

[Shri Prakash Mehrotra]

parties which, in defiance of the Constitution, openly preach division of the country. I, therefore, sound a warning that if the first Janata Government fails to do so, it will meet the same fate as the past rulers of the Moghul Empire.

THE FINANCE (NO. 2) BILL, 1977
—Contd.

SHRI BHUPESH GUPTA (West Bengal): Sir, I want to ask the Finance Minister to give some clarifications. I would like to know whether I can do it now or afterwards. I say this because I want to bring to his notice certain cases of victimisation which I have with me now. Because he is a new Minister, I would like to know whether I can do it now or after he has finished his reply.

MR. CHAIRMAN: You can do it after he replies.

SHRI BHUPESH GUPTA: All right, Sir.

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): Sir, we have had the most stimulating and forthright debate in this House after I presented the Finance Bill.

[Mr. Deputy Chairman in the Chair]

The honourable Members have not only commented on the provisions of the Bill including the amendments that I have proposed and which have been accepted by the Lok Sabha, but they have also taken the opportunity of expressing their views on a wide-ranging spectrum of matters concerning the national economy. I heartily welcome a discussion of this sort. It helps us to understand the mood and the feelings of the House and also gives me an opportunity to respond and to react to those views.

Sir, I must, first of all, deal with one point of criticism which was made by Shri Pranab Mukherjee and by Shri Anandam and others. They say that I have been pressurized and influenced by all sorts of lobbies outside

the House and that I have adjusted and modified the Finance Bill as a result of that. Sir, I have great respect for this House and for Parliament and indeed it is my duty to take into consideration whatever is said here. However, I do not think that it needs a very deep knowledge of democratic practice to understand that we are not the only persons who can give expression to the views of the people, the citizens and the taxpayers. This might have been the philosophy of the previous Government which, without hesitation, suppressed popular expression and became a law unto itself. The Janata Government's approach is different. It is here that the people have expressed their confidence in the Janata Party and we, therefore, consider it to be our first duty to listen to their grievances and their points of view, to try to understand their representations and give due attention to the problems which are brought to our notice by them, the members of the public. It was against this background that I had listened with great care and attention not only to the suggestions made in both the Houses, but also to the representations made by a very large number of citizens, associations and responsible individuals and I am not apologetic about what I have done. As stated by me in the Lok Sabha, it is the intention of this Government to be fully responsive to public feeling. Sir, Shri Pranab Mukherjee—I see that he is not here now—has launched an emotional tirade against the actions of the Janata Government. He wants to know from me as to what we have done to solve the problems of the country and what our policy is.

Sir, I have no intention of taking the lack of time as an alibi. Any person who has been associated with the administration of this country, as Mr. Pranab Mukherjee has himself been, will certainly understand the complexities of our national economy and of monitoring it. It is really astonishing that people, who were in power in this country for so many years during which long period the

people had reposed their confidence in them, were unable to solve the basic problems of the nation and they have now the temerity to point an accusing finger at us who assumed office only very recently and who have exercised the authority for a bare four months.

Shri Mukherjee claims that the previous Government had given us an excellent legacy and he refers to matters such as the foreign exchange reserves, the buffer stock of food-grains and the growth in industrial production. What was the lesson, Sir, of the last General Elections? So, what? The people of this country are no longer interested in the claims about growth rate and buffer stocks. They are posing before us a simple question: Have you solved the problem of poverty? Have per capita incomes gone up in this country? Does the common man have even the elementary necessities of life, food, clothing and shelter, to maintain even the basic essentials of decency? Sir, three decades of Congress rule has failed miserably in providing an answer to these simple, but highly relevant questions. I do not claim to be a magician nor has my party made any claim that they will solve the problems of this country in a matter of months. We have been given a mandate by the people for a specified period, namely, the life of the Lok Sabha, and when we go back to the people at the end of that period for an extension of that period, we shall be fully prepared to make the people judge us by what we have actually done and achieved.

Sir, Mr. Mukherjee wants me to tell him—I think Mr. Mukherjee was lecturing to us on proprieties and it seems to me that one of the conventions has always been that he who participates in an important debate such as this is also present to listen to whatever replies are given—what our policy is. Mr. Mukherjee, I hope, has read the manifesto of our party. There he will find in clear and unmistakable terms what our policy is. My Cabinet colleagues and I myself have

on many occasions set this out repeatedly on the floor of both Houses. It can bear reiteration. We are aiming at economic development of our country in the real sense of the word. We aim to raise living standards. For this purpose we shall give our first attention to the development and prosperity of our rural areas. This means in turn the maximising of agricultural production and establishment and nourishing of small and cottage industries in rural areas. This means no neglect of the industrial sector. But there too our emphasis will be on fostering the growth of small scale industry and broadbase the national production without permitting the growth of monopolies. We will give an honoured place in our economy to all sectors—public sector, private sector, small scale sector and co-operative sector. But may I add that we will insist that all these sectors should operate efficiently and productively.

We are determined to solve the problems of unemployment and under-employment. To this end we will change the direction of investment priorities. Instead of putting up gigantic and often wasteful capital intensive plants with high costs and low employment potential, we will find the funds which are required to foster prosperity in agriculture and small scale industry and ensure rapid rural development. These, Mr. Deputy Chairman, Sir, in brief are the basic planks of our policy and all our specific strategies and actions will be so designed as to realise them.

Mr. Mukherjee wanted to know whether the Janata Government is devising any new techniques of planning. Yes, Sir, we are. The basic technique which we will adopt a technique which is dictated by common sense and the realities of our situation—is to decentralise to the maximum extent planning and its implementation. We do not want to concentrate all power in the Central Ministries and the Planning Commission. We do not believe that we

[Shri H. M. Patel]

are the only wise people in the country. Our technique will be to fully associate the State Government and local authorities both in the formulation of plans and in their execution. Our technique will not be restricted to the ivory towers of New Delhi but will involve the people who are actually working on the field. Our technique will be to devise manageable and practical plans which will not remain on paper but which are capable of swift execution at low cost. Our technique will be to implement these Plans and to ensure that project come up as originally visualised. Our technique, Mr. Deputy Chairman, Sir, will be shown in the field of action than in the field of words.

Sir, Mr. Pranab Mukherjee has questioned the statement which I made in the Lok Sabha about the irresponsible actions of the previous State Congress Governments. I had mentioned a figure of Rs. 400 crores as resources which had been thrown away without due consultation with the Planning Commission and the Central Government, as a result of which the States today find themselves in a most difficult plight. I am sure that Mr. Mukherjee is not questioning the figure which I had given. But since he is not here, it is, I think, only fair to all Members that I show what exactly has been done by these Governments. He used very peculiar arguments. He said that I used the words "scorched earth policy" followed by the Congress—referring to State Government in their financial management. Now, this is what he says:

"The decision to dissolve the State Assemblies took place after the March elections. Therefore, if the State Government have spent anything, it is not because of the consideration that in June they were going to be defeated, so they would have to follow the scorched-earth policy which he mentioned on the floor of the House....."

It was towards the end of December, 1976, and at the beginning of 1977 when the Planning Commission held discussions with the State Governments including those which went to elections for finalisation of the State plans for 1977-78. Then the State Governments pointed out what their resources were and made certain commitments with regard to additional resources mobilisations; maintenance of resources at the assessed level and taking other measures for financing the plan. They made these commitments. And what did they do then? At that time the total deficit of all the States was 370.5 crores and that was the deficit which they expected at the end of the financial year 1976-77. Instead of that, the deficit has risen to 479.38 crores, that is 109 crores more which they were required to arrive at and which they had undertaken to do. There was actual erosion of resources on account of tax concessions, relief to employees and other financial concessions by the State Governments after the finalisation of the State plans for the current year between December and April. Now that is the question. They offered these concessions not only for their own elections but for the March elections. I will read to you the extent of concessions that they made and which are the most fantastic. For instance, the following States made tax concessions which involved additional burden: Bihar—78.71 crores; Uttar Pradesh—73.68 crores; Madhya Pradesh—51.25 crores; Punjab—24.96 crores and West Bengal—49.82 crores. And what kind of concessions did they give? They gave relief to employees, cash medical allowance, grant of increased D.A., merger of Sub-Registrars and Deputy Registrars and all kind of things like remission of taccavi loans amounting to Rs. 500 granted before 1st April, 1972, appointment of 4000 Urdu teachers, conversion of affiliated colleges into constituent colleges and so on. Sir, I cannot imagine anything more suspicious than what was done. If you do not like the scorched-earth policy, you can call it anything else. But this is what

was done and the result is that these State Governments are today placed in a most difficult position and they will have the greatest difficulty in finding resources for fulfilling their plan demands.

As I mentioned in the Lok Sabha I am going to have a series of meetings with the State Chief Ministers and Finance Ministers to review the position and to salvage it. I would be the happiest person in the world if Mr. Mukherjee is right and if in fact the State Governments do not have any financial problems. Let me hear the Chief Ministers say this to me.

I am rather astonished at the reaction which Mr. Mukherjee has given to a very simple statement which I have made in the Lok Sabha, namely, that I was proposing to consult the Chief Ministers and Finance Ministers of the States, on the question of merging the Sales Tax with Excise. Mr. Mukherjee has told me that there is no need to do this and all I have to do is to consult my Cabinet colleague Babu Jagjivan Ram. I really do not understand what Mr. Mukherjee has in his mind. If he has any faith and belief in the federal structure of our Constitution, he will appreciate that Sales Tax being a State subject it cannot be removed by dictatorial act of the Central Government. It would require patient negotiations with the elected representatives in the States. However difficult, if it is in public interest, we shall endeavour to find an agreed solution in consultation with State Governments. By all means I will consult Babuji, but that is because he is a wise man and has a profound understanding of men and institutions. Sir, Shri Triloki Singh, Shri Anandam and Shri Pranab Mukherjee have alleged that my Budget has done nothing for the small man and that it has given concessions to the richer and moneyed classes. I would like to ask the hon. Members whether the raising of the income-tax limit to Rs. 10,000, in ful-

filment of our Manifesto promise is a concession to high paid or low-paid persons. I would like to ask whether increase in the surcharge is a concession to the richer classes. I would like to ask whether my attempt at raising resources mainly from direct taxes and to a small extent from indirect taxes is intended to benefit richer classes or poorer classes. The learned hon. Members do not have to be reminded of elementary principles of public finance. It is a fact, however, that for years together the previous Government filled the State coffers primarily through the use of the instrument of indirect taxes, which bears more heavily on the poorer sections of society and did not have the courage to raise resources directly. Who was it, who brought down the higher slab of income-tax and corporate tax to 66 per cent and is it not I who is seeking to raise it back to 69 per cent? Was this a concession to the rich?

Shri Pranab Mukherjee accuses me of having a tremendous weakness for big business. What is big business, Sir, in this country and who has created this big business? Who gave the licences which have enabled these large houses to grow larger and new ones to emerge as large houses? Who fostered and encouraged the multinationals? Was it the Janata Government? Two days ago in the Lok Sabha, in response to a question, I gave details of the arrears of income-tax and corporate tax, which were pending from several large houses in the country, pending for several years. In whose regime was such a state of affairs allowed to continue? Who showed tremendous weakness for big business even in the matter of tax collection? I think it is about time that our friends in the Congress Party stopped deluding themselves and attempting to delude the people.

Sir, I must reiterate that my proposals in respect of investment allowance and capital gains are intended for a specific purpose. That purpose is

[Shri H. M. Patel]

the stimulation of the national economy and the encouragement to more and more people to invest in productive assets. If we have to solve the problems of our country pragmatically, we must undoubtedly increase production and create conditions in which this can be done.

