

FIFTH REPORT
STANDING COMMITTEE ON
FINANCE
(1994-95)

(TENTH LOK SABHA)

MINISTRY OF FINANCE
DEMANDS FOR GRANTS (1994-95)



Presented to Lok Sabha on 22 April, 1994
Laid in Rajya Sabha on 22 April, 1994

LOK SABHA SECRETARIAT
NEW DELHI

April, 1994/Chaitra, 1916 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
REPORT	
MINUTES	
24 March, 1994	10
7 April, 1994	12
8 April, 1994	14
18 April, 1994	16

**COMPOSITION OF THE STANDING COMMITTEE ON
FINANCE (1994-95)**

Dr. Debiprosad Pal — *Chairman*

MEMBERS

Lok Sabha

2. **Shri P. Chidambaram**
3. **Shri Magunta Subbarama Reddy**
4. **Prof. K.V. Thomas**
5. **Shri Chandulal Chandrakar**
6. **Dr. K.V.R. Chowdary**
7. **Shri Chhitubhai Gamit**
8. **Shri Prithviraj D. Chavan**
9. **Shri S.B. Sidnal**
10. **Shrimati Maragatham Chandrasekhar**
11. **Shri P.C. Chacko**
12. **Shri Prakash V. Patil**
13. **Shri Mahendra Kumar Singh Thakur**
14. **Shri B. Akbar Pasha**
15. **Shri Satyapal Singh Yadav**
16. **Shri Sushil Chandra Varma**
17. **Shri Jeewan Sharma**
18. **Shri Chetan P.S. Chauhan**
19. **Shri Dileepbhai Sanghani**
20. **Shri Manabendra Shah**
21. **Shri Sartaj Singh Chhatwal**
22. **Shri Harin Pathak**
23. **Shri George Fernandes**
24. **Shri Abdul Ghafoor**
25. **Shri Srikant Jena**
26. **Shri Nirmal Kanti Chatterjee**
27. **Prof. Susanta Chakraborty**
28. **Shri T.J. Anjalose**
29. **Shri Bhogendra Jha**
30. **Shri Kadambur M.R. Janardhanan**

(iv)

Rajya Sabha

31. Shri Satish Chandra Agarwal
32. Shri Krishna Kumar Birla
33. Shri Triloki Nath Chaturvedi
34. Shri Sanjay Dalmia
35. Dr. Biplab Kumar Dasgupta
36. Shri K.R. Jayadevappa
37. Dr. Shrikant Ramchandra Jichkar
38. Shri Mahendra Prasad
39. Shri Chimanbhai Mehta
40. Shri Rajubhai A. Parmar
41. Shri T. Venkatram Reddy
42. Shri Surinder Kumar Singla
43. Shri Arangil Sreedharan
44. Shri S. Viduthalai Virumbi

SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Shri S.C. Gupta — *Joint Secretary*
3. Shri Satish Loomba — *Deputy Secretary*
4. Shri P.K. Bhandari — *Under Secretary*

INTRODUCTION

1. The Chairman of the Standing Committee on Finance, having been authorised by the Committee to submit the Report on their behalf present the 5th Report on the Ministry of Finance, Demands for Grants (1994-95).

2. The Demands for Grants of the Ministry of Finance were presented to the Parliament on 15 March, 1994. Rule 331E of the Departmentally related Standing Committees Rules provides that the Standing Committees shall consider the Demands for Grants of the concerned Ministries/Departments and make a Report on the same to the Houses. Therefore, the Demands for Grants of the Ministry of Finance were examined by the Standing Committee on Finance.

3. The Committee took oral evidence of the representatives of the Ministry of Finance on 7 and 8 April, 1994 on the Demands for Grants.

4. The Committee have expressed their concern on the rising amount of internal debt and interest thereupon and have recommended that the issue of various types of Treasury Bills should be regulated strictly to keep a check on the amount of internal borrowings.

5. While appreciating the rise in foreign exchange reserves to about 15 billion dollars, the Committee have cautioned that the composition of the reserves should be carefully analysed and the reserves should be used for prepayment of high cost external debt.

