

**STATUTORY RESOLUTION\*****Regarding Disapproving the Taxation Laws (Amendment) Ordinance, 2019****And****GOVERNMENT BILL\*****The Taxation Laws (Amendment) Bill, 2019**

MR. CHAIRMAN: Thank you. Now, the Statutory Resolution and the Taxation Laws (Amendment) Bill, 2019 to be taken up together. The Minister is here. Now, Shri K. K. Ragesh to move the Statutory Resolution disapproving the Ordinance.

SHRI K. K. RAGESH (Kerala): Sir, I move:

“That this House disapproves the Taxation Laws (Amendment) Ordinance, 2019 (No.15 of 2019) promulgated by the President of India on 20th September, 2019.”

Sir, while moving the Statutory Resolution, I take this opportunity to urge upon the Government to go through the debate of the first Speaker of the Lok Sabha, G. V. Mavalankarji with our first Prime Minister, Shri Jawaharlal Nehru on the Ordinance Raj. G. V. Mavalankar was of the opinion that the Ordinances are inherently undemocratic. He had written to Nehru, and I quote, “The issue of an Ordinance is undemocratic and cannot be justified except in case of extreme urgency or emergency. We, as the First Lok Sabha, carry a responsibility of laying down traditions.” He had further stated, “Unless Ordinances are limited to very extreme and urgent cases, the result may be, in future, that the Government may go on issuing Ordinances, giving the Parliament no option but to rubber stamp the Ordinances.” I want to know from the Government whether they are limiting the Parliament, this august House, to rubber stamp the Ordinances. I am asking this because we are witnessing repeated issuance of Ordinances. The position taken by G. V. Mavalankar was also reiterated by the Supreme Court in 1986, and the apex Court held that Ordinance Raj cannot be permitted. Here, we are going to discuss the Finance Bill. The Finance Bill was passed on 1st of August. And, within a very short span of time, that is, within 48 days, the Government went for another Amendment in the Finance Bill and that also through an Ordinance.

MR. CHAIRMAN: So, you have moved the Resolution.

SHRI K. K. RAGESH: Sir, one minute.

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\*Discussed Together.

MR. CHAIRMAN: You will get an opportunity to speak during the discussion.

SHRI K. K. RAGESH: Sir, I am the mover of the Resolution. Please allow me.

MR. CHAIRMAN: I am not stopping you. I am saying that you can move it and later, you will get an opportunity during the course of the discussion. That has been the practice. You have made your point that the Government should not resort to Ordinances.

SHRI K. K. RAGESH: Sir, I will take only one more minute. That Ordinance was also issued for providing huge concessions to the corporates. So, was any financial emergency imposed? We always talk about making India a five trillion dollar economy by 2024, and we always claim that we are among the five largest economies in the world. During the time of the Budget discussion itself, the Opposition had raised various concerns on the state of the economy and we discussed the imminent economic crisis, but, unfortunately, the Government did not accept that. The Government did not come forward with any measures.

MR. CHAIRMAN: You can mention these things during the course of the discussion.

SHRI K. K. RAGESH: So, I am requesting the Government and move the Statutory Resolution. With these words, I conclude my speech.

**श्री भूपेन्द्र यादव** (राजस्थान): सर, इस हाउस में फाइनेंशियल मैटर के लिए प्रोसीज़र रूल 181 से 186 तक है और रूल 181 से 186 में जो प्रोसीज़र है, उसके अनुसार फाइनेंशियल मैटर के लिए कोई वोटिंग ही नहीं है, तो क्या फाइनेंशियल बिल में Resolution ला सकते हैं? आप अपनी रूलिंग दीजिए।

**श्री सभापति:** Resolution लाना हरेक का अधिकार है, मगर हाउस में उस पर वोटिंग करना, नहीं करना, यह हम तय करेंगे। Now, Shrimati Nirmala Sitharaman to move the motion.

THE MINISTER OF FINANCE; AND THE MINISTER OF CORPORATE AFFAIRS  
(SHRIMATI NIRMALA SITHARAMAN): Sir, I move:

“That the Bill further to amend the Income-tax Act, 1961 and to amend the Finance (No.2) Act, 2019, as passed by Lok Sabha, be taken into consideration.”

MR. CHAIRMAN: Do you want to say something in the beginning?

SHRIMATI NIRMALA SITHARAMAN: No, Sir, I can say it a bit later.

*The questions were proposed.*

SHRI JAIRAM RAMESH (Karnataka): Sir, I rise to speak on the Taxation Laws (Amendment) Bill, 2019, and I would make my comments in three parts - there is a sub-text of this Bill; there is the text of this Bill; and, there is the context of this Bill. So, I am going to first talk about the sub-text of the Bill. This Bill really gives legislative sanction to an announcement made by the hon. Finance Minister on the 20th of September, 2019, during the course of a meeting of the GST Council in Goa. She had presented her maiden Budget on the 5th July, 2019. But, within 77 days, major changes were made to the corporate tax regime and that too through a big bang announcement in Goa. The changes were welcomed. But, the timing was quite extraordinary. Sir, two days later, there was the 'Howdy, Modi' event in Houston. Prime Ministers always like to go on foreign trips accompanied by major policy announcements. I think, what happened on 20th September, 2019 was a curtain raiser for the event that was to follow in Houston. Otherwise, after presenting a maiden Budget on the 5th July, within 77 days, the Finance Minister would not make such an announcement normally. The GST Council is a council in which items are discussed through a process of consensus, but, this was a unilateral announcement, a bold announcement and an aggressive announcement, no doubt, but, a unilateral announcement on the part of the Finance Minister.

Sir, let me now come to the text of the Bill. The text of the Bill is very simple. The Finance Minister has explained it repeatedly. The headline rate of corporate tax comes down from 30 per cent to 22 per cent, and for manufacturing companies, who set up shop after the 1st October, 2019, the corporate tax rate is reduced to 15 per cent. Sir, when, late Shri Arun Jaitley, presented his Budget in the year 2015-16, he announced a four-year phased reduction programme in the rate of corporate tax from 30 per cent to 25 per cent. The announcement of hon. Finance Minister in Goa, I take it, was in the tradition of what Shri Jaitley had announced. But, he had not followed through along the lines which he had perhaps anticipated when presenting the Budget. So, headline rate of 30 per cent comes down to 22 per cent, and the manufacturing companies will attract a rate of tax of 15 per cent. The hon. Finance Minister is also on record as having said that if companies do not make use of any rebates or allowances, the rate of tax would be 25.17 per cent. Sir, this 25.17 per cent is compared to what? You have a nominal rate of tax, and you have an effective rate of tax. In the year 2017-18, the effective rate of tax was slightly over 28.5 per cent. Sir, my question to the hon. Finance Minister is that 30 per cent to 22 per cent looks very grand, but, 28.5 per cent effective rate of taxation to 25.17 per cent, does not look all that grand as compared to what the announcement was made. Sir, further, the Finance Minister also announced in Goa, and I compliment her for being fully transparent, that the economy will lose about ₹ 1,45,000 crores on account of these corporate tax reductions. Now, when you

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look at the structure of people who are paying the corporate tax, only about 850 odd companies are paying an effective rate of taxation of more than 30 per cent, and these companies account for about 16 per cent of the Total corporate tax collection. So, this amount of ₹ 1,45,000 crores, according to my calculations, will benefit largely these 850 odd companies. But, this is a very big benefit that we are giving. We are giving ₹ 1,45,000 crores in the hope that capital expenditure will actually increase. Now, Sir, when an Ordinance is issued, and a Bill comes after the Ordinance, usually the Bill sanctifies the Ordinance. But, I wish to point out that there are significant differences between the Ordinance that was issued following the announcement of the Finance Minister and the Bill that we are discussing today. There are three very significant differences. Most important difference between the Ordinance and the Bill is that the effective rate of MAT, Minimum Alternative Tax, was, according to the initial announcement of Finance Minister, to be made applicable from the financial year 2019-20 but, according to the Bill, it will be made applicable from the financial year 2020-21. Sir, I do not want to make a big issue out of it because obviously the Finance Minister will come back and say, 10 years ago, this happened; 15 years ago, this happened. It is quite possible that it may have happened but normally Members of Parliament operate on the assumption that a Bill brought after an Ordinance converts the Ordinance into a law. But I wish to point out that in this Bill, there are three very significant differences between the Ordinance and the Bill. One of the differences, which I have pointed out, relates to the Minimum Alternate Tax. Sir, no Government should take Parliament for granted. When an Ordinance is issued, the Bill must reflect the Ordinance. If changes are made following the issuance of Ordinance, it reflects poor staff work, poor home work on the part of the Government in power. I am not casting any aspersions on anybody but I do wish to say that normal Parliament practice is that the Bill is the hundred per cent mirror image of the Ordinance that is issued. Sir, the corporate tax reduction involving a loss, not a loss but revenue foregone of ₹ 1.45 lakh crore, is slightly over 5 per cent of the Total revenue that the Finance Minister had budgeted for in her maiden Budget of July 5th, 2019. The assumption here is that companies will have more cash, this cash will convert into increased capital expenditure and this increased capital expenditure will fuel economic growth.

Now, I come to the third part of my presentation. After the sub-text, text, I want to come to the context of the Bill. What is the context of the corporate tax reduction? There used to be a very famous Hindi film, QSQT. We are living in a new era of QSQT. It is not *Qayamat Se Qayamat Tak*, but *Quarter Se Quarter Tak*. Let us look at QSQT. Sir, starting

[Shri Jairam Ramesh]

from January-March, 2018 quarter, it is 8.1 per cent, 8.0 per cent, 7.0 per cent, 6.6 per cent, 5.8 per cent, 5.0 per cent and the latest is 4.5 per cent. I am not a great believer in QSQT by the way because economies grow on long-term growth trends but when you have six consecutive quarters of GDP decline — it is not a recession by classic economics textbook definition — it is a cause for worry.

These are not statistical declines, these are not statistical aggregates. Please look at it. To come from 8 per cent to 4.5 per cent requires extraordinary effort on the part of the Government in power, and, I wish to say that the Government in power has worked very hard to achieve six consecutive quarters of GDP decline.

Sir, we have had a very extensive discussion on the state of economy. Hon. Minister had responded equally extensively but I do wish to make a point that the assumption governing this Bill that companies will have more cash, cash will lead to more capital expenditure and capital expenditure will lead to more growth, is fundamentally flawed because what is lying at the root of the economic problem today is consumption.

Sir, India has faced economic crisis over the last seventy years and every economic crisis can be traced to one of the five Fs. This is the 5F theory of economic crisis. What are these five Fs? These five Fs are, food, fuel, foreign exchange, fiscal deficit and financial crisis. Sir, I am also learning from you how to alliterate to make a dry subject like Economics a little more interesting. Sir, if you look, from 1950 whenever India has had an economic crisis, we have had shortage of foreign exchange, or we have had a failed monsoon, or we have had a ballooning fiscal deficit or we have had increased oil prices or we have had international financial crisis. This is the first economic crisis in India when macro economic variables look very healthy. India is sitting on 450 billion dollars of foreign exchange reserves. Consumer price inflation is less than five per cent. Inflation is low. Fiscal deficit is not very, very high as compared to what it used to be many years ago. This is a remarkable situation. I think we need to understand this. Food is not a problem. Foreign exchange is not a problem. Fiscal deficit does not seem to be that much of a problem. Financial crisis is certainly not a problem. Foreign exchange is not a problem. So, what is the problem? Why is the economy so healthy on the one side and showing decline quarter after quarter after quarter for six quarters? My request to the Finance Minister is that economics textbooks do not teach us anything for this situation that India finds itself in. Most countries in crisis have no foreign exchange. Most countries in crisis have problems with their fiscal deficit. Most countries in crisis face ballooning inflation. We are not in that situation. But yet our situation is one of continuous economic deceleration. I come back to the point — sentiment.

Sentiment is subdued. Sentiment is negative. Sentiment is not positive. This corporate tax reduction helped markets balloon for 24 hours or 48 hours, but did nothing to address the long-term issues of sentiment, long-term issues of consumption and long-term issues of investment sluggishness. The hon. Finance Minister will get this Bill passed. Corporate India has welcomed this Bill. Any reduction in tax rates today, Sir, is welcomed by everybody and that is the new fiscal sociology that we have. We used to have a Finance Minister in the 50s, the great T. T. Krishnamachari (TTK) who used to present Budgets. Every time he presented a Budget, a Member would get up and say TTK stands for 'Tax, Tax and Kill'. But that 'Tax, Tax and Kill' era is over. Now it is 'reduce tax, reduce tax and reduce tax'. I wish to suggest to you that this Corporate Tax reduction is good atmospheric, good headlines and good PR, but is not going to address the structural problems of the economy that are born out of falling consumption and declining investment.

With these words, Sir, I wish to extend my support to the amendments with a request that the Finance Minister in future when she comes with an Ordinance does not make changes after the Ordinance is issued, brings a Bill in consonance with the Ordinance and as far as possible avoids major economic policy pronouncements via the Ordinance route. Thank you, Sir.

MR. CHAIRMAN: Thank you, Ramesh ji. Hon. Members, we have three hours for this Bill. We started late but we have to conclude it by 6 o'clock and then take up Special Mentions also and that will be including the Minister's reply. We should complete it today. Now, Shri G.V.L. Narasimha Rao. Mr. Ragesh, you will get an opportunity to speak before the Minister's reply. That is why I am not calling you. Some other Members have given their names late. Depending upon the availability of time, they will be given a chance. Otherwise, as per the names given, time has been allotted and it will go on.

(MR. DEPUTY CHAIRMAN - *in the Chair*)

SHRI G. V. L. NARASIMHA RAO (Uttar Pradesh): Sir, when the senior parliamentarian, Shri Jairam Ramesh, started speaking on this debate, I thought there was possibly a split in the Congress Party because his initial observations on welcoming the tax proposals appeared to be directly opposite to the views expressed by the Deputy Leader of the Congress Party, Shri Anand Sharma, on the discussion on the economy only last week. Both of them had served, if my memory is right, as Ministers for Commerce in the same UPA Government. Towards the end, he began to raise possibly some questions. His initial problem was only with the timing and why these announcements were made on the eve of the hon. Prime

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Minister's Howdy Modi event. He had not gone there for Howdy Modi event. I think possibly you have a little problem that wherever he goes, he addresses thousands and lakhs of Indians overseas. But, certainly, there was a context to this announcement. The context to this announcement was, a lot of economic agenda was on the hon. Prime Minister's itinerary. He was meeting several global investors and global CEOs in Houston and New York. Also, the global context is something which all of us know about. But I would still like to allude to it. You have seen over the past few months how India today faces and looks at the possibility of new investment opportunities in the wake of a global slowdown and in the wake of decisions by many overseas manufacturers, corporates and global corporations to look for an investment destination beyond China. Therefore, it was certainly imperative for us to really make ourselves tax competitive with the rest of the competitors and compete in the global economy, particularly with many of these Asian countries. I would call this one of the major, or possibly the most important, tax-related announcements since Independence because it is a huge cut at one level. This was not something to be discussed in a GST Council. My understanding is that GST Council is meant to discuss taxes related to goods and services, and not to discuss corporate tax and personal income taxes. Therefore, I don't think it was really mandatory to discuss it in such a forum. With 15 per cent as the tax rate for the new manufacturing companies, we have certainly brought ourselves on par with the best in the region. We are more attractive than many other countries like Indonesia, Philippines, Taiwan, etc. We are more attractive than them. So, this was to seize an opportunity that was available to India. Make-in-India is not just a slogan, it is a dream and it is something which we shall achieve.

As far as the slowdown in our economy is concerned, I think, all of us know that the global growth rate, which was 3.8 per cent only two years ago in 2017, is projected to be three per cent this year. So, that is a huge decline. One can see this kind of a decline affecting economies around the world. So, we are certainly not facing a reverse trend in India. This is certainly in keeping with the global trends. But, this is also an occasion for us to make use of the opportunity to emerge as a winner. If you look at it, it is not just in terms of tax. Over the last five years, a series of reforms has been introduced and a series of reforms has been unleashed to make India a favoured destination for the foreign investors and also to make India as the best place to invest even for the domestic investors.

Now, I would talk about 'Ease of Doing Business' ranking. We were at 142 in 2015. Several Governments have been in office, but not any Government has been able to achieve the kind of a remarkable progress that this country has achieved in five years due to the

initiatives of the hon. Prime Minister and his Government. From 142 in 2015, in just a matter of four years, we have jumped to 77th rank. So, a gain of 65 places is historic. Therefore, it is not just a step of lowering the corporate tax. It is not an isolated step. It is only in a series of path-breaking reforms that have been taken up in this country which is making India a very attractive destination. Look at FDI inflows. From 36 billion dollars five years ago, they have climbed to about 64 billion dollars. It is a 78 per cent hike in a short span of four to five years. On the Global Innovation Index — it is important for any economy to be leveraging on innovation to really achieve high growth levels in the long run — we have jumped from 81 in 2015 to 52 in 2019. We certainly hope to be among the top 25 in the next few years.

