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Title: Further discussion on the motion for consideration of the Finance Bill, 2008, moved by Shri P. Chidambaram on 25th April, 2008. (Bill passed).

MR. SPEAKER : Now, the House shall take up Item No.24, Finance Bill 2008. The hon. Members who wish to lay their speeches may do so. Now, the hon. Minister!

*SHRI RAYAPATI SAMBASIVA RAO (GUNTUR): Sir, at the very outset, I would like to congratulate the Congress President, Madam Sonia Gandhi ji, the hon. Prime Minister, Dr. Manmohan Singh and the hon. Finance Minister, Shri P. Chidambaram for announcing the Debt Waiver and Relief Scheme to the tune of Rs.60,000 crore. It is an historic announcement with no parallels. No Government in the past had announced loan waiver of this magnitude. It will not be an exaggeration if I say that the UPA Government is working in the interests of the farmers. This Government wants to see the farmers lead an honourable and respectable life. It is an extraordinary effort of this Government to come to the rescue of the farmers who are in distress.

Now, I turn to my State, Andhra Pradesh, where about 78 lakhs small and marginal farmers would reap the benefit of Rs.13,000 crore. Hence, I call Andhra Pradesh would be the biggest beneficiary of this landmark scheme of loan waiver. The loan waiver has come at the right time and in a sense it can be called a boon to the small and marginal farmers. This scheme would enable the small and marginal farmers to wipe off their debts and to revive their economic activity with enthusiasm and to start the life afresh.

As is well aware, agricultural activity is dependant on the vagaries of nature. In one sense, it can be called a gambling'. In spite of vast development in our scientific sphere, we could not predict the weather conditions and guide the farmers about the impending natural calamities. Untimely rains in Guntur and

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* Speech was laid on the Table.

Prakasam districts in Andhra Pradesh this month has caused havoc to the chilli standing crop, which resulted in distress to the farmers.

Now, let me turn to some of the shortcomings of the debt waiver scheme. Let me emphasis that the scheme benefits only the small and marginal farmers and not the tenant farmers. To quote a specific example, the tenant farmers, who are called *Kowlu* Rythulu' in Andhra Pradesh mostly hail from SCs, STs and Backward Classes. They live in penury. Hence, they deserve all the sympathy of the Government. Hence, I would like to suggest that the debt waiver scheme should be suitable modified with a view to extend the benefits to the tenant farmers also, as they are the ones who toil in the farm.

Same is the case with the Tobacco farmers. They do not get benefits under the loan waiver scheme. This is attributed to the system of paying price' to the tobacco farmers. As is the practice, it is mandatory to sell tobacco at the Tobacco Board sponsored auction platforms and the price is paid to the Tobacco farmers by cheque through the Tobacco Board, which ensures that the dues to the banks from the Tobacco farmers are paid at the time of issuing cheques. There cannot be any default on the part of Tobacco farmers as the repayment is compulsive and are made from the sale proceeds.

The other important segment is those farmers who pay their outstandings to the bank promptly. They are not eligible for the benefit under the debt waiver scheme as no amount is left unpaid against their names at the cut off date. It is nothing but punishing those farmers who have promptly discharged their bank debts. Hon. Minister would agree with me that this would undoubtedly sends a wrong signal to the farmers who repay their bank debts promptly. As is popularly said, We are putting a premium on default'. This should not be the case. Hope the Government would consider this aspect with all seriousness it deserves.

Hence, I would like to suggest that the farmers, in general, and tobacco farmers, in particular, who have promptly repaid their bank loans should be brought within the ambit of the debt waiver scheme so that they are also allowed to reap the benefits of this scheme.

Now, I come to the crop insurance scheme. Crop insurance scheme is primarily to protect the farmers at the time of natural calamities and pests create havoc. Farmers are in favour of insurance scheme but it should be made uniformly. At present, all the crops are not coming under the domain of the insurance scheme. I would most fervently suggest that insurance scheme should be extended not only to cover all the crops but also to ensure that village' is considered as a 'unit' for the purpose of assessing crop damage.

I am of the firm conviction that the above suggestions, if implemented, would go a long way in bringing smile on the faces of the farmers. Farmers have welcomed the debt waiver scheme wholeheartedly. They are showering praises on the UPA Government. They are overwhelmed with this act of the Government. Under the able guidance of Congress President, Sonia Gandhi ji, hon. Prime Minister, Dr. Manmohan Singh ji, the UPA Government would make great strides in touching new heights in good governance and resolving the genuine problems of the farming community and general public and by bringing about all round development in the country.

<u>Additional points</u> :

Sir, I would also request the Finance Minister to ensure that Minimum Guarantee Price (MGP) is fixed for chilly, tobacco and cotton. Not only that, the UPA Government should give the chilly, tobacco and cotton growers subsidy and when the prices of these important crops fall drastically, subsidy should be given as per the MGP. I would request the Government to ensure that considerable funds should be allocated for this purpose.

I would also like to urge the hon. Finance Minister to extend workers' insurance to all the sections of people. I hope the progressive UPA Government would find an innovative method to stop the pathetic situation of farmers taking loans from moneylenders and commission agents at exorbitant prices. When they are unable to pay the principal and high interest, they were forced to commit suicide. Most of the time, their interest component exceeds the principal. If farmers get loans from banks without any hassle, farmers would not knock at the doors of moneylenders at exorbitant rate of interests. Hence, I would request the Government to issue fresh instructions or directions to the banks not to refuse loans on one pretext or another. Banks should extend every possible help to the farmers when they approach them for loan. Otherwise, they go to moneylenders, which is the cause for the whole problem. This trend should be changed forthwith. Banks should come forward to extend fresh crop loans to the farming community.

Andhra Pradesh faces the problems of floods and drought almost every year. Central Government should come to the rescue of the Government of Andhra Pradesh by extending every possible financial assistance to tide over the recurring problem every year. Without the helping hand of the Central Government in the form of financial grants, State Government single-handedly could not tackle the problems of flood and droughts every year.

***श्री शैलेन्द्र कुमार (चायल) :** माननीय अध्यक्ष जी, वित्त विधेयक 2008 पर कुछ सुझाव देना चाहूंगा। सांसद निधि को दो करोड़ रु. से बढ़ाकर पांच करोड रु. किया जाये या इसे समाप्त किया जाये। पूरे देश में पेयजल की समस्या है। उक्त समस्या के निदान हेतु इंडिया मार्क IInd के हैंडपम्प प्रत्येक संसदीय क्षेत्र में 500 सांसदों के माध्यम से लगाया जाये। पिछड़े जिलों, जैसे उत्तर प्रदेश के प्रतापगढ़, फतेहपुर, कौशाम्बी हैं, यहां पर पेयजल एवं सिंचाई के साथ ही पर्यटन दृष्टिकोण के अलावा रेलों में स्टापेज तथा आर्थिक दृष्टिकोण से पैकेज मदद सरकार दे। बुंदेलखंड उत्तर प्रदेश को 100 करोड रुपए का पैकेज सूखे की स्थिति को देखते हुए दिया जाये। केन्द्र विशेष राहत (आर्थिक) रूप से दे।

* Speech was laid on the Table.

*SHRI P.C. THOMAS (MUVATTUPUZHA) : Sir, I would like to raise the following points.

(1) The farmers in difficulty are forgotten when customs duty on palm oil is drastically cut. Mainly coconut and other oil seed farmers. To address price rice some other way out has to be found. Decrease in duty (import) of palm oil never reduces the price of edible oil in the open market, as traders and producers in malesia increase the price at the time of each reduction in customs duty of palm oil.

(2) In kuttanad in kerala the farmers producing paddy are in great distress due to summer rains. Their ripe paddy has been drastically destroyed. Some urgent steps to help them must be taken.

(3) Agricultural loans should be delivered to farmers by banks at 4%.

(4) The steps to waive loans of small and marginal farmers should be expedited and directions should go to paid amounts towards interest should not be denied benefit of waiver just because banks are doing book work to make their loans appear as new loans.

(5) Tax return forms and modalities for payment of tax should be simplified, further.

(6) Citizens should be given more education on the need to pay tax. Self help groups should be used on a large scale to disseminate such concientisation. These groups may also be used for tax collection.

(7) Further steps should be taken to arrest price-rise. Encouragement give to private payers to use FDI godowns, and to take part in P.D.S should be reviewed.