6. The Committee, while noting that Rs. 5600 crores are again required for capital adequacy norms this year, have reiterated the recommendations of their Fourth Report for improved functioning of the Banks so that they can be self-reliant.

7. The Committee received a number of representations on the withdrawal of certain excise duties exemptions in the Budget proposals for the year 1994-95. The Committee have examined the issue in general and recommend that there is a need for a preferential treatment to the Small-scale Sector Industries considering the overall spectrum and the role that the small scale industry plays in the economy of the country. The Committee have further recommended that the Government should review the said proposals to make sure that genuine difficulties of the small-scale sector are removed.

8. The Committee wish to express their thanks to the Ministry of Finance for furnishing the desired information.

9. The Committee considered and adopted this Report in its meeting held on

18 April, 1994. For facility of reference, recommendations/observations of the Committee have been printed in thick type.

10. The Committee place on record their deep appreciation of the contributions made by S/Shri Ashis Sen, Ghulam Rasool Matto, Gurudas Das Gupta and Kamal Morarka who were the Members of this Committee for the year 1993-94.

NEW DELHI;
19 April, 1994

29 Chaitra, 1916 (Saka)

DR. DEBIPROSAD PAL
Chairman
Standing Committee on Finance

Demand No. 25

Major Head '2235'

Social Security & Welfare

- (i) Personal Accident Insurance Social Security Schemes for Poor Families (PASS)**
- (ii) Hut Insurance Scheme for Poor Families in Rural Areas.**

The Committee are of the view that both these schemes are continuing with an element of ad-hocism. The Ministry have admitted that the Committee on Reforms in the insurance sector have submitted their report and the recommendations are under consideration of the Government. In the view of the Committee the amount of Rs. 3000/- and Rs. 1500 (Rs. 1000 for Hut and Rs. 500/- for belongings) payable under the respective schemes are inadequate and should be suitably revised keeping in view the general inflation. The Committee also observe that under the PASS scheme the claims paid by GIC are far less than the premium paid by the Government.

It was widely felt by the Committee that these schemes are not generally known to the intended beneficiaries, therefore, need to be given wide publicity.

The Committee also recommend that a quick decision should be taken on the recommendations of the Committee on Reforms in the Insurance Sector so that a long term view on these schemes can be taken.

2. Demand No. 25

Major Head: 3605

Global Environment Facility

The Committee are given to understand that the Global Environment Facility (GEF) is a programme under which grants or concessional loans are provided to developing countries to help them to implement programmes that protect the global environment. India as a member of the programme has agreed to contribute SDR 4 million payable in seven equal annual instalments of SDR 571,428.57 payable on July 31 of each year, from 1992 to 1998. The figure of SDR 571,428 converted into Indian rupees work out to approximately Rs. 2.5 crores, which is the budgetary provision made.

The Committee are also informed that over the last three years five projects for India worth approximately US \$45 million in grants have been approved by the Global Environment Facility.

Recognising the importance of protecting the world and particularly the Indian environment, the Committee recommend that maximum use of

this facility should be made by implementing quickly the projects sanctioned. While the Committee recognise the need for India's contribution to the GEF and intermeshing her efforts with those of the international community for protection of the environment, it should be kept in mind that future contribution from India should account for the fact that it is the developed world that has posed the bigger threats to the world environment and the per capita contribution of India towards ozone depletion and greenhouse effects is far less than that of developed countries.

3. Demand No. 25

Major Head: 3475

Sub-head: G3(4)(5)

Grants to Institutions for Economic-Research

The Demands under the head 'Grants to Institutions for Economic Research' has risen from Rs. 2 crores, 82 lakhs and three thousand to Rupees 8 crores and three lakhs. The Ministry explained that this was mainly due to diversification of grants in aid to a larger number of grantee institutions.

While the Committee fully endorse the idea of encouraging research work in the field of Economics they are of the view that strict accountability should be introduced. The Government should monitor the work of these institutions and to assess carefully the utility of the research papers brought out by these institutions.

