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Title: Further discussion on the motion for consideration of the Finance Bill, 2007 moved by Shri P. Chidambaram on 30 April, 2007 (Bill passed).

SHRI K.S. RAO (ELURU): Sir, I am happy to see that the hon. Finance Minister without increasing the tax rates is trying to reduce the fiscal deficit. He has already promised that by 2009 he wants to reduce it to almost zero. I wish that he will keep up his time schedule, which is very essential. It is because particularly the revenue deficit does not indicate well being of the economy of any country. So, I wish that he keeps it up. The country will prosper in a big way by reducing the revenue deficit to zero.

In this context, I would just like to bring to the notice of the hon. Finance Minister that while I am happy when he said that the average tax that is charged from the corporate sector today in the country is 19.2 per cent, I just did not understand why the Capital Gains Tax must be 20 per cent alone.

Sir, after a span of two years if a company or an individual were to sell property at a higher price, then only 20 per cent tax is levied in the shape of capital gains tax while the profits earned by any corporate individual every year is almost 35 per cent. I do not find any rationality in reducing the capital gains tax in the short span of time. I would like the hon. Finance Minister to look into this matter.

There was a demand from all of us and the countrymen – as a Member of the Standing Committee on Finance I have been asking time and again – to simplify the tax laws. While the hon. Finance Minister is making an effort all the time and promising that there would be simplification of tax laws and all that, still simplification has to be done substantially so that there would not be an opportunity for an officer to interpret or to use his discretion and then play havoc in the field. So, if the laws are very clear and without any ambiguity, then unscrupulous officers cannot do anything in that direction.

Sir, in this aspect I would also like to mention that some of the companies like Infosys or Reliance which are making huge profits, I do not understand why they are being given thousands of acres of land in the name of SEZ while the Government or the State Governments say that they do not have land to provide house sites to the poor people who could not have even one cent of land for constructing their houses. So, I would request the Government to call a meeting of the Chief Ministers of various States asking them to concentrate more on providing houses to the poor people than giving hundreds and thousands of acres of land to the profit-making companies. Surprisingly we see that the primary share value of a company like Infosys is Rs. 10 and the market value is around Rs. 3,000 or Rs. 4,000, and it is almost 400 times. When they are making so much of money, what is the rationality in giving all these incentives and also land to them at a very cheap rate? I do not understand this. I would request the Government to look into this matter and

provide these incentives only in those areas where investment is not coming. I can understand if Infosys starts it in a place which is underdeveloped but in places like Hyderabad and Delhi, there is no need for that.

Similarly, the hon. Finance Minister must think about the old-age people. The statistics reveal that people above 65 years in the country is only 6.6 per cent. Out of them, even if we take 60 per cent as the people above the poverty line and marginally above the poverty line, that means there will be about 40 per cent of the people who are below the poverty line. Out of 6.6 per cent population, 2.4 per cent of the population is below the poverty line and above 65 years. Sir, when you and I are being given pension for our lifetime if we become Members of Parliament even once, then what is the crime that these poor people have done in claiming pension? When we go to the villages, we find that they live in such a horrible state of affairs, and their children are not in a position to take care of them. They live in a thatched house where rain falls directly into their house, sun falls directly into their house, and they do not have even Rs. 500 to undergo cataract operation. Such is their horrible state of affairs and they are living like orphans. I feel that – without their asking – it is the duty of the Governments to provide pension to all those people below poverty line and above 60 years. It does not cost much. If the hon. Finance Minister wants, he may charge one per cent surcharge on the income tax in order to provide this pension as a matter of responsibility of the Government.

Similarly, the performance of Self Help Groups of Women in the country is exemplary. We could see glow and pride in their faces and they are making some money out of the loan that they have lent to their members.[\[R12\]](#)

Sir, till yesterday, if a lady in a family wanted to get Rs. 100, she had to depend on her husband or his son for getting the same. But today, we are providing loans to those ladies in the shape of Self Help Groups. Now, they take Rs. 5,000 or Rs. 10,000 from these Self Help Groups (SHGs) in the form of loan and purchase buffalo and are making at least, Rs. 1000 every month. That has, in a way, empowered our women. We are providing employment to all those ladies. I wish, the hon. Finance Minister to think of providing some interest subsidy to them. The Government of Andhra Pradesh is already providing these loans at three per cent to the Self Help Groups by providing six per cent subsidy in the rate interest. So, the same thing must be applied in the entire country. Then, the hon. Minister must also share the responsibility of subsidy of interest.

Sir, the mechanism for fixing the price of an agricultural produce of a farmer is quite different from that of an industrial produce. The price of an industrial produce is fixed in a different manner. I would like to quote one example. If Modi Rubber were to sell a tyre, the way its price is fixed is by way of their investment. Out of their investment, 75 per cent is coming from banks; and the interest charged by the banks is taken into consideration for arriving at the price to be sold.

MR. SPEAKER: Mr. K.S. Rao, you are aware that this is the Finance Bill and not the general discussion on the Budget. Please be within the domain of the Finance Bill.

SHRI K.S. RAO : Sir, I would limit myself to the Finance Bill only.

So, the price of an industrial produce is fixed by taking into consideration the interest on the investment, the profit for the promoters' share, the salary for the promoters and the privileges for the

promoters, whereas the price of an agricultural produce is not fixed following the same mechanism. Let us take that a farmer were to have an acre of land, which is costing a minimum of Rs. 2 lakh. Even if six per cent were to be taken per year, he has to get Rs. 12,000 per year. But that is not taken into account at all. And, the increased prices of inputs, be it fertilizers, be it pesticides; or even the wages to the labourers, are increasing everyday. But on the same proportion, the price of an agricultural produce is not being fixed. With the result, the farmers are put to continuous loss, and that is the main reason for many of the farmers to commit suicide.

So, Sir, I want the hon. Finance Minister to provide interest subsidy to the farmers because the farmers cannot pay at the same rate of interest, which the traders or the manufacturers are paying. Therefore, the lending must be at the rate of three per cent only. This has even been suggested by the Agricultural Commission under the leadership of Swaminathan-ji.

Similarly, about the Crop Insurance Scheme, we have been promising since quite a long time that we would provide crop insurance to the farmers on the basis of the villages if not individual, which we are not providing even till today. So, I want the hon. Finance Minister to provide some money to share the burden of the premium to be paid by the farmers so that the farmers, who have suffered the loss not by virtue of their fault but by the nature – the calamity either by the cyclone, floods or droughts -- is compensated. When a trader or an industrialist is being compensated for the loss occurred in his business, why should not a farmer be compensated for the loss occurred to him?

Sir, all these things should be taken note of by the hon. Finance Minister. He should not be hesitant to provide this money in his Budget.

I am on my last point. It is regarding service tax. The insurance premium that is being paid by the sheep owners is Rs. 16 per sheep, and it is also being subjected to service tax. While we always say that we are coming to the rescue of the poor people, the service tax should not be levied on such things.

Similarly, the private institutions, which are imparting primary and secondary education are also being subjected to the service tax, which they cannot afford. We know that the Government is not in a position to provide enough investment in the education sector, and therefore, we are encouraging private institutions to come into the education sector. My request is that at least, those private institutions, schools and colleges, which are not making tons of money or which are providing education as a matter of service should be exempted from the service tax.

With these few words, I support the Finance Bill and I wish the hon. Finance Minister to think sympathetically in these aspects.

MR. SPEAKER: The hon. Minister will start his reply at 3.30 p.m. We have to complete it well in time so that other consequential steps may be taken for the Finance Bill to be approved. Please co-operate.

SHRI C.K. CHANDRAPPAN (TRICHUR): Sir, the Finance Minister has introduced his Budget, and now we are discussing the Finance Bill.

Sir, the Budget as well as the Taxation Policy are actually the instruments by which the Government is implementing its policies. Actually, they should implement the promises made to the country by way of implementation of the Budget policies. Now, Mr. Chidambaram has introduced his Budget and introduced his taxation proposals also.

One of the serious objections I would like to raise is that the Taxation Policy enunciated in this Budget is such that it leaves the richest sector of the country untouched. It dealt with the richest sector of the country in the most softest fashion. They are very kind to them. I am speaking about the corporate sector. The corporate sector today is virtually so powerful, and they are so powerful that they are almost running an economy which is equally big as the economy Mr. Chidambaram is running.

Recently, the economic magazines, including *Forbes*, were coming out with details of Indian billionaires and millionaires. One of the success stories of Indian economy, they say, is that India today has 83,000 millionaires, and we have also very good number of billionaires. These billionaires and millionaires are running the economy in such a fashion that they can do things which the Government cannot even imagine. Some people are very proud of this performance of the Indian corporate sector.

My criticism or our Party's criticism about the Budget is that the Budget spared this sector, the super rich, of the Indian economy in the most unjustifiable manner whereas all the burdens have been put on the common people. That is the only way to run the country. When you are not taxing the rich, then that is the only way the country has to run. So, the burden will have to be borne by the poor people.

The other day, Mr. A.K. Antony, one of your Cabinet colleagues made a speech in his own place, Cherthala. He was speaking in a Gandhian Rural Institute. Mr. Antony has said that the weakness of Indian economy is that the wealth is concentrated in the hands of a very few people, and the poverty is so big that the rural masses in our country are really very poverty-stricken. Mr. Chidambaram has not touched those super rich people. That is the most important criticism I would like to make about this Budget.

Now, Sir, you made a speech, and *The Hindu* published it in the form of an article.

MR. SPEAKER: I hope it was not on the Budget.

SHRI C.K. CHANDRAPPAN : It was about the Indian economy. It was not about the Budget. But you pointed out there certain important things.

MR. SPEAKER: Why cannot you spare the Chair?

SHRI C.K. CHANDRAPPAN : You said : "70 per cent of the people living in the villages are abysmally poor, and 80 per cent of the poor are living in the villages." Therefore, you have also pointed this out. It is not only you, but our Prime Minister is also pointing this out that if the much trumpeted success of the GDP growth has to be sustained, then the agrarian sector should be ... (*Interruptions*)

MR. SPEAKER: I did not use those words.

SHRI C.K. CHANDRAPPAN : No, Sir. I am saying that the Prime Minister used these words. The Prime Minister said that : "If this economic growth has to be sustained, then at least four per cent growth in the agrarian sector should be achieved." Is the Finance Minister's taxation policy having the approach with

which the agrarian sector would be further strengthened or the poor agriculturists would be taken out of their miseries? I will say no because the Finance Minister always thinks that if more credit availability is assured, then the life of the farmers will be better. I do not think that it is really so. It is only one of the inputs in the agrarian sector, that is, the availability of cheaper credit. At the same time, there are other inputs also like fertilizer, seeds, water, electricity and many other inputs. I do not think that your policy is helping the poor farmers to come out of the crisis today.

It is no less a person than Dr. Swaminathan who said that : “The Indian agrarian economy is in crisis. Unless any economic policy of the Government has an edge to tackle the agrarian crisis that India is facing today, then that economy would not serve the interest of the common people in our country.” My case is that the taxation policy, as enunciated in this Budget, is helping the super-rich to become more rich and it is not helping the poor people to come out of the crisis in which they are today.

Some of the vulgar expressions of the super-rich corporates is that they are spreading not only in this country, but they are going abroad and becoming multinational corporates after buying companies abroad. Shri K. K. Birla wrote about the Budget, economy, taxation policy, etc., and he is so happy that we are going to overtake Japan very soon and become the third big economy. Thereafter, we will become second only to China. He says that :

“Since India has taken this new economic policy, in the last four years, the GDP growth has been 8 per cent; industrial production has risen at 10 per cent per year; and services at 9 per cent. The share market has been buoyant adding to the country’s wealth, and that of shareholders. Market capitalization, Rs. 6 lakh crore in 2002, grew to Rs. 34.26 lakh crore by December 2006. The fiscal deficit in 2005-2006 was 4.1 per cent of GDP, and is expected to reduce to 3.8 per cent for 2006-2007.

In 15 years, July 1991 to 2006, the economy has made fabulous progress. The acquisition by the Tatas of Corus -- a deal of more than \$ 12 billion -- and by the Aditya Birla Group of Novelis have further brightened the country’s image. Industrialists such as the Tatas, the Aditya Birla Group, the two Ambani brothers, the Ruias and the Mittals are swiftly expanding their businesses. The middle-class is playing an important role in the economy’s enrichment...”[\[r13\]](#)

By 2020, it is expected that India will overtake Japan to become the third economic power in the world. By 2050, it will become the second largest economy after China.

MR. SPEAKER: It is nice to see Mr. Chandrappan quoting Mr. Birla!

SHRI C.K. CHANDRAPPAN : That is an understanding of how India should grow. That is an understanding how India should flourish. But then, Sir, what is missing is what you have been pointing out. In that picture they are only telling about the Mittals, the Tatas, the Ambanis and all that. The lives of about 700 crore of Indian rural masses who are subjected to abysmal poverty, hunger and unemployment remain the same.

I would like to ask the Finance Minister to tell this House, in absolute terms or even in percentage of his taxation, what is percentage of the tax revenue or what is the amount of tax revenue that he has collected from these super rich people, the corporate sector. If that amount is revealed, then we will see how softly he is dealing with this sector of economy. Our case is that this would not help to achieve the policies and

programmes enunciated by the UPA. UPA spoke about the *aam admi*. They promised policies and a governance to give a life that is better than before to the *aam admi*. If this policy is pursued, as Birla is saying we will create a situation in this country where the rich will become richer; the monopoly houses of India will become multinational corporations; they will go abroad and buy things and some people will find heavens in their actions. But they do not look at the plight of the common people who are subjected to poverty, misery and unemployment. So, if the taxation policy of this Government as a whole is taken up, it is pro rich and it is anti poor, and it is also against the interests of the States.

SHRI TATHAGATA SATPATHY (DHENKANAL): What is the Left doing?

SHRI C.K. CHANDRAPPAN : You do not worry about that.

MR. SPEAKER: You need not get yourself diverted. Your time will be gone.

SHRI C.K. CHANDRAPPAN : What we are saying is that one of the big income revenue the Government of India is today having is from various kinds of cess imposed on the people. Cess is not divisible. The States will not get any benefit. So, the States are deprived of the benefit that they should get out of the proper taxation whereas by cess the Centre is collecting money - the education cess or any other thing - and that is spent. For the interest of the common people no big amount is spent or the Districts are so enhanced that the Employment Guarantee Scheme which was a flagship programme of the UPA Government, is moving at a snail's pace I should say.

The Minister will say, "Where is the money for that?" Probably that is the question Mani Shankar Aiyar also raised in his recent article. He said, when in the Cabinet the question of money being spent for the well being of common people, especially the rural masses, comes the Ministers will say, "Where is the money? We are a poor country. We cannot find so much money for spending there." As a result of that the flagship programme of this Government, the Rural Employment Guarantee Scheme, is moving at a snail's pace and the implementation is so tardy. So, what I suggest is that this approach should be changed.[\[KMR14\]](#)

13.00 hrs.

Corporate sector should be taxed. I am not saying that they should be taxed disproportionately. According to the mass of wealth that they have, they should be taxed proportionately so that social justice is there in the taxation. There should be a sense of equity.

With these words, I express my strong criticism about the tax proposals and that is all.

MR. SPEAKER: Shri Suresh Prabhu – you have to seek the permission of the Chair to speak from there.

... (*Interruptions*)

SHRI SURESH PRABHAKAR PRABHU(RAJAPUR) : Yes, Sir.

MR. SPEAKER: You have to seek the permission. You have not yet sought. That is not your seat.

SHRI SURESH PRABHAKAR PRABHU : I am seeking your permission to speak from here.

MR. SPEAKER: All right.

SHRI SURESH PRABHAKAR PRABHU : Today, we are discussing the Finance Bill. We have already deliberated on the Budget proposals before we broke for taking stock of the Budget in detail. I am going to confine myself to the Finance Bill.

The tax GDP ratio is increased. In fact, we have now one trillion dollars economy. ... (*Interruptions*)

13.02 hrs. (Shri Varkala Radhakrishnan *in the Chair*)

There is tremendous scope to have more tax collection because obviously when the economy is growing, of course, percentage-wise the tax GDP ratio is also growing but in absolute terms there is a huge possibility of rising resources, which I think should be done now. A step in the right direction has been initiated by the Finance Minister – he has to tap expenditure and that is the right way to do. I really wish he continue to do that. It is a very welcome thing. My concern is that common man is how getting burdened with additional taxes because normally when we have direct tax, income-tax is charged on the individual and the individual pays it from his own pocket. Therefore, the burden lies on him. If we are having excise duty, customs duty and service taxes, common man is paying taxes at multiple levels. In fact, though the collection is not taking place from the individual, it is collected from the service providers or the manufacturers but the common man is burdened of it. So, I would request that a Commission of study be undertaken to find out on a given tax proposal, how much of that burden is really going on to the common many. Let us take service tax, excise duty and all put together, we should try to determine as to what extent he can really carry. It is actually the carrying capacity of a common man to carry tax burden on his shoulders coming from multiple sources. That is because when the inflation is rising and because of rising inflation, it is hitting into the income of the common man. To top it all, now he is burdened with multiple tax structure.

I can understand about direct taxes because income-tax is paid from his own pocket. This is something which I think has to be done. I would request the Finance Minister to commission a study – let us find out and let us decide that this is what he can carry. I am talking about the point of equity.

Let us come to a very interesting issue of income-tax. There are multiple issues. One is on individual. Individual unfortunately has not really got any benefit. I cannot say that because he got the benefit of about Rs.40 per month. But barring that, in this year, income-tax structure has not provided any benefit to the individual. So, I think, individual should have got a better deal from this Budget. I would request the Finance Minister to actually try to find out as to whether exemption limit can be increased; there is no more standard deduction available; as to whether anything can be done regarding the marginal tax that is being charged to the individual. This is something which I hope the Finance Minister needs to address. I think, he will be able to address it.

Household savings as a percentage of total savings is actually declining. That means, corporate savings rate is increasing - the share of percentage of total savings. Therefore, I think, we really need to have special incentives to provide for more household savings to take place. This Budget in fact has not really addressed that issue. I hope that even with the type of exemptions that we are trying to take away – I agree with that general direction of that - individuals must be well protected from the type of savings opportunities that are available to him. Therefore, I think, we need to look into that. [\[r15\]](#)

The individual is suffering because of refunds. When one pays income tax, one normally ends up paying more than what is required because there is a tax deducted at source and there is also tax deducted from the salary, etc. Normally, refund is supposed to be refunded within six months, as per the Income Tax Rules. Now, there is a provision that refund will be directly credited to the bank account. I would request the hon. Minister to have a MIS which should come to the Finance Ministry which can actually reveal how many such refunds have not been credited within the stipulated period of six months so that this would really obviate a great difficulty that the individuals are facing.

There is a long-term capital gains tax which an individual pays. There is a provision under section 53 and 54 of the Income Tax Act which says that if one sells a house and reinvests that money, he can either put that money in buying another house or he has the option to invest in certain specified securities. Now, section 54 (f) (c) is being amended which says that one can only invest in the National Highways Authority of India or in the Rural Electrification Corporation Limited. These are the only two avenues in which one can make investment, and that too, with a ceiling of up to Rs.50 lakh. I would request the Finance Minister to remove the ceiling of Rs.50 lakh for capital gains tax, when an individual is selling his house and trying to make an investment into something like this. One has already got more capital gain obviously; and in any case, he is making investment into stipulated securities. So, this ceiling of Rs.50 lakh should be removed.

The other issue is related to cooperatives. The last Budget withdrew the exemption provided to cooperatives for a long period of time under section 80 (P) of the Income Tax Act. That means, the cooperative banks particularly, now will be subjected to tax; and by taxing them, we are really vitiating a possibility of cooperatives playing a substantial role in promoting socio-economic priorities that the Government has set. So, the exemptions which were hitherto granted for so long a period of time under Section 80 (P) should be continued. That is something which has been the demand of the entire cooperative banking system throughout the country. Even in this Budget, the cooperatives seems to be not really getting any favour from the Government because even under Section 3(1)(8), pertaining to housing investment that we are talking about, income can be exempted if it is done by the banks which are commercial banks and if it is done by the cooperative banks, they will not get the exemptions. This is another thing to show how the cooperatives are not really getting the benefits. So, the individuals and the cooperative sector need a better treatment in this Finance Bill.

The third issue is regarding trusts. There are a large number of charitable trusts which are operating in India under Section 12 (a), that is under clause 8 of this Bill. For a long time, there was a provision that within one year of incorporation of a trust, the income of most of the trusts can be exempted totally. It is not taxable at all because they are doing charitable work. But to claim that exemption, a trust was required to file an exemption certificate with the Chief Commissioner of Income Tax. If one fails to do that within a period of one year, there is a possibility for condonation of delay by the CIT. But by clause 8 of this Bill, the Finance Minister is trying to withdraw the exemption by saying that CIT will no longer have the discretion. There are hundreds and thousands of trusts operating in India; most of the trusts are operated by one person or two persons or a few persons; they are all members obviously because one cannot register a trust without that. But its operation is really motivated by one or two 'motivated-individuals'. Therefore, if those individuals are not well-versed with the provisions of the law, obviously, they cannot get exemptions. But the decision, whether that was a bona fide reason or not, vests with the CIT. That was available earlier. But by

this clause 8, he is removing that discretion which was available to the CIT; and in the process, many trusts will be facing great hardships.

I am not saying that he has to condone the delay across the board; I am only saying that he can condone it, as he was doing earlier – only if the CIT is satisfied that there is a bona fide reason. That really needs to be done.

Income tax or for that matter, taxation is a very strong instrument to promote certain good ideas and to discourage some bad ideas. Today, we are all concerned about environmental degradation. The Finance Bill should have attempted to promote green technologies in India. They should have done it by doing two things – one is to tax more, the technologies which pollute and two is to encourage those technologies which promote better environment. [\[MSOffice16\]](#)

By not doing that they are actually trying to say that in India green technologies are not welcomed and, therefore, I would strongly request the Finance Minister to look into these aspects and try to introduce certain schemes which will really help us.

The other issue relates to renewable energy. In fact only the other day when we were discussing the Demands for Grants for the Ministry of Science and Technology, everybody across all sides of the House was saying that we need more and more renewable energy. There is one interesting thing which I think the Finance Minister can do it very happily. You are offering accelerated depreciation to the new renewable power plants which are set up. You are giving them high depreciation the moment they start operation. By doing that we witness that there is a huge misuse. You must shift the benefit from just putting up a power plant to the actual generation of electricity. By doing that you will be able to stop the abuse of this provision and also actual energy can be generated which can be provided to the grid and that could really be helpful. I would request the Minister to also look into this.

For long time, we were awaiting the new tax code that was to be introduced. In fact, the Finance Minister had said that it would probably be introduced in the Budget Session.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): A long time includes six years also.

SHRI SURESH PRABHAKAR PRABHU : I know it but since you had said this we hope that it would be introduced in this Session. Why I am saying this, also means... (*Interruptions*)

SHRI P. CHIDAMBARAM: I had said, 'in the calendar 2007'.

MR. CHAIRMAN : Please be brief. There is not much time left because at 1530 hours we will have the reply by the Minister. A number of speakers are left and at 1530 hours we will have the reply. Within that time limit you may adjust yourself. You may speak for two more minutes.

SHRI SURESH PRABHAKAR PRABHU : Under Finance Bill we have Service Tax, Income Tax, Customs and Excise. So, please give me some time. I am only making points. I am not even elaborating them.