(8) Genuine charitable institutions should be given tax exemptions and access to modern equipments should be without duty if it is for the real charity undertaken.

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* Speech was laid on the Table.

*DR. PRASANNA KUMAR PATASANI (BHUBANESWAR) : This year's Union Budget brought two bonanzas for two different sections of India. The Finance Minister offered to waive agricultural loans to the extent of 60 thousand crore rupees, benefiting about 4 crore cultivators. And, he offered unexpectedly deep cuts in the income tax rates, hugely benefiting about 3 crore tax-payers belonging largely to the urban middle classes. A smaller section of this latter class, comprising about 45 lakh employees of the central government and another about 1.5 crore employees of the state governments, were also promised an additional bonanza in the form of substantially enhanced pay-packets to be offered according to the recommendations of the sixth pay commission.

While the agriculturists are going to get a one-time waiver of about Rs. 15,000 on the average; every income tax payer gets a regular annual benefit of at least Rs.4,000, those earning higher salaries get to save much more on this account, an upper middle class salary earner, getting about 5 lakhs per annum, benefits to the extent of Rs.4,000 per month if not more. The details of the pay-packet bonanza have now been announced, and it seems all government employees can happily expect a raise of at least 40 per cent in their current incomes. The total annual cost to the exchequer on account of the income tax foregone because of the new rates, and the enhanced salary payments, are likely to be of the same order as that of the one-time waiver offered to the agriculturists.

It is our response to these two kinds of bonanzas offered to two distinctly different sections of Indian people that gives an idea of the place of agriculture in our economic order. Because of the compulsions of an election year for all players in the election game, the criticism of the agricultural loan waiver has been muted. But most analysts are convinced that it is a regressive measure that at the best shall fail to benefit the really deserving, and at the worst shall weaken the moral fibre of

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* Speech was laid on the Table.

our peasants, making them believe that loans raised do not have to be always repaid. The income tax and pay packet bonanza, on the other hand, have been seen as positive signals that shall boost consumption and give a fillip to the economy. Many commentators have even pointed out that the great raise in the pay packets of the higher government officers still keeps them several notches below the managers in the private sector. The salaries being paid in the private sector to a small section of fresh managers and information technologists have already greatly distorted the awards system in our economy. Those going into managerial and software-related professions get disproportionately more than those at the corresponding levels in other sectors of the economy. Consequently, hard-core engineering and science disciplines that are essential to a healthy national economy have got greatly de-emphasised. This distortion of the award system is fast becoming a problem of the same intensity as the distortion in the relative place of agriculture and other sectors of the economy that has long persisted in India. But, for the present let us focus on the latter distortion, that between agriculture and others, alone.

Agriculture and cultivators have had a peculiar place in Indian polity since Independence. Given their large numbers, they have been politically important; and, with the passage of time, their political clout has only been rising. Economically, however, agriculture has been considered more or less as an unwelcome necessity. We have to grow food, at least the bare minimum required to keep the people fed without having to undertake heavy imports; and we have to keep the large numbers dependent on agriculture occupied, at least until we can find better employment for them in the industry and services sectors. That sense of an unattractive but necessary activity, to be transcended as soon as possible, seems to have informed our economic thinking and planning about agriculture since Independence.

Consequently, all our efforts in agriculture, even the highly over-rated so-called 'Green Revolution', have been aimed at assuring production of no more than 200 kg per capita of food-grains per year. That figure of 200 kg per capita per year is derived from a late nineteenth century report of the famine commission, which had determined that you need to ensure the availability of at least that much of food-grains in a region to forestall the calamity of famine-deaths. We have taken that figure of famine rations to be our national limit of food production. We produce just about 200 kg per capita per year of food-grains; the actual supply is somewhat less than that figure because a certain percentage has necessarily to be taken out for seed and waste, etc. In the world, average supply of about 300 kg per capita per annum of food-grains is taken to be essential; most functioning economies produce above 600 kg per capita.

Our level of production of food-grains implies two things. One, since our average supply of food-grains equals the bare minimum required for human survival, large numbers who fall on the lower side of the average remain malnourished; all data on the health status of Indian people point to the prevalence of large-scale hunger and malnourishment, even more so among women and children. Two, since the total amount of food-grains we produce is less than sufficient for human needs, there is little left for animals. This has led to almost the complete exclusion of animals from agriculture, especially in those parts of India where agriculture is doing relatively well. In India, we used to have a pair of bullocks for every couple of hectares of cultivation. Today, one can see this number of cattle only in some tribal areas of the country where animals still remain an important part of life and economy of the people.

Our economic policies have de-emphasised agriculture, and within agriculture, our policies have de-emphasised both food-grains and animals. Agriculture economist and scientists have been convinced that cultivation of food-grains is lower form of agriculture and it should be replaced by commercial crops as soon as a certain amount of prosperity is achieved in a region; if possible even in the poorer areas, as has been done in regions like Vidarbha, where such shift invariably proves to be a sure recipe for disaster. Of the many causes of suicide deaths in Vidarbha, one of the most important is the shift from cultivation of Jowar to that of cotton and soybean. The agricultural economists and scientists have been equally convinced that cattle, especially indigenous Indian cattle, are an economic burden that needs to be lessened drastically. Once again, the experience of the Vidarbha cultivator is the exact opposite; he knows that the one who has a cow or a pair of bullocks in his homestead is hardly ever driven to suicide.

The Indian insistence on declaring self-sufficiency in food-grains production at the ridiculously low level of 200 kg per capita per annum, promoting diversification away from food-grains at this level of production, and recommending agriculture without animals is an international joke among both leaders and experts who know something about agriculture. This is indeed sad. Because, India's classical literature teaches a great deal about the core importance of an abundance of food in a well-functioning society. This literature also teaches with great insistence that production of food and rearing of animals are the core economic activities in any society. These have to be promoted and preserved in all possible ways, at all costs.

The issue of agricultural loan-waiver should be looked at in this perspective. Agriculture, like any other productive activity, requires running capital; that often has to be provided in the form of crop loans. When the cultivators fail to repay the loans, the banking system gets stuck, further loaning stops. This drives the cultivators to informal and often usurious channels. It therefore becomes essential to unclog the banking system, and re-establish the flow.

Let me recount another story from Vidarbha. The data shows that in that unfortunate region, the cultivators have been shifting from cotton to soybean over the last several years. This was surprising to me; because, soybean yields in the region are also not particularly good. I asked several farmers why they were shifting to soybean. They wouldn't reply. Finally, a marginally better off cultivator, a police patel of his small village, said that he would tell me the reason. He said that the previous year when the time came to sow cotton, he had no money to buy the seed; the local cooperative wouldn't advance any seed because he had not repaid his loans. So, he said, he went to the market, bought a few kilograms of soybean and broadcast in his field, hoping that at least something would grow. That is what the clogging of formal loan-channels does to agriculture. It makes cultivators forego cultivation.

Loan waiver, of course, is not a remedy for our skewed economic priorities. Remedying the situation would require rethinking almost all our priorities, rethinking what kind of nation we want to build for ourselves, and how we want to go about this urgent task. But, an occasional waiver of loans in agriculture does help in tiding over the immediate crisis and help the cultivators continue on the land for a while longer. And, it gives us time to look at the condition of India and especially of our agriculture today, perhaps learn from what our classical literature teaches, and recover our priorities and our anchorage in the fundamental economic activity of mankind.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Speaker, Sir, I am grateful to the hon. Member, Shri K. Swain, who initiated the debate and the number of hon. Members who have participated in the discussion on the Finance Bill, which, of course, is the last stage of the Budget exercise.

Many hon. Members have covered partly the same ground that they did when the Budget was being debated and in reply to that discussion I had dealt with the broad approach of the Government on matters relating to economic policy, fiscal policy and the various measures that we have taken not only to promote growth but to make that growth more inclusive.

At this stage we are concerned with the Finance Bill. In a sense I am deeply gratified because to the best of my knowledge I find that there are no amendments moved by the hon. Members, though there are some official amendments.

SHRI GURUDAS DASGUPTA : We never wanted a mid-term poll.

MR. SPEAKER: You are showing your lack of confidence in yourself.

...(*Interruptions*)

SHRI GURUDAS DASGUPTA : It is not because of lack of confidence, but we do not want the country to be plunged into the mid-term poll.

SHRI P. CHIDAMBARAM: Sir, I am talking about amendments to the Finance Bill and the hon. Member is referring to something entirely different.