4. Demand No. 26

Major Head '2047'

Sub-head (b) (1)(1)

Other fiscal services - India Security Press

A Budgetary provision of Rs. 15 crores has been made for payment of overtime allowance to the workers in the India Security Press, Nasik.

The Ministry furnished the following information for expenditure on account of payment of OTA in respect of India Security Press, Nasik in response to a written query:-

Year	(Figures Rs. in lakhs)	
	Budget Allocation	Actual Expenditure
1991-92	862.00	908.53
1992-93	1034.00	1144.46
1993-94	1200.00	1310.00

The Ministry further informed that the increase in the demands was due to the nature of work which these Presses are doing. The nature of work is such that the whole Press is to be kept running to meet the demands.

When asked why Compensatory Leave might not be given to the employees instead of paying OTA, the Ministry had informed that it was not feasible to grant compensatory leave to the workers since that would result in further loss of production.

Though the reasons given by the Ministry appear to be cogent, the Committee feel that there is an imperative need to keep a check on such an expenditure more so when the Ministry of Finance itself is asking other Departments/Ministries to control their non-plan expenditure.

The Committee, therefore, recommend that necessary effective steps in that direction should be taken urgently to minimise the expenditure. The Committee may be informed on the steps taken.

5. Demand No. 26

Major Head: 4046

Sub-head: AA1(1)

Capital outlay on Currency, Coinage and Mint

The following are the details of provisions made in the Budget and actual expenditure incurred in connection with the buildings and plants and machinery in the case of Currency Note Press, Nasik:-

Year	Building		Plant and Machinery	
	B.E.	Actual Expenditure	B.E.	Actual Expenditure
1989-90	225.00	68.00	1210.00	437.91
1990-91	180.00	16.06	1000.00	40.97
1991-92	200.00	12.20	600.00	1165.29
1992-93	199.89	6.29	600.00	17.50
1993-94	300.00	15.00	1001.00	150.00

When asked to explain the reasons for not fully utilising the Budget provisions made during the last five years, the Ministry explained that the existing note-printing machines at Currency Note Press, Nasik are very old and required urgent replacement. A proposal for modernisation was, therefore, mooted. But due to resource constraints, it could not be taken up. The Ministry

further explained that they had been trying to persuade Reserve Bank of India to procure the required machines and lease them to CNP for a long time. The RBI is now expected to take a decision in this regard shortly. However, the expenditure on account of civil construction and procurement of auxiliary machines will have to be met by CNP. It was with a view to meet this requirement that the Press had been making provision in the Budget Estimates of last Five Years.

The Committee regret to note that no time bound programme had been drawn out by the Government to modernise the Currency Note Press, Nasik and that inspite of making Budget provisions for the last five years, no significant progress seems to have been made in such an important work. The RBI which is supposed to procure the machines has also not taken any decision in this regard as yet. All this has resulted in cost escalation and fall in production of the Press. The Committee, therefore, recommend that a time bound programme should be drawn up immediately for the modernisation of the Currency Note Press, Nasik and the same should be closely monitored so as to avoid cost and time overruns.

6. Demand No. 27

Major Head: 2885

Sub-Head D(1) (5)

Small Industries Development Bank of India (SIDBI)

A Budget provision of Rs. one crore was made for extending assistance to Small Industries Development Bank of India for the year 1993-94 which was revised to Rs. 530 crores.

The Committee examined in detail the reasons for such an increase in the expenditure. The Ministry in their reply explained that this provision was raised to Rs. 530 crores to include disbursement of counter-part rupee funds of loan from external sources.

The Committee feel that with its increased resources, SIDBI should extend the field of its promotional activities covering technology upgradation/modernisation of small-scale industries in different regions of the country. The Committee recommend that it should follow completely the Government policy of providing finance at concessional rates to Small-Scale Industry and all hurdles in the area should be removed. The Committee further recommend that the headquarters of SIDBI, which is operating from Bombay at present, should be immediately shifted to Lucknow where they are supposed to be.