If you look at our overall performance, the Opposition has been trying to really paint this entire economic situation in a very, very negative manner. There are attempts actually to talk down the economy, to create a panic atmosphere in the country. But, I think, I would like to draw upon the historic experiences to tell how this situation is far superior to the time when they were in Government. A question was asked and repeatedly being asked is whether this is a structural decline, whether this is a cyclical decline. And, mockingly, they now want to ask whether this is a seasonal decline. We know, they have great economists with great degrees, but we would like to ask them. What was the nature of decline when the UPA-II was in power? I would like to give you the figures. From the year 2010-11 till 2013-14, the GDP growth rate declined from 10.3 per cent to 6.6 per cent to 5.5 per cent and eventually ended at 6.4 per cent. So, a 4 to 5 per cent decline in GDP, was that a structural decline or was that a seasonal decline? Or was that a result of a corruption decline? I think these great economists, who are able to comment on the present situation, if they could really reflect on the past and really analyze the situation, that would be a very good introspection for them and it would be learning for us as well.

I would like to draw your attention to a poverty report of the Brookings Institute. This Report was published only a few weeks ago. This Report talks about how India has achieved a huge decline in poverty, away from the stigma of having the largest number of poor people in the country. In 2018, for the first time, we are not the country with the stigma of having the highest number of poor people. We have failed as Governments in the past but, certainly, in 2018, under the leadership of hon. Prime Minister, India's poor have declined gradually, drastically to really help us, really get off this particular tag of being the country with the largest number of poor people. This is the Sustainable Development Goal number one, to say, the foremost Sustainable Development Goal, the Global Goal, and, I think, India



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has, certainly, achieved a huge gain under the leadership of hon. Prime Minister. This is something for this country to cheer about.

If this is the kind of arrogance saying that we know how to fix economy, you guys do not know, we are the people who can teach you, I think, this kind of an arrogance is inversely proportional to the public support that you get in this country. People expect every political party and leader to show a modicum of modesty. But this arrogance is not backed by performance. Let me give you some more statistics. Let us look at the kind of cost that poor people of this country have paid under successive Governments in the past. In the last five years, under Prime Minister Shri Narendra Modi, the average rate of inflation was only about 4.4 per cent, well below the RBI mandated level of 5 per cent. In Shri Atal Bihari Vajpayee's Government — that was another full term of five years when Atalji served as the Prime Minister — the average rate of inflation was below 3 per cent. But, let me tell you the five years of the Government that preceded our Government, the UPA-2, the average rate of inflation was 10.3 per cent. So, what are you boasting about? You are claiming to be great deliverers in terms of growth but at what cost? What were the causes of decline from 2010-11 to 2013-14, the effects of which the country is still facing? That was also the period when there was a profligacy of lending money indiscriminately; that was also a period this country had witnessed some of the worst scams in the country. Today, they are talking about power sector in difficulty. It is in difficulty because of the Coalgate Scam. It is because hundreds of licences were cancelled because of the considerations of crony capitalism. The telecom sector suffered because of the 2G Spectrum Scam. Lakhs of crores of public money have really gone disappearing. So, you compare with us when you claim to be greater doctors of economics; I can also give you the inflation levels during the 70s. If you look at the 80s, from 1980-81 till 1983-84, the average rate of inflation was 10.75 per cent. From 1972-73 to 1976-77, it was 12.7 per cent. So, you claim to be a party that is there to remove poverty but you literally forced people into poverty. To whom does the CPI inflation; to whom does the Inflation price-rise cost the most? It is the poor. So, it is because of your flawed policies; because of your crony capitalism and your pro-industrialist policies, the poor people of this country have paid a huge price and they have suffered for decades, and only under Prime Minister Narendra Modiji, they see a ray of hope. It is because this Government has not only focussed on growth, it has indeed focussed on eradicating poverty and in improving the quality of life of the poor.

Also, all the time, you talk about demonetisation. Demonetisation has done this; demonetisation has done that. We are great experts in economy. Why don't you come and

take a lecture from us? I think what kind of a devastation you brought to the economy is evident from the numbers I presented. You have destructed India's poor and their economy and then you claim to be the great performers or miracle-makers. Let me tell you what has been the impact of demonetisation in this country. It has led to a formalization of economy; it has led to digitisation of economy; it has brought money directly into the accounts, into the pockets of the poor, where a Prime Minister said only one-sixth of the money that we sent from Delhi reaches the pockets of the poor for whom it is meant. Today, we have delivered more than ₹ 7.8 lakh crores. In 2018-19, ₹ 7.8 lakh crores of money was directly delivered, *via*, the DBT. This has led to a savings of ₹ 1.24 lakh crores. So, whatever our Government has done is in terms of delivering lakhs of crores of money directly into the pockets of the poor which has helped alleviate them from poverty. But, what you have indulged in is, I think, whatever scams I alluded to, they refer to lakhs of crores of evasion of public money rather loot of public money.

Now, through the BHIM App, which was actually designed in honour of Dr. Babasaheb Ambedkar, it is named after him, in 2018-19, ₹ 8.71 lakh crores of money was transacted. These are staggering numbers. The world is taking note of it. The World Bank or all other international organisations are highlighting India as a success story.

You have 37 crore *Jan Dhan* accounts where this money has been directly deposited. What the hon. Prime Minister has done in five years is to completely transform India's economy and to ensure that every penny of India's money reaches the poor people of this country. It, certainly, does not sound music to the ears of certain interests. They certainly have enjoyed a phone banking facility in the past. There was a lot of facility available where a lot of licences can be issued through personal contacts, personal conversations. This Government has ended all such regime. Today, allotment happens on a transparent basis. There is absolutely no room for any kind of *hera pheri*, and this is certainly hurting a lot of interests. So it is time that the people of India have got used to this new system. They have got used to the new digital systems. They have got used to operating *Jan Dhan* accounts. They are living in the most honest way. I would like to urge all those, who may have benefitted from the earlier systems, from a lot of flaws in policy, please be ready, please know how to work in the new India because in new India, everyone will have an opportunity to earn money, but it has to be in the most legitimate manner. Jairam Ramesh ji referred to some Hindi film title. I will refer to a Hindi film song. There are some people in the Opposition, who keep saying all the time, 'I am the best, I am the best, I am the best.' Many party leaders also sing in chorus, 'You are the best, you are the best.' I think you will only be considered

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best not by commenting against others, but by showing how you have delivered a better performance in the past and not by making stinging allegations and comments.

MR. DEPUTY CHAIRMAN: Shri Sukhendu Sekhar Ray.

SHRI SUKHENDU SEKHAR RAY (West Bengal): Sir, on 20th September, the Ordinance was promulgated announcing a reduction in the country's effective corporate tax rate from around 35 per cent to 25 per cent. For companies that do not avail of any other incentive or commission, the effective tax rate would be just 22 per cent. The move which involves forgoing ₹ 1.45 lakh crores in annual revenue, will widen the Government's fiscal deficit — the difference between revenue and expenditure — from the current target of 3.3 per cent to 4 per cent of GDP this financial year. The rationale behind giving deficit targets a miss is that it will incentivise the private sector to invest more, as companies can now expect higher profits. This will eventually lead to, it is hoped, an economic revival. Whether the revival will happen or not, that is to be seen in the coming months. But when the Ordinance was promulgated, it occurred to me that this was a panic reaction on the part of the Government. The reason I am saying so is, there had been multiple indicators in the recent months; be it the 4.3 per cent contraction of factory output for September, the shrinkage of merchandise exports in the successive months from August, that is, minus six per cent, and in September, minus 6.6 per cent, and then the RBI survey suggesting that the consumer confidence dropped to a six-year low in September. No doubt the Government tried to avert the crisis. There is no doubt about it. First it withdrew the super-rich surcharge levied on foreign portfolio investors and then rolled out a series of measures including corporate tax rate as I have said, and a proposal to set up a ₹ 25,000 crore fund to revive the realty sector. Several measures have been taken but even though, this had no impact on the overall economy of our country. That is why, out of this panic reaction, the Ordinance was promulgated. As I have said, the lower corporates can stimulate growth. Yes, it depends. No doubt that lower corporates stimulate growth but depending on what the companies do with the taxes they have paid. That is the moot question. What the companies will do? Given the nature of the current slowdown, which is mainly due to weak consumer demand,— everybody has said that—there is no reason to imagine that private companies will invest more if their tax outgo decreases. If consumers are not spending in the first place due to high unemployment and diminishing wages, then, additional money spent, becomes risky. There may not be many avenues for companies to invest anyway. For instance, I am giving one example. Would lower corporate tax rates encourage the auto companies? There is a serious crisis in the automobile sector. There may be such crisis in other companies also.

But, in the automobile sector, it is very much visible, and thousands of workers have already been retrenched. I would like to know whether they will go to invest more in the automobile industry. That is the question.

Sir, the current corporate rate tax cuts are more likely to impact the distribution of income than growth or employment. Companies will now get a larger share of profits from existing investments, while the economy remains in the slow lane, and there is a very real danger that this would result in inequality. Our economy always advances the inequality in the society, financial inequality, and for decades together, several steps have been taken by the successive Governments at the Centre, but, the things have not improved to the extent it was targeted.

Now, Sir, all of us know that the Centre has scrapped the all-India survey on household consumption expenditure conducted by the then National Sample Survey Office. A few months ago, the Government had refused to make public the official survey conducted on employment in India, and after over 108 reputed academics signed a petition to get the document officially, it was released, and that too, after the election only. This time also, more than 200 economists and statisticians have signed a petition requesting the Government to release the survey report. The information about the results of the survey that were leaked to the press showed that for the first time in more than four decades, consumption expenditure had actually fallen with an increase in poverty and a dip in food consumption by the poor. And all of us know that two-thirds of our population live in the rural areas, and spending on housing, food, cereals, is declining in the rural sector each and every day, if not every month. There has been no external shock that could be the cause of this worsening state of affairs. There is no war or aggression, no economic barrier, no sanction of any country against us. Therefore, there is no external factor for this problem. So, whatever has been caused is due to the internal factors, which must be taken care of by the Government. That is my humble request to the hon. Finance Minister to look into that. The Government must understand that this kind of arbitrary refusal to publish the statistics will give rise to authoritarianism. In a democratic society like ours, this is not at all admissible. Our Constitution does not prescribe that, and when we have enacted the Right to Information Act, then, the citizens should not be denied of information concerning their daily life. That is my humble request to the Government and the Government should take note of this.

Sir, now, I have already stated that two-thirds of the Indians who live in rural areas spending on food, clothing, education and cereals are declining, and almost struggling with debt, and farmers suicides are reported almost daily from different parts of the country

[Shri Sukhendu Sekhar Ray]

everywhere. So) many measures have been taken, but, the things have not improved. Now, how far this Taxation Amendment Bill will help to boost the economy as a whole is a serious question that should be debated again and again so that the corrective measures are taken at the right time by the Government. Sir, now I would like to quote one or two lines, with your kind permission, of what the experts say. Forget about what we say or what the Opposition says. What do the experts say? One of the former Economic Advisors to the Government, I am not naming him, said, “Besides monetary easing by the Reserve Bank of India, the Government needs to simplify the Goods and Services Tax and introduce a new Direct Tax Code to clear the tax jungle created by our ancient Income Tax laws and rules.” This is the opinion of an expert. Another expert, the former Industry Secretary said, “The Government must release two instalments of PM Kisan Samman Nidhi Yojana, that is, ₹ 4,000 at one go as well as increase the MNREGA allocation to spur rural demand so that the people have enough money to purchase, to consume.” That will boost the economy.

I request the hon. Finance Minister to consider, when I have talked about the GST, the fact that four-five States, including my State of West Bengal, appealed to the Government to clear the pending compensation on account of GST, which has not yet been cleared.

Lastly, the Cyclone Bulbul, in my State has recently caused serious destruction. Although the hon. Prime Minister announced that adequate compensation would be provided for, nothing has been provided so far. My humble request to the hon. Finance Minister is to consider this. Thank you, Sir.

SHRI A. VIJAYAKUMAR (Tamil Nadu): Mr. Vice-Chairman, Sir, thank you for the opportunity given to me to speak. I would like to remind the Members of the August House to remember and respect our beloved leader Puratchi Thalaivi Amma, who left us in deep grief and sorrow on the very same day in 2016. With the introduction of the Taxation Laws (Amendment) Bill, 2019, India has tried to bring its tax rate in line with other countries and has given domestic companies a level-playing field.

The object of the Bill is to provide a sort of fiscal stimulus to the companies by reducing tax rate. It is a welcome measure. The domestic companies can opt for the new tax rates in the financial year 2019-20, that is, assessment year 2020-21 or in any other financial year.

Keeping in mind that the trade war, that was going on, which continues to go on even today, between the United States and the People’s Republic of China with indications that many of these corporates, multinational companies would want to get out of China, it was

necessary to reduce the corporate tax. The corporate tax for both the existing companies are reduced and also for those new companies which would want to start business in India. An option was provided. An option was provided to all the existing domestic companies to pay tax at 22 per cent which will have an effective *rate of 25.17 per cent after including the surcharge of 10 per cent and the cess of about four per cent*, as against the existing highest effective corporate tax of 34.94 per cent, subject to the conditions that it does not claim any tax exemptions or deductions. So, for the existing companies, the option was provided. These companies were also exempted from payment of Minimum Alternate Tax.

So, through the Ordinance, when the reductions in corporate rate were brought in, even for the new companies, on the Minimum Alternate Tax, the Government had given an exemption that the new companies, those who start from 1st October and those who actually start manufacturing before 2023, will be Totally exempt from the Minimum Alternate Tax.

Sir, in respect of 8.4 lakh companies that filed income tax returns for the financial year 2017-18, it is found that around 29 per cent of 8.4 lakh companies paid tax at an effective rate that was higher than 25 per cent. The revenue losses due to lower tax rates and other measures under the Ordinance includes exemptions to capital gains of certain investors from increased surcharge rates which stood at ₹ 1,45,000 crore. This is equivalent to 5.2 per cent of the Government revenue estimate in 2019-20. If all other parameters remain the same, this could increase the fiscal deficit for the year 2019-20 from 3.3 per cent of the GDP to four per cent of GDP. The Corporate Tax cut will result in further loss of ₹ 1.45 lakh crores.

Sir, whether the Government accepts or not, our economy is under deep stress. The growth was mainly dragged due to deceleration in the manufacturing output. The Government is targeting about five trillion dollar economy. Five trillion dollar economy is simply an herculean task now considering the prevailing economic crisis. Between 2018 and 2019, the size of the economy was 2.7 trillion dollars. To reach five trillion dollars by 2025, we need the growth rate of 12 per cent in nominal terms and nine per cent in real terms.

Sir out of a Total of seven crore taxpayers, only 11.86 lakh, *i.e.* 3-4 per cent are corporate taxpayers. Out of the Total companies incorporated in India, just 0.7 per cent of companies have a Total turnover of more than ₹ 400 crores and the rest 99.3 per cent companies are already paying tax at the rate of 25 per cent only. So, there are just 50,000 to 80,000 domestic companies which are going to pay tax at the rate of 30 per cent and are the most benefited by this Amendment. The companies having a turnover of ₹ 400 crores, will be taxed ₹ 25 crores with the reduction of 5 per cent from 30 per cent. Almost 99.3 per cent

[Shri A. Vijaya Kumar]

have already been covered under this taxation. Now, by giving another deduction of 22 per cent, I think that 100 per cent has been covered by the Act. In that sense, it has to be welcomed.

Sir, there is no timeline for domestic companies to choose a lower tax rate under Section 115(b) (aa). But once a company exercises this option — this is very important — the chosen provision will apply for all subsequent years and such option cannot be withdrawn for some or subsequent years. There is an anomaly in this. I would suggest that the option be open. Why should the Government be so stringent that once the option is closed, one cannot revert again? This aspect needs to be reconsidered.

Section 15 (b) (ab) is available to only new companies which have been set up or registered on and after October 01, 2019. If the Government brings in this provision, then the benefit is not available to the existing companies even if they set up a new unit for manufacture or production. So, I urge the Government that the time bar should be removed because the existing companies must also have the option and permission to avail of this facility.

Most of our businesses are struggling because of compliance and harassment which is being created by implementation of laws. There are mainly two reasons why they are suffering. ...(*Time-bell rings*)... They are suffering because the Government is rigid to come out with clear guidelines. The Government still keeps certain laws which officials can misuse. Thank you, Sir.