Sir, there was a reference to the tax concessions made in respect of rural development. Sir, we, as a Government are committed to agricultural and rural development. Certainly, it is not our intention to hand over such development to private companies. What wild flight of imagination are the hon. Members indulging in? The main brunt of the programme quite evidently has to be borne by the Central and State Governments, and the Budget provisions both in the Central and State Budgets will show this. However, I believe and I am sure that the hon. Members will agree with me that the time has come to associate all sections of society in what is after all a major national task. Why should we, Mr. Deputy Chairman, Sir, encourage private sector companies to prosper in industry unless they are prepared to make a contribution towards agricultural and rural development? What do we mean when we talk about social responsibility of business? I do not want that these should remain mere words. I am throwing an open challenge to private sector undertakings to bring their time, energy, money and managerial skills to the rural areas. Let me make one thing also very clear. We are not going to be parties to a situation where a rural development allowance is treated as subterfuge for tax avoidance. We propose to set up a high-powered authority which will carefully scrutinize the schemes of rural development which are to be put up. Only if these schemes are relevant to our objectives will they be allowed for the purpose of this concession. A few days ago, in the Lok Sabha, one of the Members even said that private companies may use this facility for putting up bungalows in rural areas where they can

take their holidays. I hope that the hon. Members will credit the prescribed authority with a higher sense of responsibility than to permit schemes of this sort. Mr. Deputy Chairman, Sir, I am sorry that I must once again turn to the remarks of Shri Pranab Mukherjee. He wants to know what I mean by the depoliticalisation of the banking system. If Mr. Mukherjee wants a clarification I will certainly give it to him. But, surely, Mr. Mukherjee of all persons must understand exactly what I mean. The banks and other financial institutions are, of course, a part of the overall national system and will be subject to the policies and programmes of the Government. But there is a vast difference, Sir, between governmental control and political control. We have no intention of allowing the banks and the financial institutions to be used as instruments for the furtherance of narrow political party interests. We do not want them to be used to provide favours to political friends or to throttle political opponents. This is what we mean by depoliticalisation. Let the banks work according to their constitution and according to the social and economic objectives set forth by the Government. If Mr. Mukherjee wants to know what we mean by depoliticalisation, let him perhaps clarify why it was necessary for the previous Government to take away from the authority of the Finance Minister the Department of Banking and Revenue and place it independently under Mr. Mukherjee.

SHRI HARSH DEO MALAVIYA (Uttar Pradesh): Are you replying to Mr. Mukherjee or to the debate?

SHRI H. M. PATEL: I am replying to Mr. Mukherjee's points.

SHRI SUNDAR SINGH BHANDARI (Uttar Pradesh): Are you disowning him?

SHRI HARSH DEO MALAVIYA: I am not disowning him, but many others have also spoken.

SHRI H. M. PATEL: Certainly, I will reply to all of them. I am so sorry that you are tired of him, but I have very nearly finished with Mr. Pranab Mukherjee.

Sir, let me again ask why was it necessary for the previous Government to take away from the authority of the Finance Minister the Department of Banking and Revenue and place it independently under Mr. Mukherjee. Why was this done? Was it done to secure administrative or financial efficiency? Of course, not. The Janata Government will not indulge in such political gimmicks.

AN HON. MEMBER: Let us see.

SHRI H. M. PATEL: Sir, an hon. Member stated in the House that I had instructed Income-tax Commissioners and other senior officials not to conduct raids and searches and not to pursue offenders against the law. This is a very grave and utterly inexcusable misrepresentation of what my instructions were. I have, of course, advised all officers that they must act with courtesy, that they should shed rudeness and arrogance and that they must use their legal powers and act within the law. I do not want Income-tax Commissioners and Excise Collectors to become instruments for party purposes and in this sense, therefore, I want also depoliticalisation of these services. But I want them to act firmly against law breakers and have made this clear to them in no uncertain terms. If there is any misconception about the policy of the Janata Government, let me assure this House and let me issue a stern warning to law breakers, smugglers and tax-evaders that we will not tolerate their activities and that we will bring them to book.

Sir, Shri Triloki Singh criticised the proposal for the grant of the rural development allowance in particular. He said that rich taxpayers will claim deduction of crores of rupees without actually spending anything on rural

development. The hon. Member has evidently not taken note of the safeguards contained in the Bill. The Bill clearly provides that only expenditure incurred on specific programmes of rural development approved by a prescribed authority will qualify for deduction in computing their taxable income. The prescribed authority will be of an adequately high level, which will ensure that the concession is not misused. The Bill also contains a provision that a company or a co-operative society claiming the benefit of this deduction will be required to furnish along with its return of income a statement of such expenditure in the prescribed form, duly verified by a chartered accountant or other qualified accountant, setting forth such particulars as may be prescribed by rules. Sir, some hon. Members have criticised my proposal relating to carry-forward of unabsorbed loss and depreciation allowance of sick industrial units on their amalgamation with sound ones. The criticism proceeds on the assumption that this provision will only be used as a device by big companies to reduce their tax liability without securing any advantage to the economy. These hon. Members have evidently ignored the safeguards incorporated in the Bill. I would like to clarify that this concession will be available only in cases where the Central Government is satisfied on the recommendation of the specified authority that the amalgamation is in public interest. Central Government has also been empowered to prescribe necessary conditions to ensure that the concession is restricted to amalgamations which would facilitate the rehabilitation or revival of the sick units. This tax concession will not be allowed unless the amalgamated company furnishes along with its Return of Income for the year for which the set-off of unabsorbed loss and depreciation is claimed, a certificate from the specified authority that adequate steps have been taken for the rehabilitation or revival of the business of the amalgamating company. The revival of the business of sick units will evidently not be possible unless

[Shri H. M. Patel]

the requisite number of workers are employed by the amalgamated company. The specified authority will also keep this aspect in view while approving scheme of amalgamation for the purpose of this concession. This point was also raised in the other House at the time of the clause-by-clause consideration of the Bill. I had then assured that honourable House that the interests of labour will be fully safeguarded. I would like to reiterate that assurance before this House as well.

Sir, there was also a reference by some hon. Members to the provisions relating to capital gains. As I have indicated in my Budget speech, it is my belief that the present structure of capital gains taxation stands in the way of adequate mobility of investible resources and perpetuate investment in low priority assets. The changes I have made are intended to rationalise the capital gains taxation and encourage channelisation of funds in desired directions. The proposal for exempting long-term capital gains in cases where sale proceeds are reinvested or deposited in specified assets will be helpful in channelising investments in desired directions and, therefore, subserve the interests of the national economy.

Sir, there was some criticism also of the proposal to exempt closely-held industrial companies from the obligation to distribute a specified percentage of their profits by way of dividend. I had explained the rationale of this proposal in detail in the other House. I would like to reiterate that the need for a provision requiring closely-held companies to distribute a specified percentage of their profits arises when the rates of corporation tax are substantially lower than the maximum marginal rate for personal taxation. In such a situation, tax-payers may like to avoid paying tax at a higher rate by using companies as a cover for their personal business. However, when the rates of corporation tax are nearly as high as

the maximum marginal rate of personal taxation, as is the position now, there is not much tax advantage to be gained by operating through closely-held companies. I would also like to point out that if one examines the growth of monopolies in this country, it will be observed that they have been built up largely by holding companies and I would like to emphasise that holding companies have not been exempted from the requirement of compulsory distribution of dividend.

Hon. Member, Shri Anandam has relied on the recommendations made by Wanchoo Committee for criticising my proposal to reduce the holding period of the capital assets from 60 months to 36 months. However, in criticising my proposal for exempting closely held companies from the requirement of compulsory distribution of dividends, he has forgotten the fact that the Wanchoo Committee itself had recommended the complete abolition of this provision from the Income-tax Act. But I have not gone that far.

Mr. Deputy Chairman, Sir, during the last few weeks, in both houses of Parliament, the entire budgetary process has given the new Government an opportunity to give a firm indication of its policy intentions. It has also given the Government an opportunity to listen with attention to the views expressed by hon. Members from both sides. I have nothing more to add except to express the hope that now at least the direction in which the Janata Government wishes to move will have been clear to all sections of Parliament. For the rest, I will let our actions speak for themselves. I hope the House will carry the Bill.

SHRI BISHAMBHAR NATH PANDE (Nominated): I would like to seek one clarification from the hon. Finance Minister. He has characterised the appointment of 4,000 Urdu teachers as an irresponsible action. I may inform him that in 1975, when Mr. H. N. Bahuguna was the Chief Minister of U.P., on the demand of

[Shri Bishambhar Nath Pande]

the minorities, he appointed 4,000 Urdu teachers temporarily. After a year, their appointments were again confirmed. Therefore, does the Finance Minister regard this appointment of Urdu teachers and the teaching of Urdu irresponsible?

SHRI MOHAMMAD YUNUS SALEEM (Andhra Pradesh): This is the policy of the Janata Government.

SHRI N. H. KUMBHARE (Maharashtra): Sir, I would like to seek a clarification from the hon. Minister.

MR. DEPUTY CHAIRMAN: Mr. Kumbhare, you have spoken already.

SHRI N. H. KUMBHARE: I am only seeking a clarification. What about the levy on bidis? He is going to get Rs. 28 crores out of this levy. He has also not exempted the small-scale industries and the co-operative sector.

SHRI H. M. PATEL: In regard to this matter of Urdu teachers, I am not opposed to the appointment of Urdu teachers. I was referring to the haste and the hurry with which appointments are sanctioned. This is not the only scheme. There are many schemes which are mentioned in the list.

SHRI MOHAMMAD YUNUS SALEEM: This was not a hasty decision. This was a belated decision rather than a decision taken in a hurry and haste.

SHRI H. M. PATEL: When you announce the decision just a few days before the election and at the cost of your financial and budgetary solvency, it does become a matter for comment. It is the budgetary and financial solvency to which we are referring and not the intrinsic merits of any of the proposals.

SHRI BISHAMBHAR NATH PANDE: If the extension had not been given, they would have lost their jobs.

SHRI N. H. KUMBHARE: What about the levy on bidis? He has not said a word about that.

MR. DEPUTY CHAIRMAN: Order please.

विपक्ष के नेता (श्री कमलापति त्रिपाठी):

मान्यवर, मैं कह रहा था कि शायद वित्त मंत्री जी को यह मालूम नहीं है कि उर्दू टीचर्स, 4 हजार उर्दू टीचर्स सन् 1972-73 में जब मैं चीफ मिनिस्टर था उत्तर प्रदेश का तब अग्रवाईंट हुए थे। ये इस वक्त के अग्रवाईंटमें नहीं हैं और यह कहना कि यह बिल्कुल वेस्ट था, खामख्वाह इस पैसे को वेस्ट किया गया, मैं समझता हूँ कि वह सर्वथा अन्वृत्त है।

SHRI N. G. RANGA (Andhra Pradesh): Sir, there are many aspects of this Budget with which quite a number of us have been in agreement. But some of the points which he has made, some of his observations, were, I think, included because of some wrong advice given to him and accepted by him either in haste or by mistake. He referred to the grants made by the State Governments on taccavi loans. These loans are not granted in a minute or two or in a month or two. They are granted as a matter of policy to people suffering from want of credit in times of drought. Such other items must have also been there. I think it was a mistake on the part of the Finance Ministry to have advised my hon. friend to include all these items as irresponsible budgetary expenditure incurred by the State Governments.

1 P.M.

SHRI DEVENDRA NATH DWIVEDI (Uttar Pradesh): In his reply the hon. Minister has tried to explain as to what he means by politicalisation of banks and he has tried to make a distinction between the political control of the banks and the Governmental control. Now, without meaning any disrespect to him, I feel that he is a little allergic to the word 'political'. What distinction should be made bet-

[Shri Devendra Nath Dwivedi]

ween the political control and the partisan control? Now, what Mr. Pranab Mukherjee said was in the background of a reply that Mr. Patel had given in reply to a question about the Reserve Bank of India's policy pertaining to the interest rate to the savings bank account holders. In that reply he had said that the Reserve Bank of India....

MR. DEPUTY CHAIRMAN: You have made your point. It is very clear.

SHRI DEVENDRA NATH DWIVEDI: What I want to say is that when he says that he is in favour of depoliticalisation of banks, I want to ask him to take this House into confidence and assure this House that the political objectives of the Government with regard to how the financial institutions will formulate policies about credit, about giving loans to the poorer sections, about small-scale sector, etc., which are political in nature, will be reflected in the banking policy and the banks will not play into the hands of the big business, the way they used to be before the nationalisation of banks.