7. Demand No. 27*Major Head: 4885**Sub-Head: B.B. 1(1)(3)****Industrial Reconstruction Bank of India***

The Demands for Grants for the year 1994-95 have made provision of Rs. 13 crores as subscription to the Share Capital of Industrial Reconstruction Bank of India. A sum of Rs. 11 crores was subscribed towards the capital of IRBI during 1993-94 also.

When asked to explain the need for making contributions to the Share Capital of IRBI by the Government, the Ministry explained that since IRBI has been extending term loan assistance mostly to sick and weak units in terms of its Charter, where other all India Financial Institutions are not involved on softer than normal terms, as also the recoveries in such cases were few and long drawn out, a need was felt for injecting interest free funds by way of equity contribution through budgetary support on a year to year basis.

In reply to another question as to the number of units which continued to remain sick inspite of availing assistance from IRBI, the Ministry stated as under:—

1990-91	—	28
1991-92	—	32
1992-93	—	26

The Committee find the number of cases where the units continued to remain sick inspite of availing assistance from IRBI is on the high side. The Committee, therefore, recommend that IRBI should carry out thorough techno-economic viability studies before extending loans to sick and closed industrial concerns. The Committee also recommend that IRBI should pay special attention to the recovery of its outstanding dues from the industrial concerns so as to avoid continuous budgetary support from the Government. IRBI should also take urgent steps to make the sick units viable. The Committee are unhappy to note that an institution set up ostensibly to help sick units is itself in dire straits due to unviable lending.

8. Demand No. 27*Major Head: 5465****Department of Banking***

The Committee note that a sum of Rs. 5600 crores has been provided for the banking sector for the year 1994-95 in view of the increase capital requirement as per the new capital adequacy norms. The Committee,

therefore, are of the view that the Government should reconsider the desirability of providing the said sum in this year in full or to defer it for some line.

In this connection, this Committee again which to draw the attention of the Ministry to the various shortcomings in the working of the Public Sector Banks as brought out in their Fourth Report.

In response to a specific query, the Ministry have stated that the recommendations made in that Report are under consideration of the RBI.

The Committee again reiterate that this continuous drain on the exchequer is not in order and the banks should be made to improve their functioning and profitability by taking the required measures.

Court Cases on Revenue Collection

The Committee are pained to note that a huge amount of revenue, both direct and indirect is locked up in litigation, despite a continuous increase in staff. Explaining the position, the Revenue Secretary stated that as a result of an exercise within the Department, it was found that there were certain common issues on which a large number of cases have been filed in the High Courts on which there were certain appeals filed in the Supreme Court. He also indicated that the Department was making efforts to computerise all the pending cases in the High Courts and the Supreme Court to find out the common issues involved so that these cases could be bunched together and decided on the same basis.

The Committee are unhappy to note the situation of mounting litigation in revenue collection and they reach inevitably the conclusion that a part of this phenomenon is related to complicated Tax Law. In this connection, the Committee recommend that efforts should be made by the Department to delineate areas where there is recurring litigation and simplification of law should be carried out in such areas immediately. The efforts of the Department to bunch up similar cases for expeditious disposal in the courts should also be speeded up for concrete improvement in the situation.

9. Demand No. 28

Major Head: 2049

Interest Burden on Internal Debt

The Demands for Grants (1994-95) made a provision of Rs. 21331 crores as interest on internal debt against an actual expenditure of Rs. 13541 crores during 1992 and Rs. 15823 crores in 1993-94.

The Committee examined in detail the question of interest on internal

debt and note with concern the rising expenditure on internal debt. The Committee recommend that the issue of various types of Treasury Bills should be regulated strictly to keep a check on the amount of internal borrowings. The Committee also reiterate the recommendations made in their first Report and suggest that the Task Force stated to have been constituted to go into the issue may be asked to finalise their recommendations at the earliest.

