

MR. DEPUTY CHAIRMAN: I cannot allow that.

**श्री ललित किशोर चतुर्वेदी :** सर, केवल एक क्लेरिफिकेशन ...(व्यवधान)...

**श्री उपसभापति :** ठीक है, जल्दी से बता दीजिए।

**श्री ललित किशोर चतुर्वेदी :** उपसभापति जी, मैं पूछना चाहता हूँ कि यह जो आपने सेंट्रल रोड फंड फ्रीज किया हुआ है, उसे कब हटा रहे हैं?

**श्री राजनीति प्रसाद (बिहार) :** सर, यह जो tol tax है, यह limited period के लिए है या everlasting story है?

SHRI KAMAL NATH : Sir, I am very happy that some Members have raised some points. I will try to reply all of them very briefly. I know that the hon. Minister of Finance is here to take up the Finance Bill, I am very happy that he is here. I hope the hon. Members will make all efforts in ensuring that he gives adequate funds to this Ministry. Sir, deterioration of roads is one thing; it is a fact. We will try and see how we can bring this for the information of the Members – where roads have deteriorated and where there is a delay. There is a system of a bonus for early completion and penalty for delay. As for the hon. Member's suggestion that we should publicise it so that the public is aware that the construction company or the contractor is causing delay, well, I can only say, we will look into this. I cannot respond to that immediately.

Sir, on Planning Commission and the MCA, the hon. Member is right that there are some issues. In my discussions recently with the Planning Commission, we have agreed on resolving this. I have had very constructive discussions with the Planning Commission. We are resolving some of the issues, which we believe, are deterrents. The hon. Member is right; there are certain things which are deterrent by the investors, by people, by construction company, by concessionaires; and most of these are being resolved. The major issue really is dispute settlement. I propose taking up even with the Finance Minister the issue of how we can find a fast-track method. It is true, it is built in to the Agreement, but still there is enormous litigation. Where the Central Road Fund is concerned, I want to assure the hon. Member that, for Rajasthan, we will release the Central Road Fund from today. Where the question of toll is concerned, the toll is in perpetuity. Now, when we look at the revised toll rules, this is one of the areas we would be happy to look at again. In conclusion, I want to again thank the hon. Members for their participation.

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## GOVERNMENT BILL

### The Finance (No. 2) Bill, 2009

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Mr. Deputy Chairman, Sir, with your permission, I beg to move:

That the Bill to give effect to the financial proposals of the Central Government for the financial year 2009-10, as passed by the Lok Sabha, be taken into consideration.

Mr. Deputy Chairman, Sir, at this stage, I would not like to inflict a long speech or introductory observations because, as per the practice, after the Members make their observations, I will respond

to their observations at the end of it. After all, in the discussion on the Finance Bill to some extent – apart from the technicalities and clause-wise, section-wise discussions – a substantial part of the General budgetary proposals will also be repeated and, as it happens almost every time, I have after the presentation of Budget, as per the practice, received representations and memoranda from various stakeholders on the impact of these proposals; and there is no harm in it. Of course, it was not possible for me to point out that I have accepted all their recommendations or all the suggestions which are worth consideration because of the constraints under which the Finance Minister is functioning. I had to take only those measures which I could afford within the financial constraints. Now, there is an overall gloomy situation all over the international financial area. There is no sign of immediate restoration of the economy in the whole of Europe or a major part of North America. Of course, after injecting trillions of dollars, which was injected in the system through various stimulus packages announced by various countries, there has been some impact in the US economy. In Europe, as per the forecast of the IMA, still there will be negative growth unless they revise it sometimes in later part of the year. I cannot say that. But despite that, by taking certain measures, both fiscal and monetary measures, we have been able to prevent the deterioration of the further growth and, as the hon. Members are aware, we have ended the year 2008-09 with 6.7 per cent growth. I do hope that we would be able to maintain this level of growth. Certain signs of improvement, though slow, are visible and it is too early to predict whether it would be steady. But I do hope the stimulus packages, both in terms of the financial concession, fiscal measures and monetary measures which have been announced by the Reserve Bank of India, will have their desired impact.

With these words, I commend the Bill for consideration to this august House.

*The question was proposed.*

MR. DEPUTY CHAIRMAN: The House is adjourned for lunch till two o'clock.

*The House then adjourned for lunch at fifty minutes past twelve of the clock.*

*The House re-assembled after lunch at two of the clock,*

[MR. DEPUTY CHAIRMAN in the Chair]

MR. DEPUTY CHAIRMAN: Shri Ravi Shankar Prasad to start the discussion on the Finance (No.2) Bill, 2009.

SHRI RAVI SHANKAR PRASAD (Bihar): Mr. Deputy Chairman, Sir, I am extremely grateful that you have given me the opportunity to initiate the debate on the Finance Bill in this House. Sir, the Finance Bill is a part of the whole Budgetary exercise, which begins with the presentation of the Budget, the financial statement, the consideration of the Appropriation Bill and now the present Financial Bill. Sir, this time this whole exercise was being looked with great expectation and excitement. There were two obvious reasons for this. One was that this was the first exercise of this Government after coming to power after General elections, and the second was that hon. Pranab Babu was presenting it after a gap of 25 years. Sir, we have great regard for Pranab Babu for his vast