SHRI SHYAM LAL YADAV (Uttar Pradesh): I have to make only one point and seek clarification. The Finance Minister on 18th June exempted all the cloths manufactured by powerloom from excise duty, but later on he modified the notification on 15th July and imposed excise duty, just equal to the cloth produced by the mills, on powerlooms also. The powerlooms produce particularly two types of cloth, i.e. the canvas and the duck. These two qualities are manufactured by powerlooms alone. They are not manufactured in the handloom sector. The powerlooms situated in Pilkahwa and Kanpur produce canvas and duck cloths which are not produced in the handloom sector. My submission is that this exemption should continue and the modification made on 15th July should not be there. This is a point to be clarified by the Minister.

SHRI BHUPESH GUPTA: Sir, when the hon. Finance Minister was referring to explanation and other things, we expected that he would give us an assurance that the honest officers would not be persecuted and victimised for acting boldly against big business houses. We had mentioned this but he has not at all touched this subject.

Sir, as you know, you have been here in this House, the case of an honest Class I Officer of the Income-tax Department figured again and again. The name of the Officer is D. K. Ghose.

For his outstanding services he was made the Deputy Director of the Enforcement Directorate. Then he conducted a series of investigations mainly into the Birla affairs, Shaw Wallace affairs. As a result of this, a lot of money was recovered. Cases were started. For example, Mr. W. D. Jones, Director of Hindustan Motors, was arrested and he was involved in swindlings of Rs. 7 crores or whatever it is. Now this is one case. Then, Sir, the same Officer investigated the case of the United Commercial Bank, which related to forward booking of about one million sterling on the last working day, before the devaluation was ordered in June 1966. I am not going into other cases and investigations, but as a result of this the persecution started and remarks were made in the confidential reports of that Officer. Ultimately, Sir, he was ousted out of service. He was given a token promotion as Assistant Income Tax Commissioner, then he was demoted and ousted out of service. I should like to know whether, like many other mischiefs that are being undone in other departments—I hope they are being undone—this will also be gone into by Government. Even a contempt of court was committed by the Government. When the Government asked some department to do something, the court passed some orders. The Government did not implement them. Then a contempt of court case was filed by the officer. Mr.

Pranab Mukerjee was dealing with it. But nothing has happened. All I want to say here is that officers who have shown courage, integrity and acted against the Birla empire, the Shaw Wallace and others, should be protected. In the Shaw Wallace case, I have mentioned that documents were seized which showed how Shaw Wallace was giving money to certain political personalities. These documents are with them. Can they deny it? In the Birla case investigations, crores of rupees were revealed. Actions were taken, prosecutions were launched. Nothing was in dispute. The officers then stepped up investigations against the Birlas. Birla has his house in Calcutta burgled. Such things happen again and again.

MR. DEPUTY CHAIRMAN: You have made your point.

SHRI BHUPESH GUPTA: Sir, I would like to know what is the remedy for such officers, whether they are big or small? There must be some honest officers in the department I have given, by way of illustration, the case of Shri P. K. Guha. I would like to know whether the hon. Minister will go into all such cases and take remedial measures, redress their grievances, so that the career of such honest officers is not ruined and they are not intimidated. Those who have written the confidential reports must have been instructed by some big businessmen, because Mr. T. P. Singh, one of the Secretaries in the Finance Ministry, encouraged such officers...

MR. DEPUTY CHAIRMAN: Order, Order.

SHRI BHUPESH GUPTA: He commended the action of Mr. P. K. Guha and as a result of his recommendation, he was given this post. Such instances are coming to light. People have begun to talk. I should like to know what machinery is going to set up to deal with such cases and set the things right.

SHRI G. LAKSHMANAN (Tamil Nadu): In his reply, the Finance Minister has not made any mention

803 RS-6.

about the grant of dearness allowance, which the Central Government employees are entitled to get. Another thing is, Sir, the pensioners were granted some sort of a dearness allowance for the increase of every 16 points. I think our Finance Minister himself is a pensioner—I hope I am right—and I expected that he should at least announce some *ad hoc* increase in the pension of the Central Government employees. Therefore, I would like to ask whether he is going to accept grant of dearness allowance to the Central Government employees and the pensioners also.

SHRI H. M. PATEL: I don't think...

(Interruption)

MR. DEPUTY CHAIRMAN: Order, please. We have had enough of it. We cannot start a debate again.

SHRI H. M. PATEL: So far as Mr. Bhupesh Gupta's point is concerned, I can certainly assure him that no honest officer, no courageous officer need have any apprehension during this Government's regime. If there are any cases that he would like us to look into, we would certainly be glad to look into them.

In regard to the composite mills and powerlooms, Sir, I had fully explained as to why we decided to modify the previous announcement which I had made when I made my budget speech in the Lok Sabha. The reasons have been fully explained as to why the change over has been made and the way it has been made to safeguard the interests of all—and handloom weavers in particular.

MR. DEPUTY CHAIRMAN: Order, Order.

श्री आर० डी० जगताप आवरगांवकर (महाराष्ट्र) : हाल ही में एक डेलीगेशन पावरलूम के बारे में विचार करने के लिए आपको मिला था। उसके बारे में आपकी क्या पालिसी है ?

MR. DEPUTY CHAIRMAN: Now we will have voting on the motion for consideration as well as the clauses. Now I would like to form the House that the Lobby bells are out of order possibly because of the rains or some such cause. So I would request the Whips to make sure that the Members are present in the House when it comes to voting on clauses or any other motion that is before the House. Now I will put the motion to vote. The question is:—

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 1977-78, as passed by the Lok Sabha, be taken into consideration.”

The motion was adopted.

MR. DEPUTY CHAIRMAN: Now we shall take up clause by clause consideration of the Bill.

Clause 2 was added to the Bill.

Clause 3 Amendment of section 2.

MR. DEPUTY CHAIRMAN: Clause 3. There is one amendment but it is a negative amendment.

SHRI D. P. SINGH (Bihar): The amendment concerns capital gains.

(Interruptions)

SHRI BHUPESH GUPTA: These are very important changes that we are making.

SHRI KAMLAPATI TRIPATHI: The votes may be recorded.

SHRI BHUPESH GUPTA: We are making very important changes. They should be given effect to.

MR. DEPUTY CHAIRMAN: The Lobby bells are working now all right. There is one amendment, but since it is of a negative nature it is not being put to vote. So the clause as such is being put to vote.

The question is:

“That clause 3 stand part of the Bill.”

The House divided.

MR. DEPUTY CHAIRMAN: Ayes 41; Noes 102.

AYES—41

Abdul Khader, Shri M. S.
 Abid, Shri Kasim Ali
 Advani, Shri Lal K.
 Asthana, Shri K. B.
 Bhandari, Shri Sunder Singh
 Bhanu Pratap Singh, Shri
 Chaurasia, Shri Shivdayal Singh
 Gowda, Shri U. K. Lakshmana
 Gupta, Shri Shyamlal
 Jagbir Singh, Shri
 Janardhanam, Shri A. P.
 Kadershah, Shri M.
 Kamalanathan, Shri M.
 Khan, Shri Ghayor Ali
 Kulkarni, Shrimati Sumitra G.
 Lakshmanan, Shri G.
 Lotha, Shri Khyomo
 Maran, Shri Murasoli
 Menon, Shri Vishwanatha
 Mhaisekar, Shri Govindrao Ram-
 chandra
 Misra, Shri Lokanath
 Narendra Singh, Shri
 Nathi Singh, Shri
 Nizam-ud-Din, Shri Syed
 Papireddi, Shri Bezawada
 Parikh, Prof. Ramlal
 Pradhan, Shri Patitpaban
 Prem Manohar, Shri
 Punnaiah, Shri Kota
 Rao, Shrimati Rathnabai Sreenivasa
 Ray, Shri Rabi
 Samad, Shri Golandaz Mohammedhu-
 sian A.

Saring, Shri Leonard Solomon
 Schamnad, Shri Hamid Ali
 Shahi, Shri Nageshwar Prasad
 Shanti Bhushan, Shri
 Siddhu, Dr. M. M. S.
 Sinha, Dr. Ramkripal
 Sujan Singh, Shri
 Trivedi, Shri H. M.
 Varma, Shri Mahadeo Prasad

NOES—102.

Adivarekar, Shrimati Sushila Shankar
 Alva, Shrimati Margaret
 Amarjit Kaur, Shrimati
 Amla, Shri Tirath Ram
 Anandam, Shri M.
 Antulay, Shri A. R.
 Avernoankar, Shri R. D. Jagtap
 Barman, Shri Prasenjit
 Basheer, Shri T
 Bhagwan Din, Shri
 Bhagawati, Shri B. C.
 Bhardwaj, Shri Jagan Nath
 Bhatt, Shri N. K.
 Bhupinder Singh, Shri
 Buragohain, Shri Nabin Chandra
 Chandrashekharappa, Shri T. V.
 Chaudhari, Shri N. P.
 Choudhury, Shri Nripati Ranjan
 Chowdhary, Dr. Chandramanilal
 Chundawat, Shrimati Lakshmi
 Kumari
 Das, Shri Bipinpal
 Deshmukh, Shri Bapuraoji Marotraoji
 Dhabe, Shri S. W.
 Dinesh Chandra, Shri Swami
 Dutt, Dr. V. P.
 Dwivedi, Shri Devendra Nath
 Gadgil, Shri Vithal
 Gill, Shri Ragbir Singh
 Goswami, Shri Sriman Prafulla
 Gupta, Shri Bhupesh
 Habibullah, Shrimati Hamida
 Havanur, Shri L. G.

Jain, Shri Dharamchand
 Joshi, Shri Jagdish
 Joshi, Shri Krishna Nand
 Kalaniya, Shri Ibrahim
 Kamble, Prof. N. M.
 Kapur, Shri Yashpal
 Khan, Shri F. M.
 Khan, Shri Khurshed Alam
 Koya, Shri B. V. Abdulla
 Kumaran, Shri S.
 Kumbhare, Shri N. H.
 Kureel, Shri Piare Lal urf Piare Lal
 Talib
 Mahanti, Shri Bhairab Chandra
 Mahapatro, Shri Lakshmana
 Mahida, Shri Harisinh Bhagubava
 Majhi, Shri C. P.
 Makwana, Shri Yogendra
 Malaviya, Shri Harsh Deo
 Mali, Shri Ganesh Lal
 Malik, Shri Syed Abdul
 Mehrotra, Shri Prakash
 Mehta, Shri Om
 Menon, Shrimati Leela Damodara
 Mishra, Shri Mahendra Mohan
 Mittal, Shri Sat Paul
 Mondal, Shri Ahmad Hossain
 Munda, Shri Bhaiya Ram
 Naik, Shri L. R.
 Nanda, Shri Narasingha Prasad
 Nurul Hasan, Prof. S.
 Pande, Shri Bishambhar Nath
 Patil, Shri Deorao
 Patil, Shri Gulabrao
 Pradhan, Shrimati Saraswati
 Raha, Shri Sanat Kumar
 Rahamathulla, Shri Mohammad
 Ranbir Singh, Shri
 Ranga, Shri N. G.
 Ratan Kumari, Shrimati
 Reddy, Shri Mulka Govinda
 Refaye, Shri A. K.
 Roy, Shri Kalyan
 Sahu, Shri Santosh Kumar

[Mr. Deputy Chairman]

Saleem, Shri Mohammad Yunus

Savita Behen, Shrimati

Sharma, Shri Kishan Lal

Sharma, Shri Yogendra

Shastri, Shri Bhola Paswan

Shastri, Shri Prakash Veer

Shyamkumari Devi, Shrimati

Singh, Shri Bhishma Narain

Singh, Shri D. P.

Singh, Shri Irengbam Tompok

Singh, Shri Mahendra Bahadur

Singh, Shrimati Pratibha

Singh, Dr. V. B.

Sisodia, Shri Sawaisingh

Soni, Shrimati Ambika

Sultan, Shrimati Maimoona

Swu, Shri Scato

Thakur, Shri Gunanand

Tilak, Shri J. S.