**श्री रवि प्रकाश वर्मा** (उत्तर प्रदेश): सर, मैं आपका आभारी हूँ कि आपने मुझे इस विधेयक पर बोलने का अवसर दिया है।

सर, यह जो चर्चा चल रही है, इसके पीछे एक संदर्भ है, जिसमें कॉरपोरेट सेक्टर के टैक्सेज को कम किया जा रहा है और ये बातें अभी कही जा चुकी हैं। यह बड़ी अजीब-सी चीज़ है। चूँकि जैसे ही बजट आया था, उसके कुछ दिन बाद ही ये नये प्रपोज़ल्स आये थे और वे क्या संदर्भ थे, हमारे पूर्ववर्ती वक्ता आदरणीय जयराम रमेश जी बता चुके हैं। मैं उनको नहीं दोहराऊँगा। लेकिन आज अर्थव्यवस्था की जो स्थिति बन रही है, *literally panic* की stage है। चूँकि जब यह भरोसा टूटने लगता है कि हम कहाँ हैं, कहाँ जा रहे हैं, तो सरकार के सामने एक *steering problem* आती है कि कैसे चलें, किस दिशा में जायें और कैसे *smooth way* में हम *steer* करें। हम ऐसे रास्ते में पड़ गये हैं, जहाँ बहुत सारे गड़ढे हैं और दिक्कत सबको ही महसूस होने लगी है। मुझे उस दिन बहुत डर लगा, हमारे एक विद्वान अर्थशास्त्री जी यहाँ हैं, आज वे यहाँ पर नहीं हैं। उनका हम ट्वीट देख रहे थे। उन्होंने इस बात से अवगत कराया कि GDP में आर्थिक विकास की जो दर है, वह 1.5 परसेंट या उससे भी नीचे आ गयी है। जिस दिन चिट फंड बिल पर बहस चल रही थी, उस दिन हम लोगों ने इस बात को कहा था कि यह बहुत ही *critical stage* है। यह चुप रहने की stage नहीं है। इस पर तो अब सबकी, पूरे देश



की सहमति बनाने की जरूरत है। अब यह सिर्फ ऐसा नहीं है कि आप ही के सिर पर यह बोझा है कि आप देश को अंधेरे से बाहर निकाल लायेंगे, हर आदमी जो घर में रहता है, घर के प्रति जिम्मेदार है और अपनी जिम्मेदारी को महसूस करता है, अब यह उसका दायित्व बन जाता है कि इस गड्ढे से, इस अंधेरे से हिन्दुस्तान को, उसकी अर्थव्यवस्था को निकालने के लिए सब लोग मिल कर commitment करें।

सर, कभी-कभी लोगों को लगता है कि चुनाव एक चुनौती है और सरकार बनाने के लिए, चुनाव लड़ने के लिए पूँजीपतियों से सम्बन्ध बनाया जाए, तो अच्छा होगा। लोगों को ऐसा लगता है, लेकिन सर, मैंने तो देखा है कि जब कभी भी जनता के लोगों ने बड़े सरमायेदारों और पूँजीपतियों से दोस्ती की है, उन्हें इसकी कीमत देनी पड़ी है और जो कुछ हो रहा है, वह exceptional नहीं है। जिन लोगों को छूट दी जा रही है— अभी जिक्र आया कि आप छूट देंगे, तो लगभग 1 लाख, 45 हजार, यानी 1.5 लाख करोड़ रुपये के आसपास आपको revenue shock लगेगा। जिनको यह पैसा बचेगा, मुझे नहीं लगता कि आपकी अपेक्षा के अनुसार वे उसको दोबारा invest करेंगे, क्योंकि हालात कुछ और भी हैं, जिनके बारे में मैं आपको बाद में बताऊँगा। लेकिन यह तो निश्चित है कि पहले से जो यह uncertainty और panic की stage बनी हुई है, इससे कैसे बाहर लायेंगे? कभी-कभी समय आता है, जब वाकई एक लीडर की जरूरत होती है। एक ऐसा लीडर, जिस पर पूरा देश आँख मूँद कर विश्वास करे कि नहीं, अब हम जिस आदमी के साथ में हैं, वह हमें सही दिशा में ले जायेगा। Emergency के हालात हैं। हमें उसके अन्दर अपना trust invest करना है। सर, मुझे बार-बार यह लगता है कि जिन हालात में हम लोग चल रहे हैं, वे एक बड़े भयानक political vacuum की ओर हमें ले जा रहे हैं। बल्कि कल कहीं जिक्र भी हो रहा था। हमारे एक पूर्ववर्ती मंत्री जी भी हैं, मैं उनका नाम नहीं लूँगा। वे तो कह रहे थे कि लगता है कि हिन्दुस्तान अब disintegration की तरफ बढ़ रहा है। यह अंधेरा बहुत बड़ा है। आपको assure करना होगा कि वाकई हम उस स्थिति की ओर नहीं जा रहे हैं और हम उससे अपने देश को बचा कर ले आयेंगे।

ऑर्डिनेंस की जो बात कही गयी, आपने बजट भाषण दिया था, सारे प्रावधान elaborate किये थे। हमें यकीन है कि आपने पूरा homework किया होगा। लेकिन अचानक फिर आपको यह लग रहा है, तो इसके मायने ये हैं कि जो indicators हैं, बहुत संगीन हैं, consumption को लेकर, investment को लेकर, export को लेकर, जो भी basic drivers कहलाते हैं। आज हालत यह है कि आप ही नहीं, facebook के माध्यम से अब तो पूरा हिन्दुस्तान इन चीजों को देख रहा है। नयी उम्र के बच्चे, जिनकी तादाद अगले census तक 85 सैकड़ा होने जा रही है, वे भी देख रहे हैं, लेकिन opinion क्या बना रहे हैं? Opinion positive बन रही है या negative बन रही है? सरकार के हक में है या हक में नहीं है? आखिर वह कहाँ जा रहा है? मुझे लगता है कि आगे आने वाला समय जो बड़ी अनिश्चितताओं से भरा हुआ है, उस पर इस बात का फर्क पड़ेगा।

सर, एक बात मैं आपको और बताना चाहता हूँ कि corporate sector में भी change आया है। सर, पहले तो लोग fair business करते थे, इसलिए कभी दिक्कत नहीं होती थी कि किसकी गवर्नमेंट आई, किसकी नहीं आई, लेकिन अब धीरे-धीरे एक तबका ऐसा आ गया है, जिसको लगता है कि अगर



[श्री रवि प्रकाश वर्मा]

हिन्दुस्तान में बिजनेस करना है, तो सरकार के साथ में रहना जरूरी है। तिकड़म करके, चाहे कैसे भी सरकार के साथ में रहना है और सरकार की पॉलिसीज़ को influence करना है, जिससे बजाय बिजनेस के, खाली पॉलिसीज़ बदल कर ही अपना मुनाफ़ा, अपनी पूंजी बढ़ाई जा सके। बढ़ी भी है, ऐसा नहीं है... चूँकि समय बहुत कम है, इसलिए मैं बहुत लंबी बात नहीं करूंगा, लेकिन मेरे पास evidences हैं। सर, जिस दिन खबर आई थी कि एक खास कंपनी की पूंजी ढाई गुना बढ़ गई है, उस दिन मुझे एक आदमी दिखाई दिया, वह साइकिल पर आ रहा था और वह बड़ा खुश था। मैंने उनसे पूछा कि क्यों खुश हो भाई? वह बोला कि हमारे देश का उद्योगपति धरती के सबसे बड़े रईसों में गिना जाने लगा है। ...**(समय की घंटी)**... मैंने पूछा कि इससे तुम क्यों खुश हो? इससे तुम्हें क्या मिला? न कोई नौकरी देनी, न कोई नया कारखाना लगाना, न कहीं इन्वेस्टमेंट करना, न उत्पादन बढ़ाना, न गवर्नमेंट को रेवन्यू देना, पूंजी का बढ़ जाना और सबका खुश हो जाना, मुझे लगता है कि यही चमत्कार है, जिसके सहारे यह देश चल रहा है।

सर, जनता की क्रय शक्ति बढ़ना बहुत जरूरी है। हम मज़ाक उड़ा सकते हैं, कहां गए हमारे जी. वी. एल. नरसिंहा राव साहब, लेकिन पिछले 70 वर्षों में प्लानिंग कमिशन और सरकारों ने केवल और केवल क्रय शक्ति बढ़ाने पर ही काम किया था। ग्रामीणों की क्रय शक्ति बढ़ी है, उससे consumption बढ़ा है, उससे इन्वेस्टमेंट बढ़ा है, उससे production बढ़ा है। यह जो नौकरशाही है, यह भ्रष्ट नौकरशाही है, क्योंकि अगर कोई किसी enterprise में कोई भी नया काम खड़ा करना चाहे, आप भी खड़ा करके देख लीजिए, यह बिना पैसा लगाए हुए चवन्नी का पार्टनर माना जाता है। यह वह चीज़ है, जो आपको खा रही है। ...**(समय की घंटी)**...

**श्री उपसभापति:** रवि प्रकाश जी, कृपया आप conclude करें। आपने already अधिक समय ले लिया है।

**श्री रवि प्रकाश वर्मा:** सर, मैं conclude कर रहा हूँ।

सर, ग्रामीण क्षेत्रों में और मध्यमवर्गीय परिवारों में पूंजी निर्माण की प्रक्रिया चालू कराइए, इससे यह काम होगा। लेकिन जो foreign firms यहाँ पर काम कर रही हैं, आपने उनको जो exempt कर दिया है, इस पर भी बहुत सवाल उठेंगे। ...**(समय की घंटी)**...

**श्री उपसभापति:** रवि प्रकाश जी, कृपया आप conclude कीजिए। आपने already एक मिनट ज्यादा समय ले लिया है।

**श्री रवि प्रकाश वर्मा:** सर, अभी आदरणीय जयराम रमेश जी five Fs की बात कर रहे थे, लेकिन एक छठा एफ और है और वह है fear यानी दहशत। अभी कई लोगों ने इस बात का जिक्र किया है। हम इसके बहुत डिटेल में नहीं जाएंगे, लेकिन बाज़ार में दहशत है और इसके कारण यहाँ से उद्योगपति अपना कारोबार लेकर विदेशों में शिफ्ट हो रहे हैं। आप इस पर गौर कीजिएगा। आप सब कुछ कर डालेंगे, अगर दहशत खत्म नहीं हुई, तो रास्ता नहीं निकलेगा, यही आपसे कहना था, धन्यवाद।

DR. AMAR PATNAIK (Odisha): Mr. Deputy Chairman, Sir, I have looked at this Bill from a perspective of short-term, medium-term and long-term. In the early 90s, the Chelliah Committee recommended bringing down the corporate income tax from between 51.75 and 57.5 per cent to 45 per cent. It was brought down to 40 per cent, and then, further to 35 per cent in 1997-98. Then, the Shome Committee in 2001 and the Kelkar Committee in 2002, in their recommendations, brought it down to 30 per cent. Subsequently, it has been brought down to 25 per cent. And, now, the hon. Finance Minister has brought it down to 22 per cent. In the case of manufacturing, it has been brought down to 15 per cent. So, contrary to what Jairam Ramesh ji said, I think the long-term movement is in line with the policy that we have been following in this country, that the corporate income tax has to come down. As far as the timing is concerned, to take advantage of the trade war between India and China, if it has come a little too earlier— if the Finance Minister was probably thinking to bring it later — I think it could have been done probably even earlier, during the Budget Session itself. So, in terms of the long-term stability, I think this is the right thing that we have done in terms of bringing forward this Bill. But, as far as fiscal stimulus is concerned, whether it would prop up the economy and will boost the demand, I think, I will come to that later. I just have a quarrel about the exclusion from application of the provisions, the reduced tax rates, to the mining sector which contributes about 2.39 per cent of the GVA in 2015 as per the CSO data. I am concerned because most of the Odisha's economy is dependent on this particular sector. If there is a spurt in the mining activity, I think the economy of the State would greatly get impacted. So, my request would be to probably include this in the manufacturing sector to get the benefit of 15 per cent. Also, why this has been excluded is not mentioned in the Statement of Objects of the Bill. Sir, now I will come down to the companies who are going to get benefit in terms of the effective tax rates. Sir, a calculation of the effective tax rate after deductions rightly shows that 69 per cent of the Total income tax is paid by 29 per cent of the 8.4 lakh companies, and they would get the benefit. But then there are about five per cent of the companies who contribute 22 per cent to the share in the Total tax paid. They are currently paying 20 per cent to 25 per cent. They are not likely to shift to the new regime because their effective tax rate is anyway lower than 25.17 per cent that they are going to pay.

Sir, the concerns about the New Tax Bill are these that because of this, the MSMEs may be left out. Then the second, the demand side has not been addressed, the consumption side not addressed, pump-priming the economy by increasing Government expenditure on roads and houses and other things probably could have been thought of as an additional

[Dr. Amar Patnaik]

thing to fiscal measures. Therefore, I would say that in the immediate and the short-term, maybe, it will not help to prop up the economy. I am sure that with the lag effect gone in the future quarters, the impact would be seen in terms of improving the economy.

Another concern of our State is that if the divisible pool of taxes will come down, then the allocation to the States would come down and the States like Odisha would be greatly affected. The cess and the surcharge which are now not a part of the divisible pool, the hon. Finance Minister is requested if she could consider bringing it under the divisible pool given the circumstances that the tax collections overall will not be improving in 2019-20, or, even for that matter, 2020-21. ...(*Time-bell rings*)...

MR. DEPUTY CHAIRMAN: Please conclude.

DR. AMAR PATNAIK: Sir, one minute.

Sir, the fiscal deficit target, many people have said that it would be offset by about 0.7 per cent. But I have a feeling that the forgone tax, whatever deductions in the form of deductions would have been forgone, would have been ₹ 1.13 lakh crores. So, the impact on the fiscal deficit would not be much. ...(*Time-bell rings*)...

On the States, as I said, I would probably request that in case of disaster-prone States like Odisha, despite whatever happens in the economic situation, the transfers should continue despite the collections. Thank you so much.

**श्री राम चन्द्र प्रसाद सिंह** (बिहार): उपसभापति महोदय, मैं इस बिल का समर्थन करता हूँ। अभी श्री जयराम रमेश जी बोल रहे थे। हमारे श्री रवि प्रकाश वर्मा जी भी बोल रहे थे। आपने पाँच एफ का नाम तो लिया, लेकिन छठा एफ फियर नहीं है, छठा एफ फेथ है। जो हमारा बेसिक सिस्टम है, अपने हिन्दुस्तान का जो बेसिक सिस्टम है, उस पर भरोसा करिए, उस पर विश्वास करिए और पूरे के पूरे indicators, जिनको आप खुद बता रहे थे, वे सब अच्छे हैं और हमारा देश आगे बढ़ेगा। आज इनके द्वारा पूरे के पूरे टैक्स में जो डिडक्शन किया गया है, यह बात ज़रा समझने की चीज है। आप अंतर्राष्ट्रीय स्तर पर भी देख लीजिए। आज हमारा जो टैक्स स्ट्रक्चर है, वह दुनिया में सबसे नीचे है। आप बोल रहे थे कि पहले सिर्फ बढ़ाया जाता था, अब सब टैक्स कमा रहे हैं। आप देखिए कि 1980 के दशक में दुनिया में एवरेज टैक्स 38.86 परसेंट था और आज 23.03 परसेंट है। यानी टैक्स में 5 परसेंट का डिडक्शन आया है, तो स्वाभाविक है कि आज जब हम लोग हमारे देश में 22 परसेंट पर हैं, तो यह एक अच्छा indicator है। हम internationally competitive हो गए हैं। हमारे यहाँ जो भी लोग बाहर से आना चाहते हैं — अभी चाइना की बात हो रही थी, आप चाइना को ही ले लीजिए, वहाँ 25 परसेंट है। अमेरिका को ले लीजिए, 27 परसेंट है। ब्राज़ील हम लोगों से compete करता है, उनका भी 34 परसेंट है। आप फ्रांस में भी चले जाइए, उनका भी 31 परसेंट है। जर्मनी में देखिए, 30 परसेंट है, तो

**4.00 P.M.**

इन्होंने अभी हमारा जो बेसिक लिया है, इससे आगे चलकर हमको फायदा होगा और निश्चित रूप से इससे हमारे पूरे के पूरे प्रोडक्शन में बढ़ोतरी होगी, लोगों को रोजगार मिलेगा। हम लोगों को हमेशा ज़रा positive भी सोचना चाहिए। यह सही है कि हमारी जो सप्लाई साइड है, वह बढ़ेगी। लेकिन जब डिमांड और consumption की बात आती है, तो टैक्स के बारे में भी मैं एक बात रखना चाहूँगा। आप सब जानते हैं कि हिन्दुस्तान में सन् 1922 में इनकम टैक्स आया और वर्ष 1964 में इनकम टैक्स ऐक्ट आया। जब हम इनकम टैक्स में ट्रेनिंग लेते थे, तो मुझे बताया गया कि वर्ष 1961 में जब यह ऐक्ट बना, तो उसके बाद इसमें बहुत सारे अमेंडमेंट्स हुए। जिस तरह, एक बच्चा जब पैदा होता है, तो उसका चेहरा बहुत साफ होता है, लेकिन जब उसी बच्चे को स्मॉल पॉक्स हो जाते हैं, तो उसके चेहरे पर तरह-तरह के scars हो जाते हैं, उसी तरह इन 58 सालों में इस ऐक्ट में इतने अमेंडमेंट्स हुए हैं कि आप वर्ष 1964 के ऐक्ट को पहचान भी नहीं सकते हैं। इसीलिए जो यह डायरेक्ट टैक्स कोड बन रहा है — अभी ऐसी खबरें आ रही हैं कि शायद चेयरमैन ने उसकी रिपोर्ट भी दे दी है, तो मैं वित्त मंत्री जी से यह अनुरोध करूँगा कि जो डायरेक्ट टैक्स कोड है, उस पर जल्दी कार्रवाई हो। जो छोटे निवेशक हैं, जो पर्सनल इनकम टैक्स वाले लोग हैं, उनको उसमें भी रियायत मिलेगी और हमारे टैक्स का जो पूरा का पूरा स्ट्रक्चर है, उसको इससे निश्चित रूप से फायदा होगा। यह सप्लाई साइड की बात हुई, अब हम डिमांड साइड पर आते हैं।

इसमें सबसे बड़ी बात इन्फ्रास्ट्रक्चर की आती है, जिसमें काफी इन्वेस्टमेंट्स हो रहे हैं। खासकर, रेलवे या एयरपोर्ट्स में ऐसे कई last mile projects होंगे, जिनमें अभी काम चल रहा होगा, इस तरह के हमारे जो बहुत सारे इन्फ्रास्ट्रक्चर के प्रोजेक्ट्स हैं, इन्फ्रास्ट्रक्चर के हमारे जो रूरल प्रोजेक्ट्स हैं, उनमें जितना ज्यादा इन्वेस्ट किया जाएगा, उतना ज्यादा उससे लोगों को रोजगार मिलेगा। उससे लोगों के पास पैसे पहुँचेंगे और जब उनके पास पैसे पहुँचेंगे, तो वे निश्चित रूप से उसे खर्च करेंगे।

इसके साथ ही, मैं एक और बात जरूर कहना चाहूँगा। प्रधान मंत्री जी द्वारा एक बहुत ही महत्वपूर्ण स्कीम लाई गई है, जिसके अंतर्गत किसानों को 6,000 रुपये दिए जा रहे हैं। वित्त मंत्री जी, आने वाले बजट के लिए हमारा एक सुझाव है। आप उसमें एक चीज़ जरूर रखिएगा कि इस स्कीम में हमने किसान की जो परिभाषा दी है, उसमें केवल वे ही किसान सम्मिलित हैं, जिनके नाम से जमीन है। लेकिन अगर आप उत्तर भारत और पूर्वी भारत में देखें, तो वहाँ के बहुत सारे प्रदेशों में sharecroppers होते हैं, जो बँटाई की खेती करते हैं, उनको इसका लाभ नहीं मिलता है। अगर इसका लाभ उनको भी मिलेगा, तो निश्चित रूप से ग्रामीण इलाकों में रहने वाले लोगों के पास पैसे आएँगे। ...**(समय की घंटी)**... हम लोगों का यह प्रयास होना चाहिए कि हमारी इकॉनमी इस प्रकार की हो कि उससे ज्यादा से ज्यादा ग्रामीण इलाकों में रहने वाले लोगों के पॉकेट में पैसे बचें, उसे वे खर्च करें, ताकि हमारी इकॉनमी बढ़े और हम दुनिया के विकसित देशों में शामिल हो सकें। अंत में, मैं इस बिल का समर्थन करते हुए अपनी बात समाप्त करता हूँ, बहुत-बहुत धन्यवाद।

SHRI T. K. S. ELANGO VAN (Tamil Nadu): Hon. Deputy Chairman, Sir, I am not going into the changes made in the tax laws because this has been periodically done. In every Budget, the Governments announce some concessions to some sections of the society, but the Ordinance route, as I have mentioned many times, is wrong.

