

**श्री अटल बिहारी वाजपेयी :** अगर कोई छुटपुट घटना हुई है तो उन्हें राज्य सरकारों के ध्यान में लानी चाहिये। उत्तर प्रदेश में कांग्रेस की सरकार है और आंध्र प्रदेश में भी कांग्रेस सत्तारूढ़ है। वे इस प्रकार के कांड होने की इजाजत क्यों दे रहे हैं यह समझने में मैं असमर्थ हूँ। अध्यक्ष महोदय, मैं चाहूंगा कि आप इस बारे में हमें विस्तार से वक्तव्य देकर स्थिति स्पष्ट करने का मौका दें। मैं इतना कहना आवश्यक समझता हूँ कि यह धारणा पैदा नहीं होनी चाहिये। जो शांतिपूर्ण चुनाव हुए हैं उसके बाद अशांति पैदा हो रही है यह न देश के लिये अच्छा होगा और न किसी दल के लिये अच्छा होगा।

**श्री गुणानन्द ठाकुर (बिहार) :** व्यवस्था का प्रश्न है। माननीय विदेश मंत्री जी ने बताया है कि यह राज्यों का मामला है तो मैं चाहूंगा कि विदेश मंत्री जी, जिन्होंने कि सरकार की ओर से उत्तर दिया है, क्या इन बातों की जांच करायेंगे? यह सीधा सवाल है इतना तो आप आश्वासन दीजिये।

**डॉ० राम कृपाल सिंह (बिहार) :** इसमें व्यवस्था का क्या सवाल है?

**श्री गुणानन्द ठाकुर :** श्रीमन्, मेरा कहना यह है कि जो बात सरकार के ध्यान में लाई गई है, क्या सरकार उसकी छानबीन कराएगी ताकि उसकी सत्यता की जांच हो सके? चूँकि माननीय सदस्य ने अपनी ओर से कुछ भी नहीं कहा है और जो कुछ अखबारों में छपा है, उस का जिक्र किया है।

**श्री उपसभापति :** मंत्री महोदय ने कहा है कि सरकार इस पर वक्तव्य देगी।

### THE FINANCE BILL, 1977

THE MINISTER OF FINANCE,  
REVENUE AND BANKING (SHRI  
H. M. PATEL): Mr. Deputy Chairman,  
I move:

"That the Bill to continue for the financial year 1977-78 the existing rates of income-tax with certain modifications and to provide for the continuance of the provisions relating to auxiliary duties of customs and excise and the discontinuance of the duty on salt for the said year, as passed by the Lok Sabha, be taken into consideration."

The Statement of Objects and Reasons appended to the Bill briefly explains the specific provisions contained therein. This short Bill seeks to continue the existing tax structure for the financial year 1977-78. Accordingly, the rates of income-tax specified in the Finance Act, 1976, for the purpose of deduction of tax at source from salaries during the financial year 1976-77, for computation of advance tax payable during that financial year and for certain special purpose are proposed to be continued for making assessments for the assessment year 1977-78. The same rates are also proposed to be continued for deduction of tax at source from salaries during the financial year 1977-78, for computation of "advance tax" payable in that financial year as also for the said special purposes.

The provisions enabling companies to make deposits with the Industrial Development Bank of India in lieu of payment of surcharge on income-tax are also proposed to be continued.

Under the provisions of the Finance Act, 1976, the net agricultural income of individuals, Hindu Undivided families, unregistered firms, etc. is taken into account for determining the rates of income-tax applicable to their non-agricultural income. These provisions are proposed to be continued for the financial year 1977-78. A consequential modification is, however, proposed to be made in the provisions relating to the set-off of the unabsorbed loss in agriculture. The amendment seeks to secure that besides the unabsorbed loss

for certain years, the loss for the accounting year relevant to the assessment year 1976-77 is also set off against the agricultural income for the accounting year relevant to the assessment year 1977-78. The proposed amendment further seeks to provide that the unabsorbed loss in agriculture for the accounting year relevant to the assessment year 1977-78 may also be set off in determining the net agricultural income for purposes of payment of advance tax etc. during the financial year 1977-78.

Clauses 3, 4 and 5 of the Bill deal with indirect taxes. While clauses 3 and 4 seek to levy upto the 31st day of March 1978, the existing rates of auxiliary duties of customs on all imported goods and auxiliary duties of excise on all excisable goods, clause 5 provides that salt shall be duty-free for another year. Hon. Members will notice that so far as indirect taxes are concerned, the Finance Bill does not contain any new tax proposals and all taxes continue in the same form as in the year 1976-77. I trust that this short and simple Bill will receive the unanimous approval of this House. I, therefore, commend the Bill for acceptance by the House.

*The question was proposed.*

**SHRI KALYAN ROY (West Bengal):** Sir, I will try to be brief because Shri Patel has just taken over. Firstly, I want to make it clear that in the last two years there has been a steady deterioration in the economic conditions of the people, particularly the working class and the poor peasantry. The attack came in three forms. Firstly, while the prices started increasing and increasing considerably, the Government came out with a bankrupt theory that it was because of the fact that more money was being pumped into the market and that more pay or any pay rise would lead to inflation. In other words, in their opinion, it is the working class which is responsible for inflation and the axe fell on the working class in the form of the Compulsory Deposit Scheme and it was ruthlessly used