The Finance Bill is intended to amend the Income Tax Act and some other fiscal laws, but the fact is that while some Members have raised some questions about the provisions that we have made in the Finance Bill, none has found it necessary to move an actual amendment to the Finance Bill.

Of course, I have responded to the concerns expressed post-Budget. I have also responded, as you will find, presently, to some of the concerns expressed on the floor of this House and I am moving some official amendments which would satisfy the concerns raised by hon. Members. But the fact that there are no private amendments means that we have reached a stage where, broadly, fiscal policy has broad support among all the sections of this House.

MR. SPEAKER: There were no cut motions either, probably only one cut motion was there.

SHRI P. CHIDAMBARAM: I was referring only to the amendments, cut motions are different matter. Cut motions are really to make another point, not the point regarding the content of the Finance Bill but to make a political point.

MR. SPEAKER: That is right.

SHRI P. CHIDAMBARAM: There are none of that either.

Sir, broadly, I wish to say that our Government is committed to what the CMP says on fiscal matters. I wish to quote the CMP:

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

Sir, let us measure the achievements of this Government against these goals. The tax GDP ratio that we inherited was 9.2 per cent in 2003-04.[r17]

At the end of 2007-08, it is 12.5 per cent. At the end of 2008-09, it will be 13 per cent. We have achieved a higher tax-GDP ratio despite cutting customs duties, excise duties and, in this Budget, personal income tax to every taxpayer in this country. Has the base of taxpayers increased? The answer is 'yes'. The number of assesses has increased from 3,01,78,000 in 2003-04 to 3,25,00,000 in 2007-08 despite increasing the threshold from time to time and allowing a large number of erstwhile assesses to go out of the tax net. Has compliance increased? The answer is a resounding 'yes'. I am grateful to the hon. Members who complimented the Department of Revenue for improved tax administration.

Look at the rates of growth of gross tax revenue. In the four years of the UPA Government, gross tax revenues have increased by 19.9 per cent in the first year, 20.1 per cent in the second year, 29.3 per cent in the third year and provisionally by 25 per cent in the fourth year 2007-08. The tax administration has indeed become more efficient. The cost of tax collection on the direct taxes side is only 53 paisa per Rs. 100, the lowest of any country in the world. On the indirect taxes side, it is 65 paisa per Rs. 100. As has been acknowledged by many hon. Members, the cost of collection is perhaps among the lowest in the world. What has this given us? This has given us an opportunity to make growth more inclusive. I will deal with the inclusive growth presently but the fact that we have such large tax revenues means, among many things, two things. Firstly, more money has been given to the States. I will presently show the fiscal health of the States and the remarkable improvement that has come about thanks to the Central Government giving them far more money than they would have even budgeted for or anticipated. Secondly, it has given the Central Government the headroom to vastly increase the outlays. Have I starved any Department of money? I can say with confidence that no Department has been starved of money. In fact, through the final Supplementary, we give them far more money than what was even originally budgeted at the beginning of the year. I have given some of these numbers earlier. But since this is a good occasion to highlight some of these numbers, please permit me to give these numbers once again.

Take Education. In 2003-04, the Central Government's outlay for Education was Rs. 7024 crore; in the current year it is Rs. 34,400 crore. Let me take Health. In 2003-04, it was Rs. 6983 crore; in the current year it is Rs. 16,534 crore.

Now I take something which is very close to my heart....(*Interruptions*)

MR. SPEAKER: Please do not interrupt; this is not right.

SHRI P. CHIDAMBARAM: It will reach 6 per cent but the point is this. Have we made dramatic progress towards that goal? The answer is 'yes'. Will it reach 6 per cent? The answer is 'yes'. Has it reached 6 per cent? Not yet, but it will reach 6 per cent if we continue to grow at the same rate.

Now I take something which is close to all our hearts, namely, our children must remain in school. Only a couple of days ago, I had an opportunity to deliver a convocation address and I found to my great distress that 76 lakh children even today are out of school. The attrition rate is very high. We want children to remain in school, and one of the instruments was the Mid-Day Meals Scheme originally authored by the late Shri Kamaraj in Tamil Nadu using the State's own money without a pie from the Central Government. Then the Supreme Court intervened and said the Mid-Day Meals Scheme must be universalized and be made applicable to all children. In 2003-04, the allocation to the Mid-Day Meals Scheme was Rs. 1175 crore for all the children of this country. This year, the outlay is Rs. 8000 crore.[r18]

We are expanding the Mid Day Meal Scheme beyond the primary classes to upper primary classes. Therefore, Sir, the goal is inclusive growth. The starting point is a set of sound, fiscal, monetary and financial policies that will promote growth. While growth takes place, while we savour the moment of growth, we should be focused on making that growth inclusive, and towards that, in the later part of my intervention today, I shall deal with how we are making this growth inclusive.

Sir, I have taken note of the number of suggestions that have been received from various quarters post-Budget. In fact, it is a tribute to our democracy that a large number of people participate in the debate on the Budget. Thanks to technology, people are able to send it by e-mail, people are able to send it by fax, and the Members have spoken on their concerns. I have responded to many of these concerns. On some matters, I think, the concerns have arisen because of a misunderstanding of the provision or a lack of information, and I shall deal with them presently.

Sir, since the presentation of the Budget on the 29th February, I have received a number of suggestions from the hon. Members of Parliament, various Associations, and Trade and Industry on the proposals in the Finance Bill. I have also taken note of the valuable suggestions made by the hon. Members of Parliament during the debate in this House. In general, I am grateful, the Members have welcomed the relief in various tax rates but seem to have some reservations on some proposals.

I have just now presented to you, Sir, how tax administration has improved and how tax revenues have increased. There is, of course, another point of view that the Government must impose a higher tax burden on the rich. The marginal rate of tax on an individual or a corporate, including education cess, is 33.99 per cent. Besides, it is the corporate sector, trade and industry which pay the bulk of customs duties and excise duties. My endeavour has been to increase the effective rate of corporate tax paid by corporations but I confess my efforts are not entirely successful because of demands for continuing exemptions or introducing new exemptions. I think, I would not be revealing any secret if I say that every request for exemption has the support of one or more Members of this House, irrespective of political affiliations. In my view, and I submit this for the consideration of this House, the way forward is not to increase tax rates but to remove the exemptions. In the last four years, I have succeeded to some extent in removing the exemptions or imposing sunset clauses but I cannot say that I am fully satisfied. The work on this regard would have to continue. Eventually, we will have to move towards a system of taxation where the exemptions are few, each exemption is reviewed periodically, and each exemption comes to an end after a reasonable period of time. I am confident that the new income-tax code that will be placed in the public domain shortly for discussion will reflect my philosophy in this regard, and I hope that in due course, the new income-tax code will, after debate and deliberations, become law.

Sir, let me now deal with the changes in the Finance Bill which are being introduced through official amendments.

Clause 3 of the Finance Bill seeks to amend the definition of "charitable purpose". It has been broadly welcomed although some concerns have been raised. The intent is to exclude any activity, which is purely in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity.

Sir, the Income-tax Act, not in India but the world over, taxes incomes. And what is 'an income' is defined in each Act. [H19]

So, as long as an entity carries on activity, which is purely trade, commerce or business, simply because it wears the mask of a charity, it should not escape the Income Tax Law. That I believe, is generally accepted by all sections of the House as I listened to the debate yesterday.

The intention – let me repeat – is to limit the benefit to entities, which are engaged in activities, such as 1) relief of the poor; 2) education; 3) medical relief, which are already in the Section and which we are not touching; and any other genuine charitable purpose and to deny the exemption to purely commercial and business entities, which wear the mask of a charity. A number of hon. Members have written to me expressing their concern on the possible impact of the proposal on Agricultural Produce Marketing Committees or State Agricultural Marketing Boards. Since there is no intention to tax APMCs or SAMBs and in order to remove any doubts, I propose to insert a new clause 26 AAB in Section 10 of the Income Tax Act to specifically provide exemption to any income of an APMC or an SAMB constituted under any law for the time being in force, with the purpose of regulating the marketing agricultural products...(*Interruptions*) It was done even a few days ago but I did not want to deprive you of the pleasure of raising the point yesterday.