Infrastructure is of great talk all the time. We talk about infrastructure saying that we need so much money. The *Economic Survey* talks about 320 billion dollars that are required in the next five years time. If we require that much money, the Government obviously does not have money because fiscal deficit is still

running and the Government is obliged under the FRBM to reduce the fiscal deficit. So, we need more and more private investment coming into this. If you want investment in private, public or whatever form, somebody has to finance that infrastructure. That can come from the financial institutions. Now, unfortunately, there is no more IDBI, IFCI or there is no developmental financial institution left which was doing that. So, we will have to have a special dispensation to deal with infrastructure financing taking into consideration the peculiarity of the financing of infrastructure where you need to finance infrastructure which will start paying back only after ten years. So, banks, by definition, cannot lend money beyond five years unless they have got their own resources whose maturity goes beyond ten years. Therefore, the infrastructure financing is a major concern. I do not see any significant improvement in this Budget on that.

In fact, Sir, last time we amended Section 10 (23)(g) on the ground 'that there is the utilization of that therefore, I am dropping it'. So, my request would be please restore it. Deepak Parikh Committee also looked into this. In fact, I have got a Report made by Deepak Parikh Committee on some of these issues. We really need to look into that because this is a very important thing. You can approve some of the institutions which you think you are comfortable with but I see a great problem because infrastructure is to be created and there is no mechanism to finance infrastructure and for doing that we need a proper regime, a proper dispensation in place. One of the ways we can do this is through this.

For that, I am also recommending that external commercial borrowings which the infrastructure financing companies are prevented from accessing, we really need to do that because there are cheaper sources of funds. In fact, in any case the restriction for raising money in the ECB is that the maturity should be more than five years. So, in any case they will be good candidates for infrastructure financing and, therefore, we really need to look into that.

Even, in Section 81 (a) (iv) we are saying that we are actually amending it. I think these are two more provisions in the Income Tax Act. One of them is Section 223(g). We really need to look into that more closely.

The other important issue is related to venture capital. If you want new technologies to come up, you want new ideas to be incubated then we need venture capitalists to come in.[\[R17\]](#)

It is because only the venture capital has the ability to actually finance risk capital. This particular Budget has amended Sections 1023(8)(B) and 115(u) by saying that venture capital funds and venture lending institutions will be allowed to do only in specific areas. Rather than that, we should say that they can do any activity barring the negative list. So, why do you put it like this? If you do want to encourage them to come into all areas, it is understandable. But restricting it like this may not help because we never know from where the ideas will come. How can you put a provision like this in the Income Tax Act saying that venture capital can only finance a particular kind of activity and they would qualify for this benefit? By definition venture capital means the new ideas which have not even been thought about and the ideas which have not even been commercially useful. Those ideas should be encouraged. This particular Section needs to be looked into in a different way.

As regards research and development, there was a Sun set clause, namely, 81(i)(B). I think we need to look into that particular clause also because we are saying that we need more and more private institutions, private industry and that the private educational institutions should also do scientific research and

development. If you want that to happen, then you must make sure that such activities also should be properly supported.

MR. CHAIRMAN : Please conclude now.

SHRI SURESH PRABHAKAR PRABHU : Sir, I am making the last point.

MR. CHAIRMAN: I am sorry. The time is over. I have given you much time than allowed.

SHRI SURESH PRABHAKAR PRABHU : All right. I am sitting.

... (*Interruptions*)

MR. CHAIRMAN: Shri Suresh Prabhu is a very competent and able Member. He does not require your assistance. He is a very experienced person.

SHRIMATI V. RADHIKA SELVI (TIRUCHENDUR): Sir, I thank you very much for giving me a chance to participate in the discussion on the Finance Bill, 2007. I also thank our beloved leader, Dr. Kalaignar and our Tamil Thelapathi Rural Development Minister, hon. M.K. Stalin.

I rise to support the Finance Bill, 2007, on behalf of DMK party. Even after 60 years of Independence, 28 per cent of the population is like below poverty line. The farmers and workers are badly affected. They are suffering from poverty, hunger and unemployment. Many farmers are forced to commit suicide due to the skyrocketing price rise. To overcome this problem, our beloved leader, Tamil Nadu Chief Minister, Dr. Kalaignar has taken steps to provide rice for Rs.2 per kilogram through PDS for the BPL people.

Moreover, he has waived the farmer's cooperative loans worth Rs.7000 crore so that they can continue their farming happily. Our Government should take steps to cancel small farmers' cooperative bank loans.

In my Tiruchendur Constituency, a Central Government hospital is in Mukkudal. This hospital does not have proper doctors or para-medical staff to attend to the needs of the bidi workers. This hospital is a part time hospital. The Government should take steps to appoint doctors and para-medical staff, and also the hospital should work full time.

The middle class people's dream is to build a house for them. They are not able to build houses because of soaring prices of cement and steel. The Government should take steps to reduce the prices of cement and steel so that the middle class people's dreams can come true. The Indian Government has allocated Rs.35,000 under IAY Scheme. The Government should re-consider it and enhance it to Rs.60,000. The Government can also increase this Scheme to more numbers so that more poor dalits and other OBCs could be benefited.

Sanitation schemes are not implemented properly in rural areas because of low allocation. [R18]

Sir, we give less importance to the sports sector. Sports is an important segment of activity in our country, it brings recognition to the country. Previously our country was considered leaders in the game of hockey, but now assuming such a status has become a day dream. We have been attaching importance only to the game of cricket. This attitude should change and we must give importance to all games and encourage our youth to play all games. We must also allocate more funds for the over all development of games and sports in the country.

Half of our children population is suffering from malnutrition and many women are suffering from maternity related diseases. Government should allocate more funds to overcome this problem. In my constituency many *bidi* workers are women. They enter this profession at the age of 12 years and they remain in this profession all through their lives. Many of them suffer from respiratory diseases. Government should take care of these poor *bidi* workers and also arrange for some alternative job for these people.

Sir, our overall GDP growth rate is 9 per cent, but our agriculture GDP is not growing at more than two per cent. Agricultural production has come down drastically in the last few years. The situation is alarming. The Government should make efforts to put an end to this crisis immediately.

Our country is endowed with plenty of water resources. But we need to link the rivers so that water which flows into the sea without being put to proper use could be stopped. This involves a lot of expenditure. The Government should spend the money for this purpose as it would help a large number of people. Our Chief Minister Kalaignar spoke about this during the meeting of the Planning Commission. Water has a universal character and so there should be a give and take policy. The neighbouring State should be kind enough to share water on the instructions of the Central Water Commission and the hon. Supreme Court.

With these words, I conclude my speech.

श्रीमती किरण माहेश्वरी (उदयपुर) : सभापति महोदय, वित्त विधेयक पर चर्चा के दौरान मैं आपके माध्यम से सरकार का ध्यान कुछ महत्वपूर्ण बिन्दुओं की ओर दिलाना चाहूंगी। अभी हमारे माननीय सदस्य श्री सी.के. चन्द्रप्पन ने अपने भाषण में कहा कि सरकार आम आदमी की बजाय मिलियनर्स और बिलियनर्स की ओर ध्यान दे रही है। यह बात सही भी है क्योंकि जिस तरह से सरकार ने आम आदमी के लिये काम करने का वायदा किया था, वह बात कहां रह गई? आज सरकार कुछ बड़े बिग हाउसेज़ के बारे में बात कर रही है।

सभापति महोदय, आज हमारे देश में जिस तरह की स्थितियां उत्पन्न हो रही हैं, उनके बारे में मैं बिन्दुवार कुछ कहना चाहूंगी। पहली बात तो यह है कि हमारा देश कृषि प्रधान देश है। हम लोग हमेशा कृषि की बातें करते हैं लेकिन बजट में किसानों के लिये कुछ नहीं किया गया है। आज कार, मोटर साइकिल और ऐसी तमाम सुविधायें, जिनका हम शहरी लोग इस्तेमाल करते हैं, कार का मूल्य तीन-साढ़े तीन लाख कर दिया लेकिन किसान भाई खेती के काम में ट्रैक्टर का इस्तेमाल करते हैं, उनके दाम डबल हो गये हैं। पहले जो ट्रैक्टर डेढ़-दो लाख रुपये में आता था, उसकी कीमत साढ़े चार से पांच लाख रुपये हो गई है। वास्तव में, यह दुर्भाग्य की बात है। यह देश कृषि प्रधान देश है और हम किसानों के बारे में नहीं सोचते हैं। सरकार को बजट के अंदर उन्हें राहत देनी चाहिये थी। इसके अलावा सरकार प्रतिवा अनाज का समर्थन मूल्य तय करती है। सरकार गेहूं, चावल, मक्का, सरसों के दाम तय कर देती है कि यदि कोई नहीं खरीदेगा तो सरकार खरीदेगी लेकिन समर्थन मूल्य किसान को नहीं मिलता है। वह अपना खून-पसीना लगाकर अपने खेत सींचता है, उसमें मेहनत करता है, चाहे धूप हो, या बारिश हो, वह खेत जोतता है, उसके लिये किसान को उसका लाभकारी मूल्य मिलना चाहिये लेकिन वह उसे नहीं मिलता है। मगर कुछ

इंडस्ट्रीज हैं, जो साबुन बनाती हैं। कोई पाऊंडर बना रही है, उन्हें भी यह कहा जाता है कि आप अपनी लागत लगाकर लाभ जोड़ दीजिये, आप लाभकारी मूल्य पर अपनी चीज बेच सकते हैं। [s19]

किसानों के साथ यहां इस तरीके का बर्ताव हो रहा है कि लागत मूल्य भी उसे नहीं मिल पाता हैं। उसके समर्थन मूल्य को बढ़ाने की बात कोई नहीं करता। ये कहते हैं कि अगर गेहूं की कमी है तो हम गेहूं का इम्पोर्ट करेंगे और जब इम्पोर्ट करने जाते हैं तो विदेशी कम्पनियों को कितना भी पैसा देने को तैयार हैं। हमारे यहां के किसान को अगर समर्थन मूल्य देना है, तो उसे साढ़े आठ सौ रुपए क्विंटल देंगे, लेकिन अगर हमें बाहर से खरीदना है तो 1100 रुपए क्विंटल पर भी खरीदने को तैयार हो जाते हैं। यह किस तरीके की पालिसी बनाई जाती है, जहां हमारे वे किसान भाई, जो हमारे लिए अपना खून-पसीना एक करके खेत जोतते हैं और अनाज पैदा करते हैं, उन किसान भाईयों के लिए इस सरकार ने कुछ नहीं सोचा है। ये आम आदमी की बातें करते हैं, लेकिन आज महिलाएं देश के अंदर किस प्रकार दुखी हैं, उसकी बयान नहीं कर सकती हूं। उनका घरेलू बजट इस सरकार ने बिल्कुल गड़बड़ा दिया है। उनकी महीने की जो इंकम थी, उसमें कहीं न कहीं कमी हुई है, क्योंकि इन्होंने जो टैक्स बढ़ाए हैं, उससे इंकम की कमी एक तरफ और दूसरी तरफ प्राइस राइज़ इतनी ज्यादा हो गई कि अगर वह बाजार में दाल लेने जाए तो जो दाल पहले 40 रुपए किलो मिलती थी, वह अब 60 रुपए किलो हो गई है, लाल मिर्च पहले 50-55 रुपए किलो मिलती थी, वह अब सौ रुपए किलो मिलती है। मैं ऐसे बहुत से उदाहरण दे सकती हूं। एनडीए की गवर्नमेंट में गेहूं आठ-साढ़े आठ रुपए किलो मिल जाता था, आज वही गेहूं 13-14 रुपए किलो मिलता है। ये आम आदमी के हितों की बात केवल नाममात्र के लिए करते हैं, लेकिन इनकी करनी जिस प्रकार से हुई है, उससे साफ जाहिर होता है कि इन्होंने अपनी करनी और कथनी में बहुत अंतर रखा है।

हमने प्राइस राइज़ के बारे में पहले भी बहुत बार कहा था, लेकिन अभी भी ऐसा कुछ नहीं लग रहा है, जिससे कहीं प्राइस के ऊपर कंट्रोल करने की बात इन्होंने की हो। अगर प्राइस को इस देश में हम कंट्रोल नहीं कर सकते, यहां जिस तरीके से प्राइस बढ़ रही हैं, महिलाएं पानी पी कर सो रही हैं, आत्महत्याएं कर रही हैं। इस प्रकार की स्थितियां पैदा हो रही हैं कि व्यक्ति का जीना दूभर हो गया है। इसलिए मैं चाहूंगी कि इसमें कहीं न कहीं रियायत देकर या किसी तरीके से प्राइस राइज़ के ऊपर कंट्रोल करने वाले हैं, ऐसा कोई ठोस कदम सरकार द्वारा उठाना चाहिए, यह मेरा आपके माध्यम से निवेदन है।

महोदय, हम लोग प्रोविज़न फार टैक्स ऑडिट के लिए बात करते हैं। सन् 1984 में टैक्स ऑडिट का जो प्रोविज़न था, उसके अनुसार अगर 40 लाख रु. से ऊपर कोई होगा तो उसके टैक्स का ऑडिट किया जाएगा। सन् 1984 से लेकर 2007 तक, अभी तक वह टैक्स ऑडिट की सीमा इन्होंने नहीं बढ़ाई। पहले जो 40 लाख रुपए था, वही आज भी लागू है। उसे बढ़ा कर कम से कम तीन करोड़ रु. तक किया जाए तभी कोई छूट होगी। अगर कोई बिज़नेस कर रहा है, उसे प्रमोशन मिले, इस दृष्टि से इस बारे में सोचना चाहिए। जो सर्विस टैक्स प्रोवाइडर्स हैं, उनकी छूट की सीमा अभी आठ लाख रुपए है, उस सीमा को इन्होंने बढ़ाया नहीं है। आज कितने ऐसे उद्योग हैं, कितने ऐसे काम हैं जो हमारी सोसायटी को सर्विस देते हैं। वे जो सर्विस देते हैं, वह इतना बढ़ गया है कि अगर वे आठ लाख की बात करते हैं तो उसमें कुछ भी नहीं आता। अगर इस आठ लाख रु. की सीमा को बढ़ाकर पचास लाख रु. करेंगे तो ही हम सही मायने राहत देने का काम कर सकते हैं, अन्यथा इन्होंने सर्विस टैक्स के नाम पर एक नया बोझ हमारी जनता के ऊपर डाल दिया, क्योंकि इन्होंने सर्विस टैक्स का क्षेत्र भी बढ़ा दिया, दस से बारह परसेंट कर दिया। इन दोनों स्थितियों के अंदर, इनकी जो छूट है, वह छूट भी मात्र आठ लाख रुपए रखी है। इन तीनों दृष्टियों से अगर देखा जाए तो यह ठीक नहीं है। ऐसे ही जो एजुकेशन सेस है, पहले दो परसेंट एजुकेशन सेस के नाम पर लिया जाता था, अब एजुकेशन सेस के अंदर हायर एजुकेशन सेस और लगा दिया, जिसे एक परसेंट और बढ़ा दिया, यानी इतने कांप्लीकेशंस क्रियेट कर दिए कि पहले एजुकेशन सेस में हम दो परसेंट देते थे, लेकिन अब दो का एक परसेंट हायर एजुकेशन के नाम पर और बढ़ा कर उसे और कांप्लीकेटिड कर दिया, सिम्पलीफिकेशन करने की बजाए कांप्लीकेटिड कर दिया। मैं यहां कहना कहूंगी कि इन्होंने जो कांप्लीकेशन क्रिएट किया है, हम जो इंकम टैक्स रिटर्न भरते हैं, पहले इंकम टैक्स रिटर्न का एक पेज़ का फार्म आता था, उसे अब चार पेज़ का कर दिया और उन चार पेज़ों के अंदर इन्होंने कई ऐसी इन्फोर्मेशंस मांगी हैं, जो ऑलरेडी इस डिपार्टमेंट के पास होती हैं, लेकिन इन्होंने उसे काफी कांप्लीकेटिड कर दिया। [rep20]

इसी तरीके से इंकम टैक्स के प्रजेंट स्लैब के बारे में कहना चाहती हूं। इसके अनुसार आम आदमी को रु. 1 लाख से आपने रु. 1.10 लाख बढ़ाकर केवल 10 हजार रुपए की छूट दी है। महिलाओं को रु. 1.35 से रु. 1.45 और सीनियर सिटीजनस को रु. 1.85 से रु. 1.95 किया है, जो बहुत कम है। मैं आपके माध्यम से मंत्री जी से निवेदन करना चाहती हूं कि जब तक इंकम टैक्स की छूट को आप और नहीं बढ़ाते हैं, तब तक काम चलने वाला नहीं है। यदि कोई महिला है, यदि वह अपना व्यवसाय चलाती है, तो आपने रु. 1.35 लाख से 1.45 लाख रुपए किया है, यह तो ऊंट के मुंह में जीरे के समान है। इससे कोई फायदा नहीं होने वाला है। यदि आप वाकई महिलाओं,

सीनियर सिटीजन्स और आम आदमी को इन्कम टैक्स में फायदा देना चाहते हैं, तो मेरा निवेदन है कि इन्कम टैक्स की छूट आम आदमी के लिए रु. 1.10 लाख से बढ़ाकर रु. 1.50 लाख, महिलाओं के लिए रु.1.45 लाख से बढ़ाकर रु. 2.00 लाख और सीनियर सिटीजन्स के लिए रु.1.95 से रु. 2.50 लाख कीजिए।

सभापति जी, चूंकि समय नहीं है, इसलिए एक अंतिम बात संक्षिप्त में को-आपरेटिव बैंक के बारे में कहना चाहती हूँ, क्योंकि मैंने अपने यहां एक को-आपरेटिव बैंक की स्थापना की है। इसलिए मैं इसकी व्यावहारिक कठिनाइयां जानती हूँ कि को-आपरेटिव सैक्टर में जब महिलाएं आती हैं और लोगों को जोड़ा जाता है, तो अनेक प्रकार की परेशानियां खड़ी होती हैं। यह एक ऐसा मूवमेंट है, जिसे सरकार को और प्रोत्साहित करना चाहिए, जिससे हम लोग और बहुत सारी एक्टिविटीज को प्रमोट कर सकें, लेकिन को-आपरेटिव बैंक के ऊपर टैक्स लगाया गया है, यह ठीक नहीं है। यह अपने आपमें एक इस तरह का विरोधी कदम है, जिससे यह क्षेत्र उन्नति नहीं कर सकेगा। इस प्रकार से आप महिलाओं को डी-मॉरेलाइज कर रहे हैं कि आप को-आपरेटिव सैक्टर में मत जाइए। इसलिए मेरा निवेदन है कि को-आपरेटिव बैंक्स के ऊपर जो टैक्स लगाया गया है, उसे समाप्त कीजिए।

मेरे और भी बहुत पाइंट हैं, जैसे इन्कम टैक्स के ऊपर रु. 30 हजार का जो स्टैंडर्ड डिडक्शन था, वह भी खत्म कर दिया गया है, इसे दुबारा चालू करना चाहिए। इस प्रकार के अनेक बिन्दु हैं, लेकिन समय की अपनी सीमा है। इसलिए मैं यह महत्वपूर्ण बिन्दु लेते हुए, अपनी बात समाप्त करूंगी कि जो प्राइस राइज है, उसे कंट्रोल करने के लिए निश्चित रूप से वित्त मंत्री जी को कोई न कोई ठोस कदम उठाना चाहिए।

SHRI P. KARUNAKARAN (KASARGOD): Sir, I would like to support the Finance Bill presented by our hon. Finance Minister. We discussed the General Budget in detail.

I share the views expressed by Shri C.K. Chandrappan with regard to tax structure adopted by the Government. The most important issue now-a-days is the price rise, which affects the common man the most. We can say that our growth rate is 9.2 per cent and that there are a large number of millionaires in our country. But it is not possible for the common man to get essential commodities at the cheaper rates. I would request the Government to take some immediate steps as there is no time to lose for the UPA Government. No one will wait, especially when there is an undue delay in implementing the Common Minimum Programme. I would like to say that petroleum and diesel prices have to be reduced again. Otherwise, there will be no relief for the common man.

With regard to Public Distribution System, in Kerala we have sufficient and enough experience to give commodities at cheaper price through the Fair Price Shops. It is sad to say that even we are unable to do that because there is no sufficient allotment of food grains from the Central Government. So, that has to be taken into account.

The NDA Government had taken a number of important commodities from the Essential Commodities Act. That has become really ineffective. So, I would request the Government to make this Act effective in order to take action against the hoarders and black marketeers. It is true that the Government needs resources and revenues for this purpose. The Government should not hesitate to tax the rich. What we see is that the ordinary people are made to bear more and more burden of tax in every Budget. I do not know why the Government is hesitating to take such a strong step, particularly when we say that there are a large number of millionaires in our country.

I would like to speak with regard to some tax measures that have been included in the Budget, especially the ones which adversely affect Kerala. Take, for example, the case of palm oil. The reduction of import duty on palm oil would affect our State. We had raised this issue in this House.

SHRI P. CHIDAMBARAM: You said just now that the prices are going up. The customs duties are reduced. ... *(Interruptions)*

SHRI P. KARUNAKARAN : Of course, it is true that every State has special features and all that. ... *(Interruptions)*

SHRI P. CHIDAMBARAM: Please make up your mind. The customs duties are reduced in order to bring down prices. ... *(Interruptions)*

SHRI P. KARUNAKARAN : As far as Kerala State is concerned, the State produces more coconut and more coconut oil. As a result, we have to suffer. That is the main issue. When the hon. Minister of Finance says that with regard to the import duty on oil, what about the proposal which you have made to reduce the import duty on rubber from 25 per cent to five per cent? ... *(Interruptions)* It has come in the newspapers. It is also mentioned about the reduction of import duty on pepper, tea and coffee. These are all stated by the hon. Ministers. ... *(Interruptions)*

SHRI P. CHIDAMBARAM: You know the provisions in the Finance Bill. What is the use of saying all these things? We are discussing Finance Bill. ... *(Interruptions)*

SHRI P. KARUNAKARAN : Of course, the Finance Bill is connected with the issues that the people face. ... *(Interruptions)*

SHRI P. CHIDAMBARAM: Is there any provision in the Finance Bill? You point that out. How can I answer something appearing in the newspapers? ... *(Interruptions)*

SHRI P. KARUNAKARAN : It is true that the Bill may be passed. But, at the same time, the Government can take the route of Executive Order and after the Parliament Session, they can give some other issues. That is what I am saying. I am not joking. This has come in the newspapers and your Cabinet Ministers have come up with the suggestions. That is why I would like to say all these things.

With regard to some of the measures which the hon. Minister has taken regarding plantation sector, I really welcome because that is beneficial to Kerala. At the same time, some of the other measures which the Government has taken are very dangerous to some industries in Kerala. For example, take the case of bidi sector. The hon. Minister of Finance in the House has said that he follows the Minister of Health and Family Welfare. Of course we can follow the health care as far as the Ministry of Health is concerned. What about the Ministry of Labour? I would like to know whether the Ministry of Labour is in consultation or they are ageing with this.

As you may be aware, not only in Kerala but all over India, there are about 50 lakh workers engaged in the bidi sector. It means that there are about two crore of people depending upon the bidi sector.

Sir, in your Budget Speech it was stated that you have increased tax from Rs.7 to Rs. 11 and Rs. 17 to Rs. 24 for hand-made bidis and machine-made bidis. I would humbly request the Government that they should not really take tax this time because a large number of people are engaged in the bidi sector and 90 per cent of them are women workers. They are getting low wages and still now their employment

opportunities are reducing. It is this time that this tax system is introduced. Not only that, as far as this tax structure is concerned, it is concerned only about the cooperative sector and the Government firms, because there is a provision that below the production of 20 lakh bidis, they are not able to give tax. So the private persons can avoid tax. So I would request the Government to take this issue because it is the issue of the poor and common people in Kerala.