against every section of the salaried people, whether they are miners, tea garden workers, rickshaw pullers or whether they are steel workers or textile workers or other workers. All these people are also facing massive unemployment and rising prices, and the scandalous thing, which Mr. Patel would have noticed while he was in the Opposition, is that even the money which was collected as Compulsory Deposit under the Scheme by the private sector people was not paid back at all till today. About a few hundred crores were collected by these textile industrialists by the mine owners, by the jute bosses and others, but only a part of it was paid back as the first instalment. The ex-Finance Minister, Mr. Subramaniam, who used to sit on the Treasury bench, told categorically that the misuse of the CDS money would be checked and action against those private sector industrialists who failed to clear their CDS money would be taken. There are two parts: Firstly, the money should be paid back in instalments, that is, whatever has been deducted from the wages of the workers would be paid back to each worker and secondly, each worker would be issued with a slip showing to what extent money has been deducted. Neither of the terms has been fulfilled by the private sector. Sir, I am even compelled to say that a section of the public sector also is delaying the payment. Mr. Subramaniam pretended that he did not know about that. But, when faced with the fact, he said: "Yes. It is a serious matter and it is scandalous", and so on and he used all kinds of adjectives. But, Sir, till today, no action has been taken against the big jute industrialists like the owners of M/s. Bird & Co., against the Singhanias, against the Birds, against the Jain and against so many others for misappropriation of the CDS money. Sir, it is outright theft. I am surprised that Mr. Patel, neither in the other House nor in this House, has mentioned a word about it. Am I to take it that like the previous Government this Government is also colluding with the

[Shri Kalyan Roy]

private sector in this massive theft, in this massive loot and in this massive dacoity?

Then, Sir, the second thing is this: When the prices were rising, the DA of the employees was impounded. Now, may I ask Mr. Patel, who has won the massive mandate from the people on this very programme, on this very assurance that they would scrap the CDS and that they would pay back the impounded DA, as to when he is going to fulfil that assurance? Till today, Sir only the CDS money has been deducted, but it has not been paid back at all the impounded money is still with the Government which comes to about a few hundred crores or so. I do not think that there is any sign of any decrease in prices. Can there be any decrease in prices in the kind of society which the previous regime was building up where there are massive and big monopoly houses and where the entire foodgrains are being controlled by a few traders? Can there be any guarantee in such a society that the prices will be stabilised and that they would come down? Has it happened at any time in history? Has it happened anywhere in the world? So, Sir, my question to the honourable Finance Minister is this: How is going to tackle this problem, the problem of the fantastic growth of the big monopoly houses? It is a fact, Whatever may be the progressive policy of Mrs. Indira Gandhi, it is a fact that her economic policy lately became—it can be said in one word—a policy to total support to the monopoly houses.

12 All the big houses, 75 fami-  
NOON lies, were having it so good.

What are you going to do about it? During the first stage of emergency—I have no hesitation in congratulating the ex-Minister of State, Shri Pranab Mukherjee there were a series of raids on the houses of monopolists. The house of Modi was raided, the house of Birla was raided and Singhanian's house was raided. About Rs. 800 to Rs. 900 crores of hoarded black money was found out. I would humbly ask Mr. Patel: Are

you going to continue with the raids or are you going to put a stop to them? What has happened to the cases which are pending against the big business houses? The Government failed to take a positive action against 75 big monopoly houses. There is no hope that the prices will come down.

Secondly, unfortunately, towards the end of the emergency, a series of excise and other concessions, in the name of reviving the economy, were given. The economy was in the doldrums. Never before India had so much un-employment. As Mr. Patel also pointed out in the other House, I think, the unemployment figure in the Employment Exchange registers is nearly 98 million or something like that. Factories have been closed. Half-a-million workers have been laid off. Most of the closures are in the private sector, not in the public sector. What is he going to do about it? Is it not a fact that one of the biggest aluminium factories in the country belongs to Singhanian is still lying closed?

I was surprised the other day to hear the speech of the Minister of Industry when he said that consumer industries would be mainly in the private sector. Shall I take it that the policy of the present Government would now be to scrap all those industries which have been nationalised, scrap those mills which have been given to the public sector and give licences to the monopoly houses and set up vanaspati factories, paper factories and sugar factories so that the loot continues? He has to be categorical about it. The collapse of the previous Government was due to the fact that though in the name of the mixed economy, coal mines were taken over, some of the steel and copper mines were taken over, yet their entire policy was to boost up an unadulterated capitalist system in the country. The result was this massive unemployment and rise in prices. Is the present Government going to fall a prey to the monopoly houses. And what is their attitude towards the excise and other concessions which my friend Mr. Debi

Prasad Chattopadhyaya gave one after the other to the jute industry? Some industrialists failed to pay Rs. 18 crores to the Jute Corporation of India. That money was swallowed by the big jute bosses. The Indian Jute Mills Association and big industrialists failed to pay Rs. 18 crores to the Jute Corporation of India. I can give any number of examples about it. I am asking whether this kind of loot by the private sector will be allowed to continue. Let them not forget that the working class, the peasants, the down-trodden, rural people voted for them. There is no doubt about it. I have no hesitation in saying so. In Dhanbad, in Asansol and in Calcutta, the people voted for the Janata Party—not because their faces are more handsome than those of the other people. It was because the Congress Government had betrayed them and stabbed the workers behind the back. They colluded with the employers, so that the employers could lay off thousands and lakhs of workers. And the workers were not allowed even to protest against these things. There were lay-offs from Bombay to Calcutta and from Madras to Delhi.

Mr. Sankar Ghose is sitting here. He was Minister of Planning. Let him listen to this. Let Mr. Pranab Mukherjee listen to it. It is because of this that the Congress Government lost. It is because they stopped the raids on big industrialists who got fantastic credits from the banks. The banking industry was out to crush the All India Bank Employees Association which is the only recognised union. The whole banking industry was geared to crush it and to finish it. Wherever there was a genuine and democratic trade union, the Government's task was to liquidate it and to finish it in a most crude manner. Puppet unions were set up in the nationalised banks. An honest agreement was arrived at between the LIC Union and the LIC Management. There was nothing revolutionary in this. It was binding. Then, to our utter surprise and shock, the Government brought forward a Bill in order

to end that agreement. They had no right to do so. Desperately, the LIC employees rushed to the Supreme Court. The same thing has been repeated in every industry. The entire Government was depending on one pillar. One was the support of the monopolists. They allowed retrenchments and lay-offs. They set up puppet unions everywhere. Let the Congress M.Ps. listen to it.