learning. He is one of the few political leaders in the country who have extensive understanding of a variety of issues of governance from foreign affairs to Defence, to strategic issues, to finance, to trade, to commerce and also parliamentary practices and precedents. I remember when I became the Member of this House nine years ago, I used to sit there. I was told by my seniors that if I want to learn parliamentary practice make it a point to listen to when Pranab Babu speaks. And I used to listen to you, Sir, with great attention. You used to sit here. Even when I became the Minister and my bench was pushed a little ahead, even then I used to give due attention to him because of his vast learning. When Pranab Babu presented the last Budget, it was 25 years ago. The world has changed thereafter. He used to head the Finance Ministry in the hay days of licence permit quota raj. It was the time where if an industry produced more than what was entitled, it used to be penalised. After 25 years what change has occurred in the world, in the global scenario and in India's entrepreneurship, all this was keenly awaited as to how it was reflected in the Budget being presented by the same eminent political leader after a gap of 25 years. Has Pranab Babu changed? Has his outlook changed? Has the Government changed after the new election? Sir, a final verdict is still awaited. Mr. Deputy Chairman, Sir, there is always a debate between equity and growth. Are they competitive? Do the one outsmart the other? This debate has been going on. Sir, growth is possible without equity. It would be lopsided; it would be elitist and it would be pro-rich. But genuine equity can never come without growth. If the bread is small, distribution would be difficult. If the bread is bigger, distribution would be easier. Sir, if we see post-independence period, we have spent a good part of our politics debating as to how bread should be distributed. But we have rarely significantly concentrated on the politics as to how the number of bread needs to be augmented and their number needs to be increased. Sir, the reason I am saying so, रोटी कैसे बंटे, इसकी राजनीति बहुत चली। शायद अब इस राजनीति की गंभीर शुरुवात करने की आवश्यकता है कि रोटी की संख्या कैसे बढ़ाई जाए। It is this premise I was trying to look into the entire budgetary exercise, of which the Finance Bill is an instrument. What is the expectation? Does it fulfil those expectations? Does the Finance Bill lay down a roadmap for that? Now, Sir, what is the context of this whole exercise? For the last nearly one-and-a-half years, we were having international meltdown, Whenever we used to raise the issue in this House or that House, or outside, there was a common response by the Prime Minister and his distinguished predecessor, Mr. P. Chidambaram, "The fundamental of Indian economy is strong, stable; we need not worry about." Sitting in this House, we used to protest, and they said, "Sorry, your protest is not relevant. We are comfortable." Now, what is the position today, Sir? The Economic Survey says, "International meltdown is responsible for everything in the country today, be it the fiscal deficit, be it the industrial slowdown, manufacturing slowdown, service slowdown; all because of international factors like capital inflow, volatility in price and general meltdown." Sir, I saw a foreign hand again. Sir, I hope the foreign hand has ceased to play in the politics of India for the last many years. The invisible foreign hand used to play a very important role 20-30 years ago.

SHRIMATI BRINDA KARAT (West Bengal): Only difference is that it is now visible.

SHRI RAVI SHANKAR PRASAD: Sir, I remember, as a student, when I had come to the Parliament for the first time in Lok Sabha to watch the proceedings from Visitors' Gallery, the great Pilloo Mody on that day entered the Lok Sabha with a placard, "I am a CIA agent." He was a man of great learning and very eminent Parliamentarian. It was a kind of his humorous response to the kind of politics being practised there. Sir, I am little surprised as to how the foreign hand again is being attributed the main reason for the entire slowdown. Now, kindly see the Economic Survey. It says that because of this decline in export and other things, one lakh people have lost their jobs. Is it right to underestimate like this? It is your own concrete governmental record. The Labour Bureau of the Department of Labour of the Government of India last year, in around October-November, came with report that five lakh people had lost their jobs in six organised sectors like gems and jewellery, automobiles, etc. If we include, with a wide experience, you know that the majority of employment is possible only in the unorganised sector. If we include the unorganised sector, then the unemployment would go into – we cannot even guess – crores. We remember that for the last five years, your Government in the earlier avataar of UPA-I has been assuring the nation, "We shall be giving one crore jobs every year." Now, I see from your Budget, you have raised it to 1.25 crores. This pious wish would have been taken seriously if there would have been an authoritative audit on the floor of the House as to how much was given in the context of promise of one crore every year in the last five years. It is a little disturbing. I will be grateful if you clarify that position in your reply which you very extensively touch. The rich-poor divide is rising very fast. In the Human Index Report of the U.N., India stands at 132 out of nearly 175 countries. What is our roadmap for them? It is very important, Sir. Do we want them to survive only on doles, or do we want to create an atmosphere conducive for them to also prosper? That is the fundamental difference. Sir, therefore, I had thought very honestly that when a man of the eminence of Pranab Babu is undertaking the whole exercise after a huge gap of 25 years, there must be an honest attempt at introspection. The real fact ought to have been brought on record. We know, Pranab babu makes his mind clear. Is it a slowdown because of external factors or is it because of the fact of the entire exercise of initiative of reforms, which was implemented sometime by Narasimha Rao Government, of which you were a part, and, which were boldly extended when Vajpayee Government was there, of which, I had the privilege to be a Member, like Venkaiah ji and Arun ji.

We pushed entrepreneurship, laid the roadmap for reforms from disinvestment to investment, to infrastructure, to what not. That gave a push where a new aspect of 'aspirational India' emerged. That was the big reason. I understand your problem, hon. Finance Minister. I remember one of your important speeches given in Bengal during the course of the last Lok Sabha elections. You said, "By the present trend, my friends of the Left will have to wait for hundred years to come to power." That

statement of yours was very widely reported. But it was a statement of great intent, and, I could see the pain you were suffering because of their company. Now, their company is not there. ...*(Interruptions)*... Now, their company is not there, Mr. Finance Minister. तो सारा आकाश आपका था, जनता ने आपको इतना बड़ा सपोर्ट भी दिया था।

And, therefore, in that context, what is very important is: what is the philosophy of this whole exercise, what is the roadmap that you have set for yourselves, or, what are the basic growth intentions which you have underlined behind those exercises. That is very important.

Sir, let me ask a question to myself. What dissuaded Pranab babu to come up with ten major initiatives which could have pushed growth? Not even a single mega project has been announced as part of the Budget. He could have been well advised to come up with ten projects, with project clearance in time before actual bidding so as to completely push the economy which is currently under serious handicap. With his wide administrative experience, he could have come up with a big blue print of how to ensure that there is no leakage in the implementation process and that the massive allocation, which he has sought to provide for rural India, is properly utilized and implemented.