I once again assure the House that genuine charitable organisations will not, in any way, be affected. The CBDT will -- following the usual practice, on the day the Finance Bill receives the assent of the President -- issue an explanatory circular containing guidelines for determining whether an entity is carrying on any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business. Whether the purpose is a charitable purpose will depend on the totality of the facts of the case. Ordinarily, Chambers of Commerce and similar organisations rendering services to their own Members, will not be affected by the Amendment and their activities would continue to be regarded as advancement of any other object of general pubic utility.

Sir, I propose to extend the exemption to the Coir Board. I gave it prospective effect. But there has been a demand that it should be implemented retrospectively. Since, we can only go back to assessment year 2002-03, I propose to extend the exemption to the Coir Board with effect from 1st of April, 2002.

SHRI KHARABELA SWAIN (BALASORE) : Sir, what about the *guptdaan*, anonymous donation. I shall be grateful if you say about it.

SHRI P. CHIDAMBARAM: That is not in this Finance Bill; that has in the Finance Bill of 2006. Two years have passed since that Finance Bill was passed by this House. Anyway, I will deal with it again.

The Sunset Clauses under Sections 10A and 10B of the Income Tax Act – one applies to STPI and the other applies to EOUs -- stipulate 31.03.2009 as the date, on which exemptions will come to an end. The Kelkar Task Force on Direct Taxes recommended elimination of tax exemption under Sections 10A and 10B and in the case of the computer software, recommended elimination of exemption with certain transitory arrangements pending entering into a totalisation agreement with trading partners. The Kelkar Task Force, on implementing the FRBM Act, also recommended that Sections 10A and 10B should be grandfathered or should be phased out in two years beginning 2004. The Economic Advisory Council to the Prime Minister has also endorsed the view that the tax exemptions under Sections 10A and 10B should not be extended beyond 31.03.2009. In the face of these recommendations, I was faced with a dilemma when I presented the Budget. I deliberately reserved judgment on that so that we could reflect on it more calmly after the Budget.

We have since applied our minds to the fact that the Sunset Clause will end on 31.03.2009. My own view is, broadly in accord with the recommendations of the Kelkar Task Force and the EAC.

The most appropriate occasion to announce a decision in this regard would have been Budget 2009-10. However, as things stand, the Budget for 2009-10 may not be presented in February, 2009 but only after the General Elections. Thus we are faced with a peculiar situation. The Sunset Clause falls on 31.03.2009 while the Budget is not likely to be presented in February, 2009.[r20]

Therefore, in order to avoid any uncertainty as we draw close to 31.3.2009, it has been decided that the two Sections, 10A and 10B, will be amended. The exemptions will continue until 31.3.2010 in order to give the Government sufficient flexibility to take a well-considered decision and announce it at the appropriate time. So, this will be extended to 31.3.2010.

Sir, there was some concern about Section 40 (a) of the Income-Tax Act, which disallows expenditure in case TDS is not deducted and paid at the right time. Here, I wish to explain what TDS is. TDS is voluntary tax compliance. It is pre-assessment. That is the way income tax system all over the world work. In fact, we must move towards a situation when nearly 100 per cent of taxes are collected voluntarily through TDS and through advance taxes. In fact, post-assessment tax collection must be reduced to the smallest percentage possible. That is the way all modern tax systems work. But TDS is important. It is important that people deduct TDS, deduct tax at source, remit it at the appropriate time and not keep the money to themselves because that is the money which legitimately belongs to the Exchequer.

The law was amended by the Finance Act, 2004, and it was provided that if a person liable to deduct TDS at source on specified expenditure fails to do so or fails to pay the tax within the time allowed to him, the expenditure will be disallowed, besides subjecting any delayed payment to interest and penalty. Since the law was introduced in the Finance Bill, 2004, the first assessment year was 2005-06. Several representations have been received from hon. Members as well as from trade pointing out the hardship that arose in the first assessment year after the amendment, namely, assessment year 2005-06. Apparently, mistakes were made in complying with the amended Section 40(a) (ia), particularly in respect of deductions that ought to have been made in respect of payments made in the month of March. So, for March, there was a shorter time limit because if you deduct in April of the year, you had a whole year to deposit. In March, you had a shorter time limit. Apparently, some people made mistakes.

With a view to mitigating the hardship, I propose to insert a New Clause 8 in Finance Bill, 2008 to provide that no disallowance under Section 40(a) (ia) of the Income-Tax Act shall be made in the case of a deductor in respect of the expenditure incurred in the month of March, if the tax deducted at source on such expenditure had been paid before the due date of filing of the return. The tax payers will now get a time period of six months for depositing such TDS relatable to payments in the month of March to escape the disallowance of the expense under this Section. Naturally, the proposed amendment has to be given retrospective effect from assessment year 2005-06. This will take care of most hardship cases where some genuine mistake was committed.

Clause 15 of the Finance Bill, 2008 seeks to insert a new proviso in sub-section 9 of Section 80IB so as to provide that no deduction shall be allowed to an Undertaking engaged in refining mineral oil, if it begins refining on or after 1st April, 2009. This is a sunset Clause deliberately put in there, like the sunset in the telecommunication exemption. We are now sun-setting the refinery exemption. Refinery margins are very high, thanks to the windfall profits that are reaped by oil companies today and thanks to crude oil now touching 120 dollars a barrel this morning. There is no justification to give a tax exemption to pure refineries. Therefore, a conscious decision has been taken to sunset this Clause on the 1st April, 2009.

However, it has been brought to my notice that consequent to this proposal, three Public Sector Refineries under constructionâ€"some of them in an advanced stage of constructionâ€"Paradip, Bina and Bhatinda, may not qualify for the tax benefits since their commissioning may not be completed before 1st April, 2009. That is a genuine concern. With a view to ensuring that the benefit to these three refineries is not denied on account of their inability to adhere to this deadline, it is proposed to amend the proposal to provide that such refineries will be eligible to avail of the benefit if they begin refining not later than 31st March, 2012.[m21]

I am told that the three refineries will be completed by 2012. Some concerns have been expressed regarding the scope of section 80IB(9) of the Income Tax Act. Sir, let me make it clear that we have made no amendment to section 80IB(9) except to put the sunset clause; otherwise the section remains as it was. We are not making any amendment. As the hon. Members are aware, this sub-section allows 100 per cent tax exemption in respect of an undertaking which begins commercial production or refining of mineral oil for a period of seven consecutive assessment years.

Now, what is the scope of this section? It is disputed. The Department has taken a view; the assessees have taken another view. The disputes go back to assessment year 2001-02. The disputes are under adjudication before different tax authorities. In my view, it is not correct to resolve these disputes by debate in Parliament. We should allow the disputes to be resolved in the normal course by the tax tribunals and the courts. Nevertheless, some doubts have arisen because of the notes on clauses attached to the Finance Bill. I wish to clarify these doubts. The statement in the notes on clauses is a mere restatement of the Income Tax Department's known position before the tribunals and the courts which are adjudicating the matter. Nothing new has been stated. It is simply a restatement of the Department's position which has already been placed before the tribunals and the courts. Besides, it is a well settled proposition of law that notes on clauses have no legal effect and are not binding on the courts.

I may assure potential bidders for oil exploration blocks that the benefit of section 80IB(9), as finally interpreted by the courts, will be applicable to all exploration and production contracts, whether obtained through nomination or bidding. I am confident that the tribunals and courts will resolve these disputes perhaps in about six months to one year.

Sir, other amendments to the Finance Bill are purely consequential in nature and therefore, I need not explain them. On *gupt daan*, I would say that this was introduced two years ago and I have replied to the debate in 2006 as well as last year. What we are trying to discourage is "anonymous" donations. Anonymous donations to religious institutions are not being taxed at all. It is anonymous donations to charitable institutions which are being brought under tax, if either the donor or the donee does not reveal who the donor is. When you are donating to a school or a hospital, why should it be an anonymous donation? We are not saying, make it public, but at least your books must show who the donor is. Otherwise, the inference is, it is based on experience, that this donation is largely donation of unaccounted money. I am not trying to tax the intent to donate; I am taxing the money that is donated because the presumption is that this money is not accounted money.

SHRI KHARABELA SWAIN (BALASORE): If it is not a donation for a school or a medical institution and is for an orphanage ...(*Interruptions*)

SHRI P. CHIDAMBARAM: They can keep a book or they can maintain a book. ...(*Interruptions*) All I am saying is that the intent to donate is honourable and laudable. I salute the donor. All I am saying is let the donor give his name to the donee. Let the donee simply maintain a record of who gave it to him. I do not say that publish it in the newspaper; keep the record. That is all we are asking. We are not saying that publish it in the newspaper; just keep a record of who gave the money. I think, this is a wholesome provision, this is a provision to plug the source of black money.