SHRI V. B. RAJU (Andhra Pradesh): The Congress is not in the Treasury Benches to answer you. Are you accusing this side or that side? You should not open two fronts.

SHRI KALYAN ROY: Mr. Raju, you have done enough damage to the country. You should have the patience to listen now. Don't put forward the arguments which you have been doing before supported by the coterie. The workers were prevented from doing anything. The situation of the workers was desperate. It is not that they like Mr. Patel or Mr. Morarji Desai or others. But these people refused to side with the right reactionary parties. It took away whatever rights are enjoyed. You did not give a single concession to the working class. Ten jute mills are lying closed in Calcutta. What are you going to do about them? Shri Chandrajit Yadav gave assurance after assurance. In Calcutta, nearly 10 lakh workers are unemployed in the engineering and textile industry. I expect Mr. Patel will say that those who have failed to pay back the Compulsory Deposit Scheme money, as laid down by the law, will be put inside the jail. You have not said a word about it. The same thing continues under the present regime. What is the difference? I would like to know what is the difference between Mr. Subramaniam and Mr. Patel? When you gave a categorical assurance that Railways employees will be taken back, we were the first to congratulate you. I have no reservation about it.

SHRI G. LAKSHMANAN (Tamilnadu): You are talking so much about the previous ruling party. How is it

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that you supported the ruling party at that time?

AN HON. MEMBER: You also supported Congress.

SHRI G. LAKSHMANAN: We supported only Janata. In one State you supported and in another you did not support the Congress. You supported the Congress in Tamil Nadu. How do you clarify that?

SHRI KALYAN ROY: Well, I am not here to clarify. I am asking the clarification here. So, my point is this. I have a fear, Sir, that whatever commitment is there, I find there is a certain reluctance to fulfil that commitment. I went to the coal mines in Asansol the other day. They elected a CPI(M) candidate. The workers came and asked: "We have voted for you. What about our bonus? We have increased the productivity in the coalmines—There was so much of coal produced, about 100 million tonnes—What about our bonus which was snatched away by Mr. Subramaniam and Mr. Mukherjee?" What reply can we give? The workers have tasted the democracy. Are they going to be frustrated? Because already the strikes are developing, the slow-downs are developing? Will the Government take note of that because great expectations have been aroused? What about the hoarders, blackmarketeers and the income-tax evaders? What will you do about them? Is it true that the raids are not continuing? Why have the raids been stopped? Why is it that smuggling has again gone up? I just read in 'the Blitz' that the Government has intercepted a message from one notorious smuggler from Bombay to another smuggler in Kuwait that the situation is very good for starting the operation once again. It has come in the 'Blitz'. Will the Government take drastic steps to stop smuggling? Will there be exemplary punishment? When the devaluation took place, Mr. Birla came to know that devaluation was going to take place. He got through the United

Commercial Bank and the Hindustan Motors one million pounds.

AN HON. MEMBER: Who?

SHRI KALYAN ROY: The House of Birlas. In 1965-66, the matter was gone into by the Enforcement Agency. The Enforcement Agency conducted a raid both at the Hindustan Motors and at the house of Birlas. The matter was raised in this House by myself and Mr. Chandra Shekhar. Mr. K. K. Birla and all other Birlas were charge-sheeted. The Custodian of the United Commercial Bank, Mr. Shah, was suspended and asked to go on leave. What do you expect there? Naturally, the other Birlas will be arrested and serious action would be taken. The passport of Mr. W. B. Jones, who has their adviser, was impounded and he was put in jail. But what happened then? In 1971, Mr. W.B. Jones was allowed to go to England. The Prime Minister's Secretariat did not even challenge but returned the passport to him. The officer who was conducting the enquiry into the various malpractices of the house of Birlas and Mr. Shaw Wallace, who was involved with Mr. Kalyan Basu, and whose name figured in this House and the other House was asked to resign. Mr. D. K. Guha was asked to resign. He has given the entire thing in writing to the 'Blitz'. So, Sir, racketeering in foreign exchange still continues. Will the Birlas case to revived or at least continued with the seriousness which was there at the beginning? But what has happened in between? Why is this hush-hush in the affair? Will Mr. D. K. Guha be taken back in service, Mr. Guha, who was forced to resign under duress just because he dared to arrest one of the Birlas, just because he dared to carry out the raids in the Hindustan Motors? The ruling party patched up with the Birlas and so Mr. D. K. Guha had to go. I humbly ask Mr. Patel, who was with me in the Public Accounts Committee, whether he will have the courage now to go into the shady deals of the Birlas, of the Century Rayons of Kalyan Basu