10. Demand No. 29

Major Head 2075

Transfer to State Governments

It appears from the figures given in the "Budget at a glance" document that net resource transfer to the States in 1993-94 (revised estimates) exceeds in a very small way the figures of net transfer in 1994-95 (proposed). If the interest payment by State Governments to Centre are also taken into account, there may be a net drop in the said transfers. This Committee recommend that in determining the said transfers to State Governments, the Central Government should take into account the interest payments etc. made by the State Governments to the Centre.

11. Major Head-3475

Sub-Head: G 39

Exchange Losses under Foreign Currency Non-Resident Account Scheme

The Committee note with concern that a sum of Rs. 6086 crores is being demanded for Exchange Loss under the Foreign Currency Non-Residents Accounts Scheme. The Ministry have explained that these losses have arisen due to the effect of depreciation in the external value of the Indian rupee during the earlier years on the balance outstanding on Foreign Currency Non-Residents Deposits, where the exchange risk is to be borne by RBI.

The Committee appreciate the fact that valuable Foreign Exchange was raised through these accounts at a time when it was badly needed. In this connection, however, the Committee now advise that a suitable review of this Scheme may be carried out in the changed circumstances. The Committee are of the view that the exchequer can ill afford to spend such a large sum of money and suggest that ways and means to assign this Exchange Loss to the banks, for ultimate absorption by the actual users of foreign exchange, should be explored. The Government should also ensure that short term deposits do not lead to excessive losses and effort should be made to raise long term deposits so that the cost of exchange loss is at least partially offset by the benefits accrued.

12. Foreign Exchange

The Committee note with satisfaction that the Foreign Exchange Reserves have gone up from low-levels to about 15 billion dollars. The Committee, however, observe that the magnitude of the reserves should be considered alongwith the quality and the character of the composition of the reserves and for this purpose an in-depth scrutiny of the constituents of the reserves should be carried out which should be made available to the Parliament. In this context, the Committee wish to emphasize that rupees convertibility on capital account will require very careful planning and should be viewed with a lot of circumspection. In the view of the Committee, pre-payment of high cost external debt should be considered foremost and the reserves should be used judiciously towards that end.

The Committee are of the view that, with the current account deficit being close to balance the objective should now be to boost the economy revive investment and see that no recessionary trend sets in on account of restricted imports.

13. Small-Scale Industries

Numerous representations were received by the Committee from the private associations/organisations/individuals expressing their anguish over the withdrawal of certain excise duties exemptions in the Budget for the year 1994-95. The Members of the Committee expressed strong sentiments over the issue. Due to the procedural limitations, the Committee could not examine the issue in details in this respect. However, certain queries based on the representations were put to the officials from the Ministry of Finance.

Members of the Committee were of the view that due to such withdrawals, some small-scale sector industries might face closure as they would not be able to compete in the market with the large industries.

In response to this proposition, the officials from the Ministry observed that excise duties had been made equal on a particular product irrespective of the fact whether it was produced by a small-scale industry or a large industry. They stated that there was no danger to the small-scale sector for its existence due to the withdrawal of these benefits since it continued to have certain other benefits in the field.

Without going into the details of the issue such as what excise duties have been imposed or withdrawn of the effect of change of duty structure from specific to advalorem which should be considered by the Govt. the Committee would like to state that there is a need for a preferential treatment to the small-scale sector industries, considering the overall spectrum of inequalities in distribution of wealth and the position that

small and tiny traditional and non-mechanical sectors should occupy in our economy. In the view of the Committee, the Government should review the said proposals to make sure that genuine difficulties of the small-scale sector are removed.