Sir, let me quickly run through one or two questions. Many of them I can answer separately. Shri Swain asked how many banks have achieved 18 per cent agricultural credit. Twenty-two banks have achieved it this year and there were 11 banks last year. Next year I will ensure that all the public sector banks achieve it. The figure of 11 has become 22. It is a good number.

Sir, there was some question about package software and customised software. Customised software is sold as a service and package software is sold as a product.[SS22]

13.00 hrs.

Now, both must be treated equally. There is no reason why one should be treated differently from the other. Therefore, we have imposed a 12 per cent excise duty on packaged softwares sold as goods, and 12 per cent service tax on customised software sold as a service.

There was some question about how much refunds have been given in the last year. In fact, the refunds that have been given in 2007-2008 have been the largest. In 2003-2004, the total refund was Rs. 25,737 crore, and in 2007-2008, we have issued 45.14 lakh cheques and refunded Rs. 40,742 crore. In fact, the refund position has improved sharply after the 'Refund Banker' Scheme has been introduced in select metropolitan cities where the refund is directly credited to the income tax account of the assessees. It does not go through any human hand at all as it is electronically credited to the bank, and the bank pays it in advance if it is covered under the 'Refund Banker' Scheme.

SHRI HARIN PATHAK (AHMEDABAD): It is pending for this year.

SHRI P. CHIDAMBARAM : I have refunded Rs. 40,000 crore in 2007-2008.

SHRI HARIN PATHAK : It is pending for 2008-2009.

SHRI P. CHIDAMBARAM : It will be issued now, and the figures for 2008-2009 will be more than the figures for 2007-2008. If the collections are more, then the refunds also will be more.

SHRI HARIN PATHAK : I have not received it.

SHRI P. CHIDAMBARAM : There was a question on computerization. I have a long note on computerization of the two Departments, and I will send that long note to the hon. Member. Computerization has made remarkable progress. In fact, the Customs Department is, more or less, completely computerized now. I will send the note to the hon. Member who wanted to know about computerization.

There was a mention that Budget and off-Budget subsidies are rising. It is true that subsidies are rising, but that is a decision that all of us have to take collectively. I believe that in a developing country some subsidies are unavoidable. In fact, some subsidies are welfare promoting subsidies. Food subsidies are necessary; fertilizer subsidies are necessary; and fuel has to be subsidized thanks to the relentless rise in fuel prices. There are other subsidies for power, irrigation, etc.

The subsidy bill is large. In fact, the subsidy bill of all subsidies taken together is reaching a point where it may become unsustainable. The current Budget cannot bear the entire burden of all subsidies, and some of this burden has to be deferred. This is not the first time that we are deferring the current expenditure. In fact, off-Budget expenditure has been a practice for many years. If you take it to the Budget, it does make the fiscal deficit ratio and the revenue deficit ratio worse than what it appears on the Budget. Nevertheless, let me say that the record of this Government in containing fiscal deficit and revenue deficit is exceptional.

I can read both figures, that is, without the off-Budget expenditure and including the off-Budget expenditure. In 2007-2008, without the off-Budget expenditure, the revenue deficit came down to 1.4 per cent and the fiscal deficit to 3.1 per cent. Please remember that we inherited a revenue deficit of 3.6 per cent, and we have reduced it to 1.4 per cent. We inherited a fiscal deficit of 4.5 per cent, and we have reduced it to 3.1 per cent. This year, we will reduce the revenue deficit to 1 per cent, and the fiscal deficit to 2.5 per cent.

If we account for the off-Budget expenditure, in 2003-2004, the then Government did give off-Budget expenditure and incur off-Budget expenditure and I can give the numbers. In 2003-2004, including the off-Budget expenditure, the revenue deficit was 3.7 per cent, and in 2007-2008, it was reduced to 2 per cent. Likewise, the fiscal deficit in 2003-2004 was 4.5 per cent, and in 2007-2008, it was reduced to 3.3 per cent.[r23]

So, I do not think we should present an alarming picture. Even including off-Budget expenditure we have been fiscally prudent; we have reduced the fiscal deficit; we have reduced the revenue deficit. Of course, it is worse than what the Budget papers disclose, but we must collectively compliment ourselves that with sound fiscal management and fiscal prudence we have been able to reduce the fiscal deficit and the revenue deficit.

This off-Budget expenditure would, of course, have to be met in succeeding years. We are issuing bonds. These bonds are to be redeemed by us, by our children. Therefore, at some point of time we would have to take a view of how much subsidies we can bear and how the subsidy should be prioritised. I agree there are merit subsidies and there are non-merit subsidies. Merit subsidies would have to be continued. As economic situation changes, some subsidies which are non-merit may become merit and some subsidies which are merit subsidies may become non-merit subsidies. But there is only a certain burden that the Budget can bear. That is why many of these expenditures are supported by bonds. This was so in previous Governments also. This is not a new practice of this Government. But that is something which is inevitable given the fact that many expenditures have risen sharply and the Budget cannot bear the expenditure today. Therefore, bonds have to be issued.

I think I have dealt with most of the issues that arose out of the Finance Bill on the Direct Taxes side. On Indirect Taxes side some concerns were raised.

SHRI KHARABELA SWAIN : Sir, in Sikkim only four hundred families have been brought under the Indian Income Tax law whereas everybody else is exempted.

SHRI P. CHIDAMBARAM : Sir, on Sikkim, this is an issue which has been in discussion between the Government of Sikkim and the Central Government since the late 1980s. As you will recall, the Income Tax Act was sought to be extended to Sikkim. The Government of Sikkim, the people of Sikkim protested. It is after nearly 18 years of discussion that we have reached an agreement with the Government of Sikkim. After reaching an agreement with the Government of Sikkim we are extending the Income Tax Act to Sikkim but we are exempting Sikkim subjects who are on the Subjects Register.

I think it is not proper to unravel the package that has been agreed after 18 years of intensive discussion through five different Governments. What we are now doing is, under the Bill we will exempt from income tax income of a Sikkimese individual which accrues or arises to him from any source in the State of Sikkim or by way of dividend or interest on securities. The tax exemption is proposed to take effect retrospectively from first day of April 1990. The definition of the term Sikkimese for this purpose is based on the Register of Sikkim Subjects maintained under the Sikkim Subjects Regulation, 1961, read with Sikkim Subjects Rules, 1961, and subsequent Government Orders issued in this regard. The Government of Sikkim also follows the same Register and Government Orders while issuing certificates of identification to the residents of Sikkim which enables the holders of these certificates to purchase land and seek employment in Government service in Sikkim. The package approved by the Government also provides that the cases of non-Sikkimese individuals shall not be reopened under the Income Tax Act, 1961 for earlier years. CBDT will issue a circular.

There is a Sikkim Subjects Register. That Register is operated for purchase of land and employment in Government service in Sikkim. The same register is being operated for exempting Sikkimese citizens from the Income Tax Act. All others are deemed to be non-Sikkimese. I am extending a concession. I am not going to reopen their past assessments. This will apply only prospectively. If somebody has been clever enough to avoid his income tax liability for past years, so be it! Let the evil lie where it lies! We will apply it only prospectively. This is the best I can do. We should not unravel this package and create another conflict with a sensitive State. We have reached an agreement.[KMR24]

Let us live by this agreement. Income-tax revenue from Sikkim is going to be so very small, I do not think it is necessary to unravel this package.

Now, I take up indirect-taxes. In order to encourage Value Addition in exports, I have proposed reduction in customs duty on some of the inputs of gem and jewellery industry in this year's Budget. I, now, propose to extend full exemption from basic customs duty to two more inputs, namely, cut and polish coloured gem stones, and rough synthetic gem stones. The duty would be reduced from five per cent to zero.

Newspaper have represented that the international prices on news print have been rising alarmingly. I propose to reduce the basic customs duty on newsprint from five per cent to three per cent with the hope that they would be kind to me.

MR. SPEAKER : And to parliamentary deliberations.