and of Shaw Wallace? Will he have the courage or will he again rely on the monopolists to support him? Let him answer. I find that his orientation is towards the private sector. The iron ore industry is being looted by the private sector. The previous Government vacillated whether to take it over or not. Now I find that there will be no nationalisation. The iron ore industry will be allowed to go to dogs. What is the Government's policy? I am once again repeating that Mr. Debi Prasad Chattopadhyaya was the closest darling of the monopolists, Jute tycoons and textile tycoons were so much helped by Mr. Chattopadhyaya. You will be surprised to know, Sir, that our *per capita* consumption of cloth came down. What planning did Mr. Sankar Ghose do at that time? Sir, the *per capita* consumption of cloth came down. The total production of cloth came down. About 70 textile mills were closed. In textile mills alone about two lakh workers were thrown out of jobs. In my State 18 textile mills were closed and the prices shot up in various ways. Previously there was a practice that the prices will be stamped. This practice was given up and immediately the prices went up by 50 per cent. This happened because the Government was hand in glove with the textile tycoons and textile magnates. It is because of the pressure of the working class, because of the united action of the working class that the National Textile Corporation came into existence after much fight and about 104 textile mills are today functioning under the National Textile Corporation where the performance is good and improving. I would like to ask Mr. Patel whether cheap cloth can be made available even though the Birlas, the Jaipurias and the Singhanias continue to dominate the textile mills? That was the history of the Congress regime. They depended on the Birlas, the Jaipurias and the Singhanias. The only way by which you can give cheap cloth to people is by stopping evasion of tax and black-marketeering and by taking over the textile mills. The only

possible way by which you can give cheap sugar is by taking over the sugar mills. The only way by which you can stop this foreign exchange racketeering is by taking over at least some of the houses of the big industrialists. If you do not go in that direction, then once again you will have to impose more and more taxes on common people. And, the same monopolists who had an understanding with the previous Government and resorted to lock-outs and closures will once again resort to these things, as they are doing. The same vicious cycle will continue. Whether you are interested only in coming to power or whether you are interested in bringing about a restructuring of the economy, is the issue. To us there is not much different whether Mr. Subramaniam is occupying the seat or, half asleep, Mr. Patel is occupying the seat. To us it does not make any difference at all. In which direction you want to go, I do not know. I would like to know that because that is what the people want to know.

People want a categorical assurance that there will be no more unemployment. What about the unemployment allowance? One hundred million people are on the live registers of Employment Exchanges. Are you going to introduce some kind of unemployment allowance? If so, when? These are the questions to which people want an answer. But, I am afraid, the way the things are happening, people have begun to have doubts and I would be very happy if the doubts are removed as early as possible.

SHRIMATI SUMITRA G. KULKARNI (Gujarat): Mr. Deputy Chairman, Sir, I would like to congratulate the Government for bringing this Finance Bill before this House soon after its formation.

It is a matter of great satisfaction that in such a short time such a Finance Bill has been placed and the

[Shrimati G. Kulkarni]

Government has announced some tax reliefs also.

Just now, the hon. Finance Minister listed as per Clause 5 of this Bill a number of tax reliefs. Particularly the one which deserves a mention is about the abolition of tax on salt, whether manufactured or imported. Sir, salt has a history of its own. Salt is the only commodity without which nobody can live, not even an animal can survive. Even in forest areas also, and reserved forests where games sanctuaries are there, huge slabs of salt are put so that the wild animals can also have a little bit of salt needed by them. Similarly, just as no one can live without salt—even the forest man knows that he cannot live without it, that being a great equaliser—people also cannot consume too much of it. Suppose, somebody is very rich. All his richness cannot give him the permission to use more salt because then it becomes unbearable. So, here is a very important item on which the Government has decided to abolish the tax and give relief. This is the only item at least, on which a poor man can say that he does not have to pay tax.

Sir, as I told you, the salt has history of its own. In the pre-British days, there was never a duty on this item in the country, and to the best of my knowledge—though I am not so sure—the world over now—here there used to be a salt tax. But, as far as the Indian history is concerned, I am quite sure that in the pre-British days, there was no duty on salt. However, during the British regime, there was a salt tax imposed on the manufacture and consumption of salt. Now, Sir, it was in 1930 that Mahatma Gandhi first took up this matter and it was to highlight this issue that the Dandi March was conducted and the only mission of this March was that the salt tax should be removed. That Dandi March was very successful all over the country. All of us know the history of the

Dandi March and the mission involved. In 1931, in the Gandhi-Irwin Pact—I think it was in the month of March—one of the clauses was that no tax will be imposed on the manufactured salt. This was one of the tenets of that Gandhi-Irwin Pact which continued till we become independent.

Sir, after independence, I regret to say that there was some type of taxation on salt, whether it was imported salt or manufactured salt but this was, after we fought and agitated, removed. It is now a matter of great satisfaction that this new Government have decided to remove this tax on salt, whether imported or manufactured, and I am sure that the entire country will be grateful for this gesture. It is one thing which is to the credit of the Government and which may be acknowledged by all sections of this House.

Another thing which I notice in this Bill is that under Clauses 3 and 4, auxiliary duty of 20 per cent is being imposed on the 'Customs goods' and so also the Excise Duty. Now, Sir, this may be a good proposal but may I request the Government to bear in mind and take care to ensure that this does not increase prices at all. If this additional Excise Duty or Customs Duty is carried on and it result in increase in prices, then it will result in inflation and that will cause tremendous hardship. As it is, the people of this country have been suffering under inflation and price rise. For the last so many years, this difficulty has been there and if this difficulty increases because of this additional duty, it will hit the poor people and therefore, it is my earnest request that the Government, particularly, the hon. Finance Minister may ensure that this additional duty does not add to the prices and that the prices are controlled and inflation is checked. This brings me to another part of the Bill. This is about the income-tax exemption limit. Sir, last year, the income-tax exemption limit

