

painting a one-sided picture. We are not questioning the tax administration. We may enact laws. Our intention of enacting laws may be quite different. What is the tax administration doing?

**[The Vice-Chairman (Shrimati Kamla Sinha) in the Chair]**

Shri Satish Agarwal just now mentioned that there are arrears of crores of rupees. I will give the other side of the picture. Ninety per cent of the appeals to the Income Tax Appellate Tribunal are from Department for assessments made recklessly by the Department. They can analyse it. But in the case of other Tribunals, it is the other way. It is the complainant who goes to the Tribunal. In the Income Tax Appellate Tribunal, it is the Department which is going on appeals. These things have never been looked into and accountability has never been established.

Shri Satish Agarwal has said that the bureaucracy is protected under article 311 and they have no accountability. I fully endorse his views. Politicians are accountable. We are blamed day in and day out. But the bureaucracy can do anything. Here 90 per cent is the responsibility of the bureaucracy and 10 per cent is the responsibility of political bosses because the political bosses act on the advice of the bureaucracy. It is they who advise us. But they have no accountability. It is high time the Parliament debated this issue. We should debate whether there is any need for protection to the bureaucracy. If there is no security of job, they will be accountable. In America there is no security of job to the Government servants. They are performing very well. Their economy is good. They are not thrown out everyday just because there is no security. Politicians have no security. Various people who are below the poverty line have no security. Why should there be security for the bureaucracy and the Government servants? It is not that only we are saying it. In this House our former Prime Minister said, "What can I do? My Cabinet decisions are not being carried out by the bureaucracy?" The Leader of the Opposition got up and said, "you may be erring. Please withdraw your words." Then he again got up and said, "I mean it". What does it indicate? Where have we come to? We are talking about

it. We are debating it but we are not trying to come to a solution. It is high time we took note of these things.

Madam, Vice-Chairman, now I will come to the various amendments and various proposals that have been stated in the Bill. I do not think there is anything new about the proposals. The major proposal in the Budget is the reduction of tax. In the case of personal income, it has been reduced from 35 per cent to 30 per cent and in the case of corporate assesses, it has been reduced from 45 per cent to 35 per cent. Yes, in my personal view, it is a rational approach. I am not saying whether it is right or wrong. It is an approach. There are two views to it. If you reduce tax rates, compliance will be good. Some people hold the view that you should not bring down the tax rates because it is not correct. But it is the prerogative of the Government to have a view of its own. There are countries which have developed with low tax rates and they have a better compliance. There are countries which have a high tax rate and the compliance is not very good. This process started from 1991 onwards. This was done to bring more number of people in the tax net. There is nothing new in it. Another important provision in the Budget is that they have given an option to assesseees. If their turnover is within Rs. 40 lakhs, they can collect the profit at five per cent of the turnover and then file their returns. They need not get their accounts audited or file a statement of accounts or things like that. They have claimed that this is a revolutionary step taken by them. But I would like to caution the Government. It is possible that there may be business establishments whose net profit may not be even two per cent and these people will suffer. On the other hand, there may be certain business establishments who may have a net profit of 20 per cent and these establishments will be benefited. These people will never try to take their turnover beyond Rs. 40 lakhs. They will have small businesses. This may be possible if we adopt this provision. You should be cautious while doing it. I welcome the withdrawal of dividend tax. It was double taxation in my view. The income of a company had suffered tax and you were again taxing the dividends. This is a welcome feature.

Amendment to section 139 is also welcome. You are bringing in assesses who have telephones, cars and who go on foreign tours and all that. This is a good move.