Tiwari, Shri Shankarlal

Trilokj Singh, Shri

Tripathi, Shri Kamalapati

Venigalla Satyanarayana, Shri

Verma, Shri Shrikant

Wajd, Shri Sikander Ali

Yadav, Shri Shyam Lal

Zawar, Husain Shri

The motion was negatived.

Clause 3 was omitted from the Bill.

Clauses 4 to 8 were added to the Bill.

Clause 9—Amendment of Section 32A

MR. DEPUTY CHAIRMAN: There is one amendment.

SHRI M. ANANDAM (Andhra Pradesh): Sir, I beg to move:

1. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:

"That at page 8, after line 33 the following be inserted namely

'(iv) the new machinery of plant installed is made in India and is not imported from any foreign country.' "

Mr. Deputy Chairman, I have a small explanation to make by moving this amendment. With a view to promoting scientific and technical knowledge, the Bill has provided for special investment allowance of 35 per cent in respect of plant and machinery installed after the 30th June, 1977 if the knowhow belongs to our country and is developed in one of our laboratories. But, what I find is that though the technology is indigenous, if the machinery is imported from foreign countries, even then this special allowance of 35 per cent is not available. My submission is that in order to encourage indigenous industry for the manufacture of plant and machinery, the special allowance of 35 per cent must be limited only to the machinery manufactured in India and not imported from a foreign country. That is the purpose of my amendment. I am sure that the Hon Finance Minister will accept and allow the amendment to go.

The Question was proposed.

SHRI H. M. PATEL: Mr. Deputy Chairman, Sir, I am unable to accept this amendment for the very obvious reason that this particular allowance for the higher allowance, was intended to encourage the Indian knowhow developed in this country for being used for development. Now, what you are saying is that this concession should be given only for the machinery and plant for manufacturing a product based on knowhow developed in this country. Most part of the plant and machinery is made in this country. But, if any portion is needed to be imported, would you say that rather than developing the knowhow in this country, forgo that. I am sure that on further consideration you would say that this amendment should not be pressed.

MR. DEPUTY CHAIRMAN: Would you withdraw the amendment or would like it to be put to vote?

SHRI M. ANANDAM: It may be put to vote.

MR. DEPUTY CHAIRMAN: The question is:

"That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 8, after line 33, the following be inserted, namely:

'(iv) the new machinery or plant installed is made in India and is not imported from any foreign country.'"

The motion was negatived.

MR. DEPUTY CHAIRMAN: Now, the question is:

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

Clauses 10 to 12 were added to the Bill.

Clause 13—(Insertion of new section 54E).

MR. DEPUTY CHAIRMAN: We shall now take up clause 13. There are four amendments. One amendment is barred because it wants the clause to be deleted. If you want the clause to be deleted, should we consider the other amendments?

SHRI M. ANANDAM: Sir, before you put the clause to vote, we would like that the amendments that we have proposed may be considered. If they are not accepted, then when the clause is put to vote, we will press for a division.

Sir, I beg to move:

3. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 11, for lines 5 to 8, the following be substituted, namely:—

"(v) shares in any new industrial undertaking incorporated on or after the 1st day of April, 1977, under the Companies Act, 1956".

SHRI PRAKASH VEER SHASTRI (Uttar Pradesh): Sir, I beg to move:

14. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 10, after line 43, the following proviso be inserted, namely:—

"Provided that in case of compulsory acquisition of a capital asset under any law, the time limit laid down for investment or consideration to obtain relief under this section shall relate to the date of receipt of compensation or enhanced compensation, as the case may be, instead of the date of transfer."

15. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 11, after line 31, the following proviso be inserted, namely:—

"Provided that the provisions of this section shall extend to those cases of transfer under compulsory acquisition where decision regarding final amount of compensation is pending before any court of law on the 1st day of April, 1977."

The questions were proposed.

SHRI M. ANANDAM: Mr. Deputy Chairman, Sir, we have seen that under clause 3, regarding the definition of "short term capital gains", the period has been reduced from 60 months to 36 months. Added to that the present section 42A has been diluted in the sense that if any person invests the proceeds of the capital assets in any specified assets—they have specified a number of assets—he is not liable to pay any capital gains tax at all. My submission is that the entire concept of capital gains tax is completely diluted by virtue of this particular provision. My further submission is, I do not know why there should be an exemption in respect of a person who sells capital assets and invests the proceeds in old shares. There are a number of speculators who might sell their old shares and again invest the money in shares of old companies. Why should they get the exemption? It is merely conversion of one type of shares into another type of shares. What I propose is that if anybody wants to sell his capital assets to invest in new shares, shares of new industrial undertakings constituted after the 1st April, 1977, then alone he should get exemption from the capital gains tax not otherwise. Therefore, I am moving this amendment for consideration by the House.

SHRI BHUPESH GUPTA: The Government should accept this amendment. It is a very excellent amendment, and I hope our CPI(M) friends will support us in this matter. I do not know why they did not support us earlier. Now, Sir the whole scheme of capital gains tax has been so molested by this Government that the money remains with them, the savings remain with them, diversification takes place and the exchequer is denied any revenue from the capital accumulations of the private sector especially. On the one hand Government wants resources; on the other hand Government is evolving a scheme whereby the whole thing will be diversified and will remain in the hands of the private sector. We do not

want Palkhiwalas. We want a change. Therefore, capital gains and the monopoly sector must be kept hundred per cent by the Government, if anything at all, and the investment must be according to the planning and in desired channels. The money should be spent not as the capitalists like. We have seen how the capitalists are evading taxes, to the tune of Rs. 800 crores, how they are not paying money to the Government financial institutions and others, how, for example, the jute mills have not even paid the money which the Jute Corporation borrowed for them. Rupees twenty-four crores are due to the Jute Corporation from the jute mills. In such a situation it is a matter of shame, everlasting shame, that this Government brings in a scheme of things in which instead of taking away from the monopoly class, Government gives money back to them, retains money in their hands thereby leading to concentration of wealth and economic power in the hands of the private sector. Yesterday in the other House Mr. Morarji Desai said, I will not go to take from communism or capitalism; I am neither. Then where are you Mr. Morarji Desai? These steps show you are a capitalist. I know Mr. Morarji Desai will never go along the path of communism. But at least do not go closer to the Birlas and Tatas and multinational corporations. Therefore, if you have any sense—I will not say sense of shame—if you have any good sense, accept that amendment and save us from the trouble of defeating you again on this Clause.

श्री प्रकाशवीर शास्त्री : मैंने जो संशोधन नं० 14 और 15 रखे हैं उन का मुख्य उद्देश्य यह है कि आजकल जो हमारे देश का औद्योगीकरण हो रहा है उसमें विशेष रूप से जो किसानों की जमीनें गवर्नमेंट या उद्योग-पति लेना चाहते हैं उनको एक्वायर कर लिया जाता है और उनका लाभ किसानों को नहीं मिल पाता। उदाहरण के लिये मैं कहना चाहता हूँ कि तीन वर्ष के लिये आपने यह अवधि रखी है कि किसी संपत्ति को बेचने के बाद

जो पैसा आये वह तीन वर्ष के लिये किसी राष्ट्रीयकृत बैंक में लगा दिया जाये, लेकिन दिल्ली और दिल्ली के आस पास के किसानों को ले लीजिए । मैं सारे भारतवर्ष की बात छोड़ता हूँ । यहां की जमीन दो, चार आने गज में ले ली जाती है और वे बेचारे हाईकोर्ट या डिस्ट्रिक्ट कोर्ट में आते हैं, जो समर्थ हैं वे सुप्रीम कोर्ट तक चले जाते हैं, लेकिन यह प्रोसेस इतना लम्बा है कि जो 7, 8 वर्ष से कम नहीं लेता और आप ने तीन वर्ष की अवधि रखी है तो किसानों को इस का लाभ नहीं मिलेगा । इसलिये मैं इन अमेडमेंट्स से चाहता हूँ कि जब तक कोर्ट का निर्णय न हो जाये जमीन गवर्नमेंट या इंडस्ट्रियलिस्ट्स एक्वायर करते हैं तब तक यह सुविधा उन को प्राप्त हो । यह मेरे दोनों संशोधनों का उद्देश्य है ।

SHRI U. K. LAKSHMANA GOWDA: Sir, it is very interesting to hear Mr. Bhupesh Gupta. After all the fire against capitalists and while agreeing to Mr. Anandam's amendment, he is only accepting exemption for capital gains tax after 1st April, 1977 and not before. That is all the change that he is accepting.

SHRI H. M. PATEL: I hope that in view of what the honourable Member, Shri Anandam, said, my friends on the other side of the House will realise that this capital gains tax is not something which only helps the very rich and so on, but it also helps the farmers, quite a large number of them. It helps many people. Therefore, it is not for him to speak, however eloquently he may speak, and I hope that he will be a little less sweeping in whatever he has to say. So far as Shri Prakash Veer Shastri is concerned, I would like to tell him—there are two amendments which he has moved—that amendment No. 14 is something which I would gladly accept if it were possible to accept, but it is not, as things stand today. I propose to examine it and see, because there are a number of other legal modifications which will be necessary. Those will have to be exa-

mined. In principle I should say the point you have raised needs consideration and will be considered. But his second amendment is not acceptable at all. What he says through his amendment No. 15 is that the benefit of the capital gain be given to transactions which may have taken place before. That, I think, is something which is not contemplated and, therefore, I will have to oppose that.

So far as Shri Anandam's amendment is concerned, even though it was powerfully supported by Shri Bhupesh Gupta, I regret I will have to oppose it. I oppose it because I think, again, the object of the whole exercise is not understood. Capital gain is something which arises because certain types of assets remain unutilised because people do not want to sell them for fear of paying large capital gains tax. By the amendment I have proposed, I really make the capital, which remains immobile, mobile. When you do that, again you want this money to be invested in something new. The point is that it is not for me. Whoever wants to sell it also wants the money to be re-invested so as to bring him some income. Therefore, to accept that amendment only mean negating the whole object....

SHRI BIPINPAL DAS: In view of what the Finance Minister has said, we are sorry we cannot accept the position and, therefore, we want to vote against the clause as a whole.

SHRI BHUPESH GUPTA: We shall not accept your clause.

MR. DEPUTY CHAIRMAN: Then all the amendments are withdrawn.

The amendments Nos. 3, 14 and 15 were, by leave withdrawn.*

MR. DEPUTY CHAIRMAN: The question is:

"That clause 13 stand part of the Bill."

The House divided.

*For texts of amendments, vide col. 170 supra.

MR. DEPUTY CHAIRMAN: Ayes—
43, Noes —106.