was raised from Rs. 6,000 to Rs. 8,000. Even when I spoke on the Finance Bill last year, I had submitted to the then Finance Minister that this income-tax exemption limit should be raised from Rs. 8,000 to Rs. 12,000. I personally believe that the loss of income-tax as a result of raising of the exemption limit from Rs. 8,000 to Rs. 12,000 can be easily made up by the economy which we will be able to achieve in the administrative expenditure on staff and so on which will be necessary for calculating this tax incidence between Rs. 8,000 and Rs. 12,000. The income that the Government will be getting if they do not raise the exemption limit from Rs. 8,000 to Rs. 12,000 will be very small compared to the exorbitant expenditure which will have to be incurred on the maintenance of the offices, the staff, service of income-tax notices, collection of tax and so on. This whole infructuous expenditure can be avoided which will be ten times more than the tax which the Government will be getting in the income-tax range of Rs. 8,000—Rs. 12,000. Therefore, it is my submission to the hon. Finance Minister that without any reservations in his heart, he should raise the exemption limit from Rs. 8,000 to Rs. 12,000. After all, an income of Rs. 1,000 these days is not a very big amount. One has to make all kinds of payments like house rent, expenditure on education, insurance, provident fund and so on. The net amount which will be left in the hands of a person who earns Rs. 1,000 per month will be nearly Rs. 500 of Rs. 600. This cannot be considered a big amount. Therefore, I would ask the hon. Finance Minister to consider this issue. I know this is an interim Finance Bill and this is not the regular Finance Bill. As and when the regular Finance Bill is presented in the other House and discussed in this House, at that time, serious consideration should be given to this issue. This would give relief to a large number of people all over the country.

I would also like to invite the attention of the hon. Finance Minister to page 4 of the Finance Bill. Sir, I have done a slight calculation which I would like to share with the House. This is in regard to rates of income tax. Item (6) says:

“(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,010 plus 50 per cent of the amount by which the total income exceeds Rs. 30,000.”
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I have done some calculations and I will not take the time of the House by going into the details of it. It works out to Rs. 12,200 by way of tax for the income range of Rs. 30,000—Rs. 50,000. Roughly, this works out to an income of Rs. 4,000 per month. Now, about Rs. 1,000 goes by way of income-tax from a person who earns Rs. 4,000 per month. Rs. 1,000 out of Rs. 4,000 means 25 per cent by way of income-tax. Is it not an exorbitant rate? Professionals like lawyers, professors, Government servants, teachers, doctors and so on come under this income group. These people should be given relief. It is too much to expect that a man should pay 25 per cent of his income by way of income-tax. After all, he has to meet many needs. He has to pay his house rent, provident fund, insurance and so on. All these payments take away another Rs. 1,500. This leaves him with an amount of about Rs. 1,500. I would like to know and I am sure the House would agree with me, what can one do with an amount of Rs. 1,500 these days. After all, a man has to have some transport which is required for his mobility. This is not a luxury. Further, he has to educate his children, take care of the health of the children and so on. He has also to spend some amount on cloth as he has to move in the society in a decent way. With this amount of Rs. 1,500 he cannot meet any of these expenses. These are all average requirements. I am not suggesting that there should be any luxury. But these minimum necessities should be given to a person who is earning a



[Shrimati G. Kulkarni]

salary of Rs. 4,000 per month on paper. This may look a big amount. But after all the expenditure, it actually works out to about Rs. 1,500 per month. Out of that Rs. 200 he will save for his pan and cigarette and only about Rs. 1000/- are left with his wife to run the entire household. This is in a way a great hardship on the women of average middle class, professional class of this country. That is why I say that this has also to be rectified.

Now there is a provision that anybody with an income of Rs. 1 lakh will be given a tax benefit which works and to 23½ per cent, if I am not wrong. Last year also I had raised this point that on the one hand we are giving relief to the people who are in the luxurious group, who are earning more than Rs. 1 lakh and on the other, those who are not earning Rs. 1 lakh are not given any relief. Why is there this inequality between those who are earning a lakh of rupees and those who are earning less than half a lakh of rupees. If the Government wants to increase the investment pattern, if they want to give a fillip to the people in the industry, it is fair enough, I am not at all criticising nor even quarrelling over the issue that the persons earning over a lakh of rupees should not get exemption, but my point is that the same *pro-rata* exemption should be extended to the professionals and to other slabs of income-tax also. Unless we do this, we will be perpetuating injustice. I had raised this issue with the previous Government. Anyone can go through my record on this issue. I had suggested that if this was being given, it should be uniformly given to the rest of the people and the same thing I would like to emphasize before the present Finance Minister that if people deserve to get any relief who are earning more than a lakh of rupees per annum, it should also be given to the persons whose those who are in the range of Rs. 30,000

those who are in the rang of Rs. 30,000 should also receive the same benefit on a *pro-rata* tax slab. You may devise a method by allowing 10 per cent reduction on the total income-tax or whatever method you may adopt, but these things must be gone into carefully. Otherwise, we will be unfair to a very large section of the professionals of this country. These professionals are the alert people, they are the backbone of this country and we have to think of their development very seriously.

With these words, I fully welcome this Finance Bill. If these two or three things are borne in mind, I am sure a tremendous amount of distress which is experienced by a large number of people by way of income-tax—because of that so much of evasion of income-tax is taking place—can be mitigated. Professor Kaldor who came here, remarked that there were maximum instances of income-tax evasion taking place in India. If we want to rectify the situation, this is one of the logical and smooth methods whereby we can prompt people to pay their income-tax honourably, not to cheat the Government and to participate in the development of the country. By and large, people are not at all interested in violating laws. They are law-abiding citizens. It is only when the taxes become beyond their endurance that they resort to all these types of evasion. If we want to check evasion, this is the method whereby we could equalise the benefit being given to the upper income bracket and to the middle-bracket professionals.

With these words, I support the Finance Bill.