NEW DELHI;
19 April, 1994

DR. DEBIPROSAD PAL
Chairman
Standing Committee on Finance

29 Chaitra, 1916 (Saka)

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 24 MARCH, 1994**

**The Committee met from 1030 hrs. to 1300 hrs. in Committee Room 62,
Parliament House, New Delhi.**

PRESENT

Dr. Debiprosad Pal — Chairman

MEMBERS

Lok Sabha

2. Prof. K.V. Thomas
3. Dr. K.V.R. Chowdary
4. Sh. S.B. Sidnal
5. Smt. Maragatham Chandrasekhar
6. Sh. P.C. Chacko
7. Sh. Mahendra Kumar Singh Thakur
8. Sh. Chetan P.S. Chauhan
9. Sh. Dileepbhai Sanghani
10. Sh. Manabendra Shah
11. Sh. George Fernandes
12. Sh. Nirmal Kanti Chatterjee
13. Sh. T.J. Anjalose
14. Sh. Bhogendra Jha

Rajya Sabha

15. Sh. Mahendra Prasad
16. Sh. Triloki Nath Chaturvedi
17. Sh. Gurudas Das Gupta
18. Dr. Shrikant Ramchandra Jichkar
19. Sh. Ghulam Rasool Matto
20. Sh. Chimabhai Mehta
21. Sh. Ashis Sen
22. Sh. Surinder Kumar Singla

SECRETARIAT

1. Sh. S.C. Gupta — *Joint Secretary*
2. Sh. Satish Loomba — *Deputy Secretary*
3. Sh. P.K. Bhandari — *Under Secretary*

At the outset, the Chairman observed that two members of the Committee from Rajya Sabha, namely, Sh. Ashis Sen and Sh. Ghulam Rasool Matto would be retiring from the membership of Rajya Sabha w.e.f. 2 April, 1994 and their services, as members of the Committee, would also come to an end on that day.

Appreciating the valuable services rendered by these members, the Chairman said that the two senior members had made very valuable contribution during the deliberations of the Committee. Both the members also expressed their views and thanked the Chairman and members of the Committee. They also appreciated the help and assistance given to them by the Lok Sabha Secretariat officials.

Sh. George Fernandes, M.P., expressed his view that the Committee should also examine the tax proposals of the present Budget including excise and custom duties which have been imposed on the small-scale sector. Some other members also expressed the same view. The Chairman, however, pointed out that this could only be done if the Finance Bill was referred for consideration of the Committee by Hon'ble Speaker, Lok Sabha. Since the Finance Bill had not been referred to the Committee, it could not examine the tax proposals while examining Demands for Grants. After that, some members of the Committee expressed the view that the Committee should send a resolution to the Speaker, requesting him that the Finance Bill should be referred to the Committee for consideration. The Chairman said that he would discuss this point with H.S.

After this, the Committee considered the Demands for Grants of the Ministry of Finance. Members agreed to the questionnaire prepared by the Secretariat and made some more suggestions in this regard. The Chairman requested the members that they might send their queries in writing to the Secretariat by 28 March, 1994 so that these could be sent to the Ministry of Finance for seeking information.

The Committee also considered the Demands for Grants of the Ministry of Planning and Programme Implementation. Members agreed to the questionnaire prepared by the Secretariat. The Chairman requested the members to send their queries, if any, on the Demands for Grants to the Secretariat by 28 March, 1994.

The Chairman made an announcement that the Committee would sit from 1500 hrs. onwards to consider 'The Banking Companies (Acquisition and Transfer of Undertakings) Amendment Bill, 1993'.

The Committee then adjourned.

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 7 APRIL, 1994**

**The Committee met from 1500 hrs. to 1745 hrs. in Committee Room 139,
Parliament House Annexe, New Delhi.**

PRESENT

Dr. Debiprosad Pal — *Chairman*

MEMBERS

Lok Sabha

2. **Sh. Chandulal Chandrakar**
3. **Dr. K.V.R. Chowdary**
4. **Sh. Prithviraj D. Chavan**
5. **Smt. Maragatham Chandrasekhar**
6. **Sh. P.C. Chacko**
7. **Sh. Mahendra Kumar Singh Thakur**
8. **Sh. Chetan P.S. Chauhan**
9. **Sh. Dileepbhai Sanghani**
10. **Sh. Harin Pathak**
11. **Sh. George Fernandes**
12. **Sh. Srikanta Jena**
13. **Sh. Nirmal Kanti Chatterjee**
14. **Prof. Susanta Chakraborty**
15. **Sh. Bhogendra Jha**