We were looking forward, whether hon. Pranab babu would come up with any proposal as to how the Government's role needs to be shortened a little more; Government's expenses can be curtailed a little more. These were important big pictures which were expected. Regretfully, Sir, I do not find any one of those available here.

You have given allocations with an open hand to rural sector, roads, projects etc. We have no comment to offer. We will see its implementation. You have five years' tenure. But, Sir, what is a matter of concern for us is that this is being done in the context of rising fiscal deficit. It is 6.8 per cent, and, if we include the oil pool account and the deficit of the various States, it will be in the region of 13 to 14 per cent. I remember, while giving reply to the Budget discussion in this House, which all of us heard with pin-drop silence, the hon. Finance Minister said, "Yes, I know there is fiscal deficit, but I have gone for growth. I have created a fiscal space for myself and the fiscal correction can wait." That is how you responded. Hon. Finance Minister, with your kind permission, may I ask a question to myself? Are these two contradictory, or, there has to be amity between these two. If you ignore one completely, you are inviting long-term peril. Kindly see, Sir, it is very important. You have proposed to borrow more than Rs. Four Lakh crore, around Rs. 4.5 lakh crore. Kindly appreciate, where will this money come from? I saw your officers commenting, two lakh crore of rupees will be borrowed from the primary market and the rest shall be managed from open market operations. Now, we see the banking sector, Sir. Yes, bank deposits have risen by 20 per cent. These are Rs. 6.50 lakh crore now. If you borrow substantially from banks only, are you not going to

cripple the private entrepreneurs who also depend upon them for liquidity? And, we will have to acknowledge very sincerely, hon. Deputy Chairman, Sir, that we will have to involve the private sector in a big way if we want the growth to really go forward. Sir, there is one more issue on which I want to have a clarification from you. As I understand, correct me if I am wrong, as per the norms, the banks can pick up Government papers only to the extent of 25 per cent, rest would be LIC, etc. Now, if the present scenario is examined, 31 per cent of Government borrowing is already parked with the banks, that is, more than 25 per cent. Now you are pinning up the RBI to go for the OMO, Open Marketing Operations. Now, Sir, I understand that this Open Marketing Operations by the RBI has been on a very small scale, Rs. 37,700 crores couple of years ago. It went to Rs. 1 lakh crore last year. Now, if you are going to fasten the RBI with Rs. 2.5 lakh crore management of Open Market Operations, are you not heating up the economy very much? As I see, Sir, the entire exercise is based upon auto pilot; this much will come from here, this much will come from there, etc. And if anything goes wrong, the entire calculation is going to go haywire. Hon. Deputy Chairman, Sir, the reason why I am saying it today is, Pranab babu very proudly declared that entire expenditure of Government has gone up to Rs. 10.2 lakh crores in comparison to Rs. 7.1 lakh crore in the last two years. Now, it is such a huge expenditure, substantially based upon borrowing alone. If anything goes wrong, I see very serious problem.

Hon. Finance Minister, Sir, you talked of economic stimulus. In paragraphs 13 and 14 of your Budget speech, you said that many of this deficit was referable to this stimulus which had been given. Sir, I do not want to waste the time of the House, but paragraphs 13 and 14 of the Budget mention that. Sir, a very eminent commentator has raised an issue. I would like him to kindly clarify if there is something wrong in this whole projection. What he has said is that the number is not entirely correct. Regarding this Rs. 1.86 lakh crore as a stimulus which you have mentioned, Sir, he has explained, if we see the Revenue Budget and if we see the Expenditure Budget, out of the proclaimed stimulus of Rs. 1.86 lakh crore, Rs. 1.30 lakh crore, that is, more than two-thirds consist of fall in Income Tax collections, then Rs. 40,000 crores for Sixth Pay Commission, Rs. 45,000 crores for fertilizer subsidy, Rs. 11,000 crores for food subsidy, Rs. 15,000 crores for farm debt waiver and Rs. 2,000 crores for extra interest on borrowing. Therefore, out of Rs. 1.86 lakh crore, if more than two-thirds is not towards fiscal stimulus, on what basis this claim has been made, we would like to be clarified. Similarly, for this year, you wish to spend Rs. 1.20 lakh crore over the previous year by way of stimulus. That is what we understand. Of this, an amount of Rs. 44,000 crore is again on account of Sixth Pay Commission due, Rs. 33,000 crores of extra interest, Rs. 10,000 crore for non Plan grants to States, Rs. 10,000 crore for contribution to IMF and loans to PSUs. This adds up to Rs. 97,000 crores. Therefore, what is important is, as an eminent economist has pointed out, that the stimulus of Rs. 1.86 lakh crore and Rs. 1.20 lakh crore does not measure up to stimulus as

claimed. They are under other heads. We would be grateful if you will be kind enough to clarify it. I read from the Budget that you have picked up Rs.35,000 crore from the proposed spectrum sale, and another Rs.10,000 crore is to be raised from direct taxes. Hon. Leader of the Opposition has already explained in the earlier debate as to what \* is going on in the Ministry of Communications. Therefore, let us keep this pious wish of earning Rs.35,000 crore from spectrum sale under an area of doubt. Hon. Finance Minister, what I am saying is that you have put the autopilot, and if anything goes wrong, serious consequences are going to ensue. Therefore, I again raise a fundamental question. Sir, I will take some more time. I hope I have some more time.

MR. DEPUTY CHAIRMAN: Your party has time.

SHRI RAVI SHANKAR PRASAD: And I am speaking on behalf of my party.

MR. DEPUTY CHAIRMAN: Your party has time, but there are two more speakers.

SHRI RAVI SHANKAR PRASAD: Sir, I will hardly take 10-15 minutes more.