Sir, in a civilized society, a good Government should ensure socio-economic protection to all its citizens, underline the words 'all its citizens', but this Government looks at only one side. They help and support the rich, the industrialists, but on the other side, as reported in a NSSO survey, domestic consumption has come down. What support is the Government going to give? What kind of a concession is this Government going to make for the poor? Unfortunately, today, even insurance premia are being taxed. GST is being levied on insurance premia. It is a kind of saving, but this Government has levied GST even on insurance premia. When the Income Tax Department itself has considered it as a saving and exempted it from tax in the tax structure, this Government has levied GST even on insurance premia.

Sir, our founder leader, C.N. Annadurai, respectfully called *Arignar Anna*, used to say that a good economic policy should be to tap the rich and pat the poor. Here, this Government is tapping the poor and patting the rich. That is what is happening here. My hon. colleague, Shri G. V. L. Narasimha Rao, very strongly supported the Government. I was listening to his speech carefully. I have even read his book on EVMs earlier. He has always been strong in his arguments. ...(*Interruptions*)...

MR. DEPUTY CHAIRMAN: Please, please.

SHRI T. K. S. ELANGO VAN: I do not want to go into the text of the matter. I only say that he is very strong in his opinions and views. Sir, what kind of a social security or socio-economic security do we have? On the social side, there is mob lynching. People are advised as to what they should eat. On the economic side also, the Government has not provided anything to the poorer sections of the society. What is the role of this Government when they want the industries to come up? What is the role of this Government in increasing employment when the Prime Minister himself promised the creation of two crore jobs every year? But what has happened? You can give rosy picture and statistics. I do not believe in GDP being related to the economic development. I don't consider it so because GDP has many factors. Actually, what is the position of job creation by this Government during the last five years? Why has the domestic consumption gone down? Why does the poverty remain the same? Poverty remains the same and there is no change in poverty because this

Government has considered welfare of about 15 per cent or 20 per cent of the population and the remaining 80 per cent are left out. I don't want to go into the tax structure because it is periodic and is revised. The Government changes the tax structure in every Budget. Has the Government real concern for the economic development of this country as a whole? Has the Government plans to support the farmers whose produce contribute 20 per cent of the GDP, about the labourers and other sections of the people who are really affected? These are my questions.

DR. NARENDRA JADHAV (Nominated): Mr. Deputy Chairman, Sir, I rise to wholeheartedly support the Taxation Laws (Amendment) Bill, 2019. At the present juncture, policy intervention such as the corporate tax reduction is imperative for India to strengthen its foothold in the global market and to become a favourable destination for manufacturing units. Let me explain why. First, the corporate tax rate cut is a crucial move towards incentivising domestic investment and to further the objectives of 'Make in India'. It would certainly boost domestic entities to set up new manufacturing units. Second, corporate tax rate cut would also serve as an important catalyst to attract Foreign Direct Investment in the manufacturing sector and will encourage multinational corporations to shift their units to India. It is expected that several existing industries will benefit from this move, especially the auto industry. Third, with an effective corporate tax rate of 25.17 per cent, India would now join the League of Asian nations which offer attractive corporate taxes favourable to manufacturing activities, namely, China, South Korea and Bangladesh, where the corporate tax rate is 25 per cent. I am delighted to note that my friend and hon. Member, Shri Jairam Ramesh, agrees that the fundamentals of the Indian economy continue to remain strong and I agree with Shri Jairam Ramesh that the current slowdown — we must recognise this without giving it any political colour because six quarters of decline is unprecedented — is not arising from the five 'Fs', but it is emanating from the deficiency of aggregate demand.

MR. DEPUTY CHAIRMAN: Please conclude.

DR. NARENDRA JADHAV: Sir, I will take only thirty seconds. While commending the hon. Finance Minister for bringing this Bill, I must also point out that the corporate tax cut does not address the critical issue of falling demand. The economic slowdown calls for consumer optimism and a demand boost. This can be done only by putting purchasing power in the hands of people, the general public. Given the difficult situation that the Indian economy is in, the fiscal discipline could be relaxed for the time being and personal taxes may be reduced in the forthcoming Budget, especially for the lower and middle-income strata. With these remarks, I commend the Bill for passing.

**श्री वीर सिंह** (उत्तर प्रदेश): माननीय उपसभापति महोदय, आपने मुझे कराधान विधि (संशोधन) विधेयक, 2019 पर बोलने का अवसर दिया, उसके लिए मैं आपको धन्यवाद देता हूँ। महोदय, माननीय राष्ट्रपति जी द्वारा दिनांक 20 सितम्बर, 2019 के अध्यादेश को जो संविधान के आर्टिकल 123 के अधीन है, कानूनी रूप देने का प्रावधान है। विशेषकर सरकार इसमें कॉरपोरेट टैक्स को कम करने और उसे 30 प्रतिशत से घटाकर 22 प्रतिशत करने जा रही है। महोदय, वर्तमान में कॉरपोरेट जगत के लोग जो नई कंपनियां स्थापित करेंगे, उनको 5 प्रतिशत तक टैक्स देना होगा।

सर, सरकार कॉरपोरेट जगत का टैक्स कम करे, इससे हमें कोई एतराज नहीं है, किंतु हमारे देश में जो छोटे व्यापारी हैं, किसान हैं, सरकारी कर्मचारी हैं और पेंशनभोगी हैं, इनसे तो आप लगभग 40 प्रतिशत कर वसूल कर रहे हैं, लेकिन उद्योगपतियों से, प्राइवेट जगत से आप कम कर वसूल कर रहे हैं। मेरा मानना है कि आप इन गरीबों की तरफ भी ध्यान दें। आज महंगाई इतनी बढ़ गई है कि जीवन में रोजमर्रा के इस्तेमाल में आने वाली वस्तुओं की कीमतें बहुत बढ़ गई हैं - जैसे प्याज के दाम आज आसमान को छू रहे हैं, जिसकी वजह से इनका बजट गड़बड़ा गया है, तो सरकार को उद्योगपतियों के साथ-साथ इस ओर भी ध्यान देना चाहिए।

महोदय, हमारा देश कृषि प्रधान देश है। हमारे देश की 70 प्रतिशत जनता कृषि पर निर्भर करती है। सरकार ने जो वायदा किया था कि हम किसानों की आय दुगुनी करेंगे, वह वायदा पूरा नहीं हुआ। एक तरफ सरकार उद्योगपतियों का लगभग दो लाख करोड़ रुपया माफ कर देती है और दूसरी तरफ किसानों की तरफ कोई ध्यान नहीं दिया जाता है। आज हमारे देश में किसान सबसे ज्यादा परेशान हैं, वह आत्महत्या कर रहा है। महोदय, हमारे देश की तरक्की गांव, किसान और खेत से होकर गुजरती है। यदि गांव खुशहाल है, तो शहर खुशहाल होगा और शहर और गांव दोनों खुशहाल होंगे, तब हमारा पूरा देश खुशहाल होगा। हमें गांवों की तरफ ध्यान देना चाहिए, किसानों की तरफ भी ध्यान देना चाहिए, तभी हमारा देश तरक्की की तरफ बढ़ेगा। महोदय, आज जी.डी.पी. घटकर 4.5% रह गयी है और सत्ता पक्ष के एक सदस्य ने तो यहां तक कहा कि 1.5% ही रह गयी है। वर्ष 2013 से यह सबसे कम जी.डी.पी. रही है। सरकार ने जी.एस.टी. बिना तैयारी के लागू किया, नोटबंदी बिना तैयारी के लागू की, यह सब उसी का परिणाम है। मैं आज बताना चाहूंगा कि सरकार का मानना है कि इस कदम से निजी क्षेत्र में निवेश बढ़ेगा और राजस्व और आर्थिक वृद्धि को बढ़ावा मिलेगा, जिससे प्रतिस्पर्धा और रोजगार के अवसर सृजित होंगे और पूंजीगत लाभ में वृद्धि होगी। सरकार की मंशा तो ठीक है, किंतु उसका अनुपालन होना चाहिए। उसका अनुपालन नहीं हो रहा है। आज रोजगार समाप्त हो रहे हैं। सरकार ने वायदा किया था कि जो बेरोजगार युवा हैं, उनको हम एक साल में दो करोड़ नौकरियां देंगे। वह वायदा पूरा नहीं हुआ है। आज प्राइवेटाइज़ेशन हो रहा है और प्राइवेटाइज़ेशन में जो सरकारी विभाग हैं, उनको प्राइवेट उद्योगपतियों को बेचा जा रहा है। जैसे परम पूज्य डा. भीमराव अम्बेडकर साहेब ने भारतीय संविधान में आरक्षण की व्यवस्था की थी, तो आज प्राइवेट सेक्टर को देते समय आरक्षण की व्यवस्था नहीं की जा रही है। आज अनुसूचित जाति, जनजाति और पिछड़ी जाति के लोग आरक्षण से वंचित होते चले जा रहे हैं। **...(समय की घंटी)...** माननीय उपसभापति महोदय, आपके माध्यम से मेरा निवेदन है कि उस वायदे की तरफ भी सरकार को ध्यान देना चाहिए और दो करोड़ युवाओं को रोजगार

देना चाहिए। आज हमारे देश में जो कंपनीज़ बंद हो रही हैं, उससे हमारे युवा बेरोजगार होते चले जा रहे हैं, यह बहुत बड़ी समस्या है। मैं तो यही कहूंगा कि हम उद्योगपतियों और कॉर्पोरेट जगत को तो बढ़ावा दें। लेकिन इसके साथ-साथ हमें किसान, मज़दूर, छोटे व्यापारी - इनकी तरफ भी ध्यान देना चाहिए। ...(समय की घंटी)...

**श्री उपसभापति:** धन्यवाद, वीर सिंह जी।

**श्री वीर सिंह :** महोदय, जिस तरह से आज सरकार उद्योगपतियों को बढ़ावा दे रही है, उससे यह सिद्ध होता है कि यह सरकार उद्योगपतियों की है, गरीबों, किसानों, मज़दूरों और छोटे व्यापारियों के हित में नहीं है, बहुत-बहुत धन्यवाद।

MR. DEPUTY CHAIRMAN: Now, Shri V. Vijayasai Reddy, not present. Prof. Manoj Kumar Jha.

**प्रो. मनोज कुमार झा (बिहार):** धन्यवाद उपसभापति महोदय, इस बार जब हमारे एन.डी.ए. और भाजपा के साथी दोबारा चुनाव जीतकर आए हैं, तो छोटी-मोटी आलोचना पर भी वे नाराज़ हो जाते हैं। हम चाहते हैं कि वे नाराज़ न हों, सदन नाराज़गी की जगह नहीं है। सर, जैसा कहा गया :

“माना कि तेरी दीद के क़ाबिल नहीं हूँ मैं, तू मेरा शौक़ देख, मेरा इंतज़ार देख।”

I begin by referring to para 2 of the Statement of Objects and Reasons. In this context, I think, it should have been better framed. Anyway, that is their choice. It states, “Therefore, it was felt that a fiscal stimulus through reduction of corporate income-tax rate...”. It states that fiscal stimulus was required.

सर, खेत में खड़ा किसान टकटकी लगाकर आपकी ओर देख रहा है, वहां भी stimulus चाहिए। असंगठित क्षेत्र के रेहड़ी-पटरी वाले भी आपकी ओर देख रहे हैं कि कुछ stimulus इधर भी हो। मानता हूँ कि पूंजी के सरोकार बहुत बड़े हैं, लेकिन ऐसा न हो जाए कि श्रम हमेशा पूंजी के आगे शरणार्थी की मुद्रा में खड़ा रहे - उस प्रक्रिया को बदलिए, वह आवश्यक है। सर, 24 फरवरी, 1848 को लंदन में 23 पेज का एक pamphlet आया था, उसमें कहा गया कि Modern industry has revolutionised everything. Gothic cathedrals से बढ़िया चीज़ें हो गयी हैं, Egyptian Pyramid से ज्यादा अच्छी चीज़ें हो गयी हैं। The reference was to the progress in the industry. 23 पेज के इस pamphlet का नाम था, ‘Communist Manifesto’ और उसमें कहा गया था कि wealth का बहुत creation हुआ है, लेकिन 1848 से उस आलोचना की कहानी को अगर आज मैं यहां देखूँ, अपने समय में, अपने समकालीन संदर्भों में, तो मुझे लगता है कि हम यहां बैठकर मुहर लगाते हैं कि पांच प्रतिशत हाथों में ही तमाम सत्ता और संसाधन बने रहें। सर, मेरा विरोध सैद्धांतिक है। मैं जानता हूँ कि हम बहुत कमज़ोर हैं। मैं जानता हूँ कि हमारे अधिकांश सदस्य - मैं तो जानता हूँ कि वित्त मंत्री साहिबा भी अगर दिल से सोचेंगी तो वे भी यही सोचेंगी, लेकिन क्या करें, हमारी सोच पर भी किसी की बंदिशे है। Anyway, मैं दूसरी



[प्रो. मनोज कुमार झा]

चीज़ कहना चाह रहा था। I would request the hon. Finance Minister, when she responds, to explain as to what were the conditions. In the words of Jairam Rameshji, what was the context, the unprecedented crisis? And, I would use three Ts - tone, tenor and tune. The three Ts underline very different things when we look at these concessions. Frequent roll backs don't speak well about our kind of policies or the kind of priorities we are setting for us. Shock and awe tactics have never worked for anyone, neither for them nor would it work for you.

Now, I come to the third point. Do we understand that the tax breaks to the corporates will result in a more egalitarian Indian society? I don't know why we don't look at our policy framework through the Preamble. That should be the lamppost under which all of us should read any policy. At the same time, I am also sure that the kind of concession you are providing to the corporate houses, I can vouch for the fact that they will not pass on the benefits either to the consumers or to their lower-level employees. Please keep that in mind. I am told that this is the biggest tax break in the last 28 years. सर, 70 साल के बारे में हम बहुत सुनते हैं, तो मैं भी कहूंगा कि 28 साल में पहली बार इतना बड़ा tax break आपने दिया है - आपकी क्या मजबूरियां रही हैं, वह नहीं पता, क्योंकि बिना मजबूरियों के कोई बेवफाई करता नहीं है। सर, सितम्बर में Ordinance आया। तकरीबन तीन-साढ़े तीन महीने हो चुके हैं - क्या बदलाव आया? नया निवेश? कुछ तो हुआ होगा? अगर तीन-साढ़े तीन महीने में कुछ नहीं हुआ तो कोई गारंटी नहीं है कि इस concession के बाद भी निवेश बढ़े या इसका फायदा हो। We are told 'n' number of times that we don't have money to spend on education. We don't have money to expand the scholarship base. We do not have money to protect the idea of public-funded education, - we do not have money to make sure that the farmers do not live in perpetual fear and commit suicide; we do not have money to build modern-class public hospitals, but, then; we do have the political will and elbowroom to give all kinds of support to a class which is in the traditional Marxist sense, things have not changed, they do what they know the best; profit and loss and profit at the cost of anything. Sir, this break also does not explain to me, when the Government of India's position on tax revenue collection is very poor. ...*(Time-bell rings)*... In fact, I was shocked to find that India's tax to GDP ratio — Sir, it is alarming — is much lower than many developing countries. We are even behind Nepal on this. हम नेपाल से भी पीछे हैं। सर, मेरे यही कुछ मुद्दे थे और मैं आपके through मैडम फाइनेंस मिनिस्टर साहिबा से, बस एक टिप्पणी करके यहीं समाप्त करूंगा। Madam, today, I know, you have the majority, the Bill will get passed, but, Madam, when we talk about something, let us look at the fact that how history shall judge us, and I can tell you that whichever regime has succumbed to the pressure of corporate, they have done harm to the people, to the society, you might not agree with me today, but, maybe when we meet there up in the heaven, you will tell me that you were right. Thank you, Sir.

