

[Shri Jagesh Desai]

Now that is all. The matter ends.  
(Interruptions)

SHRI A. G. KULKARNI: Sir, it is not simply a question of procedure. The question is more fundamental that of public sector *versus* the private sector.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now, Shri Ajit Panja to make a statement.

### STATEMENT BY MINISTER

#### II. Re. introduction of changes to the direct tax laws (Amendment) Act, 1987 and Investment Allowance Scheme

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): Sir, The Hon'ble Members would recollect that while presenting the Budget for the year 1988-89, in Part B the Finance Minister had mentioned that some of the provisions introduced in the Income-Act, 1961 by the Direct Tax Laws (Amendment) Act, 1987 would be reconsidered, in view of various representations received by the Government, to take care of genuine grievances.

In the Budget Speech, he had also mentioned that he would be bringing forward a separate Bill for introducing Wealth Transfer Tax which would avoid the rigidities and procedural delays which characterised the operation of the old Estate Duty Act and would apply only to wealth-tax assesses.

Subsequently, during the course of discussion on the Finance Bill, both in Lok Sabha on 27th April, 1988 and Rajya Sabha on 5th May, 1988, the Finance Minister made statements announcing Government's decision to make certain amendments in the original Budget proposals, as also about

some other tax incentives. These, *inter alia*, relate to extension of 100 per cent tax holiday under section 10B even to existing units, complete exemption in respect of export profits by taking these out of the purview of section 115J, exclusion of State Electricity Boards and other companies engaged in generation or distribution of electric power from the purview of section 115J, introduction of certain measures for encouragement of tourism for augmenting foreign exchange resources.

Hon'ble Members will kindly recall that the Finance Minister had announced the Government's intention to reintroduce the Investment Allowance as an option in lieu of the Investment Deposit Scheme in respect of certain selected high priority industries. The matter has been considered further and I am glad to announce that the option of Investment Allowance will be available on the same basis as was available earlier under section 32A of the Income-tax Act, in respect of new ships and aircraft acquired after 31.3.1988 or new machinery or plant installed after 31.3.1988 for the purpose of business of generation or distribution of electricity or any other form of power or in any industrial undertaking for the purpose of construction, manufacture or production of any article or thing not being an Article or thing specified in the list in the Eleventh Schedule of the Income-tax Act. As before, Investment Allowance will be available for machinery or plant used in a small scale undertaking as well. On the same basis, Investment Allowance would not be available in respect of machinery and plant referred to in the proviso to sub-section (1) of section 32A.

The work relating to amendment of the provisions introduced by the Direct Tax Laws (Amendment) Act, 1987, preparation of a separate Bill for Wealth Transfer Tax and for incorporating new provisions relating to various tax incentives, about which

announcement has been made in the two Houses of Parliament, is in progress. The groundwork in this regard has already been done, but it will take some time to give legislative form to the various proposals. Hence, the new Amendment Bill regarding income-tax to give effect to the various suggestions and proposals and the Bill for levy of Wealth Transfer Tax would be introduced in the Monsoon Session of Parliament.

SHRI KAMAL MORARKA (Rajasthan): Sir, on this Direct Tax Laws (Amendment) Bill, the Finance Minister yesterday assured the House that he would be prepared to consider even further suggestions from members. I had requested that this Bill be referred to the Joint Select Committee of both the Houses. I am aware of the procedure that when the Bill is passed by Lok Sabha it comes here.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This point was made clear by the Minister.

SHRI KAMAL MORARKA: Since he has made a statement...

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): This does not arise out of it.

SHRI KAMAL MORARKA: It does arise out of it.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: No, it does not.

SHRI SATYA PRAKASH MALAVIYA (Uttar Pradesh): You are nobody to decide, Mr. Bhandare.

SHRI KAMAL MORARKA: My request to the Government would be that the Government of its own motion should refer the Bill to the Select Committee. Mr. Tiwari said it yesterday that he is prepared to consider suggestions. We do not want to become members of the public to give suggestions to Tiwariji. We want a Joint Select Committee to

consider suggestions from the public. So, there is a big difference between the two. I am sure the Prime Minister will also be in agreement with this.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): How do you say that?