SHRI U. K. LAKSHMANA GOWDA (Karnataka): Mr. Deputy Chairman, I wish to make my remarks on the Finance Bill which has been moved today in the House. Of course, even in the General Budget speech the Finance Minister said that his Government had just taken over and he

was only presenting an interim Budget or Vote on Account and a regular Budget reflecting the policies and philosophy of his Government will be presented to the House in the month of May. So far as the scope of this Finance Bill is concerned, it is very limited. In the first instance it does not propose to increase any of that taxes, direct or indirect, nor does it propose to have any additional excise or customs taxes except that as Mrs. Kulkarni mentioned, some relief has been given in the case of salt. I certainly share those views that the Income-tax exemption limit should have been altered. This has been placed before both Houses of Parliament year after year and it was always said that the exemption limit of Rs. 6,000/-, available at that time, was too low in view of the inflationary tendencies and the situation prevailing in the country. It was only later, I think as one of the 20-Point Programme, that it was raised to Rs. 8,000/-. If we go back and look at the Wanchoo Committee recommendations with regard to tax reforms, raising the exemption limit and giving relief in the highest marginal rate of taxation has been on the anvil for a long time, even from the time when Mr. Chavan was the Finance Minister, and after much deliberation certain reliefs were provided which are reflected in this Bill.

I am happy that in this interim Bill, no changes have been proposed. Sir, I certainly welcome the setting off of the losses in agricultural income for computation of the Income-tax for people who have agricultural income as well. This has given some relief and I would request Mr. Patel, when he brings in his final Budget, to see how best some more improvement could be done in this. I am mentioning this because of the difficulty in computing the agricultural income for the purpose of merging a part of that income into central income for devising the rates for central income-tax. It is alright in

States where you have regular agricultural income-tax assessments—like the Southern States of Kerala, Tamil Nadu and Karnataka—and where agricultural income-tax is in vogue and the agricultural income can be computed before the advance tax, i.e. before the 31st March. This could be taken into consideration for the purpose of calculating the advance tax on non-agricultural income. But there are so many States where the agricultural income-tax is not in existence, or even if it is in existence, it is not in a proper, rational manner that the agricultural income is assessed. It is only very vague; it is only on an estimated basis. In most of the States where regular Agricultural Income-tax Act does not apply as in the Southern States, where it is mostly the plantation crops which pay agricultural income-tax, some thought should be given in future when he brings in his budget proposals in May to see how best this could be rationalised and streamlined.

Sir, so far as the compulsory deposit is concerned, I reflect the views of Mr. Kalyan Roy. I myself have mentioned it earlier that there is no point in continuing this compulsory deposit. Other than involving the department in so much of clerical and administrative work and difficulties, it has not given the desired benefits which were much talked of. This morning, I saw in the newspapers that some scheme is being thought of for refunding the compulsory deposits in instalments with 10 per cent interest. I hope it will be done quickly and some action will be forthcoming on that.

So far as the general situation of the budget is concerned, in the General Budget we find that eventually we are expected to end up with a deficit of about Rs. 632 crores. The Finance Minister has said that he is not very keen on continuing the deficit financing. I do not know how he proposes to bridge the gap when he

[Shri U. K. Lakshmana Gowda]

brings up his new proposals. As I have already said, the rates of taxation in this country are considerably higher and it is only after much deliberation, and after Wanchoo Committee's recommendations, that the highest marginal rate of tax has been brought down from 97 per cent to 65, and also in the case of lower income brackets. My friend, Smt. Kulkarni, mentioned the situation in regard to the middle classes and the lower slabs of income. I only hope that my friend, Mr. Patel, will not resort to again raising this tax structure, both direct and indirect, as we know that the indirect taxation in this country is very high compared to the standard of living of the people and I hope that he will find other means to bridge the gap rather than resorting to the usual method levying more taxes on the commodities which have already been bearing the taxes almost every year. Sir, there is one more important matter and I would like to take this opportunity to suggest it to him. The first thing is cutting down the administrative expenditure. To what extent he will be successful, I can know only at the time he presents his Budget.

Also now there is the question of Plan allocations for the States and Centre which are expected to be considerably higher than in the previous years, and apart from the internal revenues we are going to get, there will be earnings out of our foreign exchange earnings which has accumulated to our great advantage. I do not know in what other ways this gap is to be bridged. Let us hope that with the philosophy, the election manifesto of the Janata Party, and its promises, they will try to achieve these goals without resorting to the usual method of increasing indirect and direct taxation, particularly on the middle and lower classes.

Sir, my friend, Mr. Kalyan Roy, took the previous Government to task on many matters including the growth of monopoly houses and

hoped that something would be done about these things by the present Government. I would like to make a mention here. The present Government has not yet finalised its industrial policy, and I believe it is their intention to continue, what we call, the mixed economy of both the public and private sectors, I certainly would like them to give sufficient encouragement to the private sector both in the consumer industry and others. But, at the same time I would like to say that the public sector industries have made quite a success in the past few years. Having ended up with heavy losses in the early stages, they were a heavy burden on the Exchequer and having been in the red they have now shown a slight improvement on the credit side. I hope the Finance Minister, with his experience in administrative and other spheres will see to it that the public sector industries will continue to improve themselves and provide additional revenue to the State. I also hope that at the same time, the small-scale and other private industries would be encouraged by the provision of sufficient incentives.

Sir, one word more with regard to exports. I am a man connected with the plantation industry. The traditional exports of this country mainly are jute, tea, coffee and a few other commodities which have had to bear a considerable burden and difficulties in the past. In the past year, heavy export duties have been levied, particularly on coffee and to a certain extent on cardamom and ground nut. Fortunately because the export prices of these commodities continued to rise, it did not have much adverse effect on the producers. But we do not know whether the same conditions will continue in international markets, because it is not so much by our own effort that the export prices, particularly of coffee and tea rose but because of the unfortunate difficulties of the other coffee and tea-producing countries in the world, particularly Brazil and Guatemala who had difficulties because of frost and floods.