Rajya Sabha

16. **Sh. Krishna Kumar Birla**
17. **Sh. Triloki Nath Chaturvedi**
18. **Sh. Sanjay Dalmia**
19. **Dr. Shrikant Ramchandra Jichkar**
20. **Sh. T. Venkatram Reddy**
21. **Sh. Surinder Kumar Singla**

SECRETARIAT

1. **Sh. S.C. Gupta — *Joint Secretary***
2. **Sh. Satish Looma — *Deputy Secretary***
3. **Sh. P.K. Bhandari — *Under Secretary***

REPRESENTATIVES FROM THE MINISTRY OF FINANCE

- | | | |
|-----|------------------------|---|
| 1. | Dr. M.S. Ahluwalia | <i>Finance Secretary</i> |
| 2. | Sh. K. Venkatesan | <i>Secy. (Exp.)</i> |
| 3. | Sh. M.R. Sivarasan | <i>Secy. (Rev.)</i> |
| 4. | Dr. Shankar N. Acharya | <i>Secy. and CEA</i> |
| 5. | Sh. M.P. Modi | <i>Spl. Secy.</i> |
| 6. | Sh. R.V. Gupta | <i>Spl. Secy.</i> |
| 7. | Sh. M.K. Kaw | <i>Addl. Secy.</i> |
| 8. | Sh. N.P. Bagchee | <i>Addl. Secy.</i> |
| 9. | Sh. N.K. Singh | <i>Addl. Secy.</i> |
| 10. | Sh. S.A. Govindraj | <i>Chairman (CBCE)
and Spl. Secy.</i> |
| 11. | Sh. N.R. Sivaswamy | <i>Chairman (CBDT)</i> |

At the outset, the Chairman informed the Committee that several representations had been received on the issue of withdrawal of certain exemptions which were provided under the excise law to various small-scale sector industries. He observed that the examination of Demands for Grants did not cover the consideration of the taxation proposals in the present budget. However, keeping in view the strong sentiments expressed by various members of the Committee, he would allow a general discussion on the issue of withdrawal of certain excise duty exemptions to various small scale sector industries.

After this, the officials from the Ministry of Finance were called in. Direction 58 was read out to the officials. The Chairman then requested the officials to introduce themselves to the Committee and the officials introduced themselves.

A general discussion on the issue of withdrawing of certain excise duty exemptions to small scale sector was held. Members put several question to the officials which were replied to. A verbatim record of the proceedings was kept.

The Committee then adjourned.

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 8 APRIL, 1994**

The Committee met from 1030 hrs. to 1330 hrs. in Committee Room 139,
Parliament House Annexe, New Delhi.

PRESENT

Dr. Debiprosad Pal — *Chairman*

MEMBERS

Lok Sabha

2. **Sh. Chandulal Chandrakar**
3. **Dr. K.V.R. Chowdary**
4. **Sh. Chhitubhai Gamit**
5. **Sh. Prithviraj D. Chavan**
6. **Smt. Maragatham Chandrasekhar**
7. **Sh. B. Akbar Pasha**
8. **Sh. Sushil Chandra Varma**
9. **Sh. Dileepbhai Sanghani**
10. **Sh. Manabendra Shah**
11. **Sh. Harin Pathak**
12. **Sh. Srikanta Jena**
13. **Sh. Nirmal Kanti Chatterjee**
14. **Prof. Susanta Chakraborty**
15. **Sh. Bhogendra Jha**
16. **Sh. Kadambur M.R. Janardhanan**

Rajya Sabha

17. **Sh. Mahendra Prasad**
18. **Sh. Krishna Kumar Birla**
19. **Sh. Triloki Nath Chaturvedi**
20. **Sh. Sanjay Dalmia**
21. **Sh. K.R. Jayadevappa**
22. **Dr. S.R. Jichkar**
23. **Dr. Biplab Kumar Dasgupta**
24. **Sh. T. Venkatram Reddy**
25. **Sh. Chimanbhai Mehta**
26. **Sh. Surinder Kumar Singla**