SHRI P. CHIDAMBARAM : Tapioca starch is manufactured primarily by a large number of small, unorganised units. Owing to a hefty increase in the volume of imports, the Government had imposed a safeguard duty on this item in 2005-06 for a period of three years. This levy expires on 1st of May, 2008. And the Director-General of Safeguards says that he would not be able to take a decision before that date. In the meanwhile, flood of imports continue. In order to allow some additional flexibility to this industry to adjust, I propose to increase the basic customs duty on this item from 30 per cent to 50 per cent with effect from 1st May, 2008 coinciding with the expiry of the safeguard duty. Thus, same level of protection would be available to the domestic industry.

Anti-dumping duty is not levied on imports by one hundred per cent export-oriented units. However, these units often use imported inputs for the manufacture of goods that are sold domestically. They are also permitted to sell a portion of imported inputs into the domestic market. With a view to provide a level playing field to domestic units, it has now been prescribed in the Foreign Trade Policy that EoUs would be liable to pay anti-dumping duty on imported inputs, either sold directly or contained in finished products that are sold in the domestic market. Notification is being issued to reflect the change in the FTP.

On the excise side, packaged cement at the price of about Rs.250 per bag is currently chargeable to a specific rate of duty of Rs.600 per MT. This results in a regressive duty structure and does not sufficiently discourage increase in price beyond the threshold of Rs.250 per bag. Since all other duties are *ad valorem,* I propose to correct this by changing the mode of levy on packaged cement in this price bracket also to an *ad valorem* rate of 12 per cent of retail sale price.

In recognition of the fact that electric vehicles are emission-free and environmental-friendly, the Government has fully exempted electric cars from excise duty in this year's Budget. I propose to extend this exemption to all electric vehicles, including electric two-wheelers and electric three-wheelers.

Ensuring availability of clean potable drinking water is a very high priority of this Government. The House may recall that water filters, functioning without electricity and pressurised tap water were fully exempted from excise duty in the Budget of 2007-08. The manufacturers of such filters have been representing that replaceable kits used in such water filters attract a peak rate of 14 per cent excise duty and this is inhibiting the rapid growth in their use. I propose to fully exempt replaceable kits used in the water filters from excise duty.

Full exemption from excise duty /CVD available to shutter-less looms was withdrawn from this year's Budget as domestic capacity for their manufacture has increased appreciably in recent years. However, I am informed that there is still no production of projectile type of shutter-less looms. I propose to restore the excise duty/ CVD exemption on projectile type of shutter-less looms.

Sir, the concerns this year have been limited. Therefore, the redressal of the concerns have also been very limited. There are not too many concerns.

Now, I wish to briefly deal with some measures that we are taking as part of inflation management. During discussions in the House in recent weeks, I have conveyed the Government's concerns over the recent rise in prices and its resolve to take every possible measure to stem the rise in inflation. The House is aware, that of the various fiscal and other initiatives, particularly reduction in customs duties and excise duties done during the Budget and the reduction in customs duties taken after the Budget. To recapitulate the import duty on semi-milled,and wholly-milled rice was reduced from 70 per cent to nil. Customs duty on crude edible oils was reduced to nil. [r25]

On refined edible oil, it has reduced to 7.5 per cent. Customs duty on margarine and vanaspati was also reduced to 7.5 per cent. Customs duty on maize imported under a Tariff Rate Quota of 5 lakh MT was reduced from 15 per cent to nil.

Despite these changes, some sectors of industry such as steel continue to exhibit a sharp increase in prices. Sir, steel plays an important part in the economy. Currently, steel and steel products contribute about 21.3 per cent of the current inflation. We have looked at measures to augment the domestic availability of steel products as well as soften prices. Accordingly, I propose to take the following measures:

1. Reduce the basic customs duty on pig iron and mild steel products; namely, sponge iron, granules and powders, ingots, billets, semi-finished products, HR coils, CR coils, coated coil/sheets, bars and rods, angle shapes and sections and wires from five per cent to nil.

2. TMT bars and structurals are commonly used for construction of houses. In order to rein in the price, I propose to fully exempt the import of this item from CVD. Currently, the CVD is 14 per cent, which will now be zero.

3. I propose to reduce basic customs duty on three critical inputs for manufacture of steel; namely, metallurgical coke, ferro alloys and Zinc from five per cent to nil.

4. The objective of containing domestic prices will not be achieved unless we augment the domestic supply and availability of intermediates and finished products. Despite a slow down during 2007-08 the value of exports of steel items was as high as Rs.26,000 crore in that year. In this background, there is a case for dis-incentivising the export of steel. It is proposed to impose export duty on steel items at the following three different rates:

 - 15 per cent on specified primary forms and semi-finished products and hot rolled coils and sheets.
 - 10 per cent on specified roll products including cold-rolled coils and sheets and pipes and tubes.
 - Five per cent on galvanised steel in coil and sheet form.

 For this purpose a uniform statutory rate of 20 per cent is being incorporated in the Export Schedule and the aforesaid rates; 15, 10 and 5 will be operated through a Notification.

5. In order to ensure adequate availability of milk in lean summer months, it is proposed to reduce basic customs duty on skimmed milk powder from 15 per cent to 5 per cent for a Tariff Rate Quota of 10,000 MT per annum.

6. Similarly, on butter oil, which is used for reconstituting liquid milk, reduction in duty is proposed from 40 per cent to 30 per cent.

7. A minimum export price of 1200 dollars per MT is applicable to basmati rice. The margins of exporters of this item have been rising as a result of buoyancy in international prices. I propose to impose an export duty of Rs.8,000 per tonne on this item along with a commensurate reduction in its minimum export price. Hence, the MEP will be re-fixed at 1000 dollars per MT and Rs.8000 per MT will be taken as an export duty.

While changes in import duty rates will be effective today, changes in export duty will come into effect on the date when the Finance Bill 2008, receives the assent of the President.

Sir, finally, I wish to make a brief statement on the food situation....(*Interruptions*)

DR. SUJAN CHAKRABORTY (JADAVPUR): Medicines are also imported....(*Interruptions*) It should be made to four per cent....(*Interruptions*)

SHRI P. CHIDAMBARAM: That has been reduced from 16 per cent to 8 per cent.

There are import duties. There is a MODVAT credit. If you look at the import duty and the MODVAT credit you will find that the excise duty paid on the final product is virtually a very-very small amount. If I do not put an eight per cent excise duty you cannot operate the MODVAT credit system.[R26]

Sir, as part of inflation management, we have taken a number of measures to improve the supply side of food grains. I am happy to inform you that the food situation has improved significantly in the last few weeks, thanks to a bumper harvest and thanks to an extraordinary effort made in procurement of wheat and rice.

According to third advance estimates released by the Department of Agriculture and Cooperation, the estimated production of food grains in 2007-08 is as follows. Rice will be 95.68 million tonnes and wheat will be 76.78 million tonnes and both I believe are all time records. Therefore, I want to tell the people of India that the food situation is improving every day and there is no reason to assume that we will face any food shortages as is faced in some countries or there will be a food crisis. We have enough food.

MR. SPEAKER : We should congratulate the farmers.

SHRI P. CHIDAMBARAM : This means that the production of rice and wheat is more than the consumption needs and there is no cause for concern on the availability of food grains in the system. Domestic procurement of wheat as on 28th April, 2008, yesterday, was 134 lakh tonnes as against only 76.32 lakh tonnes last year. The total wheat procurement last year was 111 lakh tonnes and we have crossed that. As of yesterday, we have procured 134 lakh tonnes. The target is 150 lakh tonnes and I am confident that we will far exceed that target. I wish to compliment the farmers of this country, especially the farmers of Haryana and Punjab. I think it is quite appropriate if we place on record our appreciation for the tremendous cooperation shown by the Government of Haryana and the Government of Punjab on this behalf.

Rice procurement in KMS 2007-08 as on 28.4.2008 is 229 lakh tonnes as against 209 lakh tonnes last year. The rice procurement this year will be 270 lakh tonnes. Here I wish to place on record our appreciation for the efforts made by the Government of Andhra Pradesh which has procured more that what it originally promised to procure and has now come and said that they will procure an additional six lakh tonnes. I also wish to compliment the State of Orissa and the State of Chhattisgarh for cooperating in rice procurement. If all the States continue to show the level of cooperation that they have extended this year, I have no doubt in my mind that our farmers will produce more, we can give them good procurement price, we can procure enough food stocks, we can augment the supply to the PDS and by improving the administration of the PDS, we can take care of the poor of this country. But this must be a cooperative effort and I appeal to all State Governments to cooperate in this effort.