Titanium Corporation is the Government-owned public undertaking in Kerala. It is really running in profit. But nowadays, the State Government has submitted the representation to increase the duty from 12.5 per cent to 15 per cent. It is sad to say that the Government has taken a decision to reduce it from 12 per cent to 10 per cent. That will also affect the public undertaking. So the hon. Minister of Finance would be kind enough to consider this issue because the Government of Kerala has already taken up that issue with the Government.

Sir, this House has passed a resolution and also taken a decision to give 27 per cent reservation to the Other Backward Classes (OBC). I think it is the privilege of the House and it is the landmark in the history of the House that we have given 27 per cent reservation to the OBC section. So the Judiciary has to come to congratulate our Minister as well as to this House because we have taken this issue after 60 years.[\[a21\]](#)

It is sad to say that the Court has taken the decision not to implement it. It is rejected and it is denied. I am really sorry to say this. I am not criticizing the Court. But this House has the right. So, I would request the Government to come out with an appropriate action plan to give the benefits to the poor people. Otherwise, these benefits will not be given to them.

I am concluding with one point. The Sachar Commission has also submitted the report. In regard to my own question, the Government has given the reply saying: "We are considering the suggestions and not taken the decision." In the report itself, it has been stated that the Muslim minorities, in the case of employment and education, are very poor; their status in many States is really below that of the Scheduled Caste and the Scheduled Tribe people. So, I would request the Government to take steps in this regard in the case of their education and employment. The suggestions of the Sachar Commission have to be implemented without any delay.

With these words, I conclude.

SHRI KINJARAPU YERRANNAIDU (SRIKAKULAM): Mr. Chairman, Sir, I want to give some suggestions to the hon. Finance Minister.

At the outset, I would like to say that everybody is happy. We are all happy that the GDP growth in the year 2006-07 was 9.2 per cent. In the last three years of the UPA Government, the average growth rate is 8.6 per cent. For the entire Tenth Plan Period, they have achieved a growth rate of nearly 8 per cent. Our target is 8 per cent. So, growth is taking place. Income is increasing. Even now, everyone is convinced that the 21st Century would belong to Asia, particularly to India and China.

Growth without equity is fruitless. Growth without creating employment is also fruitless. But still there is a huge chunk of population of 250-300 million people who have been categorized as poor according

to our own statistics. In this scenario, we have to take care of these 250-300 million people. They have no access to health, education, basic minimum facilities like housing, sanitation and other issues. So, we have to concentrate on these people. The total workforce in this country in the unorganized sector is 37 crore. Out of this, 99 per cent constitutes the working force of agriculture and industrial sector. The UPA Government is also committed to do something for this unorganized sector people. It wants to make a legislation. It has to give statutory benefits to this unorganized sector. It has not happened as yet.

Regarding tax collection also, in the recent statement given by the Finance Minister, it has been stated that in this year, they have collected Rs.4,70,077 crore which is around Rs.5000 crore more than the RE for the fiscal year. On the one hand, we are increasing our revenue. The GDP growth is also increasing. On the other hand, what has happened in this country? We have so many Centrally-sponsored Schemes. But there is no good delivery mechanism. Even under the SCP, we are providing crores of rupees to the State Governments. They are not implementing those schemes in letter and spirit. They are diverting the funds to the MLAs' Constituency Development Scheme. We are sitting here. We are formulating the schemes. We are sending the money. Ultimately, the stakeholders are not getting the benefit. What has Shri Ashok Lahiri, the Chief Economic Advisor of the Finance Ministry said? The Ninth Plan Document for 1997-2000 said that the amount of money we spend for poverty alleviation - around Rs.40,000 crore - for the last five years, would have given around Rs.8,000 per month per poor family which would be sufficient to buy 3 kilograms of foodgrains everyday. But this has not happened.[\[R22\]](#)

What happened to this money which we have sent to the States? In this year's Budget also, the Finance Minister has talked about monitoring, management and strengthening of the Targeted Public Distribution System. Even for *Sarva Shiksha Abhiyan*, we are imposing 2 per cent cess and for higher education we have put an additional cess of 1 per cent more. So, we are collecting 3 per cent cess from the people as education cess.

I would like to say what happened in Andhra Pradesh. Recently, in the name of *Sarva Shiksha Abhiyan* and District Primary Education Programme, some officials have misappropriated nearly Rs. 70 crore, as per inquiry reports. It came in the Press that some politicians are also involved in this. The Government of India has put a restriction that if a State wants to get the second installment of the money released, the concerned State Government has to send the Utilisation Certificate. I would like to give the example of my State Andhra Pradesh here. I do not know about other States. What have they done? They have drawn the money, they have put in their own accounts, they have sent the Utilisation Certificate and they have drawn the second installment. Now, the CB-CID is investigating into this matter and all those people who are involved in this misappropriation are in jail now. These are things which happen in the States. So, where is the delivery mechanism? The Central Government is allocating money for various schemes and sending the money to the States, but whether that money is properly utilized or not, that is the question. If the funds are not properly spent, how can poverty be eradicated in this country? Even after 60 years of Independence, we are talking about 300 million people not having access to basic facilities. This is shameful.

Sir, in Andhra Pradesh, about 5,000 farmers and weavers have committed suicide in the last three years. We have appointed so many Commissions. A National Commission on Agriculture under the Chairmanship of Dr. M.S. Swaminathan was appointed and that Commission had already submitted 5

reports. I would like to ask a question to the hon. Finance Minister. Everybody is talking about the plight of farmers in this country. If the Government is really interested about the farm sector, why has the Government of India not implemented the recommendations of Dr. Swaminathan Commission? Dr. Swaminathan had recommended that credit should be given to farmers at 4 per cent interest. During the last year, the hon. Finance Minister had reduced the interest by 2 per cent for crop loans. That is not at all sufficient. For buying agricultural implements like tractor, drip irrigation equipment etc., different banks are providing credit at the rate of 10 to 14 per cent interest. If any farmer wants to buy a tractor, he has to pay an interest of 10 to 14 per cent. This is not at all correct. The Government has to immediately implement the recommendations of Dr. Swaminathan Commission. Otherwise, the tragedy of farmers' committing suicide will continue.

The Finance Minister has given a debt relief package to 31 districts in 5 States. I would like to give an example here of what happened in Andhra Pradesh. In the year 2004, the then Government had announced that the interest and overdues would be rescheduled and they had announced a moratorium for 2 years. Under that, it was stated that wherever loans are overdue on 30th June, only those loans would be rescheduled. But by that time, there were no overdues. This moratorium of 2 years was announced by the previous Government. The hon. Chief Minister of Andhra Pradesh is also pursuing this matter with the Government of India. So, in view of the above, I would request that necessary instructions should be issued for inclusion of overdue interest of Rs. 1,662 crore, Rs. 1,294 crore in the cooperative sector and Rs. 368 crore in other commercial banks and regional rural banks, which was postponed in the year 2004 in Andhra Pradesh under the present relief package of waiver of overdue interest for the benefit of farmers. This is pending with the Government of India.

Then, the National Crop Insurance Scheme is also very important. Every year we are talking about this scheme. Even the Standing Committee on Agriculture has recommended that panchayats should be taken as a unit for providing crop insurance to farmers. Then only the farmer will get the benefit. We have to rethink, review and redesign the present scheme. Otherwise, the whole scheme will not give any benefit to farmers in this country. It is seen from the information furnished that in the Kharif season of 2004, 1,26,87,046 farmers were covered under this scheme of whom 12,24,455 farmers benefited.[\[R23\]](#)

Same is the case even in the case of 2005 kharif also. They fixed the area as a unit and out of that area if the yields are less then only they will get the benefit under this scheme. So, my request to the hon. Finance Minister is to put panchayats as a unit. Then, if there is any crop failure, as per the guidelines of the Government of India, the farmer will get the benefit. They are paying premiums, but the returns are nil. They are not getting any benefit from the National Agricultural Insurance Scheme from the agricultural insurance companies of India.

As far as inflation is concerned, on 24th February 2007, it was 6.1 per cent as against 4.2 per cent last year. This is an alarming situation. In the current year, there is an increase in the prices of wheat, pulses, edible oil, food, vegetables and everything. Anyhow, we have failed to control the inflation. That is why the prices are going out of hand.

I may suggest two-three measures to control inflation. Strengthening of the Public Distribution System is the most important measure because we have to distribute so many other commodities to the

poorer sections of the society through the PDS. Then, withdrawal of other essential commodities from future trading is also an important measure to control inflation.

I am now giving one suggestion with regard to setting up of Stabilisation Fund to address changes in the international oil field. We have to create a Stabilisation Fund and as and when there is an intervention, any shortage or a gap between demand and supply, then we have to release it in the market. So, the Government of India should create a Stabilisation Fund.

SHRI K.S. RAO : Price Stabilisation Fund!

SHRI KINJARAPU YERRANNAIDU : Yes, Price Stabilisation Fund. Then only we can control the prices and other things.

These are all my suggestions that I have given. At the time of discussion on Budget also I have given some suggestions in the interest of the poor people in this country, like equity with employment so that there is a proper growth. Otherwise, there is no meaning of growth. Even the growth is only for the 20 per cent people and 80 per cent of the people in this country are not getting the benefits out of this growth. You will have to rethink and reorient your policies, after 60 years of Independence, then only the country will be happy, the poor will be happy. By this growth, everybody should feel happy, otherwise, there is no meaning of this growth. The income and the growth should be disseminated to the poorest of the poor in the country and then only the country will be happy.

SHRI TAPIR GAO (ARUNACHAL EAST): Hon. Chairman Sir, I am happy to participate in this discussion on the Finance Bill.

The House and the countrymen have really got appreciation for the IQ of hon. Finance Minister, Shri Chidambaram and I always praise his IQ that he can really lead the country with economic reforms. It was the expectation of the people of this country once. But today, after three years, the countrymen are facing troubles in their daily lives, so the IQ of our hon. Finance Minister is question marked by the common masses of this country.

Sir, this UPA Government has given stress on three major elements of this country, that is, Agriculture, Education and Health. I really appreciate Shri P. Chidambaram, the hon. Finance Minister, for the stand that he has taken in spite of Shrimati Sonia Gandhi, the hon. Chairperson of UPA, requesting and writing letters to minimize the prices of essential commodities in the country. But he has taken a stand and the outcome of this stand makes the people hungry, make the people cry and this is the situation in this Finance Bill.

As far as taxation on agricultural products and upliftment of agriculture is concerned, what policies have been established by this Government? Even if we demand on the floor of this House, the hon. Finance Minister is not going to re-fix the taxations in the interest of the common people of this country, to help the farmers of this country.

Therefore, I would like to stress upon the way where all these accumulated taxes should meet expenditures. The expenditures are going up in such a way. Last time also, I made a request to the hon. Finance Minister and this UPA Government that this country, the great India, cannot be run with a yardstick of policy for the development of this country. The geographical factors of the country are very much important. Our Hon. Minister of State in the Ministry of Finance is here. I hope, he really understands the geographical pictures of this country.

Let us take the example of cement. The price of cement in Delhi is very low. In Guwahati, a bag of cement costs Rs. 200 to Rs. 220. When it reaches Nagaland, when it goes up to Arunachal Pradesh, its costs reaches to Rs. 350. Without cement and steel, how can he make development in this country? Therefore, it is my humble submission to the Finance Minister in nutshell that to develop the entire country we have to classify the geographical factors of this country, while placing Budgets, and even in taxation also. The coastal areas people cannot be compared with the Himalayan region people. The expenditure is very high in the Himalayan region. Now the UPA Government, specially the Finance Minister is putting one yardstick that governs the desert people, the coastal people, the Himalayan people and the main plateau of this country. Therefore, the importance of this country should be looked through the geographical factors of this country.

Most of the hon. Members have spoken mainly on agriculture. We are shedding crocodile tears in this august House. The farmers are committing suicides. They are dying out of hunger. Until and unless this country makes a separate agricultural budget, we are not going to solve the agricultural problem of this country. Like Railway Budget, this country needs a separate agricultural budget really to help and uplift the farmers of this country. Therefore, it is again my humble submission to the Finance Minister to make a special budget for agriculture in the near future for this country.

Now I come to education. A lot of importance has been given to education by the UPA Government. We cannot compare the Delhi educational system with that of Himachal Pradesh. We cannot compare the infrastructure of schools in Delhi with that of schools in North Eastern Region. There are many primary schools where there are two class rooms and where five classes are taking place. This is the importance given by the UPA Government to education. Therefore, I would request the Finance Minister to look into this field. You have launched *Sarv Shiksha Abhiyan* etc. Without education the society and the country cannot develop. If the UPA Government is giving lot of importance to education, then it needs to look very seriously that where there are two class rooms and where there are five classes there, how the children are getting education in the Himalayan region? Therefore, I would like to draw the attention of the hon. Minister to see that in such places we have to take care of the educational system. So, you have given importance to *Sarv Shiksha Abhiyan*.

As far as health is concerned, you will be surprised to know that there are many health units without doctors in the interior places. There are many health units where there are no medicines. There are lot of health units all over the country in the interior places which are without any facility. If the UPA Government is giving importance to agriculture, education and health, the same mechanism should be spread to the interior places so that the common masses can also get the benefit of medical facility of the Government of India.

A very important point is about mid-day me[[r24](#)]als.

14.00 hrs.

I am really happy that the Finance Minister has given a lot of importance to education. Let us take the North Eastern Region and in particular my State, Arunachal Pradesh. Children are enquiring from us as to what the Mid-day Meal Scheme is. For years together, children have been given any kind of food as prescribed by the Government of India in the interior States like Arunachal Pradesh. So, if you are putting a lot of taxes for the development of this country and for the development of the citizens, you have to look into the Mid-day Meal Scheme especially, and there should be a mechanism so that it reaches the interior places in the country. Otherwise, children would enquire from us as to what the Mid-day Meal Scheme is.

We have got the North East Council. In the Tenth Plan, a sum of Rs. 3,500 crore had been earmarked for the North East Council, and at the end of the Tenth Plan, a sum of Rs. 889 crore had been lapsed. Now, we are in the Eleventh Plan. Last time also I made a request to the Finance Minister to kindly carry forward the lapsed amount of Rs. 889 crore in the Eleventh Plan. And how the Government is looking towards the North Eastern Region is a question mark now. ... (*Interruptions*)

MR. CHAIRMAN : Please conclude now.

SHRI TAPIR GAO : Sir, I now come to the Look East Policy. A huge collection of taxes is being made for the development of this country. Where is the Look East Policy? Where is the border trade policy? Where from you are going to have border trades from the North Eastern Region towards the South East Asian countries? Therefore, when a huge collection of taxes from the common people has been made for the development of this country, why can you not see that the Look East Policy is implemented in the North Eastern Region for connecting the South East Asian countries? ... (*Interruptions*)

MR. CHAIRMAN: Please conclude now.

SHRI TAPIR GAO : Sir, if you permit me, I will make one more point.

MR. CHAIRMAN: Please conclude with one more point.

SHRI TAPIR GAO : Sir, tourism has been given a lot of importance in the North Eastern Region. Will the hon. Finance Minister and also the Tourism Minister look into the obstacle that the North Eastern Region is facing now? The obstacle for the development of tourism for the foreign tourists in the North Eastern Region is in getting the restricted area permit (RAP). If any foreign tourist has to visit the North East, then he has to obtain the restricted area permit from the Home Ministry. It takes about 15 days to one month. This is the problem which a foreign tourist faces and the Government has to look into it and remove this obstacle. Only then, the North East will be developed.

Now, I come to my last point, that is about the Minimum Support Price. The agricultural farmers in the North Eastern Region have not been given the Minimum Support Price not even to a single specified crop. Therefore, I would like to conclude by making a request that the North East Region of this country should also be developed by implementing the Look East Policy so that we can join the mainstream.

With these words, I really look forward the hon. Finance Minister to look towards the North East.

MR. CHAIRMAN: Now, Shri Adhir Chowdhury. Please cooperate with the Chair and try to conclude your speech within the time allotted to you.

SHRI ADHIR CHOWDHURY (BERHAMPORE, WEST BENGAL): Mr. Chairman, Sir, I rise to support the Finance Bill presented by our dexterous Finance Minister, Shri Chidambaram ji in order to give effect to the financial proposal for the next financial year including the provision for a supplementary financial proposal as and when it will be required including the exigencies.

Sir, it is in consonance with the declaration under the Provisional Collection of Taxes Act, 1931. In Economics, we have to pierce the veil of monetary flows to understand the flow of resources. The Government has announced a plethora of public programmes. The Government requires funds to defray the expenditure, and funds are to be stemmed from the taxation of the nation's households.[\[R25\]](#)

According to Justice Holm, taxes are what we pay for civilized economy. Taxation is such a key vehicle by which we can transfer our real resources from private goods to collective goods. Therefore, a Government cannot be run without imposing taxation.

But one of the most important salient features of this Government's policy is that the Finance Minister has struck a balance between the announcements under the NCMP and exercising the austerity to fulfill the commitment under the Fiscal Responsibility and Budget Management Act. So, it is a very ticklish job, and our Finance Minister has been performing this strenuous job in a very, very competent manner.

Sir, there is no gainsaying in it that our economy has been growing in a phenomenal way. Already savings rate has been registered at 32.4 per cent of our GDP while investment has been registered at 33.8 per cent of our GDP where incremental capital output ratio has been registered at four per cent. Naturally, it implies the potential strength of our economy. But still inflation acts as the trigger in the woodpile. Inflation has been playing a dirty game in our economy.

Therefore, the Finance Minister has intended to curb the inflation by way of various measures. As an anti-inflationary measure, the Finance Bill has proposed the reduction of peak rate for non-agricultural products from 12.5 per cent to 10 per cent to make it comparable with East Asian Ratio. Again, duties of some essential consumer goods including food items and intermediaries have been reduced. In addition to it, the Government has also reduced the duties on imported items, which are needed for current consumption. As a measure to curb the inflation, the Government has banned the Futures Trading on staple wheat and rice in all the Commodity Exchanges.

Sir, it is very encouraging to note that this is the first time that the share of Direct Taxes is tipped to be five per cent while in major developing countries it hovers around six per cent to seven per cent of the GDP. In India, while Personal Income Tax is registered 1.9 per cent of the GDP, the Corporate Tax registered 3.2 per cent of the GDP. Direct Tax comprised 19.1 per cent of the Central Tax in 1990-91. Now, it is 47.6 per cent.

Service Tax has been grown in a phenomenal manner to the tune of 54 per cent. For industry, it is 27 per cent. However, agriculture is still registering a break margin of 2.3 per cent.

Sir, another salient feature of the Finance Bill is that the Government is laying special emphasis on the revenue productivity of our tax system so that we can keep up the sustained increase in revenue. The Government is trying hard to minimize distortions and creating nationwide market. The revenue productivity in Service Tax has been done due to extension in the coverage of service under the tax. However, still Railway fares and freights are excluded from the Service Tax.

There has been a spectacular improvement in the revenue productivity of Direct Taxes since 2001-02, which is glaring.[\[r26\]](#)

Revenue from direct tax has increased at an annual average rate of 26.6 per cent due to good performance of personal income tax and corporate tax. The personal income tax has registered a growth of 20.6 per cent now, while the corporate tax has registered 31.4 per cent. During 2001-02, the share of direct taxes was less than 35 per cent of the total tax revenue but in 2006-07, it has steadily increased to the tune of 50 per cent. Already important initiative has been undertaken in reforming the tax administration. Competent tax administration is a vital ingredient for tax revenue productivity. Here, the Government has entrusted the Tax Information Network to the National Security Depository. It is a very, very significant step. That has been reflected in the increasing revenue productivity.

However, in so far as excise duty is concerned, here I think the information system has not been developed as desired. I do not know what the reason behind this. The Ministers are here. They will be well-equipped to answer this.

Sir, this year direct tax has been estimated to the tune of Rs.2,67,175 crore as against Rs.2,29,007 crore estimated to be collected in 2006-2007. The individual tax payers are voluntarily complying with our tax structure because the taxes are moderate. Now, all the tax payers are happy to pay their taxes. Therefore, the tax network has been widening year after year under this Government. It is widely believed that our tax system has been organized under two principles. On the one hand, it is based on benefit principle and on the other hand it is their ability to pay principle. Therefore, the core issue is that income earned from higher income groups is to be diverted in order to increase the income and the consumption level of the poorer sections.

I would like to draw the attention of the Minister to Section 40A(3) of Income Tax Law. Section 40A(3) provides for disallowance of 20 per cent of expenditure including purchases, if the payment for the same in excess of Rs.20,000 is made with other than by means of crossed cheque or crossed drafts. The Taxation Laws (Amendment) Act, 2006 had modified the requirement with effect from 13th July, 2006, stipulation that crossed cheque or account payee cheque or account payee draft should substitute crossed draft. The Finance Bill, 2007 would now hike the disallowance to 100 per cent. Here lies the problem because it may further be noted that the provision under Section 40A(3) is single way traffic with no

sanctions on the sellers to accept cash exceeding Rs.20,000. Here, it appears a serious mismatch because both the sellers and the purchasers should be treated equally because it is the basic principle of any taxation and that should be followed.

I would like to give two or three suggestions. Please allow me.

MR. CHAIRMAN : Time is over. Please conclude.

SHRI ADHIR CHOWDHURY : We are aware that NREGA programme is a very popular programme in our country. Under the NREGA, this year allocation has been made to the tune of Rs.12,000 crore. Last year it was around Rs.11,300 crore, denoting an increase of 6.2 per cent. However, the scheme has been expanded from 200 districts to 330 districts, that means, there has been an increase of 65 per cent.[\[MSOffice27\]](#)

Sir, here the Government should give special importance to the NREGS programme so that on the excuse of demand-driven fund, the NREGS programme should not be diluted.

Sir, we know that in India, in a number of States and in a number of districts, industrialisation has taken place, but still we are a country where 200 districts have been recognised as backward districts and where 25 regions have been recognised as backward regions. So, while industrialisation is going to mature in some pockets of our country, the vast areas of our country have remained industrially untouchables.

In so far as sick industries are concerned, I would suggest to the Government that those who are eager to set up new industries and those who are eager to revive sick industries, they should be given proper incentives. This is still a country where more than 60 per cent people are eking out their livelihood from agriculture sector in terms of jute, in terms of milk and in terms of tea. The Government should take special care so that lakhs of people who are earning their livelihood from this sector should be given proper treatment.

So far as Special Economic Zone is concerned, Sir, you are also aware that there is a severe brouhaha, there is a severe hue and cry arising out from the setting up of SEZs. Already Nandigram in West Bengal has become a focal point where the State Government had resorted to a coercive policy to acquire land from the farmers. Special Economic zone is an economic programme. So, all the sections of our society should be taken into confidence before setting up any SEZ. By doing that, we can avoid the bloodshed, the mayhem and the violence. Still Nandigram has been seething under violence and rapes have been continuing and murders have been continuing.

In so far as silk is concerned. ... *(Interruptions)*

MR. CHAIRMAN : Please conclude.

... *(Interruptions)*

SHRI ADHIR CHOWDHURY : Sir, it is in regard to SEZ. ... *(Interruptions)*

MR. CHAIRMAN: My dear friend, you please conclude. We have to finish the Finance Bill today.