SHRI KAMAL MORARKA: I say so because the Prime Minister himself wants the fullest debate on economic laws, he wants simpler laws, he does not want laws to be passed in such a hurry that they are to be amended before they come into force. So, I have to request the hon. Finance Minister, through you, to please take a thorough look at the Direct Tax Laws (Amendment) Bill. It has caused a lot of hardship to small proprietary and small partnership firms. I am not talking of the big firms. Lakhs of entrepreneurs have been affected by this. It is the policy of the Government to help small and medium entrepreneurs. Since it is coming in the next session, nothing will be lost if it is sent to the Joint Select Committee. That is my appeal through you to the Minister.

SHRI AJIT PANJA: I think the point of Mr. Morarka has been answered by the hon. Member himself. I can only point out that this has been debated in this House. Thereafter a lot of suggestions have come in. In fact, in spite of the assurance given by the Finance Minister we could not do it in this session. Many hon. Members have already given their suggestions in writing. Shri Morarka is a new Member coming over here. If he wants to give suggestions, he is welcome to do so. The date by which we have to complete this exercise is before the monsoon session of 1988. Anything going to the Select Committee takes a lot of time. Therefore, I appeal to all the Members, even all the Members, even all the members throughout the country, through you, Sir, to give suggestions. We are

[Shri Ajit Panja]

considering each clause with open mind.

So far as partnership is concerned, there need not be apprehension. I have already declared in this House that this will be applicable from 1990 and, therefore, in the meantime they will be able to arrange their books of accounts, payment of allowances to the partners and other things. I think there is nothing more for me to say on this.

3.00 P.M.

**SHORT DURATION DISCUSSION ON  
REPORT OF JOINT PARLIAMEN-  
TARY COMMITTEE ON BOFORS  
CONTRACT—Contd.**

**SHRI ARUN SINGH** (Uttar Pradesh): Mr. Vice-Chairman, may I start by complimenting Shri Atal Bihariji on what I can only say was his most outstanding parliamentary performance. If he will forgive my being so presumptuous, I think he has made a very vital contribution to Indian politics and to Indian Parliament, but he would have been an absolutely outstanding performer on the stage, because his delivery, his modulation of voice far outstrips the content, which is basically endemic to actors, as you well know, Sir.

I will try and divide the points I have to make into various distinct parts because I think that before, during and after the deliberations of the Joint Parliamentary Committee, and particularly since I concur with Vajpayeeji and take Mr. Aladi Aruna's views as a dissenting note as opposed to a postscript, various questions have been raised. Since I had the privilege of being directly involved through the Ministry of Defence at the time, I would like to throw whatever light I have to offer on the various points that have been raised.

I will start by quoting from Atal Bihari Vajpayeeji:

सवाल तोष का नहीं है

Unfortunately, while he has been kind enough to say that today, that has not been the stance taken by the Opposition parties so far. I believe that one of the significant contributions that the Joint Parliamentary Committee has made to the entire deliberations has been to my way of thinking, to, in fact, prove:

सवाल तोष का नहीं है

I consider this to be peripheral issue. None-the-less I will take a little bit of time on it, because one of the points that I believe is the most important, I also believe, has not been given the importance it deserves.

Sir, the relationship between a politician, a civil servant and an officer of the Defence Services in the Ministry of Defence is a very clear-cut and distinct relationship. Each has a specific role to perform, allied to and arising directly out of his experience and, more than that, his knowledge.

The Services Headquarters are not Parliament; they are not a democracy. Any Minister in the Ministry of Defence, I say any Minister in any Ministry of Defence has a very simple task to perform. There is only one advisor to the Government in each Service Headquarters. That man with four stars on his shoulder is called the Chief. No Minister, no Parliament, no other institution outside the Services should be permitted, in my view, to cross-check the opinion of the Chief with his subordinate officers.

I believe, Sir, that the seeds of destruction of the institution lie even in a Minister querying through Captains, Majors, Colonels and Brigadiers what they think of the Chief's view. I had the privilege of working in that Ministry. There is only one advice that the Government can take and that is the advice of the Chief.