Also the political unrest in Angola and some other countries gave a high export price for coffee. When that has been the case, high export duties were levied last year. My friend, Mr. Pranab Mukherjee is now sitting there I met him and gave him representations several times. But the export duty on coffee was raised from Rs. 50 to 300 and from Rs. 300 to Rs. 1300 per quintal. At that time I was apprehensive that there was no mechanism to reduce this when export prices came down and I suggested to him that it was better to have export duties on these commodities on an *ad valorem* basis rather than on an *ad hoc* basis. You levy the export duty when you find that the prices are rising. You enhance it 5-10 times. But when the precise fall the producer has to run from pillar to post and ask for reduction of duties consideration of which takes quite a long time. It hits the producers very badly. I quote the instance of jute. When my friend Mr. Pranab Mukherjee reduced the export duties on jute, it took him nearly eight months to do so. By that time half of the jute mills were closed down. Some time back he promised that within one week he will revise the duty, if export prices fell. Unfortunately, now he is not there to do it somebody else is there. I would like Mr. Patel to make a study of the export duties, particularly of coffee, tea and other traditional export items. Have a formula under which when the prices are very high you certainly take your portion so that it may be utilised for the good of the country and the nation; but, when the export prices fall, there must be an automatic mechanism to see that the producer gets his cost of production and plus. After all, in respect of these commodities for many years they have had difficulties even in getting their cost of production prices and they have suffered for many years up till 1974 when the prices became high enough. They should also be in a position to make some profit so that they can plough it back to the industry and make it viable. So this

is my special request to Mr. Patel, Various memoranda have been submitted on this. I hope he will look the matter.

Sir, in general, I support this short Finance Bill with the hope that when he comes up with his own Budget proposals, that Budget will reflect the views of his party and the mandate for which it stands. At the same time, I shall be very grateful if he could give some consideration to many of the matters I have raised.

Thank you, Sir.

SHRI KRISHNARAO NARAYAN DHULAP (Maharashtra): Mr. Deputy Chairman, Sir, I rise to make my observations on the Finance Bill, 1977 piloted by the honourable Finance Minister in this House.

Sir, at the outset, I congratulate the Finance Minister for discontinuance of salt duty. Salt is an item of consumption by everybody in the country. A poor man requires salt as much as a rich man requires it. As a matter of fact, a poor man is known by the words "bread and salt." These are the article of his subsistence. Therefore, abolition of the salt duty has been a long-standing demand coming from the poorer sections of society, which has been met, and I congratulate the Minister for this.

Sir, the people have given a massive mandate to the Janata Party in the recent General Elections. Whatever promises have been made and pledges given to the people, should be scrupulously implemented and a major section of the society should be given relief in the coming years. As it has been mentioned by the Finance Minister, they want to see that the pledges given to the people are fulfilled in the near future. Destitution will be removed, as the Prime Minister has said in his policy statement, within a period of ten years. So, as it is an interim budget and there are some proposals for tax relief in the present Bill, I ought to have restricted myself to the provisions in the

[Shri Krishnarao Narayan Dhulap] Bill itself. But, as the full budget is coming within a short period and the Government has to take note of certain things, I will put forth some of the suggestions for the honourable Finance Minister to be taken into consideration at the time of the formulation of the budget.

Sir, relief has been given to the middle-class and the upper middle-class. Mrs. Kulkarni has very vehemently put forth the cause of the upper middle class and middle class in this country. I shall refer only to a class which is badly in need of relief and they should be given some positive help in improving their living standard. Sir, more than 36 crores of people in this country are living below the poverty line, and they should be concretely given something to fall back upon to see that they could make their both ends meet. As we see, 80 per cent of the people in this country are dependant upon agriculture and it is the mainstay of their livelihood. So, that bigger section of the society should be the centre of all our economic activities. For example, Sir, I have received many letters from Maharashtra. The onion season in Maharashtra has started. There are three crops of onion. The first crop comes in the market at the end of October or beginning of November and the second crop comes in the market in the month of January, and the third one has started coming in the market now. The first two types of onions are not storable; once they come to the market, they are immediately sold. They are not stored for further marketing. The third type of onion which is now coming in the market is an important one and it can be stored for a longer period. Sir, as far as the first two types of onions are concerned, what happened is that they were sold at the rate of Rs. 65/- to Rs. 80/- per quintal during the last two seasons. That was a price which could give some relief to the agriculturists who produced onions. But now the onion which can be stored for a longer period, which is coming in the

market now, is being sold in the market at Rs. 12/- to Rs. 25/- per quintal. So, the prices crashed down. I am afraid the Government machinery NAFED—the Government marketing organisation which comes in the market to purchase commodities from the agriculturists—is not in the market at present. At the time the first two categories of onions came in the market, this organisation was operating and the prices were stabilised.

Now that organisation is not in the market and this onion is being purchased by the trading community at a very low price. This category of onion can be stored for a longer time as I have said earlier. Therefore, it is being purchased by the traders, the middlemen and it would be stored in the storages. And again after some time, the NAFED organisation will come into the market and it will be purchasing this onion from these traders and the price will then be higher. So, when the commodity is coming into the market, the NAFED should go into the market and purchase it directly from the agriculturists instead of purchasing it later from the traders, the middlemen. Otherwise the lion's share will be going to the traders and the agriculturists will be, and are being, looted in the market. So, the Government will have to take note of it and see that the interests of that section of the society which is always at the mercy of the blood-suckers in the society, are safeguarded. Sir, often it has been said on the floor of the House that the Agricultural Prices Commission which fixes the prices of the agricultural produce is not representative of the agriculturists of this country. Often demands have been made for the appointment of members from the agricultural community on the Agricultural Prices Commission. And the previous Government was pleased to appoint one of the members from the agricultural community. Now my suggestion would be that if there are five members in the Agricultural Prices Commission, then out of these two must be from the peasant class, one from agricultural labourers and

two experts. So out of the five members, the majority should be coming from different segments of agriculturists so that they would be in a position to see that their interests are safeguarded.