Sir, wheat prices in the wheat futures in Chicago BOT are showing a decline. Global rice prices, of course, still continue to be sticky. Edible oil price in the open market is under check. The Government has decided to release 10 lakh tonnes of edible oil in 2008-09 through PDS. The public sector companies are importing edible oil. It will be distributed to the State Governments through the PDS at a subsidy of 15 per kilogram. Meetings have been held with State Governments. Their demands for distribution have been obtained. A scheme will roll out in end-May or early-June.

The Government has taken a number of steps to check the rise in prices. The Minister of Agriculture has dealt with it. I thought I will take this opportunity to share with the Members of this House that there is enough food in this country. There is enough food to meet everybody's requirement.

MD. SALIM (CALCUTTA – NORTH EAST) : What about import duty on iron ore?

SHRI P. CHIDAMBARAM : We will deal with that. Everything need not be dealt with in the Finance Bill. Some matters can be dealt with outside the Finance Bill. We will deal with that.[R27]

Sir, I just thought that I will share with you the fiscal position of the States and how it has improved substantially, thanks to the devolution of funds to the States. The fiscal position of the States has never been better than today. In fact, collectively all the States have now reached a level where their revenue deficit is close to zero and their fiscal deficit is two per cent. There are only two or three States which are facing fiscal distress. They have got ways and means requirement, but otherwise States are in a very healthy fiscal situation. In fact, their cash position, if you look at the 14-day bills and auction bills as on 26th April, 2008, it was Rs. 73,868 crore. Twenty-five States are in revenue surplus. As per Revised Estimates in 2007-08 the revenue surplus of all States is Rs. 14,143 crore. Only three States have a revenue deficit. Barring two States all others have passed the FRBM Act. Twenty-one States have availed of the debt waiver. The total waiver is Rs. 13,285 crore. For the first time, the capital expenditure at State level exceeded the fiscal deficit indicating that the revenue surplus is being used to augment capital expenditure. The aggregate States debt to GDP ratio is 13.2 per cent. The fiscal health of the States has never been better and States must, therefore, come forward to assume greater responsibility for the programmes that we are implementing.

Just look at the numbers. The States' share of taxes and duties in 2003-04 was Rs. 65,784 crore. Thanks to our tax administration, this year, as against Rs. 65,784 crore we will give to the States a sum of Rs. 1,78,765 crore. It is three times the amount of devolution. In terms of grants alone, in 2003-04 the Central Government gave to the States a sum of Rs. 47,320 crore. This year we will give Rs. 1,24,745 crore...(*Interruptions*)

SHRI GURUDAS DASGUPTA (PANSKURA) : This is not generosity. This is part of federal obligation.

MR. SPEAKER : Nobody refused.

SHRI P. CHIDAMBARAM : I did not use words like `generosity' or `charity'. You may please go through the records. All I said was thanks to our policies, thanks to growth in tax revenue, thanks to tax administration. I said this half an hour ago also, we are giving far more to the States than the States even would have anticipated or budgeted for...(*Interruptions*)

MR. SPEAKER : Those States who do not want need not take it.

...(*Interruptions*)

MD. SALIM : Wealth is generated in the States...(*Interruptions*)

SHRI P. CHIDAMBARAM : Who says no? Wealth is generated by people who live in the States and that wealth is being judiciously taxed and constitutionally shared with the Statesâ€¦ (*Interruptions*)

MR. SPEAKER : Without the States there will be no Centre.

...(*Interruptions*)

MR. SPEAKER : Nothing will be recorded.

*(Interruptions) â€¦ **

SHRI P. CHIDAMBARAM : Sir, the States' share of taxes is decided by the Finance Commission. That is a constitutional body. We are adhering to the Finance Commission. The grant is from the share of the Centre, the grants to the States are from the Centre's share of States taxes. Now 25 per cent of the revenue accruing to the Centre in its account is being given as grants and that is because we have to bear the expenditure of Defence; we have to bear the expenditure of a number of issues which the States do not share. Twenty-five per cent on the revenue accruing to the Centre is being given as grant to the States. [R28]

Therefore, our fiscal policies, our monetary policies and tax administration have benefited not only the schemes of the Centre but has vastly benefited the States also. The fiscal position of the States today is extremely good. ...(*Interruptions*)

MR. SPEAKER : Anything said sitting in the seat and without the permission of the Chair is not to be recorded.

*(Interruptions) â€¦**

SHRI P. CHIDAMBARAM : I do not wish to take the time of the House on other matters...(*Interruptions*)

MR. SPEAKER : My trouble begins now as there are many amendments to the Bill.

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* Not recorded.

SHRI P. CHIDAMBARAM : We have the fewest amendments in the last several years. ...(*Interruptions*)

SHRI KHARABELA SWAIN : What about the grievances regarding the Sixth Pay Commission?

SHRI P. CHIDAMBARAM : I have already answered it in a Question. A Committee chaired by the Cabinet Secretary and consisting of a number of Secretaries representing different Departments has been constituted to look into the representations received after the Report of the Six Pay Commission was submitted. That Committee will report to the Government and then the Government will take an appropriate decision. ...(*Interruptions*)

SHRI BASU DEB ACHARIA (BANKURA) : There is a demand from the employees that there should be a meeting in this regard as it was done in the case of the Fifth Pay Commission. ...(*Interruptions*)

MR. SPEAKER : That is a matter which will be decided by somebody. This is Finance Bill and not a discussion on the Pay Commission.

...(*Interruptions*)

MR. SPEAKER : He has said that a Committee is looking into it. Send your recommendations to it.

...(*Interruptions*)

SHRI P. CHIDAMBARAM : We will bear in mind the experience, both good and no so good, of the Fifth Pay Commission and take an appropriate decision on the Sixth Pay Commission's Report....(*Interruptions*)

SHRI BASU DEB ACHARIA : Sir, he has not replied to the point regarding the reduction of tax on petroleum products. ...(*Interruptions*) It is a direct impact of prices.

SHRI GURUDAS DASGUPTA : There is increase in the prices of petroleum products because of inflation....(*Interruptions*)

MR. SPEAKER : It is over. He has already replied on this point.

...(*Interruptions*)

MR. SPEAKER : This is unfair. Do not record anything.

*(Interruptions) â€¦**

MR. SPEAKER : You have heard about the international price. Please take your seat. This is not fair. I would not allow you. This is not the way to raise issues.

...(*Interruptions*)

MR. SPEAKER : Nothing is being recorded. Why are you saying it?

*(Interruptions) â€¦**

MR. SPEAKER : I will not allow this type of disturbances in the House. Please sit down. You have made your submissions. How will Parliament survive if you do like this? You made your points and at that time, he did not disturb you. He has to give a reply to the discussion and he has replied. Just because you do not like some of his replies, you keep on disturbing the proceedings. No, I will not allow this.

SHRI P. CHIDAMBARAM : Sir, I think, I have answered all the issues Thank you very much.

* Not recorded.

MR. SPEAKER : The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 2008-2009, be taken into consideration."

The motion was adopted.

MR. SPEAKER: The House will now take up clause by clause consideration of the Bill.

Clauses 2 and 3	Income Tax and Amendment of Section 2

MR. SPEAKER: The question is:

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 4 Amendment of Section 10

Amendment made:

Page 6, *for* lines 5 and 6, *substitute*â€"

'(aa) after clause (26AAA) as so inserted, the following clause shall be inserted with effect from the 1st day of April, 2009, namely:-

"(26AAB) any income of an agricultural produce market committee or board constituted under any law for the time being in force for the purpose of regulating the marketing of agricultural produce;";

(b) in clause (29A), after sub-clause (g), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:-,. (1)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was ad[MSOffice29]ded to the Bill.

Motion Re : 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. 2 to the Finance Bill, 2008 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. 2 to the Finance Bill, 2008 and that this amendment may be allowed to be moved." "

The motion was adopted.

New Clause 4A- Amendment of Section 10A

Amendment made:

Page 6, after line 10, *insert* –

'4B. In section 10A of the Income-tax Act, in sub-section

. (1), in the fourth proviso, for the figures "2010", the figures "2011" shall be substituted. (2)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That new clause 4A be added to the Bill ".

The motion was adopted.

New Clause 4A was added to the Bill.

Motion Re : 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. 3 to the Finance Bill, 2008 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. 3 to the Finance Bill, 2008 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 4B- Amendment of Section 10B

Amendment made:

Page 6, after line 10, *insert* –

'4B. In section 10B of the Income-tax Act, in sub-section

(1), in the fourth proviso, for the figures "2010", the figures "2011" shall be substituted. (3)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That new clause 4B be added to the Bill ".