MR. DEPUTY CHAIRMAN: You asked me that is why I told you.

SHRI RAVI SHANKAR PRASAD: Sir, now I come to tax proposals. On tax proposals also, we expected that it would lay down a road map for growth in the Finance Bill. Infrastructure is down. Manufacturing is down. Service sector is down. Everything is down. Therefore, we had thought that you would come up with bold initiative in the shape of exemptions and an initiative to ensure that the growth momentum picks up.

Sir, the first thing I will talk of is the housing sector. You have given one per cent interest benefit to be, picked up by the Government. Is it right? Is it fair? Today, it is the time to really encourage massive investment and incentive in the housing sector. If housing sector grows, there will be houses for aam aadmi, steel sector grows, cement sector grows and employment grows. But one per cent is a very small exemption that you have given. I would say that there is a need to have lower housing interest rate up to Rs.30 lakh.

And, please re-introduce the tax holiday under section 80 (1)(B) of the Income Tax Act. We are proud of the IT and software industry, They have done wonders for us. President Obama talked about Bengaluru to Buffalo. But your entire exercise, including tax exemption and the Finance Bill, only gives them an exemption, which under the Software Technology Park earlier was for one year, and now it is extended for one more year. Sir, the entire industry wants a clear road map for a minimum of five years to withstand the global recession which we are experiencing.

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\* Expunged as ordered by the Chair.

Sir, there is a whole range of labour intensive industries. They are having unemployment. To push growth, they ought to have been given proper incentive, so that they could have come of age and employment could have been supported by them. I do not see that.

Service sector is down. Tourism makes an important component of service sector. Hotel industry ought to have been given proper initiative for its expansion, more accommodation, etc. There is a drop in investment in the textile sector by 48 per cent from Rs.90,369 crore in 2006-07 to only Rs.46,613 crore in 2008-09. Job loss due to layoff and shut down in the textile sector is one million. Sir, a meagre tokenism will not do.

Hon. Finance Minister, I mentioned these 4-5 segments because they push growth. It was important to give incentive to some of the key areas whereby growth would have been encouraged with attendant economic activity and employment.

Sir, now I come to general taxation part, particularly income tax. The first suggestion that I would like to give you is this. Please make this whole income tax regime simplified. You have come with Saral-II form to file income tax returns. But, Sir, unfortunately, the Department makes the entire system *jatil*. Therefore, if you want to make the form *saral*, please make the Department saral and also the law saral.

When I see income tax laws, there are 298 sections, at least, thousands of sub-sections, hundreds of notifications, rules, and circulars. When with my professional training as a lawyer, it is difficult for me to understand the implications of these matters unless I am properly assisted by a CA, what would happen to a common man? Sir, it's very important to understand that. I am given to understand that you are coming up with a Direct Tax Code Bill. What will be the nature? We don't know. We would like to be enlightened about that. But, it is high time that the entire legal regime of income-tax is changed. Sir, I would like to bring to your kind notice one particular fact and I will be grateful if you could clarify it. As on March 31, 2008, the total income-tax arrear was Rs.1,03,808 crore. Out of which, 40 per cent was categorised as amount not under dispute. Therefore, as high as Rs.64,000 crore was the amount in dispute. Now, Sir, what is the need to complicate matters? Why can't the Department function in a manner so that the honest tax-payer not only gets incentives, but also the encouragement to deposit his tax in time? So much of huge Governmental money is locked up in dispute, and even the collection otherwise is not that happy as far as the non-disputed amount is concerned.

Now, let me give you three instances in the present Bill with which I have serious objection. You have made so many retrospective amendments. Why can't you come up with one amendment law which people can understand? And, why is there this rush for retrospective amendments? If the



Department loses some case, they should honestly acknowledge it. Now, let me give you a very interesting case. Additional Directors were not authorised to undertake search and seizure. Many search and seizures were undertaken by their authorisation. The High Courts across the country and the Supreme Court held such search to be illegal saying that they cannot proceed. Now, by retrospective amendments, you are validating those searches which took place 10-15 years ago and, most curiously, you again say that from now on, Additional Directors will not have any power to do search and seizure. Why is this difference? There must be some stability in the taxing regime.

Similarly, Sir, the amount set aside as provision for diminution in the value of asset is not going to be allowed as a reduction from nearly nine years back. Again, it is a retrospective amendment. Then, you have done retrospective amendment in Section 271(1)(c) where if in the course of any search it is found that tax has not been paid, then, the entire income is deemed as concealed income even though if it is a part of the books of accounts. Again, it is given retrospective effect. Sir, it is very important. ...*(Interruptions)*... Sir, should I continue or wait for him to come back? ...*(Interruptions)*... Sir, therefore, it is very important. These are only illustrations which I gave you. This whole rush for retrospective amendments unsettles the entire nature.

Now, Sir, I come to taxation for common man. Why peanuts? For senior citizens, only Rs. 15000; for women, only Rs. 10000; for others, only Rs.10000. Sir, you have removed surcharge. But, surcharge is only for income of Rs.10 lakhs and above. Now, some people have commented that if we calculate, people who earn more would save more. But, ordinary people will be ending up paying more tax. Sir, you must have seen those things, I don't want to initiate that, but, I would like to say one thing. Please increase the exemption limit to, at least, Rs.2 lakhs. I will certainly request you to do that. My party had proposed Rs.3 lakhs. Forget about it. You have also got votes from the urban people in the entire country. Now, you have come with bigger majority. You owe them some responsibility. To give that, therefore, if you could enhance it to Rs.2 lakhs, that will be highly appreciated. Sir, on the duty part and other incentives, we deeply appreciate the exemptions you have given on life-saving drugs and to students from economically backward communities to pursue their studies. But, some of the exemptions did not make any sense to me like branded jewellery. I heard you saying, while presenting the Budget, that you will become popular among the women when you announced it. But, Sir, I am afraid, the entire strategy has boomeranged because cosmetic surgery and plastic surgery have come under the service net. Those who use branded jewellery, also go in for cosmetic surgery.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJE): Anyway, it should be neutral.