SHRI NARAIN DASS GUPTA (NCT of Delhi): Thank you, Sir, for giving me this opportunity to speak on this Taxation Laws Bill. Sir, since 1961, I have watched that thousands and thousands of amendments have been brought under the Income Tax Act, and those are in the name of simplification, rationalization and just to make it simple. But, every time, with more and more amendments, we are making it more and more complicated, and every time we are adding more and more sections, explanations, proviso into the Act. This Amendment, which was proposed, through the Ordinance, on 20th September, 2019, it was under Government of India's Transaction of Business Rules, 2019. When the Government come out with an Ordinance, it needs the approval of the Cabinet. But, here, it was ignored. The reason given was that there was an emergency, but it has not been explained anywhere as to what was the emergency. After the promulgation of the Ordinance, there are ten more Amendments added in that Ordinance. I will say रात के अंधेरे में यह ऑर्डर हुआ कि इसको आप President के पास भेजिए और कल पार्लियामेंट में पेश करना है और ऑफिसर, जो इसमें काम करते हैं, उनको proper time नहीं दिया गया, they could not apply their minds. It was presented in a hurry, and further ten Amendments दी गईं। I will limit myself because you have given only three minutes. There is a claim made by the hon. Finance Minister that we are giving a stimulus of 1.45 lakh crores to the assesseees. The reason given was that it is to bring economic growth, to attract investment and to generate employment. I sent a question to the hon. Finance Minister in this Session itself as to what is the result we have out of this. As my colleague has rightly said that nothing has happened or rather the GDP has come down. This is the position. Now, Sir, I want to say something about ₹ 1,45,000 crores. I have got a copy of Union Budget 2019-20 from the website of the Department. The tax rate has been reduced from 30 per cent to 22 per cent and from 25 per cent to 15 per cent. This benefit will be near to ₹ 1,45,000 crores. But, he will have to ignore so many incentives. I would like to read those incentives which one will have to forgo. Sir, these are ten incentives, which one will have to forego, and, what is the loss he will have to suffer? I have taken this from the department's website. In 2017-18, the TOTAL benefits through these incentives were ' 1.17 lakh crore. In 2018-19, it was ₹ 1.36 lakh crore, and, for the year 2019-20, it is my assessment as per the previous trend, it will be ' 1.55 lakh crore. Why would one like to opt for these benefits? There is a mention in the Amendment Bill that if you want to go for this new provision, you will have to forego all these benefits. Who would like to forego these benefits? The loss may be to the tune of ₹ 1.55 lakh crore whereas the benefits will be of ₹ 1.45 lakh crore. This is the stimulus, Sir!

[Shri Narain Dass Gupta]

Sir, I also sent a question and the answer which I got is that it is a process and it will take time. I do not know how much time it will take. When the Budget was presented by the hon. Finance Minister in July, it was claimed that by 2024, India will be a 5-trillion dollar economy. I request the Finance Minister to please provide to this nation your roadmap as to how you will achieve this target.

Sir, the GDP has come down to 4.5 per cent. As per a calculation, unless and until we have 8 per cent GDP growth, we cannot achieve the target of 5 trillion dollar economy. Sir, now I come to the point raised by Shri Jairam Ramesh regarding five factors. One friend mentioned about six factors. Sir, there is only one factor. Fear is the only one factor. There is no doubt that on macro level, we have a strong economy but still we are not progressing. I read a poem and I would like to read the same here.

राजा कहता रात है, रानी कहती रात है,  
मंत्री कहता रात है, संतरी कहता रात है,  
प्रजा कहती रात है, लेकिन यह सुबह-सुबह की बात है।

This is the position today, Sir. ...(*Time-bell rings*)... Sir, my only submission is that it would be better, if the hon. Finance Minister re-visits this Bill and comes out with a proper amendment. Otherwise, there will be no benefit and it will be merely a futile exercise. Thank you.

SHRI ASHWINI VAISHNAW (Odisha): Mr. Deputy Chairman, Sir, I rise to support the Taxation Laws (Amendment) Bill, 2019. Sir, in my statement, I would like to focus on the tax structure as to how this will be very good and helpful for structural change in the Indian manufacturing sector. I welcome this bold and timely step. This step of reducing or rather rationalising the tax structure will increase the competitiveness of Indian industry. It is also a fiscal stimulus and it will also develop the capital base of the Indian industry. A question has been asked as to what is the structural improvement that this step will make. Yes, there is a structural improvement. As we all know, the Indian industry has been dependent on debt as the primary source of capital.

[THE VICE-CHAIRMAN (SHRI SUKHENDU SEKHAR RAY) *in the Chair*]

The equity base is a very low base in the country for various reasons. The primary reason has been the distortions which have been introduced by the tax policy. The first

distortion has been a very high and complex corporate tax structure and the second distortion has been the Dividend Distribution Tax. Because of these two distortions, the equity base has always remained very, very low. Most of the projects, most of the industries and everybody has been dependent on debt as the primary source of capital. It was a very sustainable form as we have seen in the last 10 - 15 years, that debt bubble crashed and gave us the pain that we are right now in. So, this particular rationalisation of tax structure will help the corporates to de-leverage and increase the retained earnings and reserves and surplus. This will basically once again get back into the equity base of the industry, which will lay the foundation of the structural growth of the economy. This is the fundamental reason that I would like to support this very strongly. I would like to thank all the Members across the political spectrum who have supported this tax rationalisation inside the House, outside the House and in the other House of the Parliament. There was a phase when practically the entire manufacturing industry base of the world shifted towards China. Because of certain apprehensions which were caused because of the actions taken by the industry there and supported by the Government in China, the IP rights were not fully protected. There were apprehensions among the global industry whether the IP rights would be protected or not.

Secondly, the labour cost, over a period of time, increased in China. So even before the trade war started, there was a flight of industry, especially the manufacturing sector, which had started moving out of China. That is the base which will generate hundreds and hundreds of employment opportunities in other countries like India, Indonesia, and the entire South East Asian countries. That is one factor which country after country has been looking at and trying to attract those manufacturing industries. Many of them, like Vietnam, have successfully done it. I am glad that our Government has taken a bold step of removing that distortion and creating a base by which the industry, which is migrating out of China, can come in and set up their base here.

What are the key factors that industries look at when they want to shift from one base to another base? First and foremost is the political stability. We are glad that we have a democracy which is vibrant. Here anybody can have a say. Here people can criticize and take potshots at others. And at the end of the day, we find a way by which we change Governments or re-elect our Governments based on their performance. That kind of democratic set-up gives a very strong vote of confidence to the global industry.

[Shri Ashwini Vaishnaw]

Second is the dispute resolution system in a country. Every contract and everything will have some way and some disputes will arise. Is there a proper judicial system? Is there a proper dispute resolution system? I am very glad that this Government has brought out a very good Arbitration Amendment Bill very recently which is changing the way the entire world looks at our dispute resolution mechanism.

The third and the most important is the tax regime. That is where the lacuna was still there. By converting this Ordinance into a Bill, which will be converted into a law, the tax regime distortion will be significantly, at least 50 per cent of it will be reduced. I am very thankful to the hon. Finance Minister. In a wise way, she has kept the provision that if you want to take the reduced tax rate, then you have to give up all the exemptions which were there. I think we have debated it in Parliament and outside Parliament multiple number of times that the plethora of exemptions, which are there, have to be reduced. By this single, very wise move, the exemptions will take a sideline and people will focus more on productivity and less on tax planning. I think that is a very major structural change which is happening in the minds of the people.

Sir, the tax rate reduction is not an isolated phenomenon in India. I would like to give a picture from 1980s onwards how the tax rates have been reduced globally. In the 1980s, the median corporate tax rate used to be globally between 40 per cent and 45 per cent. In 2000s, it came down to 30 per cent. And as in 2018, the median tax rate globally is 20-25 per cent. We are very well within the global trend and it is needed for the country to attract the manufacturing industry. That is why this was a very timely move, a very bold move for which I really commend the Government of taking this action.

Sir, there has been a criticism whether this will increase the fiscal deficit. Yes, by a very small percentage. For an economy of ₹ 200 lakh crore, this will be just about 0.7 per cent. In my opinion and in my calculation of the Indian economy, this is definitely a space which is available to us and we should be utilizing more of the fiscal space. Sometimes a fear is created that the rating agencies will hammer us. No, Sir. It will not hammer us. For ten years, we had been in the BBB family. So even if we go upto 4 or 4.5 per cent of fiscal deficit, I think we have a very comfortable space that we are in. Whenever there was a recession or a downturn or a slowdown, country after country had used the fiscal space. During the

recession of 2008-10, France had 7.2 per cent to 5 per cent of fiscal deficit. Japan had 10.5 to 7.9 per cent fiscal deficit. UK actually had double-digit, 10.1 to 7.5 per cent. US had 13.2 per cent to 8 per cent fiscal deficit. So, our Government is very, very conservative and very concerned that it should not cause any inflation. Inflation has been contained. But, I would request the hon. Finance Minister to use the fiscal space available to us and don't fear the bond ratings. Definitely we have a space which can be used to bring the economy back to a double-digit growth rate.

Sir, the manufacturing sector is very important. Although it has been debated and it is very well known, I would just put forward some data and facts based on my experience and studies. Re.1 invested in manufacturing sector will bring the highest multiplier possible compared to any other investment that we make. A demand of ₹100 created in the manufacturing sector creates a downstream demand of ₹192. So, that is the kind of impact manufacturing has and that is precisely the reason why country after country has been welcoming the manufacturing sector and bringing them because that is where the employment is generated. My estimate is, if you remove the dividend distribution tax, we might forego ₹ 41,000 crore as tax revenue, but we will be attracting at least ₹ 5,00,000 crore to ₹ 7,00,000 crore extra investment which will, in turn, generate extra revenue of ₹ 55,000 crore and it will generate employment opportunities of about 28 lakh. So, by removing one distortion, we have really taken a very big step forward. By removing the second distortion in tax, we can really take the economy on a Totally new level. That is my request.

A very small comparison of the tax rates in different countries will explain why it was important and why this timely action was taken. Tax rate in China today is 25 per cent; in South Korea, it is 25 per cent; in Taiwan, it is 20 per cent; in Vietnam, it is only 20 per cent; in Indonesia, it is 25 per cent; in Singapore, it is only 17 per cent. These are the East Asian countries. Look at the developed world. European average is 21.5 per cent; EU average is 21.5; in USA, it is just about 27 per cent. So, that is the scenario in which we are today. I commend the Government for taking a very clear, timely and bold decision. We all must support this. This will lay the base for structural growth of the economy, for employment and for creating jobs, which are really, really needed for the next generation of our country. Thank you. With that, I support the Bill.

DR. T. SUBBARAMI REDDY (Andhra Pradesh): Sir, actually, I support the Bill and congratulate the hon. Finance Minister for having taken this step of bringing down tax from 25 per cent to 22 per cent and to 15 per cent for domestic manufacturing. What I could see is, even though we crystallize so many things, the economy is in a slump and there are so many issues, still we have to appreciate the efforts made by the Finance Minister. She keeps asking us also, whenever we meet, about the guidelines which we need and she says that she has an open mind. I really appreciate that. The most important thing is that the Indian economy depends on infrastructure, manufacturing, agriculture and all other sectors. In various speeches like President's Speech, speech of the hon. Prime Minister and everywhere, high-end infrastructure is to be given top priority. That is the reason why recently the Finance Minister and the hon. Prime Minister have done a lot of improvements about how best we can settle the arbitration awards in the construction sector. Here, one thing I want to bring to her notice. Previously, under Section 80-IA of the Income Tax Act, they used to give exemption in respect of profits to industrial undertakings engaged in infrastructure development. Even though ten years have been given to encourage the infrastructure sector, infrastructure sector today is in serious problems. You know that so many infrastructure projects are facing serious issues. So, my suggestion is, you please examine this and continue this facility of giving tax exemption for infrastructure development for some more time. Now, you have actually removed that facility, which was given, two years back. I would like to say that in his 2016 Budget speech, the then Finance Minister, late Arun Jaitley ji, said that construction of toll roads, seaports, airports, bridges, railway systems, highway projects, water supply, irrigation projects come under Section 35-AD of Income Tax Act that allows deduction of capital expenditure incurred on these activities from the earnings, while calculating taxable income in the subsequent year. Therefore, what I have seen is this. Even the previous Governments, or this Government also, have been doing their best to improve the economy. And, particularly, it is the construction sector, infrastructure sector, manufacturing sector and agriculture sector, which are the main things. So, I would like to draw your attention to examine this point.

Hon. Minister recently acknowledged the fact that the entire country is reeling under economic slowdown. It is a known fact. There is no point in debating and finding fault with each other. It is a fact that today no new industry is coming in the country. No new manufacturing industry is coming. Why? It is because the most important thing is investment.

How investment comes? Investment would come either by borrowing from banks or raising the money through the capital market. Here, capital market has crashed virtually since two years. So, I would like to draw the attention of the Finance Minister to make an effort on — of course, I know, you are doing it — how best you can raise the capital market.

Also, my next point is about banks. Banks are suffering from a terrible fear. They say that if they take a decision, even after retirement, they may be questioned by CBI or Vigilance, and hence why they should take a decision, and they are not bothered. This is number one. Secondly, what I find is this. Even though we feel proud about it — Indian banking system is really very honest and committed — but because of some stray cases, where things went wrong, a severe action has been taken and the entire banking system is shattered. There is nobody. Therefore, I would suggest to the Finance Minister to give them courage. They need not be afraid. Be conscious, cautious and judicious. If you are convinced, come and go. So, today, the banking sector is very bad. You cannot think of growth of Indian economy unless manufacturing industries and new industries come. Employment would also be affected naturally. Today, there is no point in criticising you or Government or anybody. Why employment is not coming? It is because the industry is not growing. Why industry is not growing? It is because there is no investment. No foreign country is ready to invest in India because so much fluctuation is going on. Therefore, these were the factors.

There is one more thing which I would like to suggest. You always have an open mind which I really appreciate, that you say, ‘Yes, please come.’ Therefore, I do not believe in merely criticising. You must come, given the opportunity to you, given the guidelines, and if you do not follow, perhaps, then we can say why you have not done.

Then, there is one more thing. I also agree with various clauses of the Bill but merely bringing down the Corporate Tax would not serve the purpose. Strong measures should be taken to take fiscal measures to boost the investment and growth of the economy in the country. So, I welcome the measures to reduce the Corporate Tax but still you must bear in mind, how to improve the overall situation. Sir, recent cuts have taken place in South East Asian nations. Particularly, in Thailand, Vietnam, they have reduced the Corporate Tax to 20 per cent. Singapore was 17 per cent. Timor, which is a Republic, has reduced it to 10 per cent and other countries are seriously contemplating it. So, I am happy that you are bringing it



[Dr. T. Subbarami Reddy]

to that level as Corporate Tax across the globe is declining. With introduction of this Taxation Laws (Amendment) Bill, 2019, India has tried to bring tax rate in line with other countries and has given the domestic companies a level playing field, which we really appreciate.

Now, another most important point is about investigating agencies. Though all the investigating agencies are not under you but major ones are. Investigating agencies are creating a scare in the minds of the Government institutions, not only banks but even public sector undertakings also. They fear that if it takes a decision, what will happen to me? So, why should I bother? Let me retire happily. So, this is what actually they are feeling. Therefore, I suggest to the hon. Finance Minister to bear in mind, discuss with other colleagues also, and bring it to the notice of the hon. Prime Minister as to how best to reduce the interference of the investigating agencies which is there in a very ferocious way. If there is any mischief done by some particular companies or particular sectors or particular agencies, you can take action; maybe it is always welcome. But, it does mean that everybody is afraid, everywhere they give notices, and even RBI also interferes and frightens them by saying 'that come on, if you take decision, RBI will break it.' Recently, I happened to have a discussion with the RBI officials also. I said that you are creating a scare among the institutions, in the banks, and they are saying that 'no, no, RBI will find fault with us and no, we will not do it.' So, this is all going on. Therefore, in conclusion, what I suggest is, number one, public sector undertakings and banks should be given a courageous mind, courageous hand, iron backbone that, yes, Government is there, and you do it consciously, don't turn back; as long as you are honestly doing it, we are with you; that kind of back-patting needs to be given. That is number one. Number two is how best you can create the international atmosphere, international inspiration to participate and invest in India? Now, today, people are afraid to come and invest in India. It is one of the major set-backs for us. This is an economic slowdown. Foreign investors are saying, 'no, no, why should we do it?' Now, so many sectors are crashing; infrastructure is crashing; manufacture is crashing; steel sector is crashing; sugar sector is crashing and textile sector is crashing. Then, why should we bother? Like this, they are not investing. Previously, about four years back, if anybody wanted to start a new industry, they used to call for a public issue, raise the money and invest the money. But, for the last two-and-a half years, there is no chance to

raise any money in the public sector; there is no public investment. I draw the attention of the Finance Minister to focus on how best we have to again encourage the investment sector in growing steadily and also internationally to do it. This is also a very important point.

So, in conclusion, once again, I remind you that for infrastructure, let us have the same policy what we had for the last ten to twelve years, and do not again discontinue it. You examine this point. You may again re-do it, which will give some strength to the infrastructure. Thank you so much.