Now I shall come to MAT. There is some modification in MAT and I welcome it. Let us understand MAT. A lot has been discussed about MAT in the country. What is MAT? A company which is covered by the Companies Act has to prepare its balance-sheet on the basis of the provisions laid down in the Companies Act. There is a particular rate of depreciation. The law itself defines that particular rate of depreciation which you can charge in your balance-sheet and declare profit. You are bound to prepare your annual accounts as per the provisions of the Companies Act. But when you file your income-tax returns, you are bound to file your returns according to the Income-Tax law. You are not just filing the balance-sheet, but you are to compute your income or losses. How will you compute your income when the rate of depreciation on a particular asset according to the Companies Act is 10 per cent and according to the Income-Tax Act, it is 30 per cent? The person claims at 30 per cent as per law and files his returns. Now you are asking him to pay tax on notional profit. It is like taxing the dividends. There was so much debate on this. We should curtail this tendency to put it in some other words. Section 115J was not called MAT. But it was there. It was brought in 1989 by Shri V.P. Singh when he was the Prime Minister. Later on it was felt that it was not doing any good, so it was withdrawn. Again you have brought it and you call it Minimum Alternate Tax. You have given it a new terminology. The Government is considering bringing about some changes in MAT. But there is a need to do some rethinking on this. But don't bring in such complicated taxation measures. It is a complicated tax measure in my view. It is just an invention of the mind. There is nothing new about it. You can simply say that the rates of depreciation as per the Income-Tax Act and the Companies Act will be the same. Nothing prevents you or the Parliament from doing it. There will be no question of Minimum Alternate Tax and no question of evasion of tax.

Now I shall come to the voluntary disclosure scheme. Again there are two views about it. One view is whether the voluntary disclosure scheme is ethical. Are we encouraging tax evasion? The fact is that in this country there are crores and crores of rupees which are not accounted for. We have a parallel economy running with black money. It is a fact and we have to accept it. This money is not being utilised. With seizures and raids we have not been able to do much. There is a provision for punishment for evading tax. How many people have been punished for tax evasion? Probably, Mr. Satish Agarwal, will be able to tell us more about it. Not even 100 persons have gone to jail for tax evasion. We cannot even imagine how much black money is there in the country. Should we allow such a situation to go on? If that money is brought into the economy through proper channel, we will be able to sort out various problems. Our debt problems can be solved. There will be better liquidity in banks. There are so many things. So, if you are only talking ethically, I have no answer. But if you are talking practically, we have to make an effort either through coercive methods or through persuasive methods or through any other method, to get back that money. In that direction efforts were made earlier on. It is not for the first time Mr. Chidambaram has brought the Voluntary Disclosure Scheme. Earlier on, the earlier regimes also tried. Mr. V.P. Singh tried earlier, Mr. Pranab Mukherjee tried when he was the Finance Minister, Mr. Venkataraman tried when he was the Finance Minister. All these regimes tried. So try it sincerely. You are again leaving it to the bureaucracy. They are not interested. You fix targets to them. You have to monitor properly. You should see to it that the Voluntary Disclosure Scheme is made a success. It is not clear from the Bill when the Voluntary Disclosure Scheme is going to be implemented. It is not notified. Now you give a short time. You at least give a long time, say one year. Yes, you monitor it day-to-day and give a lot of publicity and all that. Within two months you have to decide. People will be in two minds, they will not decide and now the Bill says that December 1997 is the last date. But when they are going to notify it, is not mentioned. So you have to say from when this

notification is going to be issued and when the Voluntary Disclosure Scheme will come into force. Now that you have introduced it, it means that it is coming. You should make it very clear when the Voluntary Disclosure Scheme will be put into operation. Madam Vice-Chairman, I welcome this Service Tax also. But, there should be some homework as far as levying the tax is concerned. Now all of a sudden you levy a Service Tax on the transport industry. Look at the practical side of it. There was a total break-down of the entire transport system, they went on a strike. It is not that you should be afraid of strikes and all that. But is it practical? What you have done is, you have said that you are going to withdraw it. I do not know whether you are going to withdraw it. I suppose an official announcement has not been made in the Parliament.

So Service Tax should be based on certain reasonableness and there should be a rational approach.

Then, coming to Interest Tax, already the rate of interest on the banks in the country is very high. We should understand that whatever tax we levy, it will be shifted to the consumer. Even if it is a Direct Tax, it will be shifted though it is called a Direct Tax. Now by this Interest Tax you are making the banks pay two per cent Interest Tax, thereby the cost of funds to the borrower is increasing day by day. Madam Vice-Chairman, imagine today, if an Indian industrialist, a businessman has to borrow, he will have to pay a finance cost which is 20 to 22 per cent. How do you expect a person to pay who is bearing the finance cost? He will be shifting the entire finance cost to the consumer and the consumer will have to pay more. Nowhere in the world is there this high interest regime. So, you are adopting an easy way to get money and you are not trying to have a proper, rational approach for tax collection. So I feel that there is a need to re-look at the Interest Tax in this. Then, Madam Vice-Chairman, there should be an incentive for an honest tax-payer. Today, there is almost no incentive for an honest tax-payer.