... *(Interruptions)*

SHRI ADHIR CHOWDHURY : Sir, I would suggest to the hon. Minister that if any individual, any NRI or an industrial institution is eager to rehabilitate the physically challenged people and the visually challenged people, they should be given a rebate on their income tax.

Sir, the economic programme of the UPA Government, the caravan of our economic programme has been marching ahead, come what may in the way of our progress.

श्री धर्मेन्द्र प्रधान (देवगढ़): मैं आपके माध्यम से दो-तीन सुझाव माननीय वित्त मंत्री जी के सामने रखना चाहता हूँ। अच्छा होगा कि जब वे उत्तर दें तो इन सुझावों पर प्रकाश डालें। बजट अभिभाषण में माननीय मंत्री जी ने देश की खनिज संपदा विशोकर आयरन ओर और क्रोमाइट, इन दो आइटमों पर ड्यूटी लगाई थी। क्रोमाइट पर प्रतिटन, जो एक्सपोर्ट होगा, उस पर 3000 रुपए और आयरन ओर पर 200 रुपए ड्यूटी लगाई थी। हम इसे सही कदम मानते हैं। देश की खनिज संपदा विशोकर आयरन, क्रोमाइट या बॉक्साइट लगभग 60 प्रतिशत विदेश जाता है, वहां से वैल्यू एडेड होता है और फिर हमारे देश में रियूटिलाइज होता है। सरकार ने देर से ही सही लेकिन सही कदम उठाया, धीरे-धीरे इस पर रोक लगाने के लिए अच्छा कदम उठाया। लेकिन उसमें हमारे दो सुझाव हैं। अभी-अभी कुछ सूचना मिली है कि सरकार माइनिंग लॉबी के दबाव में आकर उस पर कुछ क्वान्टिफाई करना चाहती है, आयरन का ग्रेडेशन करना चाहती है। हमारा कहना है कि सरकार को ऐसा नहीं करना चाहिए। यदि आप ऐसा नहीं करने वाले हैं तो अच्छा है। लेकिन अगर अंदर आपकी कुछ प्लानिंग है तो यह अच्छा नहीं होगा। आपने अच्छा काम किया है, इसलिए उसमें फिर कंप्यूजन पैदा मत करो। किसी लॉबी के वेस्टिड इनटरैस्ट के दबाव में यह डाइल्यूट नहीं होना चाहिए।

दूसरी बात मैं कहना चाहता हूँ कि जो सारी ड्यूटीज आप इकट्ठी करेंगे, यह प्रदेशों की सम्पत्ति है, केन्द्र सरकार की उसमें कोई भूमिका नहीं है। प्रदेश उसका एनवॉयरनमैन्टल बर्डन लेता है। प्रदेश उसके सारे झमेले लैन्ड एक्वूजिशन से लेकर लॉ एंड ऑर्डर आदि की प्रॉब्लम झेलता है। क्या भारत सरकार उसकी चिंता कर सकती है। क्रोमाइट और आयरन पर 90 प्रतिशत ड्यूटी असैस करके ज्यादा लाभ वह प्रदेश लेने वाला है, जिस प्रदेश से मैं आता हूँ। विशोकर भारत के तीन-चार गरीब प्रदेश जैसे उड़ीसा, झारखंड, छत्तीसगढ़, मध्य प्रदेश या कर्नाटक उसका लाभ ले सकते हैं। प्रोड्यूसिंग स्टेट को इसका लाभ मिलना चाहिए। ये स्पेसिफिक सुझाव मैं आपके माध्यम से केन्द्र सरकार के सामने लाना चाहता हूँ कि जो ड्यूटी आप इकट्ठी करने वाले हो, उसका 90 प्रतिशत आपको प्रोड्यूसिंग स्टेट को देना चाहिए।

दूसरा सुझाव मैं देना चाहता हूँ कि कई सालों से माइनिंग आइटम्स की स्टेचुटरी रॉयल्टी बढ़नी चाहिए। संघीय व्यवस्था में हम सभी विश्वास करते हैं। लेकिन संघीय व्यवस्था की आड़ में प्रदेशों की अर्थ नीतिक अपेक्षा को दबाना लम्बे समय तक जायज नहीं है। जो कमायेगा, जो जहां से उपजायेगा, भगवान ने, प्रकृति ने जिसे जहां दिया है, अगर वहां के लोग गरीबी में रहते हैं तो उसका संतुलन ठीक नहीं रहेगा। अगर हम इसे एक मैच्योर डेमोक्रेसी कहते हैं तो उसमें एक समय पर बैलेन्स डवलपमेंट के लिए इसका संतुलित वितरण भी होना चाहिए। काफी दिनों से विशोकर कोयला के बारे में हम कहना चाहते हैं कि रॉयल्टी का रिवीजन आपने नहीं किया है। आज इस फाइनेन्स बिल की चर्चा की आड़ में हम आपके समक्ष मांग रखना चाहते हैं कि क्या आप कोयले की रॉयल्टी का रिवीजन करेंगे? क्या उसका एक समय निर्धारित रिवीजन हो सकता है? अगर ऐसा हो सकता है तो प्रोड्यूसिंग स्टेट को लाभ मिल सकता है। आपके माध्यम से इन्हीं दो-तीन सुझावों को रखते हुए मैं इस ओर सरकार का ध्यान आकृष्ट करता हूँ।

SHRI KIRIP CHALIHA (GUWAHATI): Sir, thank you for giving me this opportunity to speak on the Finance Bill. Sir, I would also like to raise only six or seven specific points relating to the North-East and not so much all India-specific.

I must start with price rise. Price rise, unfortunately, has been a matter of concern for all of us in the House because there has been an all India rise in the Price Index. The Finance Ministry is expected to be the nodal Ministry tackling price rise. Unfortunately, certain events took place on which even the Finance Ministry may not have any control. For example, price rise in the North-East has taken place also partly because the six per cent rebate, that was given by the Railway Ministry for the food grains that came into the North-East and the products that came out of the North-East, has been withdrawn. As a result of the withdrawal of this rebate on railway freight, there has been a huge price rise, about 30 per cent price rise in the North-East. That is one aspect which the Finance Minister has to co-ordinate with the Railway Ministry.

Similarly, various other speakers have also talked about the relief that has to be given to the North-East and also North Bengal on the tea industry. Tea industry in Bengal and North-East, especially Assam and Tripura, employs a huge tea labour population who are totally dependent upon tea industry for their livelihood. Unfortunately, for a number of reasons, the tea industry is gradually at a decline and there have been a number of sick tea gardens. Many tea industries have virtually got closed, leading to acute unemployment.[\[s28\]](#)

Now, they need a special package. It is true that the Commerce Ministry is trying to give a number of reliefs but I still feel that full-scale relief will not be given unless we go in for a special package for the revival of the tea industry in the North-East.

We must also concentrate on agriculture in the North-East. A package has been announced for Uttarakhand in which a lot of subsidy is given to the agriculturists for changing of their crop pattern, for going in for alternate croppings in a year. This scheme is becoming highly beneficial to the farmers of Uttarakhand. I would like to request the hon. Finance Minister to take it up with the Agriculture Minister and sanction something substantial so that that kind of a scheme can be implemented in the North-East also.

I would like to supplement some of the things which have been raised by my friends from the North-East, who talked about looking into the financial arrangements, not only from an all-India point of view but also from a North-East-specific or South-specific or regional-specific point of view because there are problems which may acquire a particular kind of proportion in Delhi, in the Metros, in Mumbai, in Chennai or in Kolkata, which may have a different dimension in the North-East. I would just point out one small point.

Housing in North-East - we have about 10 per cent *pucca* houses, about 15 per cent tin houses. Without the growth of the housing sector in those places, to talk about development and bringing them at par with the rest of the country becomes a pipedream. Unfortunately housing sector in Metros have shown certain trends due to which the Centre has to go in for a certain amount of reduction of benefits. This reduction has been given and this is also a welcome thing. I think, it is a right kind of thing to see that housing prices, with high increases that is taking place in the housing sector in the Metros, get reduced. But that affects the North-East very adversely. That is why, we feel that while we are increasing the interest rates

on housing sector, in Metros or in the rest of the country to see that housing sector grows properly, subsidy might again become necessary, specially in the North-East.

Related to this, I would just point out how one or two tax exemptions or measures tend to become counter-productive in the North-East. I give a specific example of cement. Excise duty for cement has been increased up to Rs.600. For the cement that comes from the rest of the country, Madhya Pradesh or Rajasthan to the North-East, since excise duty has been increased to Rs.600, the prices of cement has increased in the North-East. Prices of cement of the factories, which are in the heart of the country, have increased. Now, the Finance Minister has increased the Central Excise for those cement factories where the MRP is Rs.190 or Rs.195 or something like that. In the North-East, for example in Assam itself, we have factories which are producing and selling cement below Rs.190 because of increase of excise duty to Rs.600. They have increased the cement prices, and today, cement prices of all those cements which are produced locally in the North-East has become about Rs.225 at par with the cement production factories who are charging Rs.225 from the rest of the country. The cost of transportation is added as a result cement prices have increased. Those industries which are based in Assam - because of the North-East Industrial Policy benefits, get an exemption of the excise duty; they get reimbursement of this excise duty as a result what is happening? This excess profit which the cement factory owners are earning; they get reimbursement. They are earning huge profits in the form of tax benefits but for a common man the cement price remains Rs.225 or Rs.230. If the intended benefits of tax exemptions and tax benefits goes only to the industrialists and not to the common people, then, it becomes a matter of serious concern.

I would like the Finance Ministry to see that some kind of balance is maintained so that the tax or the excise benefits go to the common man and not to the industrialists. Unfortunately, the industrialists are getting these benefits and inflation is on the rise. I think the Finance Minister has to give a very serious consideration on this aspect.

I would suggest that there should perhaps be certain concessions or transport subsidy for the cement coming to North-east from other factories and for the cement that is produced within North-east the prices should not be increased beyond Rs.190 or Rs.195. Some limit should be fixed. Poor people are not getting any relief. There is an illustrious case of similar benefits being accrued to an unscrupulous business house.

I come to the specific case of 'Pan Masala'. Huge concessions are being given to the Pan Masala products, with or without tobacco, as per the old 1997 Industrial Policy for North-east. You will be shocked to know that pan masala with tobacco is a carcinogenic product and encourages cancer. North-east is a cancer prone area. The Government at that time initially gave concession and excluded pan masala with tobacco from the concession. Suddenly, overnight the then Government opposed its own stand, which was also placed to the High Court. I smell a scam in the decision of the last Ministry. I will just quote the stand of the Government at that time. The Government itself said:

“That a thorough review was undertaken sometime in the last quarter of 2000 in relation to the operation of exemption with respect to products like cigarette and other tobacco related products and it was decided that the unintended benefit flowing to this kind of manufacturers was thoroughly disproportionate to the benefits which the State would get from this fiscal revenue foregone by the Centre. It was, therefore, decided in public interest to discontinue forthwith this exemption which has completely distorted the entire working of this industry.

The said notification has been issued in public interest and specifically withdraws benefits granted to tobacco and tobacco products.

It would be relevant to state that several factors have been taken into account to advance public interest particularly since tobacco products apart from being injurious to public health it was found that the units set up did not generate necessary employment as anticipated.”

Sir, the industries did not generate employment. It led to health hazards and that is why the Government took a stand that these benefits should be withdrawn. Most mischievously, the BJP Government once again allowed these benefits to be given to these unscrupulous industries. Sir, there is a definite scam in this and as a result these industries got tax benefits to the tune of thousands of crores. You will be shocked to know that these industries of pan masala, with or without tobacco, got subsidy and tax benefits on the plea that they are given the tax benefits again so that they can utilize their demurrage money for the development of North-east States by having new industries. New industries that were supposed to have been developed by them again became pan masala industries. You will be shocked to know that these industries did not generate employment for more than 100 people. In reality they did only packaging. In some cases it has come to light that they simply wrote ‘Made in Assam’ so that they could get the benefit and as a result there has been a huge tax fraud of Rs. Rs.2000 crore. This money, which is Government’s money, which has been given to the Escrow [\[R29\]](#)account, should be withdrawn.

I am sure the Finance Minister knows the details of this case. He has taken a very right step by withdrawing the benefits to the *pan masala* with or without tobacco. We know that the money has gone out of Assam and North East to banks in Zurich. So, steps have to be taken to recover that money. This money can be utilized for the benefit of the people.

MR. CHAIRMAN : Please conclude. If you do not cooperate, how can we finish the business.

SHRI KIRIP CHALIHA : Sir, Mr. Chidambaram is one of the ablest Finance Ministers. He has been managing the economy very well. The statistics show that we are doing extremely well. But when the pioneer of economic reforms and the person whom I consider to be the father of economic liberalization with humane face says that there is a growth of crony capitalism, we have to rise to the occasion and think what is happening. I am of the very firm opinion that some of the capitalists and big business houses are getting top position in the world but they do not do anything for the common people. The big business houses which fight for petty crores among their families, among brothers, among fathers and sons, nobody would believe that they will do something for the poor and teeming millions who are living below the poverty line in this country. I hope the Finance Minister will address these issues and take heart in what the Prime Minister is saying.

PROF. M. RAMADASS (PONDICHERRY): Sir, I rise to support the Finance Bill, 2007 moved by the hon. Finance Minister to give effect to the financial proposals of the Central Government for the financial year, 2007-08.

When we discuss the Finance Bill, we should know that the Finance Bill consists of various amendments relating to taxation proposals of the Government. One can elaborate and elucidate the various issues relating to the Budget but a Finance Bill confines only to the taxation issues and proposals of the Government of India. Now in this respect, I see in this Finance Bill, 132 amendments made to the various taxation laws including the Income Tax laws, Wealth Tax, Custom Duties, Excise, Service Tax and miscellaneous taxes. Now there are more merits in these amendments than the shortcomings and therefore I would commend this Finance Bill as one which tries to ensure economic growth in this country with equity.

As we know, this Finance Bill is a continuation of the various financial proposals that the UPA Government has introduced in the last three years. Now consequent to these financial proposals, we have been able to create a healthy tax system in the country and we should all appreciate the hon. Finance Minister for bringing about a number of tax reforms consistent with the requirement of economic reforms in this country. For example, he has reduced the rates of various taxes both on direct as well as indirect side and he has also thereby ensured tax compliance in the country. People used to say that the proof of the pudding is in the eating. Now as a result of comprehensive measures that the Finance Minister has brought, today there is a zooming up of revenues in the country. Now gross tax revenue, for example, in the country has grown by 19.9 per cent, 20 per cent and 27.8 per cent in the first three years. The tax to GDP ratio has increased from 9.2 in 2003-04 to 11.4 in 2006-07. Six years ago, in 2001-02 tax revenue net of States was only Rs.1,33,532 crore but in 2007-08, the estimated tax receipts are Rs.44,03,877 crore.[\[R30\]](#)

Never in the history of the Finance Ministry of India we could see such a buoyancy in the revenue. This buoyancy in revenue is a result of various innovative measures that this Government has taken.

The UPA Government, when it assumed office three years ago, promised two to three importance reforms on the tax side. The UPA Government had promised that tax rates will be stable and conducive to growth, compliance and investment. Therefore, the UPA Government identified four objectives of taxation as well as financial measures of the Government. When we look at the historical past of the last three years we are able to see that the UPA Government has fulfilled its promise to the nation. For example, tax rates in the country, when we take a 20 years study, you could see frequent changes in the tax rates, like in the first year it would be, say, 25 per cent, the next year it could be 40 to 45 per cent and the year next it could even decrease. There were a lot of fluctuations in the previous years. But now, in the last three years, the rates have been kept at a stable rate and wherever the rates have been high, they were brought down and therefore, stability in the tax system has been ensured.

The second objective of the tax reform has been that a tax must induce a system of growth in the country. You would agree that in the last three years, the UPA Government has been able to move up the growth rate from 7.5 per cent to 9.2 per cent and especially the manufacturing sector, which has been clamouring for consistency, which has been clamouring for stable rates as well as moderate rates, has responded positively to the tax system in the country. Therefore, the manufacturing sector has grown at an unprecedented rate of 13.3 per cent in the last few years and the service sector has been growing at a higher rate, as a result this year we could get an unprecedented growth rate of 9.2 per cent which is the result of the positive tax policy being followed by this Government. Moreover, lower and stable rates have been able to ensure compliance on the part of the taxpayers. There is no more tendency on the part of the taxpayers either to evade tax or avoid tax and the degree of tax evasion and avoidance has been coming down and the number

of taxpayers in the fold of tax system has also increased. Finally, the tax rates have increased the propensity to save as well as invest as a result of which the investment in the country today is about 33.8 per cent of GDP. These are all positive aspects which we see in the Finance Bill.

More than that this Finance Bill has been prepared in consonance with the Fiscal Responsibility Act. Many of the taxes that we fixed in the Fiscal Responsibility Act have been complied in the Finance Bill. It is also consistent with the measures of tax reform suggested by the Kelkar Committee. Therefore, on a comprehensive view we can say that this Finance Bill fits well within the system of taxes that we have embarked upon.

One of the important merits of the Finance Bill relates to clause VI which says that in case of disaster relief we used to impose tax, but now the Finance Bill exempts these from tax and this will benefit the persons who have suffered on account of natural calamities. Another merit of this Bill is that the tax on dividend distribution of Money Market Fund and Liquidity Fund has been raised from 12.5 per cent to 25 per cent; on bank deposit the income tax is at the marginal tax rate, therefore the tax structure incentivised investment in Mutual Fund rather than in bank deposit for high networked individuals and companies. This proposal is a move towards a level playing field ground between Money Market Fund for raising deposits and the units.

On the negative side in the Finance Bill I could see that the Banking Cash Transaction Tax may be reviewed by the Finance Minister because of withdrawal of money from the banks is not an income subject to qualifying for income tax. Moreover, the process is very cumbersome and if anyone wants to avoid tax and take it to black account etc. he can do that even now. It is because if a person has four accounts in four different banks and if he withdraws Rs. 45,000 from each bank in one day, then he could get Rs. 2,00,000 without paying any tax. Therefore, apart from creating inefficiency it also will induce a lot of cumbersome procedure, which may therefore be reviewed. [\[R31\]](#)

When we come to customs and excise duties, two important recommendations were given by the Kelkar Committee. One is, the number of slabs have to be reduced to three but we still find a large number of slabs which give a lot of discretion to the officers who are imposing taxes. Therefore, I would request the hon. Finance Minister to still think on innovative lines to reduce the slabs from the existing five or six slabs to three slabs.

The second recommendation of the Kelkar Committee is that we must progressively move from specific rates to *ad valorem* duties. But we find, by the proposal in the Finance Bill, that we are moving more towards specific rates rather than *ad valorem* duties. I can give two examples here. Export duty has been imposed on iron ore which concentrates at Rs. 300 per tonne and chromium ores which concentrates at Rs. 2000 per tonne. Coming to dual rates of excise duty on cement, the duty was Rs. 400 per tonne earlier and now, it will be Rs. 350, the retail price is less than Rs. 190 per bag and Rs. 600, if MRP is above Rs. 190 per bag.

With regard to petroleum products, it would be better in the interest of revenue augmentation that the Government goes more towards specific rates rather than *ad valorem* duties although the rate has been reduced which will induce a sense of price moderation. But if you are going for *ad valorem* duties, then revenue fluctuation will be very high whenever international prices increase. Therefore, we should move

more towards specific rates than *ad valorem* duties. These are the shortcomings which I find in the Finance Bill but, having said, I should also include two issues pertaining to my Union Territory which are lingering in our minds and which, of course, have not evoked a positive response from the Finance Minister.

One issue is with regard to the B-II city status to Puducherry. The Ministry of Home Affairs and all others have recommended that Puducherry, with so much of dynamism, should be granted B-II status. But it is still remaining as the 'C' Class city which status is enjoyed by a village in the Andaman and Nicobar Islands. A village in the A&N Islands is treated as equivalent to a dynamic city of Puducherry. It is the capital city and I hope that the Ministry of Finance will be able to give an honorary exemption to Puducherry by elevating its status from 'C' to B-II .

Finally, the Government should also think of devolving resources to Puducherry on the basis of devolution of powers suggested by the Twelfth Finance Commission. Right now, the Union Territory of Puducherry is not entitled to transfer of grants or resources from the Finance Commission. This should be done by the Finance Minister.

With these few proposals, I commend the Finance Bill.

SHRI TATHAGATA SATPATHY (DHENKANAL): Sir, I thank you for giving me this opportunity to speak today.

Our Constitution says that we are supposed to be a democratic and socialistic nation. The country is committed to it. People sitting on that part of the House always criticize on India shining. But it is time for us to be honest with ourselves. When we tour our constituencies, we see how the common man, the poor man is completely depleted, suppressed and crushed by the soaring inflation in India today. There is acute shortage of drinking water. People do not get food twice a day and here, we are sitting in this air-conditioned ensconced House. And we are all helping in creating a compartmentalized society in India.

Sir, you are a part of the Left, you are our guide and you should be leading the light. But, unfortunately, that is not happening. I would like to know whether this year's Budget or even this Finance Bill on taxation is actually aiming to achieving an end where the benefits go down to the common [\[MSOffice32\]](#)man.

We talk about eight per cent and nine per cent growth in GDP. Does it reflect in the collection of taxes? I have my doubts. The Finance Minister is supposed to be very able. But if we see in reality, it is during these past three years the inflation has broken the back of the common man of India. On the one hand, it is claimed that our tax collection machinery is supposed to be one of the most cost effective, thereby implying that it is one of the most efficient machineries. On the other hand, the Prime Minister is constantly hammering on administrative reforms. So, this innate differences of opinion between the two top men of the Government shows that nobody actually knows what is happening in this country. Nobody is aware of what is happening. Everybody is floating in thin air. That is why the common man today is suffering.

As a Government, you have not made paying taxes an attractive proposition. The tax payer in this country is treated as a criminal. You have not given him benefits which will make people come forward to pay tax, whether for the individuals or for the corporates. We are levying taxes, duties, cess, etc. on services and on products which eventually boils down that the common men on the streets have to pay for whatever fancy takes this Government. The poor man is simply stumped by inflation and price rise.

This Government claims that they want to remove inspector raj, which is a very good idea. I would like to know how many common people are really affected by the inspector raj. Which inspector visits your home or my home? They do not. So, who were the inspectors visiting? They were visiting the rich, the mighty, and the industrialists. Now, you want to remove that, which was a small check. Howsoever perverted the check might have been, it was a small check to ensure that quality is guaranteed to the common man in things like services and products. You are hammering on that to break it down. Instead you are creating a corporate raj. You are helping them to build their own domain. Therefore, you have big industrialists eulogizing the activities of this Government. It is but obvious that they will eulogize this Government. Nobody can doubt it.

Since, you have, at the very beginning told that my time is limited, I would just focus on what is happening in my State, Orissa. We export iron ore. We were mostly exporting fines. It was a good news that the Finance Minister had thought it fit to levy Rs. 300 per tonne on export of iron ore. Had we not allowed export of iron ore to Japan in the fifties and sixties, Japan would have been compelled to set up steel plants in India, whereby you would have had automobile and other ancillary industries coming up in India from the fifties and sixties itself, when people were more open to development.

Today, you have Nandigram or other places coming up. ... (*Interruptions*) You have Nandigram and other instances happening which are burning the fingers of the people everywhere. I am not speaking against any Government or any ideology. I am trying to say that when people are seeing alternatives, the Government is becoming regressive. The Government is not trying to see what alternative plans could be thought of.