AYES—43

Abdul Khader, Shri M. S.
Abid, Shri Kasim Ali
Advani, Shri Lal K.
Asthana, Shri K. B.
Bhandari, Shri Sunder Singh
Bhanu Pratap Singh, Shri
Gowda, Shri U. K. Lakshmana
Jagbir Singh, Shri
Janardhanam, Shri A. P.
Kadershah, Shri M.
Kamalanathan, Shri M.
Khan, Shri Ghayoor Ali
Krishnan, Shri U. R.
Kulkarni, Shrimati Sumitra G.
Kunjachen, Shri P. K.
Lakshmanan, Shri G.
Lotha, Shri Khyomo
Meran, Shri Murasoli
Menon, Shri Viswanatha
Misra, Shri Lokanath
Narendra Singh, Shri
Nathi Singh, Shri
Nizam-ud-Din, Shri Syed
Papireddi, Shri Bezawada
Prem Manohar, Shri
Parikh, Prof. Ramlal
Pradhan, Shri Patitpaban
Punnaiah, Shri Kota
Rajan, Shri Pattiam
Rao, Shrimati Rathnabai Sreenivasa
Ray, Shri Rabi
Razack, Shrimati Noorjehan
Samad, Shri Golandaz Mohammed-
husian A.
Saring, Shri Leonard Solomon
Schamnad, Shri Hamid Ali
Shahi, Shri Nageshwar Prasad
Shanti Bhushan, Shri
Siddhu, Dr. M. M. S.
Sinha, Dr. Ramkripal
Sujan Singh, Shri
Swaminathan, Shri V. V.
Trivedi, Shri H. M.
Varma, Shri Mahadeo Prasad

NOES—106

Adivarekar Shrimati, Sushila
Shankar
Alva, Shrimati Margaret
Amarjit Kaur, Shrimati

Amla, Shri Tirath Ram
Anand, Shri Jagjit Singh
Anandam, Shri M.
Antulay, Shri A. R.
Avergoankar, Shri R. D. Jagtap
Barman, Shri Prasenjit
Basheer, Shri T.
Bhagwan Din, Shri
Bhagawati, Shri B. C.
Bhardwaj, Shri Jagan Nath
Bhatt, Shri N. K.
Bhupinder Singh, Shri
Buragohain, Shri Nabin Chandra
Chandrashekarappa, Shri T. V.
Chaudhari, Shri N. P.
Choudhury, Shri Nripati Ranjan
Chowdhary, Dr. Chandramanilal
Chundawat, Shrimati Lakshmi
Kumari
Das, Shri Bipinpal
Deshmukh, Shri Bapuraoji Maro-
traoji
Dhabe, Shri S. W.
Dinesh Chandra, Shri Swami
Dutt, Dr. V. P.
Dwivedi, Shri Devendra Nath
Gadgil, Shri Vithal
Gill, Shri Raghubir Singh
Goswami, Shri Sriman Prafulla
Gupta, Shri Bhupesh
Habibullah, Shrimati Hamida
Havanur, Shri L. G.
Himmat Singh, Shri
Joshi, Shri Jagdish
Joshi, Shri Krishna Nand
Kalaniya, Shri Ibrahim
Kamble, Prof. N. M.
Kameshwar Singh, Shri
Kapur, Shri Yashpal
Khan, Shri F. M.
Khan, Shri Khurshed Alam
Khaparde, Shrimati Saroj
Koya, Shri B. V. Abdulla
Kumaran, Shri S.
Kumbhare, Shri N. H.
Kureel, Shri Piare Lal urf Piare
Lal Talib
Mahanti, Shri Bhairab Chandra
Mahapatro, Shri Lakshmana
Mahida Shri Harisinh Bhagubava
Majhi, Shri C. P.
Makwana, Shri Yogendra
Malaviya, Shri Harsh Deo
Mali, Shri Ganesh Lal
Malik, Shri Syed Abdul
Mehrotra, Shri Prakash
Mehta, Shri Om

Menon, Shrimati Leela Damodara
 Mishra, Shri Mahendra Mohan
 Mittal, Shri Sat Paul
 Mondal, Shri Ahmad Hossain
 Munda, Shri Bhaiya Ram
 Naik, Shri L. R.
 Nanda, Shri Narasingha Prasad
 Nural Hasan, Prof. S.
 Pande, Shri Bishambhar Nath
 Patil, Shri Deorao
 Patil, Shri Gulabrao
 Pradhan, Shrimati Saraswati
 Raha, Shri Sanat Kumar
 Rahamathulla, Shri Mohammad
 Ranbir Singh, Shri
 Ranga, Shri N. G.
 Ratan Kumari, Shrimati
 Reddy, Shri K. V. Raghunatha
 Reddy, Shri Mulka Govinda
 Refaye, Shri A. K.
 Roy, Shri Kalyan
 Sahu, Shri Santosh Kumar
 Saleem, Shri Mohammad Yunus
 Savita Behan, Shrimati
 Sharma, Shri Kishan Lal
 Sharma, Shri Yogendra
 Shastri, Shri Bhola Paswan
 Shastri, Shri Prakash Veer
 Shyamkumarj Devi, Shrimati
 Singh, Shri Bhishma Narain
 Singh, Shri D. P.
 Singh, Shri Irengbam Tompok
 Singh, Shri Mahendra Bahadur
 Singh, Shrimati Pratibha
 Singh, Dr. V. B.
 Sisodia, Shri Sawaisingh
 Soni, Shrimati Ambika
 Sultan, Shrimati Maimoona
 Swu, Shri Scato
 Thakur, Shri Gunanand
 Tilak, Shri J. S.
 Tiwari, Shri Shankarlal
 Triloki Singh, Shri
 Tripathi, Shri Kamalapati
 Venigalla Satyanarayana, Shri
 Verma, Shri Shrikant
 Wajid, Shri Sikander Ali
 Yadav, Shri Ramanand
 Zavar Husain, Shri

The motion was negatived

Clause 13 was omitted from the Bill

Clause 14 was added to the Bill.

Clause 15—Insertion of new section 72A.

SHRI D. P. SINGH: Sir, I want to make a submission. In his reply, the Finance Minister has mentioned that he will keep in mind the points....

MR. DEPUTY CHAIRMAN: You will have to move your amendments first before you speak. Mr. Anandam's name stands first and he will have to move his amendments first and then you can move yours.

SHRI M. ANANDAM: Sir, I beg to move:

4. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 12, for lines 37 to 39, the following be substituted, namely:

"(b) specified authority shall be the Company Law Board, constituted under the Companies Act, 1956, or such other authority to whom the Company Law Board may delegate the powers of the specified authority: " "

Sir, I also beg to move:

8. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1972, as passed by the Lok Sabha, namely:—

"That at page 12, after line 29, the following be inserted, namely:

"(iii) the amalgamated company absorbs in full the staff and labour borne on the rolls of the amalgamating company at the time of amalgamation." " "

Sir, there are two amendments. Now, this clause provides for the merger of a sick unit with a healthy unit. But there are certain conditions to be fulfilled before this amalgamation takes place. But I do not find any provision in this clause which makes the amalgamated companies to absorb in full the staff and labour borne on the rolls of the sick unit. I hope that

the Finance Minister will accept this amendment because it is in the interest of the labour and the staff who, when the amalgamation takes place, will be taken over by the new unit.

Then, Sir, the other amendment relates to the constitution of a specified authority. You know that under this clause the specified authority is to be appointed by the Central Government who goes into the question of the merits of the amalgamation. You are very well aware that under the companies Act, an amalgamation has got to be sanctioned by the court. You will find that there are two different persons for two purposes. One is the court for the Company Law proposed and the other is the specified authority for Income-Tax purposes. There is always a possibility of conflict between these two authorities. Therefore, if the court permits the amalgamation and if the Central Government, the specified authority, does not agree to the amalgamation, what will happen to that amalgamation? It can happen the other way also. In other words, if the specified authority constituted by the Central Government agrees to the amalgamation and if the court does not agree to it, what will happen? Therefore, Sir, I have suggested, for the purpose of uniformity, that there should be one uniform authority, that is, the Company Law Board, constituted under the Companies Act, 1956, or any other authority to whom the Company Law Board would delegate the powers of the specified authority. There must be the same authority even under the Income-Tax Law. That is the purpose of the amendment. I move the amendment for the consideration of the House.

SHRI D. P. SINGH: The Question were proposed. Sir, the hon. Finance Minister seems to suggest at the moment that he will consider this matter and leave it to the executive authorities. That is something which does not satisfy us. When companies are amalgamated, it is in the fitness of

things that the labour and members of the staff who are on the rolls should automatically be deemed to be on the staff of the newly amalgamated company. Companies are being amalgamated for reasons best known to the Directors, for their own advantage and so on. For what fault are the staff and the labour going to suffer? Therefore, this must be incorporated in the Act itself, so that they are automatically taken and other things follow.

SHRI BHUPESH GUPTA: We support this amendment. All I can say is that if they do not accept this amendment which is very reasonable, it means that the purpose of the whole thing is to enable these monopolists and others to bring about the amalgamation for exploitation. Sir, this is happening in many of the industries in the country. Retrenchment takes place. These instances we have seen. Therefore, I think this should be accepted. There is no use saying that the management will look into it. We are in the management. We are a sovereign Parliament. We are acting in the interests of the people. Before we put the stamp of Parliament on this measure, we should like to have a fool-proof arrangement so that under no circumstances in the event of amalgamation, the employer would be in a position to retrench a single worker. Therefore, Sir, this is a very reasonable amendment. I do not know what is the definition of 'Janata' given by the ruling party. But I think that if they mean anything by the word 'Janata', this amendment should be accepted by the Government without the slightest hesitation.

SHRI VISWANATHA MENON (Kerala): Sir, on behalf of the CPI (Marxist), I support this amendment . . . (Interruptions). It is very essential that these workers must be employed. It is a very simple and logical amendment and I request the hon. Finance Minister to accept it.

SHRI U. K. LAKSHMANA GOWDA (Karnataka): Sir, I would like to say a word. In principle, it should be

agreed to. It is a very reasonable suggestion that has been made. But I would like to mention here that this amendment does not relate to the Finance Act. Many other labour legislations . . .

(Interruptions)

MR. DEPUTY CHAIRMAN: Order, order, please.

SHRI U. K. LAKSHMANA GOWDA: Let me have my say. Even in the case where winding up processes are there, the Industrial Disputes Act and labour legislations have been amended to see that no retrenchment takes place. That way I would like the amendment to be brought in the labour legislation to see that in such cases retrenchment should not be allowed when companies are amalgamated. I think it is not relevant to the Finance Act.

SHRI H. M. PATEL: Mr Deputy Chairman, Sir, so far as the first amendment is concerned, suggesting a specified authority, etc., I am not able to accept it. The specific authority that we have in mind will include the Company Law Secretary; there will be other interests on it, other Ministries and so on represented on it, because this involves quite a number of matters for active consideration before it can be accepted. Therefore, I think that the specified authority that we have provided should be more satisfactory than the authority that Mr. Anandam has proposed.

So far as the second amendment is concerned, in fact, in principle I have already said in the other House that the interests of the labour will be fully safeguarded. Now, there are reasons why I cannot accept the amendment. It is because it imports a degree of rigidity. (Interruptions) When there is an amalgamation, it will be inevitably necessary for a good deal of managerial staff to be retrenched because the managerial staff may well be involved in the causes which led to the unit becoming

sick. But I am definitely giving a complete understanding that so far as the workers are concerned, they will be fully safeguarded. No one will be retrenched.

(Interruptions)

SHRI D. P. SINGH: You may kindly read out the amendments so that the Members can understand what the amendments are.

MR. DEPUTY CHAIRMAN: First we shall vote on Amendment No. 4.

SHRI M. ANANDAM: In view of the explanation of the hon. Minister, I do not press Amendment No. 4.

The amendment (No. 4)† was, by leave, withdrawn.

MR. DEPUTY CHAIRMAN: What about Amendment No. 8?

SHRI M. ANANDAM: We are pressing that.

MR. DEPUTY CHAIRMAN: The question is:

8. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 12, after line 29, the following be inserted, namely:—

"(iii) the amalgamated company absorbs in full the staff and labour borne on the rolls of the amalgamating company at the time of amalgamation." "

The House divided.

MR. DEPUTY CHAIRMAN:
Ayes—110; Noes—39.

†For text of amendment vide col. 178 *supra*.