4.00 P.M.

Out of a population of about 100 crores, we have about one crore tax-payers only. Out of

this, about 20-25 lakhs are salaried people. So, the actual tax payers are not more than 75-80 lakhs out of a population of nearly 100 crores. There is therefore, a lot of scope so as to include a lot many people in the tax net. But no proper efforts are being made. The only language the Department knows is coercion and harassment. They know no other language. They do not understand any other language and they will not be able to improve the tax administrative system. There is a need to undertake a study on this issue. Such a study should be a continuous one and it should not be by the Department. Why are we failing in our efforts? It is primarily because both the implementing authority and the monitoring authority happen to be the same. In our system, the CBDT is to implement and monitor the tax system. It will never succeed because since both monitoring and implementation is being done by one single authority, it will not give us a correct picture. Therefore, I suggest that there should be a monitoring authority independent of the implementing authority either for tax administration or, for that matter, any administration, including poverty alleviation schemes. We can discuss what its mechanics should be. But there is a need for separate authorities for monitoring and implementation. Each should have the feeling that there is somebody who is watching him. Their work should be supervised by somebody else, unlike the Income Tax Commissioner supervising his subordinate officers. This separation should be applied not only to income tax administration but should be applied to all sorts of systems, the principle being that the monitoring authority should be separated and made independent of the implementing authority.

Through the Appropriation Bill, the Government wants sanction of Parliament for an amount of Rs. 5,26,143.67 crores. We have discussed the Budget. We have discussed the fiscal deficit. We have discussed the revenue deficit. But I have my own apprehensions on the way the Budget has been presented. The way certain assumptions have been made, I think we may be in for a danger because it has not been estimated as to how much we are going to get from the Voluntary Disclosure Scheme. Maybe the Government is anticipating a huge



amount from this scheme. If such an amount does not come, then it may have to be disappointed. How is the Government going to deal with fiscal deficit, revenue deficit, etc. Is it through increasing borrowings? Or is the Government expecting some windfall from the Budget? I would request the hon. Finance Minister to enlighten all of us when he replies to the debate. Lastly, Madam Vice-Chairman, I would like to bring one thing to the notice of the House. It relates to the Members of Parliament. With curiosity, I went through the provision made for the Members of Parliament last year as also in this Appropriation Bill. There is absolutely no change. We are aware that there is a proposal before the Government for increasing the allocation for the Rajya Sabha and the Lok Sabha Members. But I am just giving an example. But are they doing something in reality? Or is it the intention of the Government not to increase the salary and other things of the Members of Parliament even after these have been recommended by the Parliamentary committees? It is only after thorough examination that the committees have made these recommendations. The recommendations of committees have certain value. So, these recommendations have not been taken note of by the Government and we do not know how many other such things have not been taken note of by the Government. In respect of this amount of Rs. 5,26,100 crores, we do not know; the Government may come with another Appropriation Bill for additional fifty thousand or seventy thousand crores of rupees. This type of a thing should be curbed. There should be a restriction. There is no doubt that constitutionally the Government has the right to come at any time with a proposal for a fresh grant from the Parliament but the sanctity of the Budget is lost if there are no checks and balances from the Parliament. The time has come for the Parliament to tell the Government that it should not exceed its grants, and if it has to, then it must do its homework properly. So, there should be restriction on the Government coming before the Parliament for frequent Budget increases. There should be an accountability of the executive. Otherwise, this excess of expenditure will go on, excess of liabilities over assets will go on and there will

be no control on the expenditure of the Government of India.

With these words, Madam, I support the Bill and I also thank you for giving me this opportunity.