There are snide remarks in the market that once this iron ore export tax was levied, people went to Hong Kong, sat there, did deals and came back. Now, we see that the Government is claiming that there will be gradation and on the basis of gradation of iron ore, taxes will be levied. This stinks – I would not say smells – of corruption. The Government should be transparent. They should not get into this kind of murky deal. When they charge Rs. 300, let them stick to Rs. 300 because exporters earn nothing less than Rs. 6,000 to Rs. 8,000 as profit from a tonne of iron ore.[\[MSOffice33\]](#)

So you tax them and give 50 per cent to the States. This is the Federal set up. You take 50 per cent. Please be honest to people and be transparent to people. Do not sit in an air-conditioned hall and claim that we are thinking of the 'aam admi'. If you are actually thinking of the *aam admi*, if you are concerned for the poor, come out openly and spell out your policies and do not kill them with a back hand.

SHRI BALASAHEB VIKHE PATIL (KOPERGAON): Sir, I rise to support Bill. I have just four or five suggestions and within five minutes I will try to finish my speech.

The first thing is about SEZ. There is no need to give tax concessions to the SEZ as far as tax concessions are concerned. I will humbly submit that the water resources and power resources should build on their own. The water resources and power resources are built for the farmers. If slowly all the power and water go to the SEZ, then the entire rural India will become dry and will be in the dark.

Secondly, the great Scientist of India, who is honoured internationally, Shri M.S. Swaminathan, suggested that the SEZ should be in the field of agriculture also. I will appeal to the hon. Minister for the same concessions or to give more concessions because agriculture growth is declining and investment is declining. So what is the harm to give SEZ in agriculture? Yale, one of the Universities in America, there is one research paper three months before, which was published in India also. Everything is done under the name of rural people/ rural area and farmers. Reservoir, electricity, roads and other constructions are done under the name of rural, but the rural people are becoming poorer and poorer and there is no investment in the rural areas and only urban people and elites are getting the benefits. So how can we change this thing? It is because day-by-day the indirect taxes are growing up, which has gone to 52 per cent and direct taxes has gone up to 48 per cent. This should be reversed.

Thirdly, India's growth is eight to ten per cent. What about agriculture? Without agriculture this growth is concern. So I am suggesting SEZ for agriculture also. In the same area, the Government announced some concessions for agricultural export zone. But there is no export zone as of today and there is no attractive concession to them. I had raised this point earlier also. Everybody is interested in Special Economic Zone. Nobody is interested in Agricultural Export Zone. So this should be reversed.

Then I come to captive power plant. There is shortage of power. There is Pune pattern which everybody knows. I would request the hon. Minister that we should encourage the industries, particularly big houses that they should import generators for captive power or any kind of machineries for power production. They should be given a number of tax concessions, but the power should be available to the rural areas, to the farmers in particular because there is a bad situation and it is going from bad to worse. All the villages are still in dark.

Fourthly, the hon. Minister has proposed the income tax on cooperatives. A number of times I personally discussed this matter with the hon. Minister. If he reconsiders it, then we would be happy. But I would request that small and big banks should not be amalgamated because the small borrowers will be the victims of the amalgamation. Everybody knows about the percentage of the agricultural loan by big banks. We have increased within three years two times the agricultural credit. What is the status of agriculture? What is the condition of farmers? There are no cheers to the agriculture and to the farmers in particular.

We are going hundred per cent FDI in the field of Education. The hon. Minister has mentioned about 30 per cent tax on benami donations in education. I think it may be exempted because an Indian industrialist may give a donation to the charitable trust, in education and in other social activities. As we know, FDI is coming to India and maybe some big houses will go for the hawala and the same money comes without any taxation. So he may reconsider these benami donations. If somebody donates it for social causes, the same may be exempted.

15.00 hrs.

Lastly, I would like to say something about sugar. Last time, we have announced the package on sugar. There is need to improve the package immediately. The international market is declining very badly. Everyday, it is declining. The Indian market is not very attractive. There is uneconomic sugar production as of today. My humble submission and suggestion to the hon. Finance Minister is that the excise duty, for the time being, may be exempted on sugar because sugar is not a very attractive commodity. Because of the policies, it is resulting in poor prices. The prices are crashing. The sugarcane arrears are mounting everyday. If excise duty concession is given to sugarcane, I think that will naturally go to the farmers. There can be, of course, put a condition.

Then, I come to transport subsidy. You have given subsidy for the export of sugar. I think you should reconsider it and an attractive subsidy should be given. Otherwise, there will be difficulty for export.

About price rise, everybody is concerned. I must submit this to the House. What about the prices of agricultural produces? The prices of foodgrains including all the agricultural produces are very low today though the price rise is there. That means, the poor farmers have become the victims. You have to check the price rise. That is also very much a serious concern to farmers.

India was an exporting country and it is slowing becoming an importer. So, we need to give a boost to the agricultural sector. Therefore, I demand SEZ for agriculture. Otherwise, I am afraid, agriculture will become a very difficult area. Of course, growth may be there without agriculture. Sometimes, I think that without agriculture growth, Government may think that the growth rate can be maintained up to eight-ten per cent. But this will be very very dangerous because unemployment will grow.

Finally, I want to say that unemployment is growing everywhere. I want to say about skill development. I would suggest that some professional tax or some tax on cash crops like in Maharashtra may be imposed. There, the Self-Financing Scheme is there. So, skill development of youth is important. Without skill development, we cannot achieve progress. Vocational trades can be merged with the IT profession.

Day before yesterday, there was a news item in the *Economic Times* that in total Asia, there is a market for skill. Skill is wanted. So, in India, SEZ's is coming. What about skill development? What about youth and their employment? Day by day, why are farmers committing suicide? Why are naxalites growing? It is because they do not have the opportunity of employment. Their education has become a waste education. So, skill development must be given importance.

I would request the hon. Minister to consider the five or six suggestions that I have made. Sir, I am thankful to you for giving me time to speak on the Finance Bill.

MR. CHAIRMAN : The time allotted is over. The list that has been given to me is complete.

... (*Interruptions*)

SHRI SUNIL KHAN (DURGAPUR): Sir, I want to seek one clarification on the perquisite tax on the PSU employees.... (*Interruptions*)

MR. CHAIRMAN: If he agrees, I will give one or two minutes. All right, proceed.

SHRI SUNIL KHAN : Sir, at the very outset, I demand immediate withdrawal of the Perquisite Tax Component from the Finance Bill, 2007-08 and he should stop any tax deduction on assumed income.

The employees and executives of all Public Sector Undertakings are residing in the company's captive townships in the interest of the company's work. Please end this discriminatory and unjustified taxation on salaried employees.

It is surprising and unprecedented that the Budget for the year 2007-08 has given retrospective effect to the deemed clause from 2002. This is illegal, arbitrary and vindictive in nature.

This is a serious financial burden on the salaried employees who will have to pay up to 23 per cent of total taxable direct income and up to 31 per cent along with indirect taxes including perks. So, most of the big industrial houses and multinational corporations are legally allowed huge tax concession, tax holidays and duty drawbacks on one pretext or the other.... (*Interruptions*)

There is no justification to grant tax exemption on the money earned in stock market while workers and officers, labouring day and night, are being fleeced in this manner. This is an attempt to compensate the loss in revenue by taxing the salaried employees. So, I would request the hon. Minister that he should withdraw the 20 per cent Perquisite Tax. This is my main demand.

I would also request the hon. Finance Minister to look into another suggestion. For the hand-made soap, you have increased the tax to 16 per cent. Please reduce the tax from 16 per cent to two percent so that the hand-made soap manufacturers will earn their bread.

With these words, I conclude. [\[R34\]](#)

श्रीमती जयाबहन बी. ठक्कर (वडोदरा): सभापति महोदय, मैं संक्षेप में अपनी बात कहना चाहूंगी। मैं सबसे पहले वित्त मंत्री जी का ध्यान इस ओर आकर्षित करना चाहती हूँ कि जो हमारे जैनुइन टैक्स पेयर्स हैं, जो सरकारी सेवा में काम करने वाले लोग हैं, वे आयकर के मामले में सरकार के लिए कमाऊ पूत के समान होते हैं। उनके भविय के बारे में सरकार को कुछ आर्थिक प्रावधान करने चाहिए, जिससे उन्हें रिटायरमेंट के बाद वृद्धावस्था में पेंशन के अतिरिक्त भी अन्य कोई साधन मिल सके, क्योंकि सिवाय पेंशन के उनके पास और कोई जीविका का साधन नहीं रहता है। उम्र भर उन्होंने अपने बच्चों को बड़ा करने और व्यवहारों को पूरा करने का काम किया होता है इसलिए रिटायरमेंट के बाद उन्हें जो पैसा मिलता है, उस पर ब्याज दर काफी कम है, उसे बढ़ाने का काम वित्त मंत्री जी को करना चाहिए।

मैं दूसरी बात यह कहना चाहूंगी कि देश की 50 प्रतिशत आबादी महिलाओं की है। इसलिए उनके स्वास्थ्य के बारे में अलग से फंड एलोकेट करना चाहिए और इसके लिए नई नीति बनानी चाहिए। **Poor anemic condition of women is a common phenomenon.** हमारे देश की महिलाओं में करीब 50 प्रतिशत महिलाएं मालन्यूट्रिशन के कारण गर्भावस्था में ही मृत्यु का ग्रास बन जाती हैं या उनके बच्चे की मृत्यु हो जाती है। यह दर हमारे यहां काफी ज्यादा है। गुजरात सरकार ने इस सम्बन्ध में अभी एक योजना 'चिरंजीव' नाम से शुरू की है। इस योजना के तहत सम्पन्न महिलाओं की सुश्रूा की तरह गरीब महिलाओं का भी ध्यान रखने का प्रावधान है। इस योजना के

तहत जाने-माने डाक्टर्स का प्रदेश सरकार ने रजिस्ट्रेशन किया है। अगर वे किसी गरीब महिला की प्रसूति कराते हैं तो 1700 रुपए दिए जाएंगे। मैं समझती हूँ कि देश में गर्भवती और बाल मृत्यु दर को कम करने के लिए पूरे देश में इस तरह की किसी भी नाम से एक योजना लागू किए जाने की बहुत जरूरत है।

मुझे बड़े दुख के साथ कहना पड़ता है कि पिछले लोक सभा के आम चुनाव के समय कांग्रेस पार्टी ने 'कांग्रेस का हाथ, आम आदमी के साथ' नारा लगाते हुए लोगों के मत बटोरने का काम किया था। लेकिन सरकार बन जाने के बाद लोगों को यह मालूम हो गया है कि कांग्रेस का हाथ आम आदमी के साथ नहीं है, बल्कि आम आदमी की जेब और महिलाओं के पर्स पर है, वह भी ब्लेड के साथ। पैसा कहां गया और कब गया, यह लोगों को मालूम ही नहीं पड़ता है। देश के आम आदमी की तीन जरूरतें रोटी, कपड़ा और मकान हैं। आम आदमी को दो वक्त की रोटी मुहैया कराना सरकार का कर्तव्य बनता है। आज देश में बढ़ती महंगाई को सिर्फ आम जनता ने ही नहीं सहा है, बल्कि स्वयं कांग्रेस पार्टी को भी इसे सहना पड़ा है। पिछले दिनों हुए कुछ प्रदेशों के चुनावों से यह बात सामने आई है। महंगाई एक ऐसी आग है, जो पूरे देश में फैल रही है। हम वैणवः नरो भुक्तवा, ऐसा भगवान विष्णु ने जैसा कहा था कि वैणवः नरो अग्नि। मैं इस ओर इंगित करके यह कहना चाहती हूँ कि यह आग पूरे देश में न फैल जाए, इस पर ध्यान देना जरूरी है। इसलिए महंगाई कम करने के लिए सरकार क्या कदम उठा रही है, इस बारे में वित्त मंत्री जी को अपने जवाब में बताना चाहिए।

सभापति महोदय, मैं इन तीन मुद्दों सीनियर सिटीजंस की जमा रकम पर ब्याज दर बढ़ाने, महिलाओं के स्वास्थ्य के बारे में फंड एलोकेशन और महंगाई को कम करने की बात कहकर अपनी बात समाप्त करती हूँ।

MR. CHAIRMAN : I have already exhausted the list, but still there is pressure. Shri Anandrao Vithoba Adsul will speak now and thereafter no other hon. Member will be allowed to speak. The Finance Minister will reply. [R35]

SHRI ANANDRAO VITHOBA ADSUL (BULDHANA): Thank you, Mr. Chairman Sir. I will focus on one point and that is Section 80(P) of the Income Tax Act. The contention of the hon. Finance Minister is that cooperative banks are at par with the commercial banks. I would request him to note it that it is not so.

The formation and functioning of the cooperative banks are different from the commercial banks. The cooperative banks are formed in the name of caste, in the name of religion and in the name of Tehsil or District. The common people come together as per the principle of the cooperatives that self-help is made effective by organization or one for all or all for one. That is the motto of the cooperative movement. That is why the shareholders are the owners of the cooperative banks. So, if a person wants any loan then, the borrower must be the member of that particular bank. Then only he can be the borrower of that particular bank. That is the difference here. In commercial banks the shares of the commercial banks are linked with the stock exchanges, are marketable, but the shares of the cooperative banks are not marketable. The value of the share is ten and is forever ten. That is why, as and when a borrower is the owner of the bank, he shares the profits of the bank. Ultimately, he has the right to claim the dividend.

I will give you one example. I am the Chairman of a cooperative bank, City Cooperative Bank, in Mumbai. I have earned a profit of Rs.70 lakh and out of which I am paying Rs.45 lakhs as income tax and the remaining sum of Rs. 25 lakh I have to distribute among the shareholders. It comes to about Rs.26 lakh, if I pay only ten per cent. What about the new branches as I have to go for inter-connectivity? It was not elaborated.

So, as the hon. Finance Minister thinks that the commercial banks and the cooperative banks are equal, it is not so. That is my contention. That is why exemption was given from the beginning of this Act under Section 80(P). So, it should continue, that is my contention.

I met the hon. Prime Minister along with the office bearers of the Federation of the Urban Cooperative Banks. Even though, the hon. Prime Minister was definitely convinced and said that the cooperative movement and cooperative banks are the backbone of poor people and common people, unfortunately he has done nothing still. That is why, if the hon. Finance Minister understands that the difference is there and the cooperative banks are working for the common people, then he should have to consider this and whatever was considered in the past, from the beginning of this Act, should continue. That is my contention.

MR. CHAIRMAN : All the speakers, whose names were there in the list, have spoken and three additional speakers have also spoken on the Finance Bill. The list is complete and I hope everybody is satisfied. Now, the hon. Minister may reply please.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Chairman Sir, the Finance Bill 2007 is before this House. On Monday and today, a number of hon. Members participated in the debate and I express my gratitude to each one of them individually.

As hon. Members know, the Budget discussion ended on a disappointing note in the sense that the Government did not get an opportunity to reply to that debate. Nevertheless, I table the text of my reply before this House. Some parts of that text were reported in the media. The discussion on the Finance Bill quite naturally also embraced larger issues of economic policy, the National Common Minimum Programme, growth, equity, inflation and so on.

While, I shall address some of these issues, I would like to say that the present debate is on the Finance Bill. The Finance Bill is essentially a Bill that concerns the tax laws of the country, such as Income Tax Act, the Excise Act, and the Customs Act. [\[r36\]](#)

Therefore, in the first part of my reply, I shall address issues arising out of the provisions of the Finance Bill, issues raised on the floor of this House as well as issues represented to me by hon. Members of Parliament and others. At the end of my reply, hon. Members will find that I have responded to the extent possible to the many suggestions and representations that the Government has received during the last two months including some suggestions made today. The UPA Government is a responsive Government. While we have well-considered and strong views on matters relating to taxation, we are also responsive to

criticisms and suggestions. Hence, towards the end of my reply, I shall announce some changes in the proposals originally made in the Finance Bill and announce some reliefs.

Let me begin with Government's policy on taxation, a matter which Prof. Ramadass referred to. The NCMP says:

“The Government will initiate measures to increase the tax to GDP ratio by undertaking major tax reforms that expand the base of taxpayers, to increase tax compliance and make the tax administration more efficient. Tax rates will be stable and conducive to growth compliance and investment.”

I asked hon. Members to judge the Government against this standard. In 1997-98, just before the NDA Government took over, the tax, GDP ratio was 9.1 per cent or even if we exclude the VDIS revenue, it was 8.5 per cent. After the NDA Government took over in 1998-99, it declined to 8.3 per cent. In 2003-04, the last year of the NDA Government, the tax, GDP ratio stood at 9.2 per cent. Thus, in a period of six years, the tax, GDP ratio increased from 8.5 per cent to 9.2 per cent. In the three years of the UPA Government, we have increased the tax, GDP ratio from 9.2 per cent to 11.5 per cent. Of this, the ratio of direct taxes to GDP is 5.6 per cent and it is rising every year. That is good. Suresh Prabhu is not here. The ratio of direct taxes is increased. For 2007-08, I have projected a tax, GDP ratio of 11.8 per cent. I am happy to report that in 2006-07, for the first time in recent history, actual tax collections exceeded both Budget Estimates and Revised Estimates. Gross tax revenue at Rs. 4,71,742 crore exceeded the Budget estimates by Rs. 29,589 crore and exceeded Revised Estimates by Rs. 3,894 crore. We have been able to do this by expanding the base of the taxpayers, more efficient tax administration and motivating taxpayers to comply with tax laws. Besides, we have kept tax rates stable and moderate. The proof of the success of this policy is the increase in the savings rate and the investment rate.

As hon. Members are aware, the savings rate has increased from 29.7 per cent in 2003-04 to 32.4 per cent in 2005-06. The investment rate has increased from 28 per cent in 2003-04 to 33.8 per cent 2005-06. In 2006-07, it should have gone even further, but the figures are not yet available. The increase in the investment rate is the main reason behind the acceleration of growth in the manufacturing and the services sectors leading to an acceleration in the overall growth of the economy. I assure the hon. Members that the Government will faithfully adhere to the NCMP. It will keep tax rate stable and moderate and create an environment that will be conducive to greater investment and growth[[r37](#)].

I am happy that the hon. Members are concerned about tax exemptions. This is the legacy issue. In order to bring the issue to the centre stage, beginning with the Budget for 2006-07, I placed before the House for the first time a statement called ‘Statement of Revenue Foregone’. This is a universal practice but we started doing it only last year for the first time. It captures the loss of revenue due to various exemptions. However, Sir, you would have noticed that even while some hon. Members pleaded for removal of exemptions, other hon. Members have urged to grant more exemptions or increase the concessions to certain sections of taxpayers. In fact, every criticism of the Finance Bill made inside the House or outside and especially by analysts is centred around one exemption or another. If you remove the overburden of the arguments, the underlying issue is, and why have you removed my exemption, why have you curtailed my

exemption, why have you not enhanced my exemption? That is the theme that you hear everyday, day in and day out.

15.21 hrs.

(Mr. Speaker *in the Chair*)

Sir, I have a duty to raise resources. Given the commitment of the UPA Government to inclusive growth and given the need to finance social sector expenditure, the need for resources is growing every year. For example, Plan expenditure has increased from Rs. 1,22,280 crore in the last year of the NDA Government, 2003-04, to Rs. 2,05,100 crore in the BE for 2007-08. Within Plan expenditure, many key sectors have witnessed a sharp increase in budgetary support as we enter the fourth year of the UPA Government.

Let me give you a few examples. I am comparing the last year of the NDA Government and the fourth year of the UPA Government. Agriculture – Rs. 3,262 crore and now Rs. 8,090 crore; Education – Rs. 7,024 crore and now Rs. 28,672 crore; Rural Development and Land Resources – Rs. 11,320 crore and now Rs. 29,000 crore; Drinking Water – Rs. 2,750 crore and now Rs. 7,560 crore; Road Transport and Highways – Rs. 7,236 crore and now Rs. 14,066 crore. Now, I have to find the money. If this expenditure has to be incurred, I have to find the money.

On the Non Plan side too, the demand for resources has increased to keep pace with the need for expenditure. For example, the allocation for defence has increased from Rs. 65,300 crore in 2003-04 to Rs. 96,000 crore in the BE for 2007-08. Above all, and this will interest all Members of all States, Grants to State and UT Governments have increased tremendously. In 2003-04, the Central Government allocated Rs. 18,369 crore under this Head. In 2007-08, we will provide more than twice the amount, Rs. 38,403 crore.

Hon. Members may kindly note that out of every rupee of tax revenue collected by the Central Government, approximately 30 per cent goes to the States and Union Territories. Just to give an idea of the size of the transfer envelope, in 2003-04, the net resources transferred to States and UTs was Rs. 1,26,623 crore. In 2007-08, this will be Rs. 2,48,844 crore. Every State is benefiting, by the revenues we collect, every State is getting more money. This has almost doubled in four years.

In addition to these resources, the Central Government also makes direct releases under Central Plan, State and UT Plans, and to State District-level Autonomous Bodies and implementing agencies.

Shri Mahtab – I do not find him here now – asked about education cess, and how it is shared with the States. Oh, he is here now. [\[R38\]](#)

While Education Cess is not directly shared with the States, the amount collected goes into a non-lapsable account to support the Sarva Shiksha Abhiyan and the Mid-Day Meal Scheme. As the hon.

Members are aware, SSA and the Mid-Day Meal Scheme, which are implemented in the States are largely funded by the Central Government. Thus, the States actually received more than 30 per cent share that they would have received if the Education Cess had been collected as a normal tax.

As far as the collections under cess and surcharge are concerned, the figures are as follows. In 2006-07, according to the Revised Estimates, the collection will be Rs. 8,973 crore and in 2007-08, according to the Budget Estimates, it will be Rs. 15,592 crore.

Shri Mahtab also wanted to know how the proposed Export Duty on iron ores will be shared with the States. They will be shared according to the normal formula applicable to the Customs Duties.

Let me now turn to the tax proposals and respond to the various suggestions. The first issue is about the tax brackets under Personal Income Tax. In 1997-98, just before their Government took over, the threshold exemption was Rs. 40,000. When the NDA Government laid down office and the UPA Government took over, the threshold exemption was Rs. 50,000. Thus in a period of six years, the threshold exemption limit was increased by Rs. 10,000. In addition, there was a standard deduction of Rs. 30,000 for salaried tax payers alone. So, for a salaried tax payer, the effective exemption was Rs. 80,000. In 2005-06, we made a major overhaul of Direct Taxes. As against an effective threshold of Rs. 80,000 for salaried tax payers, we increased the threshold to Rs. 1 lakh. Besides, we continued with the exemption of up to Rs. 9,600 per year for Transport Allowance, and up to Rs. 15,000 per year for medical reimbursement.

Further more -- this is important -- the tax brackets were recast radically. You cannot look at only the exemption limit, you must look at the tax brackets. As against the 10 per cent rate for income over Rs. 50,000, the 10 per cent rate now applies for income over Rs. 1 lakh; and as against the 20 per cent rate for income over Rs. 60,000, the 20 per cent rate now applies for over Rs. 1.5 lakh. I can say with confidence that taking into account, the revised tax bracket and the applicable rate, every individual tax payer has benefited under the UPA Government.

Further, the hon. Members may also recall the radical change made in the tax treatment of savings. As against the earlier method of giving tax rebate, which often resulted in the full benefit not accruing to the tax payer, we have introduced Section 80C. Now, the treatment is not by giving a tax rebate but by giving a deduction from income so that the full benefit accrues to the tax payer. Thus every tax payer, in addition to the benefit of the revised tax bracket, and the rate which I mentioned earlier, could also enjoy a full deduction of income up to another Rs. 1 lakh under Section 80C. We continued with this regime in 2006-07. In 2007-08, I have proposed to raise the first tax bracket from Rs. 1 lakh to Rs. 1,10,000. That is an increase of 10 per cent. Please remember, in the NDA for six years, the increase was only Rs. 10,000. In fact, this reflects indirectly, the correction in inflation in two years, which amounts to about 9.72 per cent. I believe, I have met the point raised by Shri Sandeep Dikshit. I will bear in mind that we must correct tax brackets to reflect inflation.