SHRIMATI BRINDA KARAT: Sir, unfortunately, the reality, today, is that cosmetic surgery is most commonly used by my friend's gender! So, please let us not bring women into this in this way. He

can object to branded jewellery because it is a very tiny percentage of women who are having the money to buy that. So, I object to such comments.

SHRI RAVI SHANKAR PRASAD: Brindaji, what I was saying was that branded jewellery is confined to 'page 3', and beyond that, I have not to say. And cosmetic surgery is also confined to 'page 3'.

SHRI M. VENKAIAH NAIDU (Karnataka): Whether men or women!

SHRIMATI BRINDA KARAT: I don't mind if it applies to men also. I have no objection.

SHRI M. VENKAIAH NAIDU: You are right.

SHRI RAVI SHANKAR PRASAD: Therefore, Sir, it has become appreciation neutral. I hope, you understand that.

Sir, on jewellery and Silver, the duty has also been raised. So, the jewellery for the common woman is going to become costlier. Sir, one thing I would like to know—this I am not raising as a former Information and Broadcasting Minister who has dealt with this audition – why the entertainment sector has escaped your attention completely. We must understand that Indian films and Indian Television have made us proud the world over. Whenever they make any claim, it is said: "Entertainment tax is a State subject!" But, today, we talk of digitisation; we talk of sound system; we talk of new cameras. We are very proud of the expanse of the television in India. Therefore, the film industry people are also demanding, Indian Films or Indian Television, soft power because when they do something brilliant, the world acknowledges that. It is very important if you please help them, Sir, in this hour. I see a complete silence. I would like to be enlightened as to why they have been ignored completely.

Sir, I have two or three short points to make. This demand to bring back our money, stashed abroad, in Switzerland's Tax Heavens, is something of common consensus. I remember, earlier, Prime Minister Manmohan Singh said that "within 100 days, we shall take efforts for that." I do not see anything on that score at all. Sir, we would like to be enlightened on that. Are you going to give it a cold shoulder or does this remain an agenda of priority for this Government?

Sir, coming to tax on goods and services, we appreciate that you are going to introduce that tax. But, Sir, you have fixed the target of 2010 April, I suppose. Are you not hurrying it too much? You will require amendments in the law; you will require amendments in the Constitution. All these things are there. Then, we have to factor into the concern of the State Governments. Their interest is not compromised completely. They need to be taken on board. I appreciate that the Group of Finance Ministers is doing a good job. But don't rush it in a way that the larger, positive objective becomes, unnecessarily, prejudiced or complicated.

Sir, here is another issue I would like to flag. I come from the State of Bihar. My State has demanded a special package. The hon. Leader of the Opposition has also raised that point when the Budget was presented earlier. Why is my State being ignored? It is on the road to recovery. The Government of Nitish Kumar-Sushil Modi, of BJP-JD(U), is doing well; the world is recognising that. Bihar is a big State; it also needs to come on stage, Sir. We have no problem at all if Bengal is given because of the cyclone, or if Maharashtra is given, or if Kerala is given. But if this seeping apprehension arises that the Central indulgences are based on political fortunes or preferences of the people, that will not be a right approach to go. A man of great experience and learning, which you are, you always believe that fiscal imbalances, regional imbalances need to be set right at the earliest; otherwise, it causes a long-term damage. Sir, I will, again, demand that a special package be given to Bihar.

Sir, the last issue I would like to flag is this. You have given allocations, massive allocations. Sir, what is the kind of regulatory mechanism that the Government is envisaging so that the aam admi, really gets benefited out of the allocations which you have set for the welfare of the people?

I wish to, again, recall what Mr. Rajiv Gandhi said – I hope, you also remember, of his Cabinet – that "if we send one rupee, hardly 15 paise or 20 paise reach them." Is the situation, Sir, any different now? Some State Governments are doing better, but, in some States, the situation is very pathetic. Many of your own Ministers have said that NREGA implementation is hardly 40 per cent, 50 per cent.

You are giving money. You need to give money. We appreciate that. It is very important that 60 years down the lane the country needs a proper regulatory machinery to ensure that the taxpayers' money and the borrowed money allocated really reaches the poor for whom it is meant. I don't see any flash of that in your financial exercise. I will be grateful if you kindly enlighten me on that.

Sir, I am extremely grateful to you for the indulgence shown to me and it was my honour to make the first intervention on the Finance Bill. Thank you.

DR. E. M. SUDARSANA NATCHIAPPAN (Tamil Nadu): Thank you, Mr. Deputy Chairman, Sir. It is a great honour for me to speak on the Finance Bill, which has created history, presented by the hon. Finance Minister, Pranabji. India will never forget what he has done as Defence Minister, as Foreign Minister and now as Finance Minister. He had avoided the war between India and Pakistan when there were so much of emotions. He never asked the Army to go to the western border of India or to the eastern part of Pakistan three years ago as had happened when the other Government, the NDA Government, was there, The movement of two lakh soldiers to the western part of the border had made the Taliban to come nearer to Lahore. He had avoided that as the Defence Minister and subsequently as Foreign Minister. Even after 26/11 he tried to create calmness among the people of

India and Pakistan and see to it that there was no war again. The history of India will be written in his name because he has avoided the war and made efforts for a peaceful existence between India and Pakistan.

Similarly, he has created a great impression in the world by allowing our nuclear establishments to enter the global market. They were doing research for the last forty years or sixty years. Pandit Jawaharlal Nehru has created a separate department for nuclear energy. The researches done by the Tata Institute of Nuclear Science, Bhabha Atomic Research Centre, etc, are able to get the greatest market in the world as a result of the Indo-US Civil Nuclear Agreement.