**SHRI N. THALAVAI SUNDARAM** (Tamil Nadu): Madam, nothing has been provided for the poor people in this Bill. This Bill is meant only for the rich people. It is not helpful to the poor in any way. It will be benefiting the rich at the cost of the poor. The Finance Minister has introduced a proposal for converting black money into white money. By doing so, the Government would be encouraging the smugglers and professional killers. This is not the way of helping the poor people. Then, Excise Duty on cigarettes has been increased. This will badly affect the poor because many poor people and their children work in cigarette factories in our region, particularly at Kanyakumari and Tirunelveli. This increase in Excise Duty on cigarettes is bad for the poor people because this creates another burden on them. They are not getting salaries from their employers. They are not getting any benefits from their employers. So, this levying of Excise Duty on cigarette is very dangerous for the poor people. Madam, the increase in the prices of postcard and envelopes will also hit the poor people. The Government has reduced the Excise Duty on refrigerators and airconditioners from 40 per cent to 30 per cent. These things are used by the rich people. I don't know how this United Front Government is going to help the poor people in our country.

As far as irrigation is concerned, the Government is not providing sufficient funds for this purpose. The small farmers are suffering a lot. Therefore, this Finance Bill is of no use for the poor people. This is number one. Secondly, the excise officials have already started charging duties from small industries even before the coming into force of this Finance Bill. These small industries are suffering all over the country.

Madam, there was a proposal before the Government for setting up a National Co-operative Bank at the national level. This proposal is pending before the Government. I think, this Bank will be very useful for the poor

people, particularly those who are living in rural areas, in backward areas and in tribal areas. If it is set up, then it will definitely be helpful to the poor people as they will get loans from this Bank for purchasing agricultural implements and other items. Madam, presently, we have State Co-operative Banks. But, these banks are not benefiting the poor people.

As far as irrigation is concerned, some funds were provided for this purpose in the year 1996-97. But, this Finance Bill has not provided any funds for backward areas.

**THE VICE-CHAIRMAN (SHRIMATI KAMLA SINHA):** Mr. Minister, he is making some valid points. Please listen to him. ...*(Interruption)*...

**SHRI M.P. VEERENDRA KUMAR :** I am seriously listening to all these issues.

**SHRI N. THALAVAI SUNDARAM:** Madam, I am asking for some concessions for the poor people. Some funds have been provided for irrigation facilities in the backward areas.

**Madam,** another point which I would like to touch relates to bank scams. We have seen many bank scams in our country and I am not mentioning about any political party. In Chennai, there was Indian Bank scam. Till date, we are not able to find out as to what is in the background of this scam. Now, this matter is pending before the Supreme Court. The Supreme Court has given some directions to the respondent. People know very well as to who is behind this bank scam. In this regard, we put a specific question in this House, but there was no reply from the Government. They told us that the investigation is going on and the matter is pending before the court. Some political parties and some politicians are involved in this bank scam. How are we going to investigate this matter? If you allow such bank scams, then in what way are you going to help the poor people of this country? As far as Chennai is concerned, income-tax officials are conducting raids at the houses of leaders of a particular political party. They never raid the houses of the members of ruling party or some businessmen or some influential persons. They harass only those people who are in the Opposition. If you ask them as to why they are raiding, then they will tell you that you are not

paying taxes. The whole country is going in this way. Who is responsible for this? I want to know whether the Central Government has issued some instructions that those who are in Opposition should be harassed. I am not able to understand this. I am saying this particularly about my State. I don't know what the position is in other States. Income tax officials are being murdered in Chennai. We raised this issue through a Special Mention. We wanted to know the reasons for this murder and whether some political people were involved in it. If you are in opposition, the Income-tax Officers of Chennai would come to your house and conduct a raid. If you are in the ruling party, then this type of attitude would not be there. Now, this is what is happening in our country. Today we are in the opposition. Tomorrow we will be on the ruling side. Madam, I would like to make a reference to a particular case which has happened in our State. An Income-tax officer was beaten up by a political man. A criminal case is pending before the court. But, no action has so far been taken against that man because he belongs to a particular political party. Madam, the other thing is that a bank scam occurred in our State. We have not yet known the truth because the matter is pending in the Supreme Court. They have to file a report within a period of three months.

Madam, as far as National Highways are concerned, the Government of India has not provided adequate funds to Tamil Nadu. We have requested so many times the hon. Finance Minister and the Surface Transport Minister in this regard. We have eight Ministers from Tamil Nadu in the U.F. Government. But, they are not providing funds for the highways, particularly from Chennai to Kanyakumari. We have raised this issue several times in this House. The reply given was that they would provide us funds after the Budget. But, nothing has been done so far. As far as our State Tamil Nadu is concerned, we have not received funds for roads, etc.