SECRETARIAT

1. Sh. S.C. Gupta — *Joint Secretary*
2. Sh. Satish Loomba — *Deputy Secretary*
3. Sh. P.K. Bhandari — *Under Secretary*

REPRESENTATIVES FROM THE MINISTRY OF FINANCE

1. Dr. M.S. Ahluwalia *Finance Secy.*
2. Sh. K. Venkatesan *Secy. (Exp.)*
3. Sh. M.R. Sivaraman *Secy. (Rev.)*
4. Dr. Shankar N. Acharya *Secy. & CEA*
5. Sh. M.P. Modi *Spl. Secy.*
6. Sh. R.V. Gupta *Spl. Secy.*
7. Sh. S.A. Govindaraj *Chairman (CBEC) & Spl. Secy.*
8. Sh. N.R. Sivaswamy *Chairman (CBDT) & Spl. Secy.*
9. Sh. N.P. Bagchee *Add. Secy.*
10. Sh. M.K. Kaw *Add. Secy.*
11. Sh. N.K. Singh *Add. Secy.*

At the outset, the Chairman welcomed the new members from Rajya Sabha S/Shri Satish Chandra Agarwal, Sanjay Dalmia, Biplab Kumar Dasgupta, T. Venkatram Reddy, Rajubhai A. Parmar who had been nominated to the Committee. Expressing his views, he said that he was looking forward to their valuable contribution to the deliberations of the Committee.

The Chairman informed the Committee that as per the wishes expressed by the Members during the earlier sittings of the Committee, he had a discussion with the Hon'ble Speaker, Lok Sabha on the issue of referring the Finance Bill for the Consideration of the Committee. He was informed by the Speaker that it was not possible to refer the Finance Bill to the Committee.

The Committee continued further oral evidence of the officials from the Ministry of Finance on the Demands for Grants of that Ministry for the year 1994-95. The Members of the Committee put several questions on the Demands for Grants of the Ministry of Finance to the Officials from the Ministry, which were replied to by the officials. A verbatim record of the proceedings was kept.

At the end, the Chairman thanked the officials from the Ministry of Finance for appearing before the Committee and extending help and assistance to the Committee in their examination of Demands for Grants.

The Committee then adjourned.

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
FINANCE HELD ON 18 APRIL, 1994**

**The Committee met from 1500 hrs. to 1830 hrs. in Committee 'E',
Parliament House Annexe, New Delhi.**

PRESENT

Dr. Debiprosad Pal — *Chairman*

MEMBERS

Lok Sabha

2. **Sh. Magunta Subbarama Reddy**
3. **Sh. Chandulal Chandrakar**
4. **Sh. Prithviraj D. Chavan**
5. **Smt. Maragatham Chandrasekhar**
6. **Sh. P.C. Chacko**
7. **Sh. B. Akbar Pasha**
8. **Sh. Chetan P.S. Chauhan**
9. **Sh. Dileepbhai Sanghani**
10. **Sh. Nirmal Kanti Chatterjee**
11. **Prof. Susanta Chakraborty**

Rajya Sabha

12. **Sh. Triloki Nath Chaturvedi**
13. **Sh. Sanjay Dalmia**
14. **Dr. Biplab Kumar Dasgupta**
15. **Dr. Shrikant Ramchandra Jichkar**
16. **Sh. Mahendra Prasad**
17. **Sh. T. Venkatram Reddy**

SECRETARIAT

1. **Sh. S.C. Gupta — *Joint Secretary***
2. **Sh. Satish Loomba — *Deputy Secretary***
3. **Sh. P.K. Bhandari — *Under Secretary***

The Committee considered the Draft Report on the Demands for Grants (1994-95) of the Ministry of Finance and made some notifications. The Report as modified was adopted.

The Committee authorised the Chairman to finalise and present the Report to the Parliament on their behalf.

The Committee then adjourned.