**श्री रामकुमार वर्मा** (राजस्थान): आदरणीय उपसभाध्यक्ष जी, आपने मुझे इस बिल पर बोलने का अवसर दिया, इसके लिए बहुत-बहुत धन्यवाद। मैं माननीय वित्त मंत्री महोदया को भी बहुत धन्यवाद देना चाहूंगा, क्योंकि economic and financial sector में global level पर जिस तरह का crisis रहा है, उसी को देखते हुए आज यह 'The Taxation Laws (Amendment) Bill, 2019' लाई है। पहले सितम्बर, 2019 में Ordinance के रूप में इसको लाया गया था, हालांकि उस समय Ordinance लाने की बहुत जल्दबाजी नहीं थी। हमारे पूर्ववक्ताओं ने जिस तरह की बातें कही, मैं उनमें नहीं जाना चाहता, जुलाई, 2019 में हमारे बजट में, चाहे direct taxation हो या indirect taxation हो, लेकिन financial sector में बहुत सारी छूट और राहत दी गई थी। आज पूरे विश्व के आर्थिक जगत में जिस तरह का वातावरण पैदा हुआ है, उसके कारण developed countries के अंदर, विशेष रूप से यू.एस.ए. और चीन के अंदर एक तरह का trade war शुरू हो गया है। इसके कारण अलग-अलग देशों ने अपने यहां corporate tax का deductio किया है, उनको कम किया है। हम भी अपने यहां उसका असर नहीं चाहते थे। हमारी माननीय वित्त मंत्री महोदया ने और माननीय नरेन्द्र मोदी जी ने— मुझे यह कहते हुए गर्व महसूस होता है कि जब-जब देश के अन्दर इस तरह की स्थिति आयी, किसी तरह का संकट नहीं आया, लेकिन ऐसी परिस्थिति उत्पन्न हो जाती है, तो देश के अन्दर उसका कहीं भी कुप्रभाव नहीं पड़े, ऐसी परिस्थिति उत्पन्न नहीं हो, उसी के मद्देनज़र हमारी यह सरकार protection के लिए, safety के लिए, precaution के रूप में ऐसे steps लेती है। उसी रूप में यह 20 सितम्बर, 2019 को Ordinance लागू किया गया। इसे लागू करने का उद्देश्य यही था कि आर्थिक क्षेत्र में international market में, जो international trade market है, उसमें हम competitive स्थिति में रह सकें। इसमें कोई दो राय नहीं है कि जब आर्थिक क्षेत्र में किसी तरह का economic slowdown पूरे विश्व में हो रहा था, इससे हम भी प्रभावित रहे और प्रभावित रहने के कारण वह प्रभाव बहुत negative नहीं पड़े, इसके चलते Corporate Tax, विशेष रूप से Income-tax Act, 1961 और Finance (No.2) Act, 2019 के अन्दर कुछ amendments करके Ordinance लाया गया और आज उस Ordinance को replace करने के लिए इस बिल को लाया गया है। मैं इसका मोटा उद्देश्य यही कहूंगा कि हमारे देश में

[श्री रामकुमार वर्मा]

internal और external investment attract हो, आकर्षित हो, वह यहाँ आये। जब investment आयेगा, तो corporate को उसके capital में राहत मिलेगी। अगर उसको tax में rebate मिलती है, तो इसमें कोई दो राय नहीं है कि उसका जो capital है, उस capital और पूँजी को वह अपने manufacturing के अन्दर काम में लेगा, उसको अन्य यंत्र इत्यादि खरीदने में लेगा, उससे उसका production बढ़ेगा। जब उसका उत्पादन बढ़ेगा, तो निश्चित है कि वह demand की पूर्ति भी करेगा और उसके लिए एक बड़ी भारी राहत मिलेगी। मैं समझता हूँ कि इस बिल के आने से, जो एक्ट के रूप में परिवर्तित होगा, उसके कारण यह तो होगा ही। हमारे इस एक्ट के जो provisions हैं, IT Act के Section 115 के various provisions या BAA, BAB, JB और इसी तरह से हमारे Finance Act और उसके तहत जो कुछ चीज़ें हैं, उनमें amendments करने के बाद बहुत सारी राहत हमें मिलेगी। इसके कारण देश के अन्दर, corporate जगत के अन्दर, manufacturing क्षेत्र के अन्दर बढ़ोतरी होगी। जब manufacturing sector के अन्दर बढ़ोतरी होगी, तो मैं समझता हूँ कि उससे उनकी income generate होगी और जब income generate होगी, तो जो डर रहता था— बहुत सारे corporates इस डर से कि मुझे टैक्स देना पड़ेगा, कर की चोरी के लिए वह कई बार बहुत ज्यादा निराश होता था, उसको एक राहत मिलेगी।

मैं मुख्य रूप से इस एक्ट से जो फायदे होने वाले हैं, वह बताता हूँ। इससे हमारे private sector में, corporate जगत के अन्दर investment बढ़ेगा, capital बढ़ेगी तथा बैंकिंग, automobile sector के अन्दर भी इससे लाभ मिलेगा। पूँजी लाभ, कैपिटल लाभ भी मिलेगा। उसको tax rebate मिलेगी, तो उससे उसे फायदा मिलेगा। साथ-साथ, इससे जो equity share वगैरह है और उसके अन्दर जो capital gain होता है, उसमें भी राहत दी गयी है। उससे भी एक बहुत बड़ी राहत मिलेगी। इससे Non-Banking Finance Companies को भी लाभ मिलेगा। South Eastern देशों के साथ हमारी जो प्रतिस्पर्धा होगी, तो निश्चित है कि आने वाले समय में जैसे अमेरिका और चाइना के अन्दर जो trade war चल रहा है, जिस तरह का मामला चल रहा है, तो इसमें दो राय नहीं हैं कि विश्व के जिन देशों में fastest economic growth हो रही है, उसमें हमारा देश है। उसके लिए market मिलेगी और विकल्प के रूप में हमारा देश होगा, जिससे हमारी economy को, जो international कारणों से एक slowdown आया है, उसका लाभ मिलेगा। इसी के तहत कॉर्पोरेट जगत पर minimum alternative tax का जो एक भार था, उसको भी इन्होंने कम किया है। जिस तरह के रेट्स हुए हैं, अगर उनको आनुपातिक दृष्टि से देखें, तो पाएंगे कि 22 परसेंट वाला कुल मिला कर 25.17 पड़ रहा है। इसी तरह से नई कंपनियों के लिए जो एक बहुत बड़ी राहत दी गई है, उसके तहत यह 15 परसेंट यानी कुल मिला कर लगभग 17 परसेंट से ज्यादा भार नहीं पड़ेगा। यह भी मौका दिया गया है कि अगर नई कंपनियां 1 अक्टूबर, 2019 के बाद या उस दिन से लेकर 31 मार्च 2023 तक, उसकी घोषणा करने तक, अपनी manufacturing चालू करती हैं, तो उनको इसका लाभ मिलेगा। इससे भी उनको बहुत बड़ी

राहत मिलेगी। एम.ए.टी. से भी उनको exempted रखा गया है, इससे भी उनको बहुत बड़ा फायदा होगा।

उपसभाध्यक्ष महोदय, हमारे पूर्व सम्माननीय वक्ताओं ने अभी बताया, मैं यह कोई आलोचना करने के लिए नहीं कह रहा हूँ, लेकिन मैं आपके माध्यम से सदन को अवगत कराना चाहता हूँ कि हमारा उद्देश्य इस तरह का है कि हमारा manufacturing सेक्टर भी बढ़े ताकि consumers को उनकी डिमांड के अनुसार वस्तुएं मिलें। इसके साथ ही साथ देश का वातावरण ऐसा हो कि हमारा जो external investment है, FDI भी है, वह भी आए। आज कुछ वक्ताओं ने बड़ी निराशा के साथ कुछ कहा, लेकिन मुझे खुशी है कि पूरे सदन ने इसके लिए सराहना भी की है और इसके लिए सहमति भी प्रकट की है। कुछ वक्ताओं ने कहा कि इससे बहुत बड़ा फायदा नहीं होगा, क्योंकि सरकार ने समय पर स्टेप्स नहीं उठाए। मैं कहता हूँ कि हमारा उद्देश्य प्रत्येक क्षेत्र में, चाहे वह आर्थिक क्षेत्र हो, चाहे अन्य कोई और क्षेत्र हो, विशेष रूप से financial sector के अंदर जिस तरह के स्टेप्स लिए गए, उन स्टेप्स के माध्यम से हमने शुरुआत से यह कोशिश की है। 2004 से 2013 तक जो स्लोडाउन आया, उसमें हमने देखा कि इससे हमारी इकॉनमी में किस तरह की दिक्कत आ रही है। उपसभाध्यक्ष महोदय, मैं आपके माध्यम से बताना चाहूँगा कि यह एक सिद्धांत है कि कॉरपोरेट जगत के अंदर उसका एक शेयर मनी और उसकी खुद की कैपिटल होती है, जो 20 परसेंट होनी चाहिए। वह 80 परसेंट कैपिटल ऋण के माध्यम से या अन्य स्रोतों से जुटाता है। हमारा भी रेश्यो यही रहा, लेकिन दुर्भाग्य की बात यह है कि इस संबंध में पब्लिक सेक्टर बैंकों के द्वारा दिए गए ऋण का जो रेश्यो कम रहना चाहिए था, वह रेश्यो 86 परसेंट तक भी चला गया। इसके माध्यम से जिन प्रोजेक्ट्स के लिए ऋण लिया गया, उन प्रोजेक्ट्स में ऋण का यूज न करके अन्य कार्यों में किया गया, जिससे एन.पी.ए. बढ़ता गया। इसके कारण आज एन.पी.ए. लगभग 6 लाख करोड़ रुपए से भी अधिक हो गया। इसका हमारी इकॉनमी पर reverse effect पड़ा।

सर, अगर हम उस समय का दौर देखें, तो पाएंगे कि अब बैंकिंग इंडस्ट्री के लिए सरकार के द्वारा स्टेप्स उठाए गए, जिनमें 70 हजार करोड़ रुपए का inclusion, बैंकों को मर्ज करके उनकी स्थिति को सुदृढ़ करना है, यह बहुत बड़ा कदम है। इसी के साथ माननीय नरेन्द्र मोदी जी के नेतृत्व में सरकार का यह लक्ष्य रहा है कि देश हर तरह से सुरक्षित रहे, हर क्षेत्र में संपन्न रहे, लेकिन इसके साथ ही sustainable development की जो बात है, विश्व भी चाहता है, बहुत सारे कंटीज चाहते हैं कि हम इसको भी maintain करें। इसको maintain करने के लिए यह जरूरी है कि हमारे 130 करोड़ व्यक्तियों का जीवन, उनकी efficiency बढ़े, उनका स्वास्थ्य ठीक रहे, उनकी जो बेसिक सुविधाएं हैं, वे उनको मिलें ताकि वे स्वस्थ दृष्टि से देश की अर्थव्यवस्था में अपना contribution कर सकें। फाइनेंशियल सिस्टम में जो लीकेजेज थे, 2014 से पहले जिस तरह का वातावरण था, उससे फाइनेंशियल सिस्टम में एक के बाद एक लीकेजेज हुए, घोटाले हुए, करप्शन हुआ, बैंकिंग इंडस्ट्री को नुकसान हुआ और हमारे

**5.00 P.M.**

[श्री रामकुमार वर्मा]

आम उपभोक्ताओं को कमाई का नुकसान हुआ। उपसभाध्यक्ष जी, सरकार ने उनको रोकने के लिए जो कदम उठाए, वे मैं बताना चाहता हूँ। उनके लिए एस.आई.टी. का गठन किया गया, बेनामी संपत्ति का एक्ट लाया गया, भगोड़ा कानून लाया गया और *insolvency and bankruptcy* जैसे एक्ट्स लाए गए। चाहे ईज़ ऑफ़ डूइंग बिज़नेस हो या लोगों के डिस्प्यूट्स का सॉल्यूशन हो, उनमें इनका फायदा मिला। आपने देखा कि जिस तरह का *irregular deposit* था, उसके लिए एक्ट लाकर, जिस तरह के *illegal transaction* हो रहे थे, उनको रोका गया। उनको मनी लॉन्ड्रिंग के एक्ट को मजबूत करके रोका गया। चिट फंड का एक्ट लाया और इसके साथ-साथ हमने बैंकों की *strengthening* के लिए भी काम किया।

उपसभाध्यक्ष जी, आर.बी.आई. का जो पैसा लिया गया, यह आपके माध्यम से सदन को मालूम होना चाहिए कि वह आर.बी.आई. एक्ट के तहत लिया गया। मैं आपके माध्यम से बताना चाहता हूँ कि उसका प्रॉफिट हमें मिलता है और जिस रिज़र्व फंड से वह पैसा लिया गया, वह *idle* था। इसमें कहीं भी आर.बी.आई. की *monopoly, autonomy* डिस्टर्ब नहीं हुई, लेकिन कई बार इसको तूल दिया गया। हमारी इकोनॉमी को *strengthen* करने के लिए और हमारी स्थिति को सुधारने के लिए वह भी एक स्टेप था। आज की मार्केट में बैंकों की *liquidity* बढ़े, उनको लोन सस्ता मिले, उसके आधार पर मार्केट में लोगों को लोन और एडवांस सस्ते मिलें, इसको देखते हुए हमने स्टेप बाई स्टेप रेपो रेट को भी डाउन किया गया है।

इसी के साथ, मैं जी.एस.टी. के बारे में कहना चाहता हूँ। जिस तरह का *taxation* का भार था - कुछ लोगों ने कहा कि जी.एस.टी. बहुत बड़ा है, लेकिन जीएसटी के जो रेट हैं, आज हम देखते हैं कि अधिकांश वस्तुओं पर जी.एस.टी. कम से कम रेट पर आ गया है और वह भी आम सहमति के आधार पर। यह हमारी भारत सरकार, केंद्रीय मंत्री महोदया और हमारे पूर्व मंत्री जी का बहुत बड़ा स्टेप था, जिसके कारण आज हम सेफ हैं। मैं यह कह सकता हूँ कि आज की तारीख में और आने वाले समय में जो स्टेप्स लिए जा रहे हैं, आज जिस तरह का स्टेप कॉरपोरेट टैक्स को लेकर लिया गया है, इसी तरह अन्य स्टेप्स भी लिए गए हैं, मैं समझता हूँ कि उनसे हमारे देश की अर्थव्यवस्था को कहीं भी कोई चिंता करने की जरूरत नहीं है। ...**(समय की घंटी)**... मुझे इस पर पूरा विश्वास है, क्योंकि हमारा नेतृत्व मजबूत है।

मैं आदरणीय रवि प्रकाश वर्मा जी को धन्यवाद दूँगा कि उन्होंने चाहे जिस सेंस में भी कहा हो, लेकिन मैं उसको *positively* लेता हूँ। उन्होंने कहा था कि देश का नेतृत्व अगर मजबूत है, साफ-सुथरा है, तो देश प्रगति करेगा। आज देश गर्व के साथ कह सकता है कि नरेन्द्र मोदी जी के नेतृत्व में यह सरकार और उनका नेतृत्व साफ-सुथरा है। उनमें एक विल पावर है, स्ट्रॉंग डिसीज़न लेने की क्षमता है और वे लिए गए हैं, उनके रिज़ल्ट भी बहुत अच्छे आए हैं। न केवल भारत के लोग, बल्कि विश्व के लोग भी नतमस्तक होकर *salute* करते हुए यह मानते हैं।

इसी के साथ, मैं कहता हूँ कि यह जो विधेयक लाया गया है, यह कानून बनेगा और इससे हमारे उद्योग जगत को फायदा होगा। यह छोटे-बड़े सभी को एक समान लाते हुए किया गया है, इससे बहुत बड़ा फायदा होगा। इसी के साथ, मैं पुनः हमारी वित्त मंत्री महोदया को बहुत-बहुत बधाई और धन्यवाद देता हूँ और सभी से अनुरोध करता हूँ कि जिस तरह की आम सहमति बनी है, उस तरह से इसे पास किया जाए।

THE VICE-CHAIRMAN (SHRI SUKHENDU SEKHAR RAY): Shri Binoy Viswam, Mr. Deputy Chairman has given you permission to speak. But, henceforth, you should give notice before the Bill is taken up for consideration. Otherwise, your request may not be entertained in future.

SHRI BINOY VISWAM (Kerala): Mr. Vice-Chairman, Sir, I thank you for this permission. I personally always feel that the Finance Minister is an active woman of eagerness and dedication and I do respect that. But, with all this eagerness of hers, the crisis, in which the economy is in today, can't be saved. All the panacea that she prescribed has failed, one after another. In July, she came with the Budget, in August with a mini-Budget, in September she came with tax-cuts. But what happened? The country is in a very bad situation. Sir, GDP, as everybody knows, is at 4.4 per cent. Private consumption expenditure fell down from 11 per cent to 3 per cent. Gross value addition in manufacturing sector is only one per cent. Consumer price index arose from 5.11 per cent in September to 7.89 per cent in October. Eleven millions jobs have been lost. Unemployment rates from January to March were 22.5 per cent in the age group of 15 to 29 years. This is the India that we live today. I request the Finance Minister to please think seriously about this. All the emphasis was on the corporate and on the FDI. In this regard, I would like to cite a small quote from Karl Marx. It may not be very friendly for you, but I am sure your friends in the Swadeshi Jagran Manch will agree to it. I quote: "With adequate profit, capital is very bold. A certain ten per cent will ensure its employment anywhere; 20 per cent certain will produce eagerness for capital; 50 per cent positive audacity; 100 per cent will make it ready to trample on all human laws; 300 per cent of profit and there is not a crime which it will not scruple, nor a risk it will not run, even to the chance of its owner being hanged."