Madam, Excise Duty is being imposed on umbrellas and *beedi* manufacturing. If this Duty is imposed on these small items, it will create a lot of problems for the poor people. Madam, now this Duty has been increased on *beedis* and umbrellas. It will affect the poor people.

Madam, the Government has sanctioned Rs. 2,000 crores for energy. As far as our State is concerned, the present Power Minister has told the Press that energy came under the control of the State Government, and that they were not in a position to do anything until and unless the Tamil Nadu State Electricity Board gave some concession for energy conversion. Now, the matter is pending before the Government of India. I would request the Finance Minister to take steps regarding energy and surface transport in our State. Madam, there is a proposal for the introduction of a National Cooperative Bank at the national level. If the National Cooperative Banks — now the matter is before the Government of India — are formed, it would be very helpful to the poor people because National Cooperative Banks will have certain facilities for giving loans to agricultural farmers, loans to people in tribal areas. These National Cooperative Banks, particularly, would be helpful for people belonging to the Scheduled Castes and Scheduled Tribes living in hilly stations.

Madam, this is a proposal meant for poor people. We welcome it. But, our concern is about its implementation in our State. We have a lot of schemes like IRDP, TRYSEM, etc., but as far as our State is concerned, the bureaucrats are not implementing the schemes properly. For example, you take IRDP. The poor people of Kanyakumari have approached the Collector or the Executive Magistrate concerned for loans but till date, they have not issued the required loan application forms to them. As far as TRYSEM is concerned, it is meant for helping the young people in the Scheduled Caste areas. As far as this point is concerned, certain funds are allotted to the Tamil Nadu Government but till date the Government has not taken any steps to implement this TRYSEM programme. Madam, TRYSEM is a programme which is for the improvement of young people. Now, there is a proposal for a teacher training institute for SCs/STs in our State. The learned Labour Minister, Mr. Arunachalam, met the hon. chief Minister of Tamil Nadu. There is a proposal for a teacher training school for SCs/STs at an estimated cost of Rs. 100 crores. There must be specific proposals from the Central Government for setting up of such institutions.

If there are no specific proposals, whatever money is provided or sanctioned by the Central Government, the schemes will not be properly implemented. The moment you sanction money, immediately somebody will file a Writ Petition against the implementation of such scheme, as, for example, TRYSEM and other schemes, where Writ Petitions have been filed. As far as this scheme is concerned, it is only meant for the SCs/STs and for poor people. There must be some proposal sent to the Government of India.

Madam, there must also be a proposal for the poor people in our State to purchase tractors and other things ...*(interruptions)*... As far as banks are concerned, there are nationalised banks and cooperative banks in our State. Some nationalised banks are particularly meant for industrial areas and some banks are meant for cooperative society areas. I request the hon. Finance Minister that there must be a proposal indicating that some banks are exclusively meant for farmers in districts like Thanjavur, Nagapattanam and Kanyakumari. The farmers are facing difficulties in the absence of such banks. Banks are there, State Bank of India is there, State Bank of Mysore is there, Indian Overseas Bank is also there but they are not providing any loans to the farmers, they provide only after taking security either from a high political authority or some other political men. If the National Cooperative Bank is formed, it would be beneficial for the poor people. Hence, I request the hon. Minister for Finance to establish a special bank, particularly, for the farmers in our State. As far as irrigation is concerned, I request the hon. Finance Minister to give importance to the development of small irrigation projects like channels particularly in Tamil Nadu, because there are certain irrigation projects but they are not yet completed. I also request the hon. Minister to encourage the minor irrigation system in our State. Thank you.

**THE VICE-CHAIRMAN (SHRIMATI KAMLA SINHA):** Mr. John Fernandes. Not present. Shrimati Renuka Chowdhury. Not present. Dr. Biplab Dasgupta. Not present. Shri Ashok Mitra. Not present. Shri Ramdas Agarwal. Not present. Shri Raghavji. Not present. Shri Janardan Yadav. Not present. Shri

Sanjay Nirupam. Not present. So, the House is adjourned till 11 o'clock, tomorrow, the 13th May, 1997.

The House then adjourned at twenty-six minutes past four of the clock till eleven of the clock on Tuesday, the 13th may, 1997.

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