The third one, which India will never forget, is the Budget that he has presented. I read in one weekly what Bernard Shaw had said. He said, "A Government with a policy to rob Peter to pay Paul can be assured of the support of Paul". But here, our hon. Finance Minister has never stolen anything from Peter and, at the same time, he has given Peter, Paul and everybody tried led to please everybody, from the aam admi to the income-tax payers with an assessed income of more than Rs.10 lakhs. This is the way of presenting Budget by one who understands the whole Indian context. This type of a Budget has not been presented here earlier. We feel that we will also suffer just like the western countries. If you look at the daily share market everything goes red throughout the world except in India where we are playing certain games ojily. Otherwise, everywhere the share market is in the red. But we are going up in a proper way. The share market could not understand certain things which were visualised by the hon. Finance Minister for depending on the domestic money rather than on foreign money. He could understand that there is huge surplus money in the hands of the people in rural areas. Many landlords do not know where to put their money. They keep the money in their own house or their nearby relatives' house. This is what is happening. Now, we are opening more branches of the banks and making the people to understand that they can put their money in the banks. The banks are now widening their net by opening more branches in the rural areas. That is also one of the achievements of the hon. Finance Minister. We are very happy that the entire service tax structure is having a new look. The revenue that we are getting from customs duty is Rs. 98,000 crores and from Central excise is Rs. 1,06,477 crores. Before 2007-08, service tax was expected to be Rs. 51,000 crores. In the Budget Estimates, it was increased to Rs. 61,000 crores. But now it has increased to Rs. 65,000 crores. We are expecting more revenue from service tax.

Sir, I would like to draw the attention of the hon. Finance Minister to the structure of the Department. It needs to be restructured. The Department of Excise and Customs is being controlled by one Commissioner. There is only one Commissioner to look after the affairs of this Department whose collection is Rs. 65,000 crores. There is a condition that there will be one Commissioner up to a business of Rs. 300 crores to Rs. 500 crores. But here one Commissioner, one Joint

Commissioner, one Additional Commissioner and a few Dy. Commissioners are handling Rs. 65,000 crores. We need to improve that structure so that we can get more revenue from service tax. Persons working in the Excise Department should be given promotions. The persons working at the Inspector level can be promoted to higher levels. They will also feel happy that, at least, after 15 years they are getting some promotion.

Sir, when we talk of service tax, a new clause has been included here, that is, legal service. I would like to quote this clause. It says, "To a business entity, by any other business entity in relation to advice, consultancy or assistance in any branch of law, in any manner; provided that any service provided by way of appearance before any court, tribunal, and authority, shall not amount to taxable service." This clause divides the legal profession into two categories. Everything has been merged under the Advocates Act. Solicitor, arguing lawyer, advocate, lawyer, etc. have all been merged. But now the arguing lawyer has been separated. It means the arguing lawyer does not come within the purview of service tax. But a person who is having an association or a firm, and doing a solicitor's job, will be taxed. Immediately, after the Budget Speech, some of the Bar Associations went on strike. But I hope they have understood that the arguing lawyers would not be affected by this classification. At the same time, the Explanation says, "For the purposes of this sub-clause, business entity includes an association of persons, body of individuals, company or firm." But it does not include individual. That means, Sir, if a senior lawyer argues a case for one hour or two hours and charges Rs. 10 lakh or Rs. 15 lakh, like Shri Ravi Shakar Prasad, he does not have to pay any service tax. But the poor juniors have to pay service tax if they are having a firm. If young lawyers after coming from law schools form their own firm, they have to pay service tax. But a senior arguing lawyer does not have to pay any service tax. I think the senior lawyers should be taxed and the junior lawyers should be protected. I am also a senior lawyer in the Supreme Court. Even then I am arguing for junior lawyers. ...*(Interruptions)*... There is no vested interest. I am basing my argument on justice. Therefore, this particular clause needs to be given a re-look. There is another clause in regard to coastal goods. This clause relates to transportation of coastal goods. Here service tax has been imposed even on goods which are transported through coastal areas, National Waterways and Inland Waterways. But we have to take the case of Lakshadweep, or, Andaman and Nicobar Islands. Andaman and Nicobar Islands is depending totally on the mainland. All the goods, right from rice, clothes, medicines, everything has to be transported from the mainland. The transport of these goods is facilitated by the cooperative sector. Now, when they are taking the goods from here, they have to pay service tax. Also, when they transport the goods by sea or by air, they have to pay the tax. It means that there will be a 10 per cent increase in prices of products which are sold at Andaman and Nicobar Islands. Therefore, they have to be excluded, when this service tax is imposed upon them, so that the mainland price is maintained in the inland also.

Sir, I am very happy that our young Minister of Textiles has stated in a reply to today's question that the Government had announced two stimulus packages on 7th December, 2008, and 2nd January, 2009, to boost exports, arrest the impact of economic slowdown and to improve the liquidity. Here, we find that an amount of Rs.1400 crores was given in 2008-09 for the Technology Upgradation Fund scheme. So, an additional fund has been given. Sir, the small and medium sized textile units are not getting these benefits. In another clause, clause 8, it is stated that the State-level Bankers Committee would hold meetings for resolution of credit issues of small, medium and micro enterprises. But none of the banks is ready to co-operate with the Government; they do not want to sit along such industries and help them get out of the trap. But they only want to see that every mill is closed down. For revision of loans and other things, they are not ready to come forward and help them. They want that the industry should close down. That mentality should go away from the mind of the bankers. The bankers should feel that they are partners in the business. They are shareholders of the business because they have also put their money there. Therefore, they have to have the mindset, just like the Board of Directors, to revive the industry in some way or the other.