(MR. DEPUTY CHAIRMAN *in the Chair*.)

This is in Capital, volume I. Marx was quoting from Mr. T. J. Dunning, a renowned economist of those days. Sir, this is true even today. Capital is on the pursuit of profit everywhere. In India too, they are doing that. Our Finance Minister who represents an ideology talks a lot about Swadeshi movement, Swadeshi goods and Swadeshi slogans.

[Shri Binoy Viswam]

Nationalism is your affectionate word and national sentiments are at risk here today. I have told in this House earlier also that in no country in the world foreign capital have rescued the nations or the economy. But, unfortunately, our Finance Minister is following that path and that path is not going to serve the purpose. Sir, I have only one request. Think about the common man in this country. Help the MSME's. Try to improve their purchasing capacity. They are in crores and crores. Instead of giving concessions to the corporate and the super rich, think about the middle class, the workers, the peasants, the poor. Improve their purchasing capacity. That will give a new energy to the economy. Please try that. All these measures that you have taken have failed. So, I request the Finance Minister with all earnestness and sincerity to please try to think in a new term, supporting the poor of the country and the middle class and the MSME's. I hope it will help you. Sir, the economy is in deep crisis. I don't know why my friends in the Congress were so positive to the crisis of the economy. It may be because of class interest, but the majority of the Indian people feel that this crisis is structural. This structural crisis cannot be saved by easy medicines. The medicines also need to be structural. So, I request the Finance Minister, with all humility, to please try to think in new lines. Thank you, Sir.

MR. DEPUTY CHAIRMAN: Shri R. K. Sinha. Not present. Now, the mover of the Resolution, Shri K. K. Ragesh, will speak.

SHRI K. K. RAGESH (Kerala): Thank you hon. Deputy Chairman, Sir, for giving me this opportunity.

Sir, as many hon. Members have already stated, we are on the verge of severe economic crisis. At this juncture, I would like to ask the hon. Minister: What happened to the GST compensation supposed to be given to some States, like Kerala? Kerala had to tackle the post-flood situation. The State has been requesting for increasing the borrowing limit. But, unfortunately, the Government is not accepting this proposal and, at the same time, pushing the State into a severe crisis by denying on-time payment of GST compensation. So, I am requesting the hon. Minister to consider that.

With due respect to the hon. Minister, I take this opportunity to say that the Government is taking this financial and economic crisis as an opportunity to aid corporate. You are giving huge concessions to the tune of ₹ 1.45 lakh crores to corporate in the form of tax concessions! Sir, it is nothing but a scandal. It is the outcome of unholy nexus between the ruling politicians, top level bureaucrats and corporate. Sir, cronyism is at its worst. The Government had already snatched ₹ 1.76 lakh crores from the RBI. It is to fill the

gap as a result of tax concession! In effect, money that has been snatched from the RBI is getting transferred to corporate!

Sir, you are selling PSUs! Sir, 33 PSUs in our country are decided to be sold and proceeds that you get from this, in effect, would be transferred to corporate in the form of tax concessions!

Sir, our banks are in crisis. We are witnessing the mounting NPAs accumulated in public sector banks of our country. During the last fiscal alone, you had written-off ₹ 2.54 lakh crores! ...(*Time-bell rings*)... Sir, we are the Left.

MR. DEPUTY CHAIRMAN: We have time constraint.

SHRI K. K. RAGESH: There is plenty of time. I am mover of the Resolution. My party was not given time and you are also not allowing me to speak! What is this, Sir?

**श्री उपसभापति:** जो समय निर्धारित है, सदन के नियमों के तहत वह आपको मिलता है। मैं उससे अधिक समय नहीं दे सकता। Please conclude now.

SHRI K. K. RAGESH: Sir, I wanted to know from the hon. Minister how many lakhs of crores have been written-off in the banks. You are giving concession in every Budget. Sir, Wealth Tax has already been abolished. ...(*Time-bell rings*)... This policy of aiding corporate, neoliberal policies is the root cause of economic crisis. Under the pretext of addressing the economic crisis, you are again giving a lot of concessions to corporate. Sir, crisis is not at the supply side; crisis is at the demand side. So, what steps the hon. Minister is taking to improve the purchasing power of people? You are not taking any steps. But, at the same time, whatever policy decisions that you are taking are leading to purchasing power of the people. ...(*Time-bell rings*)... Look at the unemployment status. It is an all-time high. ...(*Time-bell rings*)...

MR. DEPUTY CHAIRMAN: You conclude now. I am calling the Minister.

SHRI K. K. RAGESH: Sir, in BSNL alone, one lakh people are going to be out of BSNL. They are going to be retrenched!

MR. DEPUTY CHAIRMAN: Mr. Ragesh, please conclude now.

SHRI K. K. RAGESH: Sir, look at how many jobs we have lost. I request the Government to consider all these aspects. Sir, labour laws are amended to loot workers by corporate.

MR. DEPUTY CHAIRMAN: Now, I am calling the Minister.



SHRI K. K. RAGESH: Sir, I would like to know what steps the Government is taking to resolve all these issues. I am requesting the Government to take up these issues and, unfortunately, the hon. Minister is not dealing with the real issues to resolve the economic crisis. Thank you.

SHRIMATI NIRMALA SITHARAMAN: Mr. Deputy Chairman, Sir, I thank each and every hon. Member who has gone into great detail to see what the Government has proposed in this Bill, and also placing it in the context of the Ordinance which is required to be replaced by a Bill, and, for which this Bill has been brought. In this list of speakers, there are about 17 or 18 hon. Members who have spoken. I wish to thank each one of them — Shri Jairam Ramesh, Shri G. V. L. Narasimha Rao, — not in any particular order — Shri Sukhendu Sekhar Ray, Shri A. Vijayakumar, Shri Ravi Prakash Verma, Dr. Amar Patnaik, Shri Ram Chandra Prasad Singh, Shri T. K. S. Elangovan, Dr. Narendra Jadhav, Shri Veer Singh, Prof. Manoj Kumar Jha, Shri Narain Dass Gupta, Shri Ashwini Vaishnaw, Dr. T. Subbarami Reddy, Shri Ramkumar Verma, Shri Binoy Viswam and Shri K. K. Ragesh. I thank each one of the Members. My response would be largely in two silos. I want to set the context in which this Bill has come to the House, trying to replace the Ordinance which was brought in September, and, then, get into speaking in response to each Member, wherever I could, bringing in specific points that they have raised and answer those as much as I can. Finally, I would also broadly respond to the general allegations rather than a criticism which I can learn from. I will try to address some of them because the context is relevant. I was very amused that three hon. Members, in fact, four of them, placed it in the context of the four Fs, the five Fs, the six Fs. But, whilst not disagreeing with the list of the Fs that Jairam Ramesh ji spoke about because these are going to indicate as to how well the economy is, whether you are talking about the price of food or the fuel, all that is very relevant F, and Shri Ramesh himself conceded that macro-economic fundamentals are fairly strong, quoting the figures of foreign exchange reserves that the country holds and so on. But I was glad that Shri Ram Chandra Prasad Singh countered the argument that there is a sixth F, which is fear. I want to draw the attention of the hon. House to what Ram Chandraji said. It is actually, as Ram Chandraji has very rightly said, the 'Faith', faith in the leadership, faith in the way in which this party has handled the economy all the while, and it is that faith which brought us back in the Lok Sabha elections in 2019 with a resounding victory and the numbers that we won with, actually, speaks of the popular support that we have got and for which मैं सिर झुकाकर इंडिया के वोटर्स को नमन करती हूँ। Because that victory gives you a certain kind of responsibility. It humbles you down to say what service you have to do during the period in which you are going to be in tenure. As a result, I think, the Prime Minister who has taken initiatives one

after the other, not waiting typically that we have to wait for another Budget, and, therefore, no fiscal measures are possible till then. No. On the contrary, based on the developing situation which is what we have very clearly explained in the Statement of Objects and Reasons while bringing this Bill, looking at the situation which is developing and not waiting for another Budget which could have been easily an excuse for us to give, rapidly, a lot of consultations happened not just in Delhi but all over the country. I have gone to various destinations to meet with industry leaders, with trade bodies, with associations which deal with business, with general public who wanted to tell us as to what are the kind of difficulties and challenges that they are facing. Collecting all of which, I have come back, and almost every fortnight I have come up with measures some of which, of course, people have chosen to say, 'You had a Budget in July but you came up with Budget after Budget before the next Budget is due.' I am not worried about those criticisms. I understand them. I am not ignoring those criticisms but these are the ways in which a responsive Government, a sensitive Government would come with measures to make sure that we address challenges which are developing, and, therefore, I would think the Statement of Objects and Reasons is very important for us to read, not just to read as a part of the Bill but that is the context in which I go back to quoting, Shri Jairam Ramesh, 'subtext, text and context.' All three are absolutely open and transparent. There is no subtext there. It so happened that I was in Goa before the GST Meet and by which time we had worked what can be possibly done in the corporate tax. And, after all, these are not done with a magic wand. The system has to understand what its implications are, tax forgone. Then the Legal and Legislative Department has to work on it. There has to be a concurrence, and, of course, the Prime Minister and the Cabinet will also have to be later taken on board although you brought in an Ordinance and through Rule 12. It means the machinery in the Government has all got to be applying its mind and only then clearing it. So, there is no other subtext. I want to assure the hon. former Minister, the hon. Member, that this subtext is more in the context of what the Government felt was important to respond to the developing situation. Considering that the trade war between the US and China was looming large, everybody was speculating. There were several companies which were likely to come out of being in China. Even if they kept their operations there, largely they wanted to shift and there was this feeling that countries like Vietnam and Thailand were all coming up with tax concessions and should India be waiting for a golden moment to bring in this kind of a concession instead of getting it sooner rather than later and drawing these companies to come to India and invest. Therefore, that is the subtext and there is no other; and that has been explained in the Statement of Objects and Reasons.

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Now, as I said, therefore, 'faith' is the important thing and because of faith, we had the mandate. We also understand the responsibility. There was also this — again playing on words by Manoj Jhaji — tone, tenor, tune, frequent rollbacks. Rollbacks are not wrong *per se*; and I don't want to play a game here to say how many rollbacks had happened earlier. Enough reasons, enough justifications, enough lessons learnt from those rollbacks are all with me. If you are interested, I can very quickly identify those specific rollbacks, which I would think, this rollback, if some of the rollbacks which I have done post-July, at least, is in response to what has happened in the ground and in the global trading arena. But if I can have the luxury of quoting the earlier rollbacks, it will be just a little education for me as a Finance Minister; and it is important for me to recall. Fringe Benefit Tax, 2005, introduced by one of the former Finance Ministers, now in the Opposition, was rolled back by another of that Party's own Finance Minister. In 2005, it was introduced; in 2009, it was rolled back. Then you had Banking Cash Transaction Tax. Sir, I wish to recall the kind of criticisms that we had to face. 'You are stopping people from drawing their money back from their accounts when there was just a withdrawal of some of the notes.' Again, what was the tax proposed in 2005? It was the banking cash transaction tax, and what did that mean? It meant that for drawing money out of your accounts, tax was going to be levied. This was in 2005 and, again, by one of the former Finance Ministers, who is a scholar in Economics and talks about finance with a great authority. He introduced it. ...*(Interruptions)*... I have not taken anybody's name. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Please; not allowed.

SHRIMATI NIRMALA SITHARAMAN: I have not taken anybody's name. All right, Sir? ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Please. ...*(Interruptions)*... Sitting and commenting from your seats is not proper. ...*(Interruptions)*... Please; sitting and commenting is not proper.

SHRIMATI NIRMALA SITHARAMAN: No; I have not spoken about anyone in particular, but I am mentioning some names. ...*(Interruptions)*... It can't be some people's right to go on referring to issues.

Sir, banking cash transaction tax was brought in 2005, taxing people for withdrawing cash from their own accounts. It was withdrawn in 2008. So, rollbacks have happened and

we have learnt a lot of lessons from them. I just want to put it in context that rollbacks do happen, but when it happens in response to the ground feedback and to help the people of this country, I think all of us can welcome it. This rollback, therefore, of the surcharge which was put in the Budget, in July, 2019, was withdrawn and I can explain the reasons for it. So, I fully take your comments, Shri Manoj Jha, on rollbacks, the tone, tenor and everything else. After all, we are all from the same University league. Will I forget the University loyalties?

Then, Sir, the comment was 'not as per the Ordinance'. It is a very valid point to raise and I am very thankful to Shri Jairam Ramesh for having said that, but I want to draw your attention to the fact that this Bill is exactly the Ordinance except for the fact that there were definitely typos which had crept in, which is one of the things that the hon. Member had quoted, saying, you said that the MAT is going to be applicable when you announced it, that it is going to be applicable from 2019-20 itself, whereas this Ordinance, or the draft Bill, said it was from 2021. No; that is a typo. I am correcting that in this Bill. What I announced is what is there in the Bill today. So, there is no change at all except that there are additions, which are provisos, which we are bringing in from the point of view of giving greater clarity. So, modifications proposed in this Bill, are different from, or in addition to, what has been said in the Ordinance. I just want to very quickly run through them, Sir. Again, the presence or absence of a particular word had caused some confusion when we brought in the Ordinance. So, the Ordinance remains, everything about the Ordinance continues in this Bill, but the additions which we are bringing here are largely clarificatory additions. One thing which had been said in the Budget of July was about grandfathering of buybacks, which I had announced in the July Budget. So, in that context, the proviso that we are bringing here is a clarificatory proviso, for providing relief to the buybacks announced on the day of the presentation of Budget. It is proposed to clarify that the buyback tax shall also not be applicable for announcements made on 5th July, 2019. So, it cannot be that you heard the Budget and after that went and announced a buyback and, therefore, you want the concession. That shall not be entertained. That is the clarifactory note that we have brought in here. Again, we announced the corporate tax reduction for those who are existing in today's scheme, the manufacturing units that exist today, but those who are going to start their business from October 1st, 2019, the new units, and who, by rule, will have to show that their production has commenced before 2023, will have the lowest rate given to them. But for those, both these cuts are referring to manufacturing only. And then the confusion comes about what 'manufacturing' is and who will benefit or what is not 'manufacturing' and who will not benefit. So, we want to give a negative list by giving a

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description of what does not constitute ‘manufacturing’. In order to provide certainty and to avoid future litigation, it is proposed to clarify that certain activities, which are not in the nature of manufacturing such as development of computer software, printing of books, mining, etc., shall not be treated as manufacturing for the purpose of allowing lower taxation regime available to new manufacturing companies, which will benefit by the 15 per cent basic rate. So, we had to bring in that clarity. That is a proviso which is getting added.

SHRI JAIRAM RAMESH: I don’t want to interrupt you, but you have included “any other business as may be notified by the Government from time to time.” That is a bit of an open-ended clause. I request you for clarity on that.

SHRIMATI NIRMALA SITHARAMAN: I thought, that is one which is going to give us clarity so that, every now and then, if there are questions we will be able to, at least, come out with the notification to say that. But I am not sure, removing it gives clarity to everybody outside, but, maybe, not to the Government itself. So, I will have to think about it. Thank you for highlighting it.

The other one, where again a proviso had to be added, was consequences of failure to satisfy conditions, which are laid. These are normal conditions. It is proposed to provide that a new manufacturing company under 15 per cent taxation regime shall have an option to shift to the 22 per cent taxation regime in case of failure to satisfy the conditions specific to it such as the use of second-hand plant and machinery. So, just as we allow an option for those who are under the existing regime with all the exemptions and everything else to shift from there to the new regime by foregoing all the exemptions that they are enjoying now or by exhausting all the exemptions that they are enjoying now and to move to the new regime, we are also telling those who are coming under the new regime, the new manufacturing companies, who are coming under the 15 per cent taxation rate, to have an option to shift to the 22 per cent taxation regime, which is also under the newer September 20th announcement, just in case they fail to satisfy the conditions specific to it such as the use of second-hand plant and machinery instead of Totally new ones. That is the clarity. So, similar clarificatory provisos are getting added to this Bill which are over and above this Ordinance. One other point which I would like to elaborate here is, again, the grandfathering of unabsorbed additional depreciation. It is also proposed, through this proviso, to provide for grandfathering of unabsorbed additional depreciation upto 31.03.2019 to the companies opting for lower rates of taxation. So, that is the elaboration. The Ordinance now becomes a Bill. In addition to what has come through the Ordinance, there are a few such provisos for clarificatory purposes which are being added. I can go through each one of them, but, I am sure, you have seen the Bill itself and, therefore, I won’t elaborate further.