When we raised the first tax bracket for the individual, we also raised by the same amount of Rs. 10,000 for the woman assessee and for the senior citizen. The woman assessee gets a relief of Rs. 1,000 per year and a senior citizen gets a relief of Rs. 2,000 per year.

The hon. Members may also note that we have raised the exemption limit for health insurance premium from Rs. 10,000 to Rs. 15,000 for individuals and in the case of senior citizens, to Rs. 20,000.^[r39]

Thus, a senior citizen will get a minimum relief of another Rs.2,000 per year if he contributes to the health insurance.

Similarly, we have extended the tax exemption on interest on education loan in the case of loans taken by any relative of the assessee. That was not the position earlier. All these concessions, Sir, I submit, must be taken together. When taken together, it would be clear that every tax payer has been given considerable relief in the three Budgets for 2005-06, 2006-07 and 2007-08. Cumulatively, these reliefs, I submit respectfully, are far and excess of the pitiful reliefs given during the period 1998-2004.

Shri Rupchand Pal wanted to know how many individual assesseees admit to have an income of more than Rs.10 lakh per year. In 2003-04, the number was approximately 97,500. In 2005-06, the number is estimated to have increased to approximately 1,40,000, and I believe the number ought to have increased further in 2006-07. Nevertheless, I maintain that the number is still too small. The efforts that the Government is taking to improve tax compliance should motivate more people to declare their true income.

Shri Vijoy Krishna wanted me to impose a tax on dividends. I may point out that there is a tax on dividends except that it is called Dividend Distribution Tax and collected at the point where dividends are distributed. This is a need to an efficient way of collecting the tax. I have also raised the rate of DDT from 12.5 per cent to 15 per cent this year.

Shri Vijayendra Pal Singh and Shri Suresh Prabhu asked me why a limit of Rs.50 lakh per investor has been imposed in respect of capital gains bonds issued under Section 54EC of the Income-tax Act. The total size of the bond is limited by the need to borrow of NHAI and REC. They can only issue bonds for the amount they want to borrow. In 2006-07, the total size was Rs.9,500 crore. When there was no limit for an investor, the bonds were virtually monopolized by big investors who had huge capital gains. As a result, many small investors who came in the later months of the year, could not access these bonds. Hence, we decided to put a limit of Rs.50 lakh per investor. Rs.50 lakh is not a small amount. It is not relevant for a poor man. Small investors will benefit up to Rs.50 lakh while big investors will also benefit up to Rs.50 lakh. I believe that the change will bring more equity. Shri Suresh Prabhu made some comments. Let me assure him no other restriction has been added to the provision relating to capital gains.

Shri V.P. Singh also wanted me to extend the tax holiday for new hotels to all parts of the country. This is, in fact, a plea for enlarging the tax exemption. The hotel industry is a highly profitable industry, and I believe it remains profitable in Rajasthan too, and can afford to pay the taxes. The exemption granted to new hotels in the NCT of Delhi and the adjacent districts is solely because of the Commonwealth Games of 2010. However, I am inclined to separately look into the incentives that could be given to the hotel industry to promote tourism on the Buddhist circuit and other Buddhist destinations which attract large number of tourists from Japan, China and South East Asia.

Shri P.S. Gadhavi raised some issues about TDS. TDS is only an advance tax. If there is no tax liability or if there is a reduced tax liability, the tax collected is refunded. Besides, under Section 197, an assessee can apply to the Assessing Officer for issue of a certificate for deduction at a lower rate or a nil rate.

Likewise, under Section 197A, no deduction is made—maybe, some people do not know about this—if the assessee furnishes a declaration in writing duly verified that his income does not attract any tax liability. Forms 15G and 15H have been prescribed for this purpose and many assessee already take advantage of these provisions and in their cases, TDS will not apply.[\[MSOffice40\]](#)

There was a discussion on the statement of revenue foregone. As I said a little while ago, this is a legacy issue. Tax exemptions have been given over the years and there is resistance, sometimes fierce resistance, to any attempt to prune the tax exemptions. No one wants to give up an exemption that he or she has enjoyed for many years. Every year there are pleas for continuing exemptions beyond the Sunset dates, like Shri Prabhu made an appeal a little while earlier, or enlarging the exemptions. Even during the debate in this House, there were some requests for giving or enlarging exemptions. Nevertheless, I have made an attempt consistent with Government policy to prune some exemptions and these are referred to in paragraphs 171 to 177 and 179 of the Budget Speech. The bulk of the exemptions indeed goes to the corporate sector. However, it must also be remembered that the major tax receipts are under the heads of excise, customs and corporation tax which are also paid by the corporate sector. When we analysed the effective rate of 3,01,736 companies, we found that the effective tax rate was 19.26 per cent as against the scheduled rate, including surcharge, of 33 per cent. I have not yielded to pleas for more exemptions for the corporate sector. It cannot be contended that the corporate sector is burdened with high taxes. It is my intention to review the exemptions periodically and ensure that the corporate sector pays its share of taxes.

Shri Sandeep Dikshit wanted to know about the contribution of the BCTT. As I have said, the BCTT continues to be a valuable tool to track unaccounted moneys and trace their source and destination. I have with me innumerable examples to support my argument, innumerable cases where we have tracked unaccounted money and found the person and taxed him. Further, I have exempted Central and State Governments from the scope of BCTT and have raised the limit for individuals and HUFs from Rs. 25,000 to Rs. 50,000. Hon. Members will kindly remember that Rs. 50,000 is the withdrawal limit per day per current account. Savings accounts are exempt. I would like to ask most respectfully how many individuals or HUFs in India withdraw more than Rs. 50,000 per day per current account. Anyway, I have promised to review BCTT next year when other instruments in place to track unaccounted moneys become effective.

Shri Rupchand Pal asked me why we have not been able to revise the DTAA with Mauritius. This is not only a legacy issue; it is a delicate issue and has political and diplomatic implications. With the assistance of the Ministry of External Affairs, we are addressing the issue and we think, we can find a reasonable solution.

Shri Rupchand Pal also asked me why I have not imposed tax on long-term capital gains. There is a tax on long-term capital gains, on all assets other than listed securities. The rate is 20 per cent with indexation. It is only on listed securities that we have exempted long-term capital gains if the security is held for more than one year. The reason is obvious. So long as the DTAA with Mauritius is in force, no purpose would be served in imposing a tax on long-term capital gains arising out of securities' transactions. This is why we want that treaty to be revised by mutual discussion. It is in order to make up for the loss of revenue that I introduced a Securities Transactions Tax. It is a neat and efficient tax and has brought us reasonable revenues. For example, in 2006-07, the revenues under STT amounted to Rs. 4,648 crore. Because the rate is

moderate and assesseees, especially the day-traders have come to accept the tax as a reasonable tax, I expect the revenues under this head to grow in the future too. I increased the rates once in 2006-07. It is not prudent to increase the rates once again this year.

Shri Rupchand Pal wanted to know about the collection of tax arrears. The record of the UPA Government in this respect is impressive. Under direct taxes, as against the collection of Rs. 5,540 crore in 2003-04, the collections in the next three years have been Rs. 7,084 crore, Rs. 8,064 crore and Rs. 12,285 crore.^[s41]

Similarly, under indirect taxes, as against Rs.669 crore of arrears collected in 2003-04, the collection of the following three years have been Rs.2,642 crore, Rs.3,139 crore and Rs.3,466 crore. We shall continue to make stronger efforts to collect the tax arrears.

I shall now turn to indirect taxes. Many Members referred to the growth rate in excise duty. This is true. The excise duty collections have not kept pace with the growth in the manufacturing sector. In the last three years, the rates of growth in excise revenues have been 8.1 per cent, 12.6 per cent and 5.9 per cent. I suspect the reasons are both tax evasion and tax exemption. I may add that the actual collections of excise in 2006-07 fell short of the budgeted estimates by only 1.47 per cent. We have actually collected 98.53 per cent of the estimates.

Beginning April 1, 2007, we have introduced mandatory e-payment of excise duty by assesseees who have an annual excise liability of over Rs.50 lakh. We are also strengthening the DGCEI and increasing auditor assesseees.

Many requests are received for lowering the rate of excise duty on specific goods. Tax exemptions including area-based exemptions have also played a part. Given this scenario, we have set a target growth rate of 10 per cent for 2007-08 over 2006-07 and we shall make every effort to achieve the target.

Shri Sandeep Dikshit referred to drip irrigation and sprinkler irrigation systems as well as to pan masala. I have actually reduced the customs duty on drip and sprinkler irrigation systems from 7.5 per cent to five per cent. Besides, there is no excise duty on these systems. On pan masala, against the mean CENVAT rate of 16 per cent, pan masala with tobacco continues to attract an excise duty of 66 per cent. It is only in the case of pan masala not containing tobacco which includes mouth freshners, responding to suggestions, I have reduced the rate to 45 per cent. But this is still three times the mean CENVAT rate.

Shri Harin Pathak, raised the issue of service tax. Service tax was first introduced in 1994-95. It is true that as on date 100 services have been brought under the service tax in the last 12 years. Of this, three services were added during the period 1994 to 1996; 12 services were added during 1996 to 1998; 47 services were added during 1998 to 2004; and 44 services were added by the UPA Government. But six services have been compressed into one. There is nothing unusual about 100 services being brought under the tax net. The Services sector accounts for 56 per cent of the GDP. Service taxes are value added taxes just as excise duty is tax on value addition on goods, service tax is a tax on value addition by rendering services. The word 'service' has to be understood in this context. It is used in contra distinction to goods. Although services account for 56 per cent of GDP, service tax contributed only 7.92 per cent of the total tax collection in 2006-07. Service tax revenues will grow in the future.

Further, hon. Members may keep in mind that we are moving towards – by agreement among all the States – a Goods and Services Tax with effect from April 1, 2010. The GST will fall on all goods and services, and I hope that exemptions of any will be very few.

Hon. Members, particularly, Shrimati Kiran Maheshwari may recall that there was no threshold exemption from service taxes until 2004-05. It was the UPA Government which introduced the threshold exemption of Rs.4 lakh on 1.4.2005. This year, I have increased the threshold exemption to Rs.8 lakh as a result two lakh service providers have gone out of the taxnet. This is something which service providers have welcomed. [r42]

Renting is also an activity that goes into the calculation of GDP. It is a value added service. It is liable to Service Tax. That is the universal practice. All over the world renting is an activity which is subjected to Service Tax. We have introduced Service Tax only in respect of renting of large commercial properties. Small shops and establishments are exempt because of the enhanced threshold exemption of Rs.8 lakh for the service provider, that is the landlord in this case. Residential properties are exempt. Exemptions have been granted for properties used for education and religious purposes and properties used for sports and entertainment. Of course, Service Tax would have to be paid in respect of large shopping malls or commercial complexes but the Service Tax paid can be set off as input credit against Service Tax or Excise Duty payable. Therefore, the net liability is very small in Service Tax.

Shri Rupchand Pal wanted to know about total expenditure. Revised Estimates of Plan expenditure in 2006-07 is Rs. 1,72,730 crore. RE of non-Plan expenditure is Rs.4,08,907 crore. While the final figures will be available only by the end of this month, I may inform that the total expenditure would be very close to the Revised Estimates. He also wanted to know about the number of Income Tax Officers leaving the service prematurely. I may inform that since June 2004, after our Government came – I have no numbers for earlier years, I have not collected it – 103 Group ‘A’ Officers out of a total number of 4150, have left the service. But we have recruited on an average about 65 Group ‘A’ Officers every year in the last five years to the Income Tax Department and hence there is no cause for alarm. I may add that about 80 per cent of those who have left service are promotee officers who prefer to leave the service when they are promoted to Group ‘A’ rather than be subject to transfer to a place outside the zone to which they are originally recruited. This is a very natural phenomenon for promotee officers.

Shri Khagan Das sought some clarifications on allocation to the North-eastern region. The Budget allocation has indeed been increased from Rs.12,041 crore in 2006-07 to Rs.14,365 crore in 2007-08. As hon. Members are aware, any amount out of the 10 per cent of the Budget allocation to a Ministry or a Department which remains unspent will go into a non-lapsable account and will be made available to the Ministry of DONER. This is what is being done for 2007-08 too. We have followed the old practice.

Going beyond the Finance Bill, several Members made valuable interventions on the question of inflation. Government admits that there has been a rise in prices, especially in essential commodities. While the WPI is around 6 per cent, the inflation rate in the primary articles group is 12.36 per cent. I understand that a separate discussion is scheduled to take place next week on the issue of inflation. While I shall respond in detail during that discussion, let me take this opportunity to briefly list the causes behind the present inflation. I also wish to place the present inflation in context. Broadly speaking, there are five reasons behind the present inflation.

Firstly, the world-wide increase in commodity prices, including crude oil. In particular, metal prices have hardened year and year by about 11 per cent.

Secondly, the supply-demand mis-match in essential articles. It started with sugar, then extended to wheat and then while sugar prices eased the mis-match extended to pulses. The supply-demand mis-match can be attributed to the stagnation in production over the last ten years of wheat, paddy and pulses. The only durable answer, I submit with respect, Sir, is to increase the production of wheat, paddy and pulses and in the meantime augment supply through imports wherever possible.

Thirdly, public expenditure has been on the rise and justifiably so in view of the UPA Government's flagship programmes and the NCMP commitment to increase expenditure in the social sector, including education and health. Such expenditure increases demand. We have also increased the procurement price of paddy and wheat substantially in order that our farmers get remunerative prices. These decisions while justified on sound economic grounds, also have an inflationary effect.

Fourthly, the higher rate of growth of GDP has stimulated higher demands of goods and services. The NSSO Survey published yesterday and day before yesterday gives the picture of rise in consumption. This is reflected in high growth of credit as well as in the fact that many industries are working at near full capacity, for example, cement. As a result, the pricing power has returned to manufacturers and sellers.

Fifthly, capital inflows, namely, FDI, FII, remittances, private equity, external commercial borrowing and export earnings have been increasing the money supply beyond normative levels.

There are three instruments to moderate inflation – fiscal policy, monetary policy and supply side measures. On fiscal policy, hon. Members are aware that we have reduced custom duties and excise duties on a large number of goods of mass consumption. Wheat and pulses are on OGL. They are at zero customs duty. Custom duties on edible oil have been sharply cut. Custom duties have also been cut on raw materials used by industries.

On the monetary policy side, the Reserve Bank of India has taken a number of measures to moderate demand and credit growth. The CRR has been increased in six steps from 5 per cent to 6.5 per cent. The risk weights have been increased for several sectors including housing, commercial real estate, capital market and NBFs. In housing loans up to Rs.20 lakh, the risk weight has been moderated. The RBI is also operating the LAF as well as the market stabilization schemes.

On supply side measures, I understand that the Minister of Agriculture has -- while replying to the Demands for Grants for his Ministry -- explained measures taken by the Government to augment production and productivity of essential food articles, especially, food grains and pulses. As far as Ministry of Finance is concerned, we have not hesitated to provide funds for many of the food articles. Vast amounts of money have also been provided for agriculture and irrigation.

The Budget for 2007-08 has given a new thrust to agriculture. I respectfully request the hon. Members to kindly refer to paragraphs 43 to 64 of my Budget Speech. It is our belief that measures taken by the Government will bear fruit in the near future.

I also wish to place the present inflation in context. Average inflation in 2006-07 was 5.4 per cent and peak inflation was 6 per cent. In Government's view, this is still high and requires to be contained below 4.5 per cent. However, I may point out that the average inflation in 1998-99 was 5.9 per cent; in 2000-01, it was 7.2 per cent; and in 2003-04, it was 5.5 per cent. In these years, the peak rate touched 7.3 per cent; 8.8 per cent and 6.9 per cent respectively. I may remind the Members that in the year 2000-01, the inflation was over 6 per cent for 48 weeks and over 8 per cent for 12 of those 48 weeks. Nevertheless, the Government of the day moderated inflation thereafter. I am confident that the current inflation which has been around 6 per cent since January 2007 will be moderated due to a combination of supply side monetary and fiscal measures taken by the Government and the Reserve Bank of India.

I shall, now, deal with the suggestions received from different quarters for changes in the tax proposals. Many hon. Members have also referred to these matters. Firstly, on indirect taxes, the export duty on iron ore was imposed with the twin objective of conserving minerals and raising some revenue. Iron ore fetches very high prices in the world market. Prices rose in 2006-07 by 19 per cent and in April 2007, the prices have risen by another 9.5 per cent. The export duty on iron ore lumps has been welcomed by all sections. Some representations have been received on export duty on iron ore fines especially fines with low FE content which is largely not used by domestic steel industry.[\[R43\]](#)

After extensive consultation with all stakeholders, I propose to reduce the Export Duty on Iron Ore Fine of Fe content 62 per cent and below to Rs. 50 per tonne and on Iron Ore Fine with Fe content above 62 per cent and on Iron lump, Duty will remain at Rs. 300 per MT. The total export are only 10 million MT of Iron Ore Fine with Fe content less than 62 per cent which we want to go out of the country, the remaining will be conserved within the country. If they are exporting such ores, then they will have to pay an Export Tax.

The prices of Nickel have risen substantially over the last one year and touched Rs. 50,000 US dollars per MT in April, 2007. Nickel is not available within India. It is an important input for the steel industry. Hence I propose to reduce Customs Duty on Nickel from 5 per cent to 2 per cent.

N-Paraffin is a basic feedstock for manufacture of chemicals like LAB. Bringing it in line with the other feedstock, I propose to reduce the Customs Duty of N-Paraffin from 10 per cent to 7.5 per cent. Refrigerated Motor Vehicle will be required for transportation of perishable agricultural products. I, therefore, propose to reduce Customs Duty of such vehicle from 10 per cent to 0 per cent; the Excise Duty on CVD from 16 per cent to 8 per cent.

I had reduced the Customs Duty of cutting and polishing of diamonds from 5 per cent to 3 per cent. The Gems and Jewellery industry has represented that the Duty should be at 0 per cent in line with other countries. The Ministry of Commerce has supported this proposal. Accordingly, the Duty will be reduced to 0 per cent. However, if we find that the decision is adversely affecting the import of uncut diamonds or adversely affecting employment in cutting and polishing industry, we shall immediately review the decision. It is our intention to preserve, nurture and expand the cutting and polishing industry in India.

Soyabari is a nutrition food supplement. Ready to eat packaged food is also becoming popular. These two items alone attract 8 per cent Excise Duty. All other food mixes have been exempted from Excise Duty. Hence I propose to exempt Soyabari and Ready to Eat packaged food from Excise Duty.

In the Budget speech I have proposed to exempt Excise Duty on biscuits whose retail prices does not exceed Rs. 50 per kg. In response to representations, I propose to exempt biscuits whose retail price does not exceed Rs. 100 per kg.

I had exempted water purification devices based on specific membrane technology from Excise Duty. BARC has requested that this exemption should be extended to water purification equipment based on polysulfone membrane based, on the ground that this technology is also equally effective. I propose to accept the suggestion and exempt such equipment from Excise Duty.

Cement prices continue to be very high and are causing hardships to consumers. The cement industry, I am sorry to say, did not respond positively to the dual Excise Duty regime. Hence the Government reduced the Import Duty to 0 per cent, removing CVD as well. The dual specific rates of Duty have not brought the desired result; hence there is no point in continuing with the same. Therefore, after careful consideration, it has been decided to replace the dual rates of cement. The concessional specific Duty of Rs. 350 per MT for cement sold in retail at not more than Rs. 190 per bag will continue. There are some cement industries in Andhra Pradesh and in Tamil Nadu which are selling at less than Rs. 190 and they will continue to enjoy the concessional rate. In respect of cement sold at a price more than Rs. 190 per bag, instead of the specific rate we are introducing an *ad valorem* rate of Duty of 12 per cent of the retail sales price which marked at the back. Hon. Members are aware that the *ad valorem* levy is a normal way of levying excise Duty, as has been pointed out by Prof. Ramadass. The result will be that the concessions granted to cement sold at Rs. 190/ or less per bag will continue; for cement sold at a higher price the *ad valorem* rate will apply. There will be an effective reduction of up to Rs. 7/ per bag on Excise Duty liability. It is my expectation that the cement industry will respond positively to the packages announced now and reduce the price of cement. That industry, like any other industry, owes an obligation to the larger interest of the society. [\[R44\]](#)

16.00 hrs.

Hon. Members are aware that I proposed an increase in the excise duty on beedis which was last revised in 2001. The increase was Rs. 4 per thousand for non-machine-made beedis . In response to a representation received from the industry and a number of hon. Members, I propose to cut this by one half. Accordingly, the increase will be from Rs. 7 to Rs. 9 per thousand for non-machine-made beedis and exemption from excise duty for unbranded beedis upto 20 lakh beedis will continue. On machine-made beedis also, the increase will now be from Rs. 22 to Rs. 26 per thousand as against the original budget proposal of Rs. 29 per thousand.

Zip fasteners are an important input in textile and leather garments. Zip fasteners come into the country at zero customs duty under various export promotion schemes. Domestic producers and some hon. Members have represented against the excise duty of 16 per cent. Accepting these representations, I propose to reduce the excise duty from 16 per cent to eight per cent.

Hon. Members are aware that I proposed to levy customs duty, CVD and additional customs duty on import of aircraft excluding imports by Government and scheduled airlines. The Ministry of Civil Aviation has made a strong representation in favour of exemption for aircraft imported for training purposes by flying clubs and institutes and for non-scheduled point-to-point and non-scheduled charter operators under conditions of registration to be specified and recommended by that Ministry. Since civil aviation is a

nascent and growing industry, it has been decided to accept this request and exempt these categories also from duties.

I now turn to direct taxes. In the Finance Bill, I have restricted the pass through status to venture capital funds making investments in eight sectors. There has been a request that this concession should be extended to infrastructure sectors as well. Accordingly, the concession will be extended to investments made by venture capital funds in the infrastructural facilities listed in the explanation to section 80 (I) (a)(4) (i). Representations have been received regarding clause 10 of the Finance Bill which amend section 17 of the Income Tax Act. Shri Rupchand Pal and another hon. Member today made a reference to this in their speeches and hoped that I would respond favourably. I am responding favourably. I intend to give relief but I want you to know the history of section 17 because that is very important to understand what I am saying.

Since 1987-88, rent free or concessional rent accommodation was taxed at ten per cent of salary or the fair market rent whichever was less minus the rent actually paid. This provision has been there for twenty years. In 2001-02, the concept of fair market rent was dropped and the value of the concessional accommodation was taken as 7.5 per cent or ten per cent of the salary depending upon population minus the actual rent paid. Nobody complained even then and quite rightly because that is the practice followed universally and that is the practice followed for the last twenty years. This provision was challenged in various High Courts. The High Courts upheld the provision. Some employees appealed to the Supreme Court. Pending the appeal, Sir, in financial year 2005-06, not this year but two years ago, the value of the concessional accommodation was revised to 15 per cent or 20 per cent, as the case may be, depending upon the population. I take responsibility for that change. There was no complaint against that proposal either and Parliament approved that proposal. In a judgement recently delivered, the Supreme Court has upheld the validity of the provision. However, the Supreme Court has ruled that, in the absence of a deeming provision in the procedure of assessment, the fact of a concession would have to be proved in each case before the rate of 15 per cent or 20 per cent is applied to that case. They upheld the provision but said that this is the procedure that you have to follow. The Supreme Court decision is not adverse to the Government. In fact, it indicates a way out by inserting a deeming provision.