AYES—110

Adivarekar, Shrimati Sushila Shankar
 Alva, Shrimati Margaret
 Amarjit Kaur, Shrimati
 Amla, Shri Tirath Ram
 Anand, Shri Jagjit Singh
 Anandam, Shri M.
 Antulay, Shri A. R..
 Avernoankar, Shri R. D. Jagtap.
 Balram Das, Shri
 Barman, Shri Prasenjit
 Basheer, Shri T.
 Bhagwan Din, Shri
 Bhagawati, Shri B. C.
 Bhardwaj, Shri Jagan Nath
 Bhatt, Shri N. K.
 Bhupinder Singh, Shri
 Buragohain, Shri Nabin Chandra
 Chandrashekharappa, Shri T. V.
 Chaudhari, Shri N. P.
 Choudhury, Shri Nripati Ranjan
 Chowdhary, Dr. Chandramanilal
 Chundawat, Shrimati Lakshmi
 Kumari
 Das, Shri Bipinpal
 Deshmukh, Shri Bapuraoji Marot-
 raoji
 Dhabe, Shri S. W.
 Dinesh Chandra, Shri Swami
 Dutt, Dr. V. P.
 Dwivedi, Shri Devendra Nath
 Gadgil, Shri Vithal
 Gill, Shri Raghbir Singh
 Goswami, Shri Sriman Prafulla
 Gupta, Shri Bhupesh
 Habibullah, Shrimati Hamida
 Havanur, Shri L. G.
 Himmat Singh, Shri
 Joshi, Shri Jagdish
 Joshi, Shri Krishna Nand
 Joshi, Shrimati Kumudben Manis-
 hanker
 Kalaniya, Shri Ibrahim
 Kamble, Prof. N. M.
 Kameshwar Singh, Shri
 Kapur, Shri Yashpal
 Khan, Shri F. M.
 Khan, Shri Khurshed Alam
 Khan, Shrimati Ushi
 Khaparde, Shrimati Saroj
 Koya, Shri B. V. Abdulla
 Kumaran, Shri S.
 Kumbhare, Shri N. H.
 Kunjachen, Shri P. K.
 Kureel, Shri Piare Lall urf Piare Lall
 Talib
 Mahanti, Shri Bhairab Chandra

Mahapatro, Shri Lakshmana
 Mahida, Shri Harisinh Bhagubava
 Majhi, Shri C. P.
 Makwana, Shri Yogendra
 Malaviya, Shri Harsh Deo
 Mali, Shri Ganesh Lal
 Malik, Shri Syed Abdul
 Mehrotra, Shri Prakash
 Mehta, Shri Om
 Menon, Shri Viswanatha
 Mishra, Shri Mahendra Mohan
 Mittal, Shri Sat Paul
 Munda, Shri Bhaiya Ram
 Naik, Shri L. R.
 Nanda, Shri Narasingha Prasad
 Nurul Hasan, Prof. S.
 Pande, Shri Bishambhar Nath
 Patil, Shri Deorao
 Patil, Shri Gulabrao
 Pradhan, Shrimati Saraswati
 Raha, Shri Sanat Kumar
 Rahamathulla, Shri Mohammad
 Rajan, Shri Pattiam
 Ranbir Singh, Shri
 Ranga, Shri N. G.
 Ratan Kumari, Shrimati
 Reddy, Shri Janardhana
 Reddy, Shri K. V. Raghunatha
 Reddy, Shri Mulka Govinda
 Refaye, Shri A. K.
 Sahu, Shri Santosh Kumar
 Saleem, Shri Mohammad Yunus
 Savita Behen, Shrimati
 Sharma, Shri Kishan Lal
 Sharma, Shri Yogendra
 Shastri, Shri Bhola Paswan
 Shastri, Shri Prakash Veer
 Shyamkumari Devi, Shrimati
 Singh, Shri Bhishma Narain
 Singh, Shri D. P.
 Singh, Shri Irengbam Tompok
 Singh, Shri Mahendra Bahadur
 Singh, Shrimati Pratibha
 Singh, Dr. V. B.
 Sisodia, Shri Sawaisingh
 Soni, Shrimati Ambika
 Sultan, Shrimati Maimoona
 Swu, Shri Scato
 Thakur, Shri Gunanand
 Tilak, Shri J. S.
 Tiwari, Shri Shankarlal
 Triloki Singh, Shri
 Tripathi, Shri Kamlapati
 Venigalla Satyanarayana, Shri
 Verma, Shri Shrikant
 Wajid, Shri Sikander Ali
 Yadav, Shri Shyam Lal
 Zawar Husain, Shri

NOES—30

Abdul Khader, Shri M. S.
 Abid, Shri Kasim Ali
 Advani, Shri Lal, K.
 Asthana, Shri K. B.
 Bhandari, Shri Sunder Singh,
 Bhanu Pratap Singh, Shri
 Gowda, Shri U. K. Lakshmana
 Jagbir Singh, Shri
 Janardhanam, Shri A. P.
 Kamalanathan, Shri M.
 Khan, Shri Ghayoor Ali
 Krishnan, Shri U. R.
 Kulkarni, Shrimati Sumitra G.
 Lakshmanan, Shri G.
 Lotha, Shri Khyomo
 Maran, Shri Murasoli
 Misra, Shri Lokanath
 Narendra Singh, Shri
 Nathi Singh, Shri
 Nizam-ud-Din, Shri Syed
 Papireddi, Shri Bezawada
 Parikh, Prof. Ramlal
 Pradhan, Shri Patitpaban
 Prem Manohar, Shri
 Punnaiah, Shri Kota
 Rao, Shrimati Rathnabai Sreenivasa
 Ray, Shri Rabi
 Razack, Shrimati Noorjehan
 Samad, Shri Golandaz Mohammed-
 husian A.
 Saring, Shri Leonard Solomon
 Schamnad, Shri Hamid Ali
 Shahi, Shri Nageshwar Prasad
 Shanti Bhushan, Shri
 Siddhu, Dr. M. M. S.
 Sinha, Dr. Ramkripal
 Sujan Singh, Shri
 Swaminathan, Shri V. V.
 Trivedi, Shri H. M.
 Varma, Shri Mahadeo Prasad

The motion was adopted.

MR. DEPUTY CHAIRMAN: The question is:

“That clause 15, as amended, stand part of the Bill?”

The motion was adopted.

Clause 15, as amended, was added to the Bill.

MR. DEPUTY CHAIRMAN: Now clauses 16 to 19. There are no amendments.

Clauses 16 to 19 were added to the Bill.

Clause 20—Amendment of section 104

MR. DEPUTY CHAIRMAN: There is one amendment to clause 20. But it is a negative amendment. However, I am putting the clause to vote.

SHRI M. ANANDAM: Sir, I want to speak. Sir, I move that clauses 20 and 21 be deleted. Sir, clause 20 deals with the exemption of closely-held companies from the distribution of dividends. It is common knowledge that most of the closely-held companies are family concerns. When the original Income-tax Act was framed, they made it statutorily obligatory that dividends must be declared so that shareholders can pay their due share of tax to the exchequer. Now, with this exemption, what happens is that the closely-held companies may not distribute dividends. They allow the profits to accumulate and once in four years or five years the profits will be distributed as bonus shares which are exempt from tax. Therefore, this is again a move to help the capitalists and well-to-do class of people. Therefore, I move that clauses 20 and 21, relating to the closely-held companies must be deleted.

SHRI D. P. SINGH: Sir, our view is that clause 20 is put there to enable the big companies and their shareholders to defraud the exchequer of tax. If they declare the dividend, the tax should be there. If they do not declare, after a number of years, it comes in the form of bonus shares which are not taxable. And, therefore, the entire benefit goes to them and the exchequer is robbed of tax. We are proposing this amendment so that every year the profit that they make is distributed and proper tax is realised.

SHRI H. M. PATEL: Sir, I regret that I cannot accept this amendment of the Opposition. I have explained in great detail why we consider that this is a desirable change. It is not as if all closely-held companies are being exempted from the provision of compulsory declaration of dividends, it is only the industrial companies. There are lots of other trading companies, holding companies which are of a very different nature and where the compulsory declaration of dividend may be desirable. But here, we do consider that it means the creation of additional resources for investment purposes.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 20 stand part of the Bill."

The House divided.

2 P.M.

MR. DEPUTY CHAIRMAN: Ayes—38; Noes—107.

AYES—38

Abid, Shri Kasim Ali
Advani, Shri Lal K.
Asthana, Shri K. B.
Bhandari, Shri Sunder Singh
Bhanu Pratap Singh, Shri
Gowda, Shri U. K. Lakshmana
Jagbir Singh, Shri
Janardhanam, Shri A. P.
Kadershah, Shri M.
Kamalanathan, Shri M.
Khan, Shri Ghayoor Ali
Kulkarni, Shrimati Sumitra G.
Lakshmanan, Shri G.
Lotha, Shri Khyomo
Menon, Shri Viswanatha
Misra, Shri Lokanath
Narendra Singh, Shri
Nizam-ud-Din, Shri Syed
Papireddi, Shri Bezawada
Parikh, Prof. Ramlal
Pradhan, Shri Patitpaban
Prem Manohar, Shri
Punnaiyah, Shri Kota
Rajan, Shri Pattiam
Rao, Shrimati Rathnabai Sreenivasa
Ray, Shri Rabi
Razack, Shrimati Noorjehan

Samad, Shri Golandaz Mohammed-
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Saring, Shri Leonard Solomon
Schamnadi, Shri Hamid Ali
Shahi, Shri Nageshwar Prasad
Shanti Bhushan, Shri
Siddhu, Dr. M. M. S.
Sinha, Dr. Ramkripal
Sujan Singh, Shri
Swaminathan, Shri V. V.
Trivedi, Shri H. M.
Varma, Shri Mahadeo Prasad

NOES—107

Adivarekar, Shrimati Sushila Shankar

Alva, Shrimati Margaret
Amarjit Kaur, Shrimati
Amla, Shri Tirath Ram
Anand, Shri Jagjit Singh
Anandam, Shri M.
Antulay, Shri A. R.
Avergoankar, Shri R. D. Jagtap
Balram Das, Shri
Barman, Shri Prasenjit
Basheer, Shri T.
Bhagwan Din, Shri
Bhagawati, Shri B. C.
Bhardwaj, Shri Jagan Nath
Bhat, Shri N. K.
Bhupinder Singh, Shri
Buragohain, Shri Nabin Chandra
Chandrashekharaappa, Shri T. V.
Chaudhari, Shri N. P.
Choudhury, Shri Nripati Ranjan
Chowdhary, Dr. Chandramanilal
Chundawat, Shrimati Lakshmi Kumari
Das, Shri Bipinpal
Deshmukh, Shri Bapuraoji Marotraoji
Dhabe, Shri S. W.
Dinesh Chandra, Shri Swami
Dutt, Dr. V. P.
Dwivedi, Shri Devendra Nath
Gadgil, Shri Vithal
Gill, Shri Raghubir Singh
Goswami, Shri Sriman Prafulla
Gupta, Shri Bhupesh
Habibullah, Shrimati Hamida
Havanur, Shri L. G.
Joshi Shri Jagdish
Joshi, Krishna Nand
Joshi, Shrimati Kumudben Manishanker
Kalaniya, Shri Ibrahim
Kamble, Prof. N. M.

Kameshwar Singh, Shri
 Kapur, Shri Yashpal
 Khan, Shri F. M.
 Khan, Shri Khurshed Alam
 Khan, Shrimati Ushi
 Khaparde, Shrimati Saroj
 Koya, Shri B. V. Abdullah
 Krishnan, Shri U. R.
 Kumaran, Shri S.
 Kumbhare, Shri N. H.
 Kureel, Shri Piare Lal *urf* Piare Lal
 Talib

Mahanti, Shri Bhairab Chandra
 Mahapatro, Shri Lakshmana
 Mahida, Shri Harisinh Bhagubava
 Majhi, Shri C. P.
 Makwana, Shri Yogendra
 Malaviya, Shri Harsh Deo
 Mali, Shri Ganesh Lal
 Malik, Shri Syed Abdul
 Mehrotra, Shri Prakash
 Mehta, Shri Om
 Mishra, Shri Mahendra Mohan
 Mittal, Shri Sat Paul
 Munda, Shri Bhaiya Ram
 Naik, Shri L. R.
 Nanda, Shri Narasingha Prasad
 Nurul Hasan, Prof. S.
 Pande, Shri Bishambhar Nath
 Patil, Shri Deorao
 Patil, Shri Gulab Rao
 Pradhan, Shrimati Saraswati
 Raha, Shri Sanat Kumar
 Rahamathulla, Shri Mohammad
 Ranbir Singh, Shri
 Ranga, Shri N. G.
 Ratan Kumari, Shrimati
 Reddy, Shri Janardhana
 Reddy, Shri K. V. Raghunatha
 Reddy, Shri Mulka Govinda
 Refaye, Shri A.K.
 Sahu, Shri Santosh Kumar
 Saleem, Shri Mohammad Yunus
 Savita Behen, Shrimati
 Sharma, Shri Kishan Lal
 Sharma, Shri Yogendra
 Shastri, Shri Bhola Paswan
 Shatri, Shri Prakash Veer
 Shyamkumari Devi, Shrimati
 Singh, Shri Bhishma Narain
 Singh, Shri D. P.
 Singh, Shri Irengbam Tompok
 Singh, Shri Mahendra Bahadur
 Singh, Shrimati Pratibha
 Singh, Dr. V. B.
 Sisodia, Shri Sawaisingh
 Soni, Shrimati Ambika

Sultan, Shrimati Maimoona
 Swu, Shri Scato
 Thakur, Shri Gunanand
 Tilak, Shri J. S.
 Tiwari, Shri Shankarlal
 Triloki Singh, Shri
 Tripathi, Shri Kamlapati
 Venigalla Satyanarayana, Shri
 Verma, Shri Shrikant
 Wajid, Shri Sikander Ali
 Yadav, Shri Shyam Lal
 Zavar Husain, Shri

The motion was negatived.