Another thing to which I would like to draw the attention of the hon. Minister is regarding agriculturists, whose sons and daughters wish to be educated in foreign countries. Nowadays, even in the rural areas, people want to go in for higher education in foreign countries. For this, they would, at least, require a loan of Rs.15 lakhs. Now, there is a provision that up to Rs.4 lakhs, the banks should not ask for any security. For loans more than that, they can ask for security. Now, they say that the agriculturists' sons and daughters are not eligible for this. This is because under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, it was giving powers to the bankers that in case of default of payment of loan up to Rs.10 lakhs, the assets can be seized by their bank associates. But there is an exemption under Section 31 (i) that agricultural lands are excluded from that. Therefore, they say that since the agricultural land cannot be taken away in case of default of payment, they would not get the loan. Now, the basis for giving loans to students is on his ability to earn after he finishes his education. And, we are investing on human resources so that these boys and girls can develop their skills and come forward to develop the nation. That is the purpose of educational loans. Just like the investment that we make on building other infrastructure, we will have to invest on building human resources. The bankers do not have that in mind. They say that because of this provision, we are not ready to give the loan. It means that there is total discrimination towards sons and daughters of these agriculturists, who cannot think of getting themselves educated at all in foreign lands, or, for that matter, go in for higher education even in our own country. Therefore, that has to be rectified. They have got other means to get money. Here, even the hon. Minister has given an exemption under Section 80 (E) that interest

on loans taken for higher education is exempt from tax. When such an exemption is given, poor agriculturists' children alone are discriminated. Finally, before concluding, I would like to mention that I had raised this issue regarding savings bank accounts and agents in the Question Hour yesterday. I have been raising this issue again and again. I had raised it with the Communications Minister, Shri A. Raja, and he had said that it was for the Finance Ministry to deal with it. When the hon. Finance Minister replied yesterday, he said it was a matter for the State Governments to consider. Now, where do we go? Sir, it is poor people like widows, pensioners and really small people who depend upon these services of the Post Office. They have been depending upon the Post Offices for the past 150 years. They deposit very small amounts of money in those Post Offices. Normally, agents come to their doorsteps, collect the amounts and give them receipts. Therefore, they are confident that their money is in safe custody. Now, about three years ago, the interest was reduced by one per cent. That needs to be restored after proper discussion with the State Governments. It is said that the Central Government and State Governments are ready to borrow money at low rates of interest from the World Bank and the IMF, rather than taking it from its own people. Now, that may not be the case. But they have to depend upon this. This interest must be treated the way we treat the PF; they should be given more interest for that. Yesterday, the hon. Minister announced in the Lok Sabha that a rebate of one per cent would be given for housing loan. This should be increased further and bonus and other commissions which were given to poor people, the agents, who are depending upon should also be restored.

SHRI A. VIJAYARAGHAVAN (Kerala): Mr, Deputy Chairman, Sir, the whole country was anxious about the approach of the new Government towards the financial and economic situation of the country. Sir, at the time of the last Budget, the then Finance Minister had claimed, "It is widely acknowledged that the fiscal position of the country has improved tremendously". That was the feeling and the confidence expressed by the present Finance Minister's predecessor at the time of the last Budget. What is the condition now? Sir, the fiscal profile is very negative today. Standard & Poor's has said about our economy that it has become 'negative' from 'stable'. This is what has been happening in our economy. Actually, Sir, our Budget had talked more about the international financial crisis and its impact on our economy. Even before the crisis had started, the very foundation had been adversely affected. We should not forget that our economic slowdown had started before the onset of the international financial crisis. The peak rate of growth of 9.7 per cent of the GDP and 11.8 per cent of the manufacturing sector were reached in 2006-07, before the onset of the international financial crisis. In every quarter, since the last quarter of 2006-07, growth of manufacturing as a percentage of GDP has been steadily declining from 12.5 per cent annual growth

over the corresponding quarter in the previous year to -0.14 per cent in the last quarter of 2008-09. This is the situation. Continuously, it has been coming down, especially in the manufacturing sector; it has gone to minus level. Sir, we were expecting some good proposal in order to overcome this difficulty. Unfortunately, the proposals in this Budget are grossly inadequate in meeting the challenges of economic recession, growing job losses and declining purchasing power of the poor masses in this country. Sir, in such a situation, we expect a proper stimulus package which would help improve the situation in the country and pump more amount into the social sector, a proper public distribution system and more investment in rural infrastructure. Unfortunately, Sir, this Budget is not moving in that direction, except for some rhetoric for the poorer sections in our society. Sir, in which area the expenditure is mainly going? As far as this Budget is concerned, 27 per cent will be on account of interest payments and another 22.61 per cent will be on account of Defence expenditure. So, Sir, nearly 50 per cent of the total increase in expenditure would be on these heads alone. Apart from these, an additional expenditure on account of salaries of Government employees, hardly any increase in the expenditure has been budgeted. Subsidies, for example, budgeted have actually come down by 15 per cent over the revised figures of 2008-09. And the assistance to the States and Union Territories has also only a marginal increase of 8.22 per cent. The allocation under the Central Plan Assistance directly transferred to States has also been reduced and, if we go through the total schemes, including NREGA, there has been a mere increase of 3.7 per cent compared to the Revised Estimates of 2008-09, i.e., Rs.58,840.98 crores in 2009-10 Budget Estimates as compared to Rs.56,710.34 crores in the last Budget, That is a very small increase with regard to these flagship programmes for the poor.

Sir, with regard to the tax proposals, here also, the main income is through the selling of spectrum. It has already been mentioned here. The main source of income is from selling of spectrum for Rs.35,000 crores. Will it be possible next year? Unless you have a proper approach for resources and taxation and thinking about some extra income this year, will it be possible next year? That is my doubt.