If the judgement were to be applied in each case it would mean enormous inconvenience to the assessee and long drawn out proceedings. Hence, it was decided to insert a deeming provision through clause 10 of the Finance Bill, which is what we are doing. The amendment proposed in the Finance Bill, I submit, is, therefore, perfectly in order. However, I have received a number of representations complaining about the 20 per cent rate and the 15 per cent rate which I introduced in 2005-06. Being responsive to suggestions and in order to give relief, I have reviewed the rate to be applied for putting a value in concessional accommodation, and I have decided that the rates shall be reduced from 20 per cent to 15 per cent if the population is above 25 lakhs; to 10 per cent if the population is between 10 and 25 lakhs; and to 7.5 per cent if the population is below 10 lakhs. Every employee will get substantial relief. I also propose to give retrospective effect to the reduction, from the financial year 2005, which is the year when the 20 per cent rate was introduced. Nobody would have any retrospective liability.

Sir, representations have been received against taxing ESOPS as a fringe benefit. Worldwide ESOPS are subject to tax. I have a whole list of countries which tax ESOPS. What we have done is no different, except that we have levied the tax from the employer who may by agreement with the employee or by

making a provision in the scheme recover the tax from the employee. Hence, the tax will stay. However, in response to representations, I propose to give some relief. Every year the market value of ESOPS to the purpose of taxation will be reckoned on the date of vesting of the option and not the date of allotment of transfer of shares. The period of holding of ESOPS shall also be reckoned from the date of such allotment of transfer.

Some official amendments are also being moved to give effect to certain Budget announcements, such as the new and nascent industrial policy, tax neutral status for amalgamation and demerger of cooperativer banks and extending the tax benefit under Section 80 (c) of the Income Tax Act for investment in NABARD Rural Bonds.

Today, Shri Suresh Prabhu raised three issues. First was about Section 12 (A) of the Income Tax Act. The present provision requires that you should file your application before expiry of one year from the creation of the Trust and also gives the CIT the power to condone the delay. In practice what we found is that Trusts file applications very belatedly and ask for condonation for several years. Clause 8 of the Finance Bill proposes to withdraw the power of condonation. But we have said that you may file the application at any time you like after the formation of the Trust, but the exemption, of course, will be available only from the date of your application. However, we have given three months' time, from 28th February, for people to file applications for the past years. The new provision comes into force only from the 1st of June. There is enough time for people to do that. I would request you to advise whoever you wish to advise to apply for condonation. Even now there is enough time to take care of past years.

There was a question about refunds. We have given more refunds in 2006-07. CIT refund is Rs. 29,085 crore; PIT refund is Rs. 8,196 crore; and the total refund is Rs. 37,281 crore. There were some issues about Section 80 (P). We have not done anything to section 80 (P) in this Finance Bill. It was done two years ago. The point is that the total number of cooperative banks are 1,11,745. Of these, 1,09,476 are not covered by Section 80 (P). They still remain exempt. Only 2,269 cooperative institutions are covered, not the whole lot. Out of the 2,269 cooperative institutions all over the country, only 1,746 make any profit. Please read the Budget speech. I have now extended section 36 (1) (VIII) benefit to them. Therefore, the levy of income tax on profit earned by a small number of cooperative institutions is to bring some accounting discipline, to bring some regulatory discipline to cooperative institutions. As you know, in many States – I do not wish to name the States – this had, in the last so many years, given rise to so many scandals and so many scams.[\[MSOffice45\]](#)

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): What is the difficulty in exempting the entire cooperative movement? ... (*Interruptions*)

SHRI P. CHIDAMBARAM: Sir, out of 1,11,745, exemption is given to 1,09,476.

Finally, there was some question about the MSP. In 1998-99, MSP for wheat was Rs. 550, by 2003-04, it increased to Rs. 620, and by 2007-08, we have increased it to Rs. 850. We have given Rs. 230 more per quintal for wheat in the fourth year of our Government. For paddy, for common variety, it went from Rs. 440 in 1998-99 to Rs. 550 and now it has gone to Rs. 620. For Grade-A, it went

from Rs. 470 to Rs. 580 and now it has gone to Rs. 650. So, we have given better remunerative prices to wheat and paddy in the four years of the UPA Government.

Sir, with these words, I commend the Finance Bill and I would request that the same may be passed.

... (*Interruptions*)

MR. SPEAKER: The question is:

“That the Bill to give effect to the financial proposal of the Central Government for the financial year 2007-2008, be taken into consideration.”

The motion was adopted.

MR. SPEAKER: Now the House will take up clause-by-clause consideration of the Bill.

The question is:

“That clause 2 stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3

Amendment of Section 2

Amendment made:

Page 5, *after* line 38, *insert-*

‘(g) in clause (42A), with effect from the 1st day of April, 2008,-

(i) in *Explanation 1*, in clause (i), *after* sub-clause (ha), *insert-*

“(hb) in the case of a capital asset, being any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees), the period shall be reckoned from the date of allotment or transfer of such specified security or sweat equity shares;”;

(ii) *after Explanation 2, insert-*

Explanation 3.-For the purposes of this clause, the expressions “specified security” and “sweat equity shares” shall have the meanings respectively assigned to them in the *Explanation* to clause (d) of sub-section (1) of section 115WB;’. (2)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 3, as amended, stand part of the Bill.

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clauses 4 and 5 were added to the Bill.

Clause 6

Amendment of Section 10

Amendments made:

Page 7, line 33, *omit* “or”. (3)

Page 7, *after* line 35, *insert*—

“(H) developing or operating and maintaining or developing,
operating and maintaining any infrastructure facility as defined
in the *explanation* to clause (i) of sub-section (4) of section 80-IA; or”. (4)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 6, as amended, stand part of the Bill.

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 7 was added to the Bill.

Clause 8

Amendment of Section 12A

Amendment made:

Page 8, line 18, *for* “for the”, *substitute* “from the”. (5)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 8, as amended, stand part of the Bill.”

The motion was adopted.

Clause 8, as amended, was added to the Bill

Clause 9 was added to the Bill..

Motion Re: Suspension of Rule 80(i)

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 6 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 6 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 9A**Amendment of Section 13**

Amendment made:

Page 8, after line 24, *insert –*

‘9A. In section 13 of the Income-tax Act, in sub-section (1), in clause (d), for sub-clause (iii), the following sub-clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1999, namely:-

“ (iii) any shares in a company, other than–

(A) shares in a public sector company ;

(B) shares prescribed as a form or mode of investment under clause (xii) of sub-section (5) of section 11,

are held by the trust or institution after the 30th day of November, 1983:”.’. (6)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 9A be added to the Bill”.

The motion was adopted.

Clause 9A was added to the Bill.

Clause 10**Amendment of Section 17**

Amendments made:

Page 9, after line 27, *insert-*

‘Explanation 3.- For the purposes of this sub-clause, “salary” includes the pay, allowances, bonus or commission payable monthly or otherwise or any monetary payment, by whatever name called, from one or more employers, as the case may be, but does not include the following, namely:-

(a) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned;

(b) employer’s contribution to the provident fund account of the employee;

(c) allowances which are exempted from the payment of tax;

(d) value of the perquisites specified in this clause;

(e) any payment or expenditure specifically excluded under the proviso to this clause;”.’. (7)

Page 9, for lines 28 to 41, substitute –

‘(ii) in Explanation 1 as so inserted, for clause (a), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2006, namely:-

“(a) in a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government and –

(i) the accommodation is owned by the employer, the value of the accommodation determined at the specified rate in respect of the period during which the said accommodation was occupied by the assessee during the previous year exceeds the rent recoverable from, or payable by, the assessee;

(ii) the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or fifteen per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;”;

(iii) after Explanation 3 as so inserted, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2006, namely:-

‘Explanation 4.–For the purposes of this sub-clause, “specified rate” shall be-

(i) fifteen per cent. of salary in cities having population exceeding twenty-five lakhs as per 2001 census;

(ii) ten per cent. of salary in cities having population exceeding ten lakhs but not exceeding twenty-five lakhs as per 2001 census; and

(iii) seven and one-half per cent. of salary in any other place.’.’. (8)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 10, as amended, stand part of the Bill. ”

The motion was adopted.

Clause 10, as amended, was added to the Bill[\[a46\]](#).

MR. SPEAKER: Then, whatever relief has been given, that will go.

... (Interruptions)

MR. SPEAKER: The question is:

“That clause 11 stand part of the Bill.”

The motion was adopted.

Clause 11 was added to the Bill.

Clause 12 Amendment of Section 36

Amendment made:

“Page 10, lines 24 and 25, *for* “the business of providing long-term finance in India for industrial or agricultural development or development of infrastructure facility”, *substitute* “the business of providing long-term finance for industrial or agricultural development or development of infrastructure facility in India or construction or purchase of houses in India for residential purposes”. (9)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 12, as amended, stand part of the Bill.”

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Clause 13 was added to the Bill.

Motion for suspension of Rule 80 (i)

SHRI P. CHIDAMBARAM: I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.10 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.” ”

MR. SPEAKER: The question is:

““That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.10 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.” ”

The motion was adopted.

New Clause 13A**Insertion of New Section 44DB**

Amendment made:

Page 11, *after* line 35, *insert* –

‘13A. After section 44DA of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of April, 2008, namely:-

‘44DB. (1) The deduction under section 32, section 35D, section 35DD or section 35DDA shall, in a case where business reorganisation of a co-operative bank has taken place during the financial year, be allowed in accordance with the provisions of this section.

(2) The amount of deduction allowable to the predecessor co-operative bank under section 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula -

$$A \times \frac{B}{C}$$

C

where A = the amount of deduction allowable to the predecessor co-operative bank if the business reorganisation had not taken place;

B = the number of days comprised in the period beginning with the 1st day of the financial year and ending on the day immediately preceding the date of business reorganisation; and

C = the total number of days in the financial year in which the business reorganisation has taken place.

(3) The amount of deduction allowable to the successor co-operative bank under section 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula -

$$A \times \frac{B}{C}$$

C

where A = the amount of deduction allowable to the predecessor co-operative bank if the business reorganisation had not taken place;

B = the number of days comprised in the period beginning with the date of business reorganisation and ending on the last day of the financial year; and

C = the total number of days in the financial year in which the business reorganisation has taken place.

(4) The provisions of section 35D, section 35DD or section 35DDA shall, in a case where an undertaking of the predecessor co-operative bank entitled to the deduction under the said section is transferred before the expiry of the period specified therein to a successor co-operative bank on account of business reorganisation, apply to the successor co-operative bank in the financial years subsequent to the year of business reorganisation as they would have applied to the predecessor co-operative bank, as if the business reorganisation had not taken place.

(5) For the purposes of this section,-

(a) “amalgamated co-operative bank” means –

(i) a co-operative bank with which one or more amalgamating co-operative banks merge; or

(ii) a co-operative bank formed as a result of merger of two or more amalgamating co-operative banks;

- (b) “amalgamating co-operative bank” means -
- (i) a co-operative bank which merges with another co-operative bank; or
 - (ii) every co-operative bank merging to form a new co-operative bank;
- (c) “amalgamation” means the merger of an amalgamating co-operative bank or banks with an amalgamated co-operative bank, in such manner that -
- (i) all the assets and liabilities of the amalgamating co-operative bank or banks immediately before the merger (other than the assets transferred, by sale or distribution on winding up, to the amalgamated co-operative bank) become the assets and liabilities of the amalgamated co-operative bank;
 - (ii) the members holding seventy-five per cent. or more voting rights in the amalgamating co-operative bank become members of the amalgamated co-operative bank; and
 - (iii) the shareholders holding seventy-five per cent. or more in value of the shares in the amalgamating co-operative bank (other than the shares held by the amalgamated co-operative bank or its nominee or its subsidiary, immediately before the merger) become shareholders of the amalgamated co-operative bank;
- (d) “business reorganisation” means the reorganisation of business involving the amalgamation or demerger of a co-operative bank;
- (e) “co-operative bank” shall have the meaning assigned to it in clause (cci) of section 5 of the Banking Regulation Act, 1949.
- (f) “demerger” means the transfer by a demerged co-operative bank of one or more of its undertakings to any resulting co-operative bank, in such manner that—
- (i) all the assets and liabilities of the undertaking or undertakings immediately before the transfer become the assets and liabilities of the resulting co-operative bank;
 - (ii) the assets and the liabilities are transferred to the resulting co-operative bank at values (other than change in the value of assets consequent to their revaluation) appearing in its books of account immediately before the transfer;
 - (iii) the resulting co-operative bank issues, in consideration of the transfer, its membership to the members of the demerged co-operative bank on a proportionate basis;
 - (iv) the shareholders holding seventy-five per cent. or more in value of the shares in the demerged co-operative bank (other than shares already held by the resulting bank or its nominee or its subsidiary immediately before the transfer), become shareholders of the resulting co-operative bank, otherwise than as a result of the acquisition of the assets of the demerged co-operative bank or any undertaking thereof by the resulting co-operative bank;
 - (v) the transfer of the undertaking is on a going concern basis; and
 - (vi) the transfer is in accordance with the conditions specified by the Central Government, by notification in the Official Gazette, having regard to the necessity to ensure that the transfer is for genuine business purposes; or
- (g) “demerged co-operative bank” means the co-operative bank whose undertaking is transferred, pursuant to a demerger, to a resulting bank.
- (h) “predecessor co-operative bank” means the amalgamating co-operative bank or the demerged co-operative bank, as the case may be;
- (i) “successor co-operative bank” means the amalgamated co-operative bank or the resulting bank, as the case may be;
- (j) “resulting co-operative bank” means –
- (i) one or more co-operative banks to which the undertaking of the demerged co-operative bank is transferred in a demerger; or
 - (ii) any co-operative bank formed as a result of demerger.

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 13A be added to the Bill.”

The motion was adopted.

New clause 13A was added to the Bill.

Motion for Suspension of Rule 80 (i)

SHRI P. CHIDAMBARAM: I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.11 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.11 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 13B

Amendment of Section 47

Amendment made:

Page 11, *after* line 35, *insert*:--

“13B. In section 47 of the Income-tax Act, after clause (vic), the following shall be inserted with effect from the 1st day of April, 2008, namely:-

‘(vica) any transfer in a business reorganisation, of a capital asset by the predecessor co-operative bank to the successor co-operative bank;

(vicb) any transfer by a shareholder, in a business reorganisation, of a capital asset being a share or shares held by him in the predecessor co-operative bank if the transfer is made in consideration of the allotment to him of any share or shares in the successor co-operative bank.

Explanation. - For the purposes of clauses (vica) and (vicb), the expressions “business reorganisation”, “predecessor co-operative bank” and “successor co-operative bank” shall have the meanings respectively assigned to them in section 44DB;”.’ (11)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 13B be added to the Bill.”

The motion was adopted.

New Clause 13B was added to the Bill.

Clause 14 Amendment of Section 49

Amendment made:

Page 11, for lines 36 to 41, substitute –

‘14. In section 49 of the Income-tax Act, with effect from the 1st day of April, 2008, -

(i) in sub-section (1), in clause (iii), in sub-clause (e), for the word, brackets, figures and letters “clause (viaa)”, the words, brackets, figures and letters “clause (viaa) or clause (vica) or clause (vicb)” shall be substituted;

(ii) after sub-section (2AA), the following sub-section shall be inserted, namely:-

“(2AB) Where the capital gain arises from the transfer of specified security or sweat equity shares, the cost of acquisition of such security or shares shall be the fair market value which has been taken into account while computing the value of fringe benefits under clause (ba) of sub-section (1) of section 115WC.”;

(iii) after sub-section (2D) and before the *Explanation*, the following sub-section shall be inserted, namely:-

“(2E) The provisions of sub-section (2), sub-section (2C) and sub-section (2D) shall, as far as may be, also apply in relation to business reorganisation of a co-operative bank as referred to in section 44DB.” (12)

MR. SPEAKER: The question is:

“That clause 14, *as amended*, stand part of the Bill.”

The motion was adopted.

Clause 14, as amended, was added to the Bill.

Clauses 15 to 17 were added to the Bill.

Motion for Suspension of Rule 80 (i)

SHRI P. CHIDAMBARAM: I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to

the Government amendment No.13 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.13 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 17A

Insertion of New Section 72 AB

Amendment made:

Page 12, after line 37, insert –

“17A. After section 72AA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2008, namely:-

‘72AB. (1) The assessee, being a successor co-operative bank, shall, in a case where the amalgamation has taken place during the previous year, be allowed to set off the accumulated loss and the unabsorbed depreciation, if any, of the predecessor co-operative bank as if the amalgamation had not taken place, and all the other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

(2) The provisions of this section shall apply if -

(a) the predecessor co-operative bank—

(i) has been engaged in the business of banking for three or more years; and

(ii) has held at least three-fourths of the book value of fixed assets as on the date of the business reorganisation, continuously for two years prior to the date of business reorganisation;

(b) the successor co-operative bank—

(i) holds at least three-fourths of the book value of fixed assets of the predecessor co-operative bank acquired through business reorganisation, continuously for a minimum period of five years immediately succeeding the date of business reorganisation;

(ii) continues the business of the predecessor co-operative bank for a minimum period of five years from the date of business reorganisation; and

(iii) fulfils such other conditions as may be prescribed to ensure the revival of the business of the predecessor co-operative bank or to ensure that the business reorganisation is for genuine business purpose.

(3) The amount of set-off of the accumulated loss and unabsorbed depreciation, if any, allowable to the assessee being a resulting co-operative bank shall be,-

(i) the accumulated loss or unabsorbed depreciation of the demerged co-operative bank if the whole of the amount of such loss or unabsorbed depreciation is directly relatable to the undertakings transferred to the resulting co-operative bank; or

(ii) the amount which bears the same proportion to the accumulated loss or unabsorbed depreciation of the demerged co-operative bank as the assets of the undertaking transferred to the resulting co-operative bank bears to the assets of the demerged co-operative bank if such accumulated loss or unabsorbed depreciation is not directly relatable to the undertakings transferred to the resulting co-operative bank.

(4) The Central Government may, for the purposes of this section, by notification in the Official Gazette, specify such other conditions as it considers necessary, other than those prescribed under sub-clause (iii) of clause (b) of sub-section (2), to ensure that the business reorganisation is for genuine business purposes.

(5) The period commencing from the beginning of the previous year and ending on the date immediately preceding the date of business reorganisation, and the period commencing from the date of such business reorganisation and ending with the previous year shall be deemed to be two different previous years for the purposes of set off and carry forward of loss and allowance for depreciation.

(6) In a case where the conditions specified in sub-section (2) or notified under sub-section (4) are not complied with, the set off of accumulated loss or unabsorbed depreciation allowed in any previous year to the successor co-operative bank shall be deemed to be the income of the successor co-operative bank chargeable to tax for the year in which the conditions are not complied with.

(7) For the purposes of this section, -

(a) “accumulated loss” means so much of loss of the amalgamating co-operative bank or the demerged co-operative bank, as the case may be, under the head “Profits and gains of business or profession” (not being a loss sustained in a speculation business) which such amalgamating co-operative bank or the demerged co-operative bank, would have been entitled to carry forward and set-off under the provisions of section 72 as if the business reorganisation had not taken place;

(b) “unabsorbed depreciation” means so much of the allowance for depreciation of the amalgamating co-operative bank or the demerged co-operative bank, as the case may be, which remains to be allowed and which would have been allowed to such bank as if the business reorganisation had not taken place;

(c) the expressions “amalgamated co-operative bank”, “amalgamating co-operative bank”, “amalgamation”, “business reorganisation”, “cooperative bank”, “demerged cooperative bank”, “demerger”, “predecessor co-operative bank”, “successor co-operative bank” and “resulting cooperative bank” shall have the meanings respectively assigned to them in section 44DB.’; (13)

MR. SPEAKER: The question is:

“That new clause 17A be added to the Bill.”

The motion was adopted.

New clause 17A was added to the Bill.

Motion for Suspension of Rule 80 (i)

SHRI P. CHIDAMBARAM: I beg to move:

“That this House do suspend clause (i) of rule 8 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.14 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.” ”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 8 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.14 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.[\[R47\]](#)

New Clause 17B Amendment of Section 80A

Amendment made:

Page 12, *after* line 37, *insert* –

17B. In section 80A of the Income-tax Act, in sub-section (3),-

(i) after the word, figures and letters “section 80-IB”, the words, figures and letters “or section 80-IC” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2004;

(ii) after the words, figures and letters “or section 80-IC” as so inserted, the words, figures and letters “or section 80-ID or section 80-IE” shall be inserted with effect from the 1st day of April, 2008.’. (14)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 17B be added to the Bill.”

The motion was adopted.

New clause 17B was added to the Bill.

Clause 18

Amendment of Section 80 AC

Amendment made:

Page 12, line 39, *for* the words, figures and letters “or section 80-ID”, *substitute* the words, figures and letters “or section 80-ID or section 80-IE”. (15)

MR. SPEAKER: The question is:

“That clause 18, as amended, stand part of the Bill.”

The motion was adopted.

Clause 18, as amended, was added to the Bill.

Motion Re : Suspension of Rule 80 (i)

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 16 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 16 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 18A

Amendment of

Section 80C

Amendment made:

Page 12, *after* line 39, *insert* –

‘18A. In section 80C of the Income-tax Act, in sub-section (2), after clause (xxi), the following clause shall be inserted with effect from the 1st day of April, 2008, namely –

“(xxii) as subscription to such bonds issued by the National Bank for Agriculture and Rural Development, as the Central Government may, by notification in the Official Gazette, specify in this behalf.”. (16)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 18A be added to the Bill.”

The motion was adopted.

New clause 18A was added to the Bill.

Clauses 19 and 20 were added to the Bill.

Clause 21 Amendment of Section 80E

Amendment made:

Page 13, for lines 5 and 6, substitute –

‘(ii) in sub-section (3),-

(A) in clause (a), for the words “notified by the Central Government”, the words “approved by the prescribed authority” shall be substituted;

(B) after clause (d), the following clause shall be inserted, namely:-

‘(e) “relative”, in relation to an individual, means the spouse and children of that individual.’. (17)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 21, as amended, stand part of the Bill. ”

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clauses 22 and 23 were added to the Bill.

Motion Re : Suspension of Rule 80 (i)

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 18 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 18 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 23A**Amendment of Section 80-IC**

Amendment made:

Page 14, *after* line 3, *insert* –

23A. In section 80-IC of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2008,-

(i) in clause (a), in sub-clause (i), for the figures, letters and words “1st day of April, 2012”, the figures, letters and words “1st day of April, 2007” shall be substituted;

(ii) in clause (b), in sub-clause (i), for the figures, letters and words “1st day of April, 2012”, the figures, letters and words “1st day of April, 2007” shall be substituted.’.

(18)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 23A be added to the Bill.”

The motion was adopted.

New clause 23A was added to the Bill.

Clause 24 was added to the Bill.

Motion Re : Suspension of Rule 80(i)

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 19 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 19 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 24A

Insertion of new Section 80-1E

Amendment made:

Page 14, *after* line 50, *insert* –

‘24A. After section 80-ID as so inserted in the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2008, namely:-

‘80-IE. (1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking, to which this section applies, from any business referred to in sub-section (2), there shall be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for ten consecutive assessment years commencing with the initial assessment year.