Clause 20 was omitted from the Bill.

Clause 21—Amendment of section 109

MR. DEPUTY CHAIRMAN: There is an amendment but it is a negative amendment. I am putting the clause to vote. The question is:

That clause 21 stand part of the Bill.

The House divided.

MR. DEPUTY CHAIRMAN: Ayes—43; Noes 105.

AYES—43

Abdul Khader, Shri M. S.
 Abid, Shri Kasim Ali
 Advani, Shri Lal K.
 Asthana, Shri K. B.
 Bhandari, Shri Sunder Singh
 Bhanu Pratap Singh, Shri
 Chaurasia, Shri Shiv Dayal Singh
 Gowda, Shri U. K. Lakshmana
 Jagbir Singh, Shri
 Kadershah, Shri M.
 Kamalanathan, Shri M.
 Khan, Shri Ghayoor Ali
 Krishnan, Shri U. R.
 Kulkarni, Shrimati Sumitra G.
 Kunjachen, Shri P. K.
 Lakshmanan, Shri G.
 Lotha, Shri Khyomo
 Menon, Shri Viswanatha
 Misra, Shri Lokanath
 Narendra Singh, Shri

[Mr. Deputy Chairman.]

Nathi Singh, Shri
Nizam-ud-Din, Shri Syed
Papireddi, Shri Bezawada
Parikh, Prof. Ramlal
Pradhan, Shri Patitpaban
Prem Manohar, Shri
Punnaiah, Shri Kota
Rajan, Shri Pattiam
Rao, Shrimati Rathnabai Sreenivasa
Ray, Shri Rabi
Razack, Shrimati Noorjehan
Samad, Shri Golandaz Mohammedhusian A.
Saring, Shri Leonard Solomon
Schamnad, Shri Hamid Ali
Shahi, Shri Nageshwar Prasad
Shanti Bhushan, Shri
Siddhu, Dr. M. M. S.
Sinha, Dr. Ramkripal
Sujan Singh, Shri
Swaminathan, Shri V. V.
Trivedi, Shri H. M.
Varma, Shri Mahadeo Prasad
Yadav, Shri Shyam Lal

NOES—105

Adivarekar, Shrimati Sushila Shankar
Alva, Shrimati Margaret
Amarjit Kaur, Shrimati
Amla, Shri Tirath Ram
Anand, Shri Jagjit Singh
Anandam, Shri M.
Antulay, Shri A. R.
Avergoankar, Shri R. D. Jagtap
Balram Das, Shri
Barman, Shri Prasenjit
Basheer, Shri T.
Bhagwan Din, Shri
Bhagawati, Shri B. C.
Bhardwaj, Shri Jagan Nath
Bhatt, Shri N. K.
Bhupinder Singh, Shri
Buragohain, Shri Nabin Chandra
Chandrashekharaappa, Shri T. V.
Chaudhari, Shri N. P.
Choudhury, Shri Nripati Ranjan
Chowdhary, Dr Chandramanilal
Chundawat, Shrimati Lakshmi Kumari
Das, Shri Bipinpal
Deshmukh, Shri Bapuraoji Marotraoji
Dhabe, Shri S. W.
Dinesh Chandra, Shri Swami
Dutt, Dr. V. P.

Dwivedi, Shri Devendra Nath
Gadgil, Shri Vithal
Gill, Shri Raghubir Singh
Goswami, Shri Sriman Prafulla
Gupta, Shri Bhupesh
Habibullah, Shrimati Hamida
Havanus, Shri L. G.
Himmat Sinh, Shri
Joshi, Shri Jagdish
Joshi, Shri Krishna Nand
Joshi, Shrimati Kumudben Manishanker

Kalaniya, Shri Ibrahim
Kamble, Prof. N. M.
Kameshwar Singh, Shri
Kapur, Shri Yashpal
Khan, Shri F. M.
Khan, Shri Khurshed Alam
Khan, Shrimati Ushi
Khaparde, Shrimati Saroj
Koya, Shri B. V. Abdulla
Kumaran, Shri S.
Kumbhare, Shri N. H.
Kureel, Shri Piare Lal urf Piare Lal Talib
Mahanti, Shri Bhairab Chandra
Mahapatro, Shri Lakshmana
Mahida, Shri Harisinh Bhagubava
Majhi, Shri C. P.
Makwana, Shri Yogendra
Malaviya, Shri Harsh Deo
Mali, Shri Ganesh Lal
Malik, Shri Syed Abdul
Mehrotra, Shri Prakash
Mehta, Shri Om
Mishra, Shri Mahendra Mohan
Mittal, Shri Sat Paul
Munda, Shri Bhaiya Ram
Naik, Shri L. R.
Nanda, Shri Narsingha Prasad
Nurul Hasan, Prof. S.
Pande, Shri Bishambhar Nath
Patil, Shri Deoraō
Patil, Shri Gulabrao
Pradhan, Shrimati Saraswati
Raha, Shri Sanat Kumar
Rahamathulla, Shri Mohammad
Ranbir Singh, Shri
Ranga, Shri N. G.
Ratan Kumari, Shrimati
Reddy, Shri Janardhana
Reddy, Shri K. V. Raghunatha
Reddy, Shri Mulka Govinda
Refaye, Shri A. K.
Sahu, Shri Santosh Kumar
Saleem, Shri Mohammad Yunus

Savita Behen, Shrimati
 Sharma, Shri Kishan Lal
 Sharma, Shri Yogendra
 Shastri, Shri Bhola Paswan
 Shastri, Shri Prakash Veer
 Shyamkumari Devi, Shrimati
 Singh, Shri Bhishma Narain
 Singh, Shri D. P.
 Singh, Shri Irengbam Tompok
 Singh, Shri Mahendra Bahadur
 Singh, Shrimati Praftibha
 Singh, Dr. V. B.
 Sisodia, Shri Sawaisingh
 Soni, Shrimati Ambika
 Sultan, Shrimati Maimoona
 Swu, Shri Scato
 Thakur, Shri Gunanand
 Tilak, Shri J. S.
 Tiwari, Shri Shankarlal
 Triloki Singh, Shri
 Tripathi, Shri Kamalapati
 Venigalla Satyanarayana, Shri
 Verma, Shri Shrikant
 Wajid, Shri Sikander Ali
 Zawar Husain, Shri

The motion was negatived.

Clause 21 was omitted from the Bill.

MR. DEPUTY CHAIRMAN: Now, clauses 22 to 35.

SHRI M. ANANDAM: Mr. Deputy Chairman, Sir, I am not moving my amendment No. 5 to clause 36.

MR. DEPUTY CHAIRMAN: All right, amendment No. 5 to clause 36 is not being moved. So, we take up clauses 22 to 41.

Clauses 22 to 41 were added to the Bill.

The First Schedule and the Second Schedule were added to the Bill.

THE THIRD SCHEDULE

MR. DEPUTY CHAIRMAN: There are three amendments, Nos. 11, 12 and 13.

SHRI M. ANANDAM: Sir, I beg to move:

11. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 45,—

(i) line 15, the brackets, figures and letters "(3) (i), (iii) (ii)" be deleted; and

(ii) lines 17—19, the words "Four rupees and sixty paise to per thousand, One rupee and sixty paise per thousand" be deleted."

Sir, this amendment No. 11 deals with *bidis*. *Bidi* is a poor man's necessity and the proposed levy will affect 30 lakh workers in the industry. I would, therefore, request the Finance Minister to re-consider the matter and drop this levy on *bidi*.

The question was proposed.

SHRI D. P. SINGH: Sir, the Janata Party seems to be engaged in the most un-Janata activity. They have not spared anything. They do not want to spare the poor man. On the other hand, they are anxious to please the rich people. Therefore, I press this amendment.

SHRI NRIPATI RANJAN CHOUDHURY (Assam): Sir, I would like to speak in support of this amendment. While replying to the Budget discussion, the Finance Minister was very much in support of this taxation. He had stated that *bidi* had never been an essential commodity for the poor man. We oppose this stand. I hope, by this time, he would have thought over it and would revise his previous opinion. Not only himself. Even the Prime Minister was telling the same thing. He said that *bidi* was not an essential commodity. The Law Minister also had stated in this House that *bidi* had never been an essential commodity. We still maintain that *bidi* has always been very much an essential commodity for the

[Shri Nripati Ranjan Choudhury.] poor man in this country. The poor people work throughout the day and in the little time they get for rest, they enjoy themselves smoking this bidi. This is the only entertainment they have in their life. This is the only relaxation known to them. Therefore, I beg of the hon. Finance Minister. We have voted on many things. I hope many people from that side will also extend their support in favour of this amendment. The Marxist Communist Party which has been voting with them so far, voted with us in respect of the last two or three amendments. I believe they will continue to vote with us. Therefore, I would appeal to the Finance Minister, if he has any feeling for the toiling masses and the poor people in this country.

Mr. DEPUTY CHAIRMAN: Order please. Please conclude.

SHRI NRIPATI RANJAN CHOU-DHURY: I would request them. They should also support this amendment. Before I resume my seat, I would appeal to the Finance Minister that he should respect the sentiments of the poor people.

श्री एन० पी० चौधरी (मध्य प्रदेश) :
उपसभापति, महोदय इस सदन में आने के पूर्व जनता पार्टी के सदस्यों ने महात्मा गांधी की समाधि पर शपथ ली थी। महात्मा गांधी के आदर्शों पर चलने की उन्होंने शपथ ली थी।

(Interruptions)

उपसभापति महोदय, मैं यह कह रहा था कि महात्मा गांधी ने हमेशा अपने जीवन का यह उद्देश्य बनाया था कि जो जन साधारण लोगों से संबंधित मामले होंगे उनके लिये वह लड़ते रहेंगे। नमक सत्याग्रह का एक उदाहरण आप के सामने है। वह जनसाधारण से संबंधित मामला था इस लिये उस के लिये उन्होंने आंदोलन चलाया और अगर आज महात्मा जी होते तो जनता से संबंधित इस बीड़ी के लिये भी वह आंदोलन चलाते। इन बातों को दृष्टि में रखते हुए मैं उन से यह निवेदन करूंगा विशेष कर पटेल

साहब से कि गरीबों से संबंधित जो यह बीड़ी का मामला है उस पर वह कोई कर न लगायें और इस को यथास्थिति रहने दें।

SHRI N. H. KUMBHARE: Sir, the decision of additional levy on bidi will give rise to two-fold problems. The first problem is that it will directly or indirectly affect the poor smoker. He will be required to pay more. Secondly, if the people desist from smoking bidi, it will affect the employment potential. About 30 lakhs of workers in bidi industry will be without employment. They are working in far off villages. Therefore, this levy be lifted.

SHRI H. M. PATEL: Mr Deputy Chairman, Sir, I regret that I cannot accept this amendment.

एक माननीय सदस्य : अब जिद छोड़िये।

SHRI H. M. PATEL: Yes, that is true. I was somewhat interested to hear the argument put forward by my hon. friend there who thought that Gandhiji smoked...

(Interruptions)

SHRI KAMESHWAR SINGH (Bihar): He has never said that.

श्रीमती कुमुदबेन मणिशंकर जोशी (गुजरात) : गांधी जी को इस मामले से मत जोड़िये।

SHRI H. M. PATEL: Mr. Deputy Chairman, the hon. Member said that had Gandhiji been here he would have supported this Amendment. May I say, Sir, that it is only such a wrong understanding of Gandhiji's teachings which has unfortunately been their misfortune?

SHRI NRIPATI RANJAN CHOU-DHURY: This is how Gandhiji has been murdered. (Interruptions).