Sir, cutting down the corporate tax is not just good for headlines; it is not just good PR; it is not just good atmospherics, but it is a good reform, and this Government, under our Prime Minister, now, in the second term, after taking up a lot of reformatory steps in the first tenure, is further committed to doing a lot of reforms and this step has come very quickly depending on the global trade environment and the investment climate in India, and further reforms shall continue. So, it is not just atmospheric, it is not just headline; it is also a good reform that we want to go ahead with. Sir, about Ordinances, quite a few Members have asked as to why we need Ordinances; why we can't go straight away with the Bill. As I said, waiting for the next Budget is by itself a delay which we did not want considering the environment which was prevailing all over the world. We wanted to attract investment at the earliest. So, we did come out with an Ordinance. But, are Ordinances new? Particularly, those related to finance, are they new; are they rare; are they never done before? I will just want to explain by giving some data. Finance-related ordinances have been there before. The Governments have used them because there is a reason. When the Parliament Session is not on and the urgency is felt, the Governments do have the discretion and the Governments choose to use Ordinances. Between 2004 and 2009, under the UPA-1, a Total of 36 Ordinances were passed of which 10 were finance-related Ordinances. Between 2009 and 2014, a Total of 25 Ordinances were passed, six of them were related to finance. So, it is not a thing that never happens. It is completely the discretion of the Government to feel what is developing on the ground and if they think that is necessary, even finance-related Ordinances have been used. I just want to put that in context. Sir, now, I go to addressing the specific issues raised by hon. MPs, there again, not in any particular order. I think, I had already referred to Dr. Amar Patnaik, talking about mining. The new rates do not apply to mining because they are not manufacturing. Mining may deserve a lot more support but then, this support is not for mining. Then, Shri Ravi Prakash Verma had asked as to why is this only for foreign companies. The concessional rates provided in the Ordinance, and, now, in this Bill, are applicable only to domestic companies. We are not giving to foreign companies at all. Shri Ram Chandra Prasad Singh had asked about the Direct Taxation Code. It is a very important point. The report of the task force has been submitted. We are certainly looking into it and it is under the examination of the Ministry. Then, Shri Vijayakumar asked as to why this 15 per cent is not being given to existing companies. Sir, the idea of giving a lower tax rate for new manufacturing companies is because we want fresh investments to come in. It should not happen that a whole lot of existing production capacities and investments just transfer to the new one with no additional new investments coming in. So, the objective itself is to draw new investments. Therefore, we had taken a

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conscious call on them. Again, Dr. Amar Patnaik had said, 'this would not benefit MSMEs.' No, it will certainly benefit because when we have said this concessional rate of 15 per cent is being offered to manufacturing companies, all companies, big, small, medium, micro, all of them will get this rate. So long as you are a part of the Companies Act, the small ones, the medium ones, all of them will benefit out of this. Then, there was also this question about consumption rate. A lot has been said about declining consumption. I want to just give some statistics. Private consumption during UPA-2 was 56.2 per cent of the GDP. This increased to 59.0 per cent during the NDA-I. Even in the first half of 2019-20, that is, this year, private consumption was 58.5 per cent of the GDP, still about 2.2 percentage points higher than what it was during the UPA-II. So, I just want to underline that decline is there between the first and second term of NDA, but when you compare it, we are very clearly, at least, two percentage points higher than what we were during the UPA times.

Sir, I would like to give a bit of an elaborate answer for one particular issue raised by the hon. Member, Shri Veer Singh. This is about personal Income-Tax. Other than the fact that the Direct Tax Code is under examination, other than the fact that I have had quite a few inputs coming from people who think it is time now that Income-Tax cut has to be considered, I am not commenting on it, but I would want to draw the attention of the House that a lot of personal Income-Tax related steps have been taken. I just very quickly want to highlight the fact that in the past five years, the Government has provided Income-Tax relief and I want to mention a few steps. Under the Finance Act of 2014, the basic exemption limit was enhanced from ₹ 2 lakh to ₹ 2.5 lakh. Further, the said Act also increased the limit for claiming deduction under Section 80C of the Income-Tax Act, from ₹ 1 lakh to ₹ 1.5 lakh. That was done as a step in the personal Income-Tax arena. Again in 2017, the rate of Income-Tax on individuals, whose TOTAL income was between ₹ 2.5 lakh to ₹ 5 lakh, was reduced from 10 per cent to 5 per cent. Standard Deduction of ₹ 40,000 was introduced for salaried tax-payers, as well as pensioners, again in 2018. It was further increased to ₹ 50,000 in 2019. Lastly, in 2019, we also provided for full tax rebate for individuals having a taxable annual income up to ₹ 5 lakh under Section 87A of the Income-Tax Act.

Sir, I must thank the hon. Member, Dr. T. Subbarami Reddy, because he has, every now and then, given us a lot of constructive and good suggestions in order that we handle the taxation-related matters. Here, I would underline the point he had raised, the issue of allowing tax exemption for infrastructure sector. I just want to convey the point that the policy of the Government is to phase out all exemptions and to reduce the tax rates. However, considering the importance of infrastructure sector, investment-linked benefit under Section



35AD is allowed to infrastructure sector and has not been phased out. It is still intact for the companies which opt to remain in the old tax regime. Under the new reduced corporate tax regime, we are talking of an option for the companies to remain in the old regime. For them, that still continues.

DR. T. SUBBARAMI REDDY: For new infrastructure projects, the exemption has been removed over the last two years. Please examine this point. For infrastructure projects, even the Government policy is not to give exemptions and allow only reduction of taxes. That is welcome, but, at the same time, since you accept that infrastructure is facing very serious problems, please examine whether it is possible to do it again for the new projects.

SHRIMATI NIRMALA SITHARAMAN: I think, under Section 80-IA, being a profit-linked deduction, that has been phased out even in the old regime. Probably, that is what the hon. Member is referring to. Even in the old regime, what has been removed is the...

DR. T. SUBBARAMI REDDY: Under Section 80AR, exemption was given to infrastructure for ten years. Only during the last two years, it has been removed. The industry is crying. Please examine this.

SHRIMATI NIRMALA SITHARAMAN: Sir, however, 35-AD, investment linked deduction for specified sectors including infrastructure has been retained in the old regime. I just wanted to underline that. Sir, a very relevant point is being raised about how the rural areas do not seem to have investment capital, Shri Ravi Prakash Vermaji has raised the issue saying *Gramin Punji*. He also mentioned about the rural consumption. I just want to respond to him, by saying, that when the feedback that I had received gave me a picture, that liquidity is not moving towards the rural areas, other than increasing the outlay for MGNREGA, which is actually the wage which is going into the hands of the people, which is doubled—I can give you the data—we also wanted to make sure that liquidity reaches them either through the banks or through the NBFCs, so that, they can buy whatever things they wanted to buy, whether it is FMCG goods or buy a tractor component or a motor bike or a scooter or a loan for building house, for education, for farming, or MSMEs. We made sure that we had the banks. First of all, we established that there is no liquidity problem with the banks. Then, we wanted that to be given further to the NBFCs, and, the banks themselves to go to the hinterland and not just to the cities like Mumbai, Delhi or Kolkata. So, we said that all the banks and the NBFCs would go to 400 Districts and make sure that all kinds of loans are provided for people who approach them by following every prudential norm. We were not violating; we were not doing the old-fashioned loan mela. I



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would like to present before this House that just in October, under various headings, *i.e.*, home loans, vehicle loans, education loans — for each one of them, I can give the figures separately, but I am just reading very quickly — other personal loans, MSME loans, agri loans, NBFC loans and NBFCs for onward lending, all put together, ₹ 2,52,000 crores have been distributed, and strictly for NBFCs alone, we have given ₹ 19,627 crores so that they can carry on with the onward lending. Sir, in November, the TOTAL outreach programme dealing with MSMEs, NBFCs, retail, agricultural sector borrowers, ₹ 2.39 lakh crores have been distributed just in November. Specifically to the MSME sector, out of the Total, the public sector banks alone have distributed ₹ 35,775 crores just in November, raising the Total customer outreach credit disbursed to MSME, both in October and November put together, to ₹ 72,985 crores. We have also done more on NBFCs in the month of November also. So, the point about, are we missing out on rural areas; are we missing out on agriculture; are we missing out on MSME; no. I wish to tell the House honestly that each one of them has been approached, and, I am presenting before you the outcome of outreach programmes for the months of October and November. Sir, other than this, I have made sure that Central Government Departments or agencies under the Central Government, whether they are Public Sector Enterprises or CPSUs, any dues to the MSME, should all be cleared. I must say that from October till 1st November, we had cleared a due of ₹ 61,000 crores which was all pending with the Government to the MSMEs, who had rendered goods or services to the Government of India. Even that was cleared from our side. Sir, we are asked repeatedly, why is this situation; why do you have to fund money; why do you have to give money to the banks? Sir, I would only recall, two things were inherited by us, and, that is very important to understand the background of this entire debate. Sir, a lot of burden on the election eve was passed on to the next Government in 2014. I am compelled to say this here. For containing the fiscal deficit before 2014, before the new Government came within the budgeted 4.8 per cent of the GDP then, the then Government, UPA-II Government left a huge burden of unpaid bills for the next Government. So, we had to inherit it. What was the size of those unpaid bills, which were left for us and which we had to take up? The under-recoveries of the oil market companies alone were said to be over 1.4 lakh crore of rupees. These were the under-recoveries and it was left without even a mention. When we inherited, we inherited that on our head and that payment had to be made by the new Government. The fiscal deficit figure was all fine for the UPA-II Government when they left the Government. That is one thing which has to be openly recognised.

Second thing which has to be recognised is that the gross advances which were given out by the banks during the UPA-II Government. We have heard a lot of people

talking about it. In the Lok Sabha, hon. Prime Minister spoke about how much had happened during that phase of phone banking.

Sir, upto March, 2008, gross advances of commercial banks were ₹ 25 lakh crores. By March, 2014, before the new Government could come, before the NDA-I could come, before Prime Minister Modi could come, that number rose from ₹ 25,03,431 lakh crore to ₹ 68,75,748 crore. Money was lent to every Tom, Dick and Harry, to Jija, Bhatija, everybody and many of them are NPAs today. It is not just that on that morning, they became NPAs. It happened gradually, in two years, in three years, in the last five years. To remove the toxic NPA number, banks had to be given infusion of equity and, Sir, between 2008 and 2014, it was a 275 per cent increase in bank lending which, I think, nobody in banking sector can justify. Banks mean a lot of conservatism; here is outlandish lending which happened during that phase, and, therefore, if we are managing the twin balance sheet problems, banks and the corporates' balance sheet have all got to be healthy, and, then, investment has to come in. This is where we have committed ourselves for keeping up the public investment going particularly in sectors like infrastructure. Otherwise, money is not going to go down, banks may sit with the money that they have, the liquidity that they have and would not lend. Hon. Members who spoke about fear factor should please now answer. I am not saying that every harassment is right. In fact, I am going around and meeting with tax administrators all over the country and saying, to reach the target, you do what is due. In fact, we were the ones to bring in faceless assessment so that no face-to-face interaction happens with tax authorities. But that does not mean that if there have been wrongdoings, the Government cannot take action. Legitimate action is to be taken. I am not justifying harassment; no harassment should take place anywhere. I am closely following every tax administrator in that sense. If harassment is happening, I will be quite keen to address it so that it does not happen. If people are being followed for wrong things, and, there is an element of harassment there, I condemn the harassment even there, but then, people cannot be left off. Money is being brought back, Sir. That is public money. I need to confiscate the assets of those people who have left the country after having enjoyed this largesse. Those properties are being attached. Proper legal action is being taken. Those moneys are coming back to the account and that is why, I am sure, this House recalls my or MoS, Shri Anurag Thakurji's answers in the Parliament... ..saying the NPAs have come down from ₹10 lakh crore to ₹ 8 lakh crore because we have been after them for getting the monies back to give it to the banks. That action is also happening. I just want to be sure that when people criticize this Government for the economy, they are welcome. Please do criticize it. We will learn from

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what you are telling us. We will certainly hear the criticism. But to digress from the facts like, today, from my debate in the Lok Sabha — of course, I can't read it now nor can I refer to the debate there — and cull out what is convenient and say, "Oh, she said, 'she does not eat onions'." If only people understand what I said in the debate. In answer to a particular question about 'Do you eat it?', I instinctively said, 'I don't eat or my family does not give so much importance to onion.' That becomes a major criticism of this Government. This is when I have spent more than 20 minutes talking about what kind of steps this Government has taken for better management of onion distribution, for the use of public money to have greater storage of onions and also making sure that urgent purchases are happening from Rajasthan. Truckloads are going to Jharkhand. Truckloads are going to Bihar. I have given all the data. But no, "Oh, she is an elitist. She talks about not eating onions. Oh, she is this. Oh, she is that." I just want to state one thing, Sir.

SHRI JAIRAM RAMESH: Nobody has said that.

SHRIMATI NIRMALA SITHARAMAN: You may not have said it. ...*(Interruptions)*... I want to say ...*(Interruptions)*... Thank you. ...*(Interruptions)*... Therefore, Sir, I want to take this opportunity to say that when criticism inside one House is very different from criticism in another House, when criticism inside this House is very different from criticism outside the House by the same dispensation, the same party, I really am tempted to take it up. Maybe those few who have chosen to be here till my reply happens may not have said it. But after all it is the same political party. Does it stop me from responding to it?

DR. AMEE YAJNIK (Gujarat): Not here.

SHRIMATI NIRMALA SITHARAMAN: You don't choose the place, Madam. I will do it. I will choose the place. If I have not named anybody, I don't think anyone should have an objection to it because it is a criticism on the economy. It is a criticism on the economy and I have every business to answer because this Government is continuously responding to steps that are being taken. You may like it or you may not like it. You may think it is adequate. You may think it is not adequate. I am quite willing to buy that. But when you throw an allegation that this Government is elitist, I have to say this. *Ujjwala Yojana*. Is it for elitist? *Jan Dhan Yojana*. Is it for elitist? *Pradhan Mantri Awas Yojana*. Is it for elitist? *Ayushman Bharat*. Is it for elitist? Are we elitist? Is it so?

I want to recall a statement made by one former Finance Minister when price rise was the issue then. Hon. Members, I am referring to 2012. Kindly hear me patiently. In 2012, all of us know what price rise was at that time. Food price inflation was touching the sky and general inflation was beyond control. What was it? India was a 'fragile five' then. What was the statement given by people who accuse me of being elitist? I am talking about onions

**6.00 P.M.**

being sent by the Government's efforts to all the States. What was the statement given then in 2012 when price rise was high? I am quoting it here. The statement was, "When the urban middle-class can buy a bottle of mineral water for ₹15 and an ice-cream for ₹20, why do they make so much noise about price rise?" When the urban middle class can buy a bottle of mineral water for ₹15 and ice-cream for ₹ 20, why do they make so much noise about price rise?" And these are the people accusing me and this Government of being elitist? I absolutely condemn this approach. Yes, yes, you are talking about taxation and onions.

**श्री उपसभापति:** माननीय मंत्री जी, एक मिनट। ऑनरेबल मेम्बर्स, 6 बज चुके हैं, लेकिन इस बिल के डिस्पोज़ल होने और स्पेशल मेंशन खत्म होने तक हाउस के बैठने की आम सहमति है।

**SHRIMATI NIRMALA SITHARAMAN:** Therefore, Sir, I hope, I have responded to most Members and their questions related to corporate tax reduction and the timing. It was important that India remain competitive in the global scenario. We are making specific attempts to talk to corporate sector captains all over the world to make sure that they come and invest in India, thereby create a greater momentum and opportunities for greater job potential. So, with all these in mind, the corporate tax reduction Ordinance was brought in and the earliest session being this Session, we are bringing forward this Bill. I seek support of all the hon. Members who are here. Thank you.

**MR. DEPUTY CHAIRMAN:** I shall, now, first put the Resolution, moved by Shri K. K. Ramesh, to vote. The question is:

"That this House disapproves the Taxation Laws (Amendment) Ordinance, 2019 (No.15 of 2019) promulgated by the President of India on 20th September, 2019."

*The motion was negatived.*

**MR. DEPUTY CHAIRMAN:** I shall, now, put the motion, moved by Shrimati Nirmala Sitharaman, to vote. The question is:

"That the Bill further to amend the Income-tax Act, 1961 and to amend the Finance (No. 2) Act, 2019, as passed by 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.

*Clauses 2 and 3 were added to the Bill.*

MR. DEPUTY CHAIRMAN: In Clause 4, there is one Amendment (No.1) by Dr. T. Subbarami Reddy. Are you moving it?

DR. T. SUBBARAMI REDDY: Sir, there is no timeline for domestic companies to choose a lower tax rate under Section 115BAA. But, in sub-clause 3 of Clause 4, while calculating depreciation, once a company exercises it, the chosen option will apply for all subsequent years and such option cannot be withdrawn for some or in subsequent years. There is an anomaly in this. I would request the option to be open. Why should the Government be so stringent that once the option is closed, one cannot revert back again? As it will be examined, I am not moving.

*Clause 4 was added to the Bill.*

*Clauses 5 and 6 were added to the Bill.*

MR. DEPUTY CHAIRMAN: In Clause 7, there is one Amendment (No. 2) by Dr. T. Subbarami Reddy. Are you moving it?

DR. T. SUBBARAMI REDDY: Sir, I am not moving it.

*Clause 7 was added to the Bill.*

*Clauses 8 to 10 were added to the Bill.*

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

SHRIMATI NIRMALA SITHARAMAN: Sir, I move:

That the Bill be returned.

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

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#### **SPECIAL MENTIONS**

MR. DEPUTY CHAIRMAN: Now, Special Mentions. Shri Vijay Goel; not here. Now, Shrimati Shanta Chhetri.

#### **Demand to include Nepali language as a subject at Senior Secondary level**

SHRIMATI SHANTA CHHETRI (West Bengal): Sir, on 20th August, 1992, the Constitution of India gave recognition to Nepali language in the Eighth Schedule of the Indian Constitution. Ten million Gorkhas throughout India celebrate 20th August as 'Nepali