(2) This section applies to any undertaking which has, during the period beginning on the 1st day of April, 2007 and ending before the 1st day of April, 2017, begun or begins, in any of the North-Eastern States,-

(i) to manufacture or produce any eligible article or thing;

(ii) to undertake substantial expansion to manufacture or produce any eligible article or thing;

(iii) to carry on any eligible business.

(3) This section applies to any undertaking which fulfils all the following conditions, namely:-

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in the said section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.-The provisions of *Explanations* 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (ii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.

(4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10A or section 10AA or section 10B or section 10BA, in relation to the profits and gains of the undertaking.

(5) Notwithstanding anything contained in this Act, no deduction shall be allowed to any undertaking under this section, where the total period of deduction inclusive of the period of deduction under this section, or under section 80-IC or under the second proviso to sub-section (4) of section 80-IB or under section 10C, as the case may be, exceeds ten assessment years.

(6) The provisions contained in sub-section (5) and sub-sections (7) to (12) of section 80-IA shall, so far as may be, apply to the eligible undertaking under this section.

(7) For the purposes of this section,-

(i) “initial assessment year” means the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce articles or things, or completes substantial expansion;

(ii) “North-Eastern States” means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(iii) “substantial expansion” means increase in the investment in the plant and machinery by at least twenty-five per cent. of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken;

(iv) “eligible article or thing” means the article or thing other than the following:-

(a) goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 which pertains to tobacco and manufactured tobacco substitutes;

(b) pan masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985;

(c) plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests vide notification number S.O. 705(E), dated the 2nd September, 1999 and S.O. 698(E), dated the 17th June, 2003; and

(d) goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985, produced by petroleum oil or gas refineries;

(v) “eligible business” means the business of,-

(a) hotel (not below two star category);

(b) adventure and leisure sports including ropeways;

(c) providing medical and health services in the nature of nursing home with a minimum capacity of twenty-five beds;

(d) running an old-age home;

(e) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion designing and industrial training;

(f) running information technology related training center;

(g) manufacturing of information technology hardware; and

(h) bio-technology.’.’ (19)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new clause 24A be added to the Bill.”

The motion was adopted.

New clause 24A was added to the Bill.

Clauses 25 to 30 were added to the Bill.

Clause 31

Amendment of Section 115 WC

Amendment made:

Page 16, *for* lines 6 to 11, *substitute-*

‘(ba) the fair market value of the specified security or sweat equity shares referred to in clause (d) of sub-section (1) of section 115WB, on the date on which the option vests with the employee as reduced by the amount actually paid by, or recovered from, the employee in respect of such security or shares.

Explanation.— For the purposes of this clause,-

(i) “fair market value” means the value determined in accordance with the method as may be prescribed by the Board;

(ii) “option” means a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price.’.

(20)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 31, as amended, stand part of the Bill.”

The motion was adopted.

Clause 31, as amended, was added to the Bill.

Clause 32

Amendment of Section 115 WJ

Amendment made:

Page 16, *for* lines 48 to 52, *substitute-*

“(3) Where an assessee, being a company, has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than the amount payable by the due date, he shall be liable to pay simple interest calculated at the rate of-

(i) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th June of the financial year falls short of fifteen per cent. of the advance tax payable;

(ii) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th September of the financial year falls short of forty-five per cent. of the advance tax payable;

(iii) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th December of the financial year falls short of seventy-five per cent. of the advance tax payable; and

(iv) one per cent. on an amount by which the advance tax paid on or before the 15th March of the financial year falls short of the hundred per cent. of the advance tax payable.

(4) Where an assessee, being a person other than a company, has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than the amount payable by the due date, he shall be liable to pay simple interest calculated at the rate of-

(i) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th September of the financial year falls short of thirty per cent. of the advance tax payable;

(ii) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th December of the financial year

falls short of sixty per cent. of the advance tax payable; and

(iii) one per cent. on an amount by which the advance tax paid on or before the 15th March of the financial year falls short of hundred per cent. of the advance tax payable.

(5) Where an assessee has failed to pay the advance tax payable by him during a financial year or where the advance tax paid by him is less than ninety per cent. of the tax assessed under section 115WE or section 115WF or section 115WG, the assessee shall be liable to pay simple interest at the rate of one per cent. per month, for every month or part of a month comprised in the period from the 1st day of April next following such financial year to the date of assessment of tax under section 115WE or section 115WF or section 115WG.” (21)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 32, as amended, stand part of the Bill.”

The motion was adopted.

Clause 32, as amended, was added to the Bill.

Motion Re : Suspension of Rule 80(i)

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.22 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.22 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

New Clause 32A

Insertion of New Section

115 WKA

Amendment made:

Insertion of Page 16 after line 52, insert—

New

Section 115 '32A. After section 115WK of the Income Tax Act, the following WKA section shall be inserted, namely:-

Recovery of fringe benefit tax by the employer from the employee

“115WKA. Notwithstanding anything contained in any agreement or scheme under which any specified security or sweat equity shares referred to in clause (d) of sub-section (1) of section 115WB has been allotted or transferred, directly or indirectly, by the employer on or after the 1st day of April, 2007, it shall be lawful for the employer to vary the agreement or scheme under which such specified security or sweat equity shares has been allotted or transferred so as to recover from the employee the fringe benefit tax to the extent to which such employer is liable to pay the fringe benefit tax in relation to the value of fringe benefits provided to the employee and determined under clause (ba) of sub-section (1) of section 115WC.”. (22)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new Clause 32A be added to the Bill.”

The motion was adopted.

New Clause 32A was added to the Bill.

Clauses 33 to 35 were added to the Bill.

Clause 36

**Insertion of new
Section 139C and
139D**

Amendment made:

Page 17, line 22, *for*“audited reports”, *substitute* “reports of audit”. (23)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 36, as amended, stand part of the Bill.”

The motion was adopted.

Clause 36, as amended, was added to the Bill.

**Amendment
of Section
845 C**

Clauses 37 to 53 were added to the Bill.

Clause 54

Amendment made:

Page 21, *for* lines 46 and 47, *substitute* “(4) An assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also intimate the Assessing Officer in the prescribed manner of having made such application to the said Commission.”. (24)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 54, as amended, stand part of the Bill.”

The motion was adopted.

Clause 54, as amended, was added to the Bill.

**Amendment
of Section
245 D**

Clause 55

Amendment made:

Page 23, lines 20 and 21, *for* “nine months”, *substitute* “twelve months”. (25)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 55, as amended, stand part of the Bill.”

The motion was adopted.

Clause 55, as amended, was added to the Bill.

Clauses 56 to 66 were added to the Bill.

Clause 67

**Amendment of
Section 271**

Amendment made:

Page 26, line 14, *for* “and claims”, *substitute* “and he claims”. (26)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 67, as amended, stand part of the Bill.”

The motion was adopted.

Clause 67, as amended, was added to the Bill.

Clause 68 was added to the Bill.

**Insertion of
New
Section 292
C**

Clause 69

Amendment made:

Page 27, line 7, for “course of a search”, substitute “course of a search under section 132”. (27)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 69, as amended, stand part of the Bill.”

The motion was adopted.

Clause 69, as amended, was added to the Bill.

Clauses 70 to 75 were added to the Bill. [\[r48\]](#)

**Amendment of
Section 22C**

Clause 76

Amendment made:

Page 29, for lines 13 and 14, substitute“(4) An assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also intimate the Assessing Officer in the prescribed manner of having made such application to the said Commission.”. (28)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 76, as amended, stand part of the Bill.”

The motion was adopted.

Clause 76, as amended, was added to the Bill.

Clause 77

Amendment of Section 22 D *Amendment made:*

Page 30, line 36, *for* “nine months”, *substitute* “twelve months”. (29)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 77, as amended, stand part of the Bill.”

The motion was adopted.

Clause 77, as amended, was added to the Bill.

Clauses 78 to 83 were added to the Bill.

Insertion of New Section 42 D

Clause 84

Amendment made:

“Page 32, line 18, *for* “course of a search”, *substitute* “course of a search under section 37A”. (30)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 84, as amended, stand part of the Bill.”

The motion was adopted.

Clause 84, as amended, was added to the Bill.

Amendment of Section 2 Clause 85

Amendment made:

Page 32, line 33, *for* “sub-section (1) or sub-section (3) of section 14” *substitute* “sub-section (1) or sub-section (2) of section 14”. (31)

MR. SPEAKER: The question is:

“That clause 85, as amended, stand part of the Bill.”

The motion was adopted.

Clause 85, as amended, was added to the Bill.

Clause 86

<p>Substitution of new Section for Section 14</p>
--

Amendments made:

Page 32, for lines 37 to 47, substitute—

Valuation 14.(1) For the purposes of the Customs Tariff Act, 1975, or any other of goods. other law for the time being in force, the value of the imported goods

and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf:

Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made in this behalf:

Provided further that the rules made in this behalf may provide for,-

(i) the circumstances in which the buyer and the seller shall be deemed to be related;

(ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;

(iii) the manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section:

Provided also that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill of export, as the case may be, is presented under section 50.” (32)

Page 32, omit line 53. (33)

Page 33, omit lines 1 and 2. (34)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 86, as amended, stand part of the Bill.”

The motion was adopted.

Clause 86, as amended, was added to the Bill.

Clauses 87 to 103 were added to the Bill.

Amendment of Section 156

Clause 104

Amendments made:

Page 36, line 48 *for* “clauses” *substitute* “clause”. (35)

Page 37, *omit* lines 2 and 3. (36)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That clause 104, as amended, stand part of the Bill.”

The motion was adopted.

Clause 104, as amended, was added to the Bill.

Clauses 105 and 106 were added to the Bill.

Motion Re: Suspension of Rule 80(i)

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.37 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

MR. SPEAKER: The question is:

“That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.37 to the Finance Bill, 2007 and that this amendment may be allowed to be moved.”

The motion was adopted.

<p>Non-reversal of CENVAT Credit</p>

New Clause 106A

Amendment made:

Page 37, *after* line 16, insert—

‘106A. After section 5A of the Central Excise Act, the following section shall be inserted, namely:-

“5B. Where an assessee has paid duty of excise on a final product and has been allowed credit of the duty or tax or cess paid on inputs, capital goods and input services used in making of the said product, but subsequently the process of making the said product is held by the court as not chargeable to excise duty, the Central Government may, by notification, order for non-reversal of such credit allowed to the assessee subject to such conditions as may be specified in the said notification:

Provided that the order for non-reversal of credit shall not apply where an assessee has preferred a claim for refund of excise duty paid by him:

Provided further that the Central Government may also specify in the notification referred to above for non-reversal of credit, if any, taken by the buyer of the said product.”;’. (37)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

“That new Clause 106 A be added to the Bill.”

The motion was adopted.

New Clause 106 A was added to the Bill.

Clauses 107 to 134 were added to the Bill.

FIRST SCHEDULE

MR. SPEAKER: Mr. Malhotra, are you moving your amendment?

PROF. VIJAY KUMAR MALHOTRA (SOUTH DELHI): Sir, I beg to move:

Page 52, for lines 20 to 45, substitute:--

Rates of income-tax

- | | | | |
|-----|-----|--|------|
| (1) | (a) | where the total income of the individual who is not a Central Government employee does not exceed Rs. 1,50,000 | Nil; |
| | (b) | Where the total income of the individual who is a Central Government Employee does not exceed Rs. 1,80,000 | Nil; |
| (2) | | where the total income exceeds 10 per cent of the amount Rs. 1,50,000 in case of individuals by which the total income | |

Other than Central Government exceeds Rs. 1,50,000 in case
 Employees or Rs. 1,80,000 (in the of individuals other than
 Case of Central Government Central Government
 Employees) but does not exceed Employees or Rs. 1,80,000
 Rs. 2,00,000 (in the case of Central
 Government Employees);

- (3) where the total income exceeds Rs. 5,000 in case of
 Rs. 2,00,000 but does not exceed individuals other than
 Rs. 3,00,000 Central Government
 Employees or Rs. 2,000
 (in the case of Central
 Government Employees) plus
 20 per cent of the amount
 by which the total income
 exceeds Rs. 2,00,000;

- (4) where the total income exceeds Rs. 25,000 in case of
 Rs. 3,00,000 individuals other than

Central

Government employees or
 Rs. 22,000 (in the case of
 Central Government
 Employees) plus 30 per cent
 of the amount by which the
 total income exceeds
 Rs. 3,00,000.

(II) In the case of every individual, being a woman resident of India,
 and below the age of sixty years at any time during the previous year:--

Rates of income-tax

- (1) where the total income does not exceed Rs. 2,00,000 Nil;
- (2) where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 2,25,000 10 per cent of the amount by which the total income exceeds Rs. 2,00,000;
- (3) where the total income exceeds Rs. 2,25,000 but does not exceed Rs. 3,00,000 Rs. 2,500 plus 20 per cent of the amount by which the total income exceeds Rs. 2,25,000.
- (4) where the total income exceeds Rs. 3,00,000 Rs. 17,500 plus 30 per cent of the amount by which The total income exceeds Rs. 3,00,000.
- (III) In the case of every individual, being a resident of India, who is of the age of sixty years or more at any time during the previous year;--

Rates of income-tax

- (1) where the total income does not exceed Rs. 2,50,000 Nil;
- (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 3,00,000 10 per cent of the amount by which the total income exceeds Rs. 2,50,000;

- (3) where the total income exceeds Rs. 5,000 plus 20 per cent
Rs. 3,00,000 of the amount by which
the total income exceeds
Rs. 3,00,000. (1)

MR. SPEAKER: Do you want to say something? Please be brief.

प्रो. विजय कुमार मल्होत्रा (दक्षिण दिल्ली) : महोदय, माननीय वित्त मंत्री जी ने फर्स्ट शैड्यूल में इन्कम टैक्स एकजम्पशन के बारे में कहा है। सब कहते हैं कि उन्होंने काफी राहत दी है। मैं समझता हूँ कि आम आदमी, सरकारी कर्मचारियों, महिलाओं और सीनियर सिटिजन्स के साथ जितना विश्वासघात किया गया है इसलिए मैंने यह अमेंडमेंट मूव किया है। उन्होंने कहा कि एकजम्पशन लिमिट को 1,00,000 रुपए से बढ़ाकर 1,10,000 रुपए किया है। सर्विस टैक्स के साथ एजुकेशन सेस लगाया गया है और इन्फ्लेशन बढ़ती चली जा रही है।... (व्यवधान)

मैं बहुत संक्षेप में कहना चाहता हूँ, इसमें मेरी अमेंडमेंट यह है कि 1,00,000 रुपए के बजाय लिमिट 1,50,000 रुपए की जाए। सरकारी कर्मचारियों को 30,000 रुपए की स्टैंडर्ड डिडक्शन मिलती थी, वित्त मंत्री जी ने इसका जिक्र किया है कि जब पहले 50,000 रुपए थी तब 30,000 स्टैंडर्ड डिडक्शन थी और 12,000 इन्टरस्ट पर एकजम्पशन मिलती थी। यदि देखें तो एजुकेशन सेस इत्यादि मिलाकर उनकी स्थिति पहले से खराब हुई। इसलिए मैंने कहा कि सरकारी कर्मचारियों और दूसरे कर्मचारियों के लिए एकजम्पशन लिमिट 1,50,000 रुपए होनी चाहिए। महिलाओं के लिए इसे बढ़ाकर 2,00,000 रुपए एकजम्पशन लिमिट होनी चाहिए और इसके आगे कितना रेट हो - 10 परसेंट हो, इसे मैंने अलग से इस अमेंडमेंट में कहा है। सीनियर सिटिजन्स के लिए 2,50,000 रुपए एकजम्पशन लिमिट की जाए और इसके साथ उनकी आयु 60 वा की होनी चाहिए क्योंकि 60 वा में लोग रिटायर हो जाते हैं। इन्होंने जो एकजम्पशन लिमिट बढ़ाई है, वह 10,000 रुपए बढ़ाई गई जिससे 1,000 रुपए का फायदा हुआ। यह हर अरबपति, खरबपति, हिन्दुस्तान में जो करोड़ों रुपए टैक्स देने वाले हैं, उन्हें भी 1,000 रुपए की राहत दी है। यह बजट सचमुच खरबपतियों का बजट है और उनके लिए ही बनाया गया है। गरीब लोगों को आप 1,000 रुपए की छूट क्यों देना चाहते हैं? जो बीस करोड़ या पचास करोड़ रुपए का इन्कम टैक्स देते हैं, उन्हें 1,000 रुपए की छूट क्यों दी है? इसके बजाय अगर आप सरकारी कर्मचारियों, महिलाओं, सीनियर सिटिजन्स और गरीबों को देते तो बहुत राहत मिलती।

मैं दूसरी बात यह कहना चाहता हूँ कि यहां जब मणिशंकर अय्यर जी ने भाण दिया था, उसमें उन्होंने एक बात कही थी। मैं खरबपतियों की बात कहना चाहता हूँ कि अभी वित्त मंत्री जी ने इस बात को बहुत जोर से कहा कि हमारे यहां 9.92 परसेंट ग्रोथ रेट हुआ है।

I quote:

“So, when you talk of a 9.2 per cent growth rate, it becomes a statistical abstraction: 0.2 per cent of our people are growing at 9.92 per cent per annum. But there is a very large number, I do not know how many, whose growth rate is perhaps less than 0.2 per cent. But certainly, the number of those who are at the lower end of the growth sector is very much larger than those who are at the higher end. ...”

Sir, then he goes on and says:

“Yet what happens when you have the Budget? As an absolute ritual every Finance Minister” ... (Interruptions)

This was the speech he made. ... (*Interruptions*) I know that you also spoke on the television and said that he did something very wrong. The Prime Minister and the Cabinet takes a decision and a Cabinet Minister goes and says this. What does he say? He said:

“... As an absolute ritual, every Finance Minister (my colleague Chidambaram is no exception) will devote the first four or five pages of his Budget speech to the bulk” ... (*Interruptions*)

MR. SPEAKER: It does not relate to this amendment.

... (*Interruptions*)

PROF. VIJAY KUMAR MALHOTRA : Sir, I have moved my amendment. ... (*Interruptions*)

MR. SPEAKER: You can speak only on your amendment.

PROF. VIJAY KUMAR MALHOTRA : The amendment that I have moved is about this. This is the amendment I have moved. ... (*Interruptions*)

MR. SPEAKER: You do not have to come to his support. He can look after everybody.

... (*Interruptions*)

PROF. VIJAY KUMAR MALHOTRA : He said:

“ Every Finance Minister will devote the first four or five pages of his budget speech to the bulk of India and there will then be several pages including whole of part B, which deals perhaps with one or two per cent of our population.” ... (*Interruptions*)

MR. SPEAKER: It has nothing to do with the Finance Bill.

... (*Interruptions*)

प्रो. विजय कुमार मल्होत्रा : एक या दो परसेंट पापुलेशन के लिए यह बजट बनाया गया।...(व्यवधान)

MR. SPEAKER: I will put the question now.

... (*Interruptions*)

प्रो. विजय कुमार मल्होत्रा : अख्यर साहब ने माननीय प्रधानमंत्री के बारे में भी कहा है...(व्यवधान)

MR. SPEAKER: That is not relevant to this amendment.

... (*Interruptions*)

PROF. VIJAY KUMAR MALHOTRA : Sir, it is very important. ... (*Interruptions*)

MR. SPEAKER: You can refer to it in any other debate and not in this debate.

PROF. VIJAY KUMAR MALHOTRA : Sir, I have already moved a privilege motion. I will come to you. But what type of Finance Minister उन्होंने एक कैबिनेट मिनिस्टर, फाइनेंस मिनिस्टर के खिलाफ जो बातें कही हैं, वह ठीक है या चिदंबरम साहब की बात ठीक है। प्राइम मिनिस्टर ने उनको अभी तक क्यों रखा हुआ है? ... (Interruptions) Sir, it has cost us from not hosting the Asian Games. ... (Interruptions)^[150]

अध्यक्ष महोदय : आपने जो अमैन्डमेंट दिया, हमने आपको उस पर पूरा बोलने दिया।

प्रो. विजय कुमार मल्होत्रा : सर, मैं यह कह रहा हूँ कि अय्यर साहब की स्पीच और फाइनेंस मिनिस्टर की स्पीच दोनों डायमेट्रिकली अपोजिट हैं। दोनों में से कौन सही है।

MR. SPEAKER: I know what you are saying. But this is not the occasion to raise it now.

... (Interruptions)

PROF. VIJAY KUMAR MALHOTRA : Sir, who is right? Let the Prime Minister tell us as to whether Mr. Aiyar is right or Mr. Chidambaram is right.

MR. SPEAKER: Let me put the question.

... (Interruptions)

PROF. VIJAY KUMAR MALHOTRA : Sir, I am moving my Amendment and let me speak. I am saying another thing now.

MR. SPEAKER: Already, please speak.

... (Interruptions)

MR. SPEAKER: Mr. Goyal, you please sit down.

प्रो. विजय कुमार मल्होत्रा : सर, जो-जो अमैन्डमेंट्स मैंने दिये हैं, उनके साथ मैंने कहा है कि जैश-ए-मोहम्मद ने ... (व्यवधान)

अध्यक्ष महोदय : आप कहां से कहां जा रहे हैं?

प्रो. विजय कुमार मल्होत्रा : जैश-ए-मोहम्मद ने इंडियन इकोनोमी में ... (व्यवधान) इन्होंने अभी जिक्र किया है कि ... (व्यवधान) Jaishe-e-Mohammad has invested their money in Indian markets... (Interruptions)

MR. SPEAKER: I do not know about the Jaise-e-Mohammad. Do they pay taxes?

... (Interruptions)

MR. SPEAKER: You have made your intentions very clear and let me do my duty.

PROF. VIJAY KUMAR MALHOTRA : Sir, he had already mentioned it. फाइनेंस मिनिस्टर ने मैनशन किया है कि जैश-ए-मोहम्मद ने हमारे शेयर्स में, रियल एस्टेट में, बजट में पूरा-पूरा इनवैस्टमेंट किया है। Let the Finance Minister come out and tell us.... (Interruptions)

मैं इस अमैन्डमेंट में कहना चाहता हूँ कि इन्होंने गरीबों को धोखा दिया है, इंडियन इकोनोमी के बारे में गलत इनफोर्मेशन दी है।
So, I am moving this amendment.

MR. SPEAKER: You are pressing this amendment strongly!

I shall now put amendment No. 1 moved by Prof. Vijay Kumar Malhotra to the vote of the House.

The amendment was put and negatived.

प्रो. विजय कुमार मल्होत्रा : सर, हमारे सारे अमैन्डमेंट्स रिजैक्ट कर दिए गए हैं और हम समझते हैं कि यह गरीब आदमियों के साथ बहुत अन्याय है। इसलिए हम इसके विरोध में वाक-आउट करते हैं।

16.42 hrs. (At this stage Prof. Vijay Kumkar Malhotra and some other Members left the House)

...(व्यवधान)

अध्यक्ष महोदय : आप लोग शांति से जाइये।

... (Interruptions)

MR. SPEAKER: The question is:

“That the First Schedule stand part of the Bill.”

The motion was adopted.

The First Schedule was added to the Bill.

The Second Schedule, The Third Schedule, The Fourth Schedule, The Fifth Schedule and The Sixth Schedule were added to the Bill

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

MR. SPEAKER: The Minister may now move that the Bill, as amended, be passed.

SHRI P. CHIDAMBARAM: Sir, I beg to move:

“That the Bill, as amended, be passed.”

MR. SPEAKER: The question is:

“That the Bill, as amended, be passed.”

The motion was adopted.