**SHRI JAGAN NATH BHARDWAJ** (Himachal Pradesh): What about consumers?

**SHRI KRISHNARAO NARAYAN DHULAP:** If you want to add more, you can add.

The consumers should be given agricultural produce at reasonable rates. But at the same time, we should take this factor into consideration that the agriculturists should be given a remunerative price so that they can pump in agricultural inputs and carry on their avocation more effectively in the interest of the nation by having more production in their fields.

Sir, my second suggestion would be regarding the point to which my friend, Mr. Kalyan Roy, referred, and that is, at the time of elections, the workers were agitated because of the Compulsory Deposit Scheme and the cut in bonus imposed by the previous Government. We could see at the time of electioneering that the workers massively supported the Janata Party. Sir, I was involved in this election campaign. The National Rayon Corporation workers were united under the flag of a union belonging to the Congress. Mr. S. R. Kulkarni is the leader of that union. Similarly in the Century Rayon factory, which is situated near Kalyan in Thana District, Congress leadership is leading the union activities. In spite of their exhortations, the workers of the Century Rayon factory, a Birla factory, and of the National Rayon Corporation were with the Janata Party in the hope that the Janata Party would look to the interests of the workers.

1 P.M.

So, the CDS should be immediately stopped and whatever money has accumulated under this head should be returned to the workers with interest.

The bonus which was withdrawn by the previous Government should be restored to the workers. The workers fought for bonus for years together. They were getting at least 4 per cent bonus under the provisions of the Bonus Act. That was also withdrawn by the previous Government. The workers hope that the present Government would come to their rescue. Whatever concessions they were enjoying before they were stopped by the previous Government should be restored to the workers.

Lastly, there is an imbalance between two sectors of the same society, namely the agricultural community on the one hand and the urban community on the other. In the rural sector unemployment is growing and therefore some relief should be given to those unemployed. In the villages those unemployed and they should be given some work. Either these unemployed people should go to the urban centres for employment or the agency to provide job should go to the agricultural areas. Some relief should be given to these classes of people. With these words I support the Finance Bill and I hope the suggestions made by me will be considered by the hon. Minister at the

time of formulating his budget.

**SHRI H. M. PATEL:** I have listened to the various observations made by the hon. Members. I will take into consideration these suggestions when I frame the main budget and present it in May. None of these observations really calls for any remarks from me at this stage. This is all I have to say.

**MR. DEPUTY CHAIRMAN:** The question is:

"That the Bill to continue for the financial year 1977-78 the existing rates of income-tax with certain modifications and to provide for the

(Mr. Deputy Chairman)

continuance of the provisions relating to auxiliary duties of customs and excise and the discontinuance of the duty on salt for the said year, as passed by the Lok Sabha be taken into consideration."

*The motion was adopted.*

MR. DEPUTY CHAIRMAN: We shall now take up clause by clause consideration of the Bill.

*Clauses 2 to 5 were added to the Bill.*

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

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

"That the Bill be returned".

*The question was put and the motion was adopted.*

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2 P.M.

The House then adjourned for lunch at three minutes past one of the clock.

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

#### REFERENCE TO REMARKS BY SHRI MORARJI R. DESAI WITH REGARD TO WOMEN—

*Contd.*

SHRI BHUPESH GUPTA (West Bengal): Sir, I am very sorry that this morning I was not present in the House when Shri Morarji Desai came here in response to the points we had raised in this House last week-end.. Also, Sir, my resolution is pending, calling upon him to publicly withdraw his remarks regarding women. I understand that he has come here and tendered his apology. So, Sir, I seek your permission to withdraw that resolution. We are all happy, Sir, that he came here and offered his unconditional apology to women. In view of that, I would like

to have my resolution withdrawn. That also I do publicly.

#### THE FOOD CORPORATIONS (AMENDMENT) BILL 1977

THE MINISTER OF AGRICULTURE AND IRRIGATION (SHRI PRAKASH SINGH BADAL): Sir, I beg to move:

"That the Bill further to amend the Food Corporations Act, 1964, be taken into consideration."

Sir, as the honourable Members are aware, the Food Corporations Act was passed in the year 1964. In January 1965, the Food Corporation of India came into existence and the functions hitherto discharged by the Food Department, Government of India, relating to purchase, storage, movement, distribution and sale of foodgrains and other foodstuffs were transferred to this Corporation. A natural corollary to the transfer of certain functions of the Food Department to the Corporation was the transfer of staff connected with this work and in all about 17,000 employees were transferred to the Food Corporation of India. The employees so transferred kept on passing for certain safeguards and a new Section, Section 12A, was inserted in the Food Corporations Act, 1964 by the Food Corporations (Amendment) Act, 1968, which now regulates the transfer of such staff to the Food Corporation of India as well as their emoluments and terminal and other benefits.

Section 12A of the Food Corporations Act, 1964, envisages the exercise of two options by the employees: firstly, whether they will like to be transferred to the Food Corporation of India or not, and secondly, whether they would like to be governed by the retirement and other terminal benefits in accordance with the Rules and Orders of the Central Government or of the Food Corporation of India. Since then the transfers and options to be given by the 'Food Department transferees' have been regulated in accordance with these provisions but