Similarly, Sir, the Government is thinking only about a net-market borrowing through securities, and their estimate is for nearly Rs.3,97,957 crores. It is already reported that an amount of Rs. 1,89,000 crores has been raised through debt securities between 1st April, 2009 and 17th July, 2009. So, naturally, the interest burden will be increased. Then, what would be the roadmap? The roadmap would be disinvestment, 51 per cent disinvestment. The big business will be very happy. The post-Budget assurance to the big business regarding shedding of the public sector equity surely promises them a goldmine of opportunities to low-cost acquisition of prime public assets. That is the way you are going to make money. Why don't you think about the Swiss Accounts? During the



elections, my friends from the BJP were very vociferous about it. Unfortunately, today, they did not mention about that. ...*(Interruptions)*... I don't know about that. There was a reciprocal gesture from the Prime Minister at that point of time. ...*(Interruptions)*... I heard both of them. From the BJP, there was a big rhetoric and there was a reciprocal gesture from the Prime Minister at that point of time. Unfortunately, nothing of that sort is heard here. So, I would request the hon. Finance Minister to say something about it and, at least, he should mention the names of those persons who have their accounts in the Swiss Bank. Let the country know about it.

Similarly, Sir, the concessions are given to whom? We all know that the beneficiaries of the on-going economic policy are the big business people of this country. The number of billionaires have increased and the total amount of their assets have increased from Rs.3,54,000 crores to Rs.10,34,000 crores. Naturally, we will expect that you will make more resources from those who have benefited from this economic policy and those who have got more profits. Unfortunately, you are not making more money from them. As far as the figures are concerned, the Corporate Tax revenue foregone by the Government on account of various concessions was Rs.68,914 crores.

3.00 P.M.

[THE VICE-CHAIRMAN (PROF. P.J. KURIEN) in the Chair]

Here, this is the approach. Rather than collecting more taxes from those who are getting more benefit due to the policies, you are giving more concessions to them. So, this approach should be changed. Unfortunately, you have ceded further assistance to them by abolishing the fringe benefit tax.

Then, Sir, the Finance Minister has not only been kind to the big corporate sector in general by not reducing tax concessions, he has also benefited particularly some favoured ones by adding to the list of tax concessions. Clause 13 of the Finance Bill introduces a new section 35AD in the Income-Tax Act; in clause 37 to amend section 80-1B of the Act may be mentioned in this regard. The first proposal is to allow all capital expenditure incurred during the year to be fully allowable at a deduction to specific businesses, to those operating cold chain warehousing facilities for storing agricultural produce, and to those owning and operating cross country natural gas, crude or petroleum oil pipeline network. Clause 37 seeks to extend tax holiday hitherto available in respect to profits arising from commercial production of refining of mineral oil to natural gas. What is it, Sir? Which company will get this benefit? Who will get this concession? And, you are facing big problem of resources! Why did you give concession to these people? My request is you should not give this concession. This part should be withdrawn from the Budget proposals.

In the case of personal Income-Tax also, there is abolition of surcharge. The country is losing Rs.5,000 to 6,000 crores of revenue. Who is the beneficiary? Those who have Rs. 10 lakh-plus income are qualified for this tax relief. We know, the maximum rate of tax is only 30 per cent. So, through this concession, this country is losing Rs. 39,553 crores. This benefit is going to the richer section. That is the situation.

Similarly, Sir, with regard to the wealth tax also, the increase of the wealth tax, this concession is also beneficial to the richer section in the society. This -is the approach. The stimulus package is not for the poor man. The benefit has mainly gone to the richer section in our society. The unwillingness of the Government to extract resources from those who can and should be paying more taxes means that resources available with the Government would be limited. With such limited resources even by incurring fiscal deficit of 6,8 per cent of GDP, the Government would not be able to spend enough; that would be the situation, which is going to happen in the after effect of the Budget. Then, naturally, you have to pay more interest to the borrowings from the market. So, the economy cannot be stabilised. That is the impact of this policy.

Now, the impact is already there! We were discussing about the economic situation. Here, there is a minus inflation. You please go through the inflation rates. Now, there is a minus inflation. It is a big dichotomy in our economy. I do not understand how do we go and explain this thing. Sir, you see, the position of the Wholesale Price Index as well as the Consumer Price Index is, the WPI index is (-)1.4 per cent in June, 2009. At the same time, you go to the market. The prices of the essential commodities are spiralling like anything—whether it is rice or dal. Tur dal is Rs. 100 in Andhra Pradesh, in Chennai it is Rs.90. The price of all the essential commodities is increasing. As far as the village people are concerned, their CPI is 10.19 per cent. Increase in market prices, prices of essential commodities is the immediate impact of this Budget. Do you have any concrete proposal to arrest the process? That you have to announce before the House. You say, 'We are ready to discuss.' You are also ready to discuss, but what is your proposal? Unless we raise this matter in the Parliament, the Government does not take any steps to arrest this process. What is the reason? The country needed an explanation from the Government. In what direction are you moving? You are moving against the farming community in the country. Sir, the Government went and signed the ASEAN Treaty. ...(Time-bell rings)... Sir, it is the backdoor entry of the Doha Round of Discussions related to the agricultural products. This is what is happening. We were resisting it, There is pressure from the rich countries, G-8. These countries were persisting for this. Now, through backdoor, we are signing some agreements. This ASEAN Agreement will adversely affect the poor farmers. Sir, the farmers of my State Kerala, who are producing cash crops like rubber, pepper, cardamom, coconut, cashew and all other such things will be affected by this thing. Our State is not producing that much of rice and pulses. The main source of the income of our farmers is cash crops. All the cash crops have been adversely affected. You imagine what would be the living condition of the farmers. Is it a gift from the Government to the farming community of Kerala? ...(Time-bell rings)... I think, the Government should not go ahead with this proposal. Another thing is about those people who are leaving West Asia. ...(Time-bell rings)... Sir, those four million people who are coming back from West Asia or the Gulf countries, unfortunately there is no rehabilitation programme for them. There is a demand in regard to this from Kerala. The Government should come forward with a proposal. Time