SHRI H. M. PATEL: I hope the ordinary man will be able to bear one paisa additional cost.

MR. DEPUTY CHAIRMAN: The question is:

11. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:—

"That at page 45,—

(i) line 15, the brackets, figures and letters "(3) (i), (3) (ii)" be deleted;

(ii) lines 17—19, the words "Four rupees and sixty paise per thousand, One rupees and sixty paise per thousand" be deleted."

The House divided.

MR. DEPUTY CHAIRMAN:

AYES—116

Noes—32

AYES—116

Abdul Khader, Shri M. S.
Adivarekar, Shrimati Sushila Shankar
Alva, Shrimati Margaret
Amarjit Kaur, Shrimati
Amla Shri Tirath Ram
Anand, Shri Jagjit Singh
Anandam, Shri M.
Antulay, Shri A. R.
Avergoankar, Shri R. D. Jagtap
Balram Das, Shri
Barman, Shri Prasenjit
Basheer, Shri T.
Bhagwan Din, Shri
Bhagwati, Shri B. C.
Bhardwaj, Shri Jagan Nath
Bhatt, Shri N. K.
Buragohain, Shri Nabin Chandra
Chandrashekhara, Shri T. V.
Chaudhari, Shri N. P.
Choudhury, Shri Nripati Ranjan
Chowdhary, Dr. Chandramanilal
Chundawat, Shrimati Lakshmi
Kumari
Das, Shri Bipinpal
Deb Burman, Shri Bir Chandra
Deshmukh, Shri Bapuraoji Marotrachi
Dnabe, Shri S. W.
Dinesh Chandra, Shri Swami

Dutt, Dr. V. P.
Dwivedi, Shri Devendra Nath
Gadgil, Shri Vithal
Gill, Shri Raghbir Singh
Goswami, Shri Sriman Prafulla
Gupta, Shri Bhupesh
Habibullah, Shrimati Hamida
Havanur, Shri L. G.
Janardhanam, Shri A. P.
Joshi, Shri Jagdish
Joshi, Shri Krishna Nand
Joshi, Shrimati Kumudben Mani-
shanker
Kaderah, Shri M.
Kalaniya, Shri Ibrahim
Kamble, Prof. N. M.
Kameshwar Singh, Shri
Kapur, Shri Yashpal
Khan, Shri F. M.
Khan, Shri Khurshed Alam
Khan, Shrimati Ushi
Khaparde, Shrimati Saroj
Koya, Shri B. V. Abdulla
Krishnan, Shri U. R.
Kumaran, Shri S.
Kumbhare, Shri N. H.
Kunjachen, Shri P. K.
Kureel, Shri Piare Lal urf Piare Lal
Talib
Mahanti, Shri Bhairab Chandra
Mahapatro, Shri Lakshmana
Mahida, Shri Harisinh Bhagubava
Majhi, Shri C. P.
Makwana, Shri Yogendra
Malaviya, Shri Harsh Deo
Mali, Shri Ganesh Lal
Malik, Shri Syed Abdul
Mehrotra, Shri Prakash
Mehta, Shri Om
Menon, Shri Viswanatha
Mishra, Shri Mahendra Mohan
Mittal, Shri Sat Paul
Munoo, Shri Bhaiya Ram
Naik, Shri L. R.
Nanda, Shri Narasingha Prasad
Nurul Hasan, Prof. S.
Pande, Shri Bishambhar Nath
Patil, Shri Deorao
Patil, Shri Gulabrao
Pradhan, Shrimati Saraswati
Raha, Shri Sanat Kumar
Rahamathulla, Shri Mohammad
Rajan, Shri Pattiam
Ranbir Singh, Shri
Ranga, Shri N. G.
Ratan Kumari, Shrimati

[Mr. Deputy Chairman]

Razack, Shrimati Noorjehan
 Reddy, Shri Janardhana
 Reddy, Shri K. V. Raghunatha
 Reddy, Shri Mulka Govinda
 Refaye, Shri A. K.
 Sahu, Shri Santosh Kumar
 Saleem, Shri Mohammad Yunus
 Savita Behen, Shrimati
 Schamnad, Shri Hamid Ali
 Sharma, Shri Kishan Lal
 Sharma, Shri Yogendra
 Shastri, Shri Bhola Paswan
 Shastri, Shri Prakash Veer
 Shyamkumari Devi, Shrimati
 Singh, Shri Bhishma Narain
 Singh, Shri D. P.
 Singh, Shri Irengbam Tompok
 Singh, Shri Mahendra Bahadur
 Singh, Shrimati Pratibha
 Singh, Dr. V. B.
 Sisodia, Shri Sawaisingh
 Soni, Shrimati Ambika
 Sultan, Shrimati Maimoona
 Swaminathan, Shri V. V.
 Swu, Shri Scato
 Thakur, Shri Gunanand
 Tilak, Shri J. S.
 Tiwari, Shri Shankarlal
 Triloki Singh, Shri
 Tripathi, Shri Kamlapati
 Venigalla Satyanarayana, Shri
 Verma, Shri Shrikant
 Wajid, Shri Sikander Ali
 Yadav, Shri Shyam Lal
 Zawar Husain, Shri

NOES—32

Abid, Shri Kasim Ali
 Advani, Shri Lal K.
 Asthane, Shri K. B.
 Bhandari, Shri Sunder Singh
 Bhanu Pratap Singh, Shri
 Jagbir Singh, Shri
 Kamalanathan, Shri M.
 Khan, Shri Ghayoor Ali
 Kulkarni, Shrimati Sumitra G.
 Lakshmanan, Shri G.
 Latha, Shri Khyomo
 Maran, Shri Murasoli
 Misra, Shri Lokanath
 Narendra Singh, Shri
 Nathi Singh, Shri
 Nizam-ud-Din, Shri Syed
 Papireddi, Shri Bezawada
 Parikh, Prof. Ramlal
 Pradhan, Shri Patilpaban

Prem Manohar, Shri
 Purnaiah, Shri Kota
 Rao, Shrimati Rathnabai Sreenivasa
 Ray, Shri Rabi
 Saring, Shri Leonard Solomon
 Schamnad, Shri Hamid Ali
 Shahi, Shri Nageshwar Prasad
 Shanti Bhushan, Shri
 Siddiqui, Dr. M. M. S.
 Sinha, Dr. Ramkripal
 Sujan Singh, Shri
 Trivedi, Shri H. M.
 Varma, Shri Mahadeo Prasad.

The motion was adopted.

SHRI M. ANANDAM: Sir, I beg to move:

12. "That the Rajya Sabha recommends to the Lok Sabha that the following amendments be made in the Finance (No. 2) Bill, 1977, as passed by the Lok Sabha, namely:

"That at page 47, line 23, after the word "ingredient" the words "or vegetable or fruit juice or pulp" be inserted.

Mr. Deputy Chairman, Sir, the purpose of my amendment is this. There are two types of levies on aerated waters and other juices. One is on aerated waters which are only charged with carbon dioxide gas under pressure and which contain no other added ingredient. This is 25 per cent *ad valorem*. The other is on "All others" which is 55 per cent *ad valorem*. It means that vegetable and fruit juices are liable to 55 per cent levy. You are very well aware that a large number of people are engaged in the manufacture of fruit and vegetable juices in Jammu and Kashmir, Himachal Pradesh and other hill areas. It is a cottage industry. So this levy of 55 per cent will particularly hit all these cottage industries in these places. Therefore, I suggest that there should not be any excise duty on these and even if there is to be a duty on these, it should be

remitted to 25 per cent. That is the purpose of this amendment.

The question was proposed.

SHRI D. P. SINGH: Sir, I support this amendment to point out the discriminatory aspect of the treatment meted out to the two types of drinks. Now, for some time, between the two Houses and the Central Hall, one has the facility of having these fruit juices. These levies are intended to discourage the people to grow fruits and people who now have the benefit of these fruit juices will be hit. So what is good for the health of people is being sought to be discouraged by putting higher levies. I think it is an unnecessary discrimination which is going to have an unhealthy effect.

SHRI H. M. PATEL: I am afraid, my hon. friend has not fully understood this particular provision which he seeks to amend, because there is no intention of vegetable or fruit juices—the natural ones—being affected by this. In fact, the way in which the amendment has been moved, it could mean that Coca Cola, which we have put in the highest category of 55 per cent, would also be reduced to 25 per cent. I do not know if this is their intention. The way we had divided this was that in the highest category—55 per cent—Coca Cola would come; others would come under 25 per cent and still others would be exempt.

SHRI M. ANANDAM: Sir, I propose to withdraw my amendment (No. 12).

Amendment †(No. 12) was, by leave, withdrawn.

MR. DEPUTY CHAIRMAN: The question is:

“That the Third Schedule, as amended, stand part of the Bill.”

The motion was adopted.

†For text of the amendment, vide Cols. 200 *supra*.

The Third Scheduled, as amended, was added to the Bill.

The Fourth Schedule and the Fifth Schedule were added to the Bill.

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

SHRI H. M. PATEL: Sir, I move:

“That the Bill, with the amendments recommended, be returned.”

The question was proposed.

SHRI BHUPESH GUPTA: Sir, a final word... (*Interruptions*)... Listen. Good for all. This is a red letter day for this House because we have gone through a unique experience of having defeated the Government on a vital matter. It has been a moral defeat, for it has been seen how, on this side of the House, we championed the cause of the people and how the Government have not accepted it. All I would like to say is that we have demonstrated in this House the potential of the Rajya Sabha. I hope the Government will take a lesson from it and will not unilaterally bring a Bill. I also hope they will not take anti-people and anti-democratic measures as they have done in some cases against which we have voted.

I am very happy for the first time to find my Congress friends coming here and voting with us over an issue of this kind... (*Interruptions*)... Sir, it is also a sadness for me, a pain for me because Mr. Rabi Ray and others who are socialists have gone there to vote for the Janata Party and the position earlier taken by the erstwhile Swatantra Party. They are being revived to some extent.

SHRI G. LAKSHMANAN: Point of order... (*Interruptions*)... I take very strong exception...

(*Interruptions*)

SHRI H. M. PATEL: The hon. Member really...

(Interruptions)

SHRI BHUPESH GUPTA: The Janata Party does not stand for the people. It has been demonstrated...

SHRI H. M. PATEL: The hon. Member has not made it clear. Since he chose to speak again, let it be made clear that these amendments will become amendments only if they are approved in the Lok Sabha. Otherwise they are no more than recommendations... *(Interruptions)*...

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill, with the amendments recommended, be returned."

The motion was adopted.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 3.30 P.M.

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

The House reassembled after lunch at thirty three minutes past three of the clock, Mr. Deputy Chairman in the Chair.

Reference to one day token strike by the Jute Workers in West Bengal

SHRI BHUPESH GUPTA (West Bengal): Sir, I want to say something about the one-day token strike by the jute workers in West Bengal. Mr. Dharia is here. The strike is in protest against the policy of the jute mill owners.

MR. DEPUTY CHAIRMAN: We have to take up the Cardamom (Amendment) Bill, 1977.

SHRI BHUPESH GUPTA: Sir, I should like the Minister to make a statement with regard to the progress of the strike and what he is going to do, because many workers are threatened with retrenchment, etc. Sir, he went to Calcutta and had some discussions. Evidently, the discussions were not successful; otherwise, the strike for the day would not have taken place.

DR. RAMKRIPAL SINHA (Bihar): There was a Calling Attention Motion on this.

SHRI BHUPESH GUPTA: I am very glad that he has given me more chance to speak.

SHRI LOKANATH MISRA (Orissa): Mr. Bhupesh Gupta, there was a Calling Attention Motion.

SHRI BHUPESH GUPTA: I know that.

MR. DEPUTY CHAIRMAN: You have made your point. Now we come to the Cardamom (Amendment) Bill, 1977.

SHRI BHUPESH GUPTA: Sir, I only want to say that we congratulate the working classes of West Bengal, especially the jute workers, for the magnificent strike action.

Message from the Lok Sabha

The Tea (Amendment) Bill, 1977

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith the Tea (Amendment) Bill, 1977, as passed by Lok