The motion was adopted.

New Clause 4B was added to the Bill.

Clauses 5 to 7 were added to the Bill.

Clause 8 Amendment of Section 40

Amendment made:

Page 7, *for* lines 1 and 2, *substitute*â€"

'8. In section 40 of the Income-tax Act, in clause (a),--

(a) in sub-clause (ia), with effect from the 1st day of April, 2005,--

(i) for the words, brackets and figures "has not been paid during the previous year, or in the subsequent year before the expiry of the time prescribed under sub-section (1) of section 200", the following words, brackets and figures shall be substituted and shall be deemed to have been *substituted*, namely:-

"has not been paid, --

(A) in a case where the tax was deductible and was so deducted during the last month of the previous year, on or before the due date specified in sub-section (1) of section 139; or

(B) in any other case, on or before the last day of the previous year";

(ii) for the proviso, the following proviso shall be substituted and shall be deemed to have been *substituted*, namely:-

"Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deductedâ€"

(A) during the last month of the previous year but paid after the said due date; or

(B) during any other month of the previous year but paid after the end of the said previous year,

such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.";

(b) sub-clause (ib) shall be omitted with effect from the 1st day of April, 2009.'. (4)

(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.

Clauses 9 and 10 were added to the Bill.

Motion Re : 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. 5 to the Finance Bill, 2008 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. 5 to the Finance Bill, 2008 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 10A - Amendment of Section 44AB

Amendment made:

Page 7, *after* line 35, *insert*â€"

10A. In section 44AB of the Income-tax Act, in the

Explanation, in clause (ii), for the figures, letters and

Words "31st day of October", the figures, letters and

Words "30th" day of September" shall be *substituted*.'.

(5) (Shri P. Chidambaram)

MR. SPEAKER : The question is:

"That new clause 10A be added to the Bill".

The motion was adopted.

New Clause 10A was added to the Bill.

Clauses 11 to 14 were added to the Bill.

Clause 15 Amendment of Section 80-I B

Amendment made:

Page 8, *for* lines 46 and 47, *substitute* –

"Provided also that where such undertaking begins refining of mineral oil on or after the 1st day of April, 2009, no deduction under this section shall be allowed in respect of such undertaking unless such undertaking fulfils all the following conditions, namely:--

(i) it is wholly owned by a public sector company or any other company in which a public sector company or companies hold at least forty-nine per cent, of the voting rights;

(ii) it is notified by the Central Government in this behalf on or before the 31st day of May 2009; and

(iii) it begins refining not later than the 31^{st} day of March, 2012.". (6)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 15, as amended, stand part of the Bill".

The motion was adopted.

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

Clauses 16 to 19 were added to the Bill.

Clause 20 Amendment of Section 115 JB

Amendment made:

Page 10, *after* line 44, *insertâ€"*

'(aa) in *Explanation 1* as numbered, after clause (vii), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1^{st} day of April, 2001, namely:-

"(viii) the amount of deferred tax, if any such amount is credited to the profit and loss account.".'. (7)

(Shri P. Chidambaram)

MR. SPEAKER : The question is:

"That clause 20, as amended, stand part of the Bill".

The motion was adopted.

Clause 20, as amended, was added to the Bill.

Clauses 21 to 24 were added to the Bill.

Clause 25 Amendment of Section 115 WE

Amendments made:

Page 11, *for* lines 38 and 39, *substituteâ€"*

"25. In section 115WE of the Income-tax Act,--

(A) for sub-section (1), the following sub-section shall be substituted, namely:--". (8)

Page 12, *after* line 32, *insertâ€"*

'(B) in sub-section (2), in the proviso, for the words "twelve months from the end of the month", the words "six months from the end of the financial year" shall be *substituted*.'. (9)

(Shri P. Chidambaram)

MR. SPEAKER : The question is :

"That clause 25, as amended, stand part of the Bill"

The motion was adopted.

Clause 25, as amended, was added to the Bill.

Clauses 26 to 28 were added to the Bil[MSOffice30]*l.*

Clause 29 Amendment of Section 143

Amendment made:

Page 13, line 26, *for* "reduced", *substitute* "adjusted" (10)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 29, as amended, stand part of the Bill.

The motion was adopted.
Clause 29, as amended, was added to the Bill.
Clauses 30 and 31 were added to the Bill. "

Clause 32 Amendment of Section 153

Amendment made:

Page 14, *for* lines 24 and 25, *substitute*Â-

`(b) in Explanation 1,-

(i) in the provisio, for the brackets, figures, word and letter "(2) and (2A):, the brackets, figures, letter and word "(2), (2A) and (4)" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003;

(ii) after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2007, namely:-' (11)

(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.
Clauses 33 to 35 were added to the Bill.

Clause 36 Amendment of Section 153 D

Amendment made:

Page 15, line 15, *for* "2003", *substitute* "2007" (12)

(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.
Clauses 37 to 39 were added to the Bill.

Clause 40 Amendment of Section 194 C

Amendment made:

Page 15, *for* lines 37 to 39, *substitute-*

`**40.** In section 194C of the Income-tax Act, in sub-section (1), in clause (k), after the words "Hindu undivided family", the words "or an association of persons or a body of individuals, whether incorporated or not, other than those falling under any of the preceding clauses" shall be inserted with effect from the 1st day of June, 2008.; (13)

(Shri P. Chidambaram)

MR. SPEAKER : The question is :

"That clause 40, as amended, stand part of the Bill."

The motion was adopted.

Clause 40, as amended, was added to the Bill.

Clauses 41 to 45 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. 14 to the Finance Bill, 2008 and that this amendment made 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. 14 to the Finance Bill, 2008 and that this amendment made be allowed to be moved."

The motion was adopted.

New Clause 45A Amendment of Section 251

Amendment made :

Page 16, *after* line 27, *insert* –

`**45A.** In section 251 of the Income-tax Act, in sub-section (1),

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

"(aa) in an appeal against the order of assessment in respect of which the proceeding before the Settlement Commission abates under section 245HA, he may, after taking into consideration all the material and other information produced by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceeding before it and such other material as may be brought on his record, confirm, reduce, enhance or annul the assessment;".'. (14)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That new clause 45A be added to the Bill."

The motion was adopted.

New clause 45A was added to the Bill.

Clauses 46 and 47 were added to the Bill.

Clause 48 Amendment of Section 271

Amendments made:

Page 17, line 9, *for* "sub-section (1)',, *substitute* 'Clause (c) of sub-section (1)". (15)

Page 17, line 11, *for* "sub section (1)", *substitute* "The said clause (c)". (16)

(Shri P. Chidambaram)

MR. SPEAKER : The question is:

"That clause 48, as amended, stand part of the Bill."
The motion was adopted.
Clause 48, as amended, was added to the Bill.[a31]

Clauses 49 to 51 were added to the Bill.

Clause 52 Insertion of new section 292 BB

Notice deemed to be valid in

Certain circumstances

Amendment made:

Page 18, *after* line 13, *insert* –

"Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment.". (17)
(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 52, as amended, stand part of the Bill. "

The motion was adopted.

Clause 52, as amended, was added to the Bill.

Clauses 53 to 57 were added to the Bill.

Clause 58 Amendment of Section 18

Amendments made:

Page 18, line 57, *for* "sub-section (1)", *substitute* "clause (c) of sub-section (1)." (18)
Page 18, line 59, *for* "sub-section (1)", *substitute* "the said clause (c)". (19)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 58, as amended, stand part of the Bill. "

The motion was adopted.
Clause 58, as amended, was added to the Bill.

Clause 59 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. 20 to the Finance Bill, 2008 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. 20 to the Finance Bill, 2008 and that this amendment may be allowed to be moved. "

The motion was adopted.

New Clause 59A Amendment of Section 23A

Amendment made:

Page 19, *after* line20, *insert* –

'**59A.** In section 23A of the Wealth-tax Act, after sub-section (9), the following sub-section shall be inserted, namely:-

"(9A) In disposing of an appeal against the order of assessment in respect of which the proceeding before the Settlement commission abates under section 22HA, he may, after taking into consideration all the material and other information produced by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceedings before it and such other material as may be brought on his record, confirm, reduce, enhance or annul the assessment.". (20)
(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That new clause 59A be added to the Bill. "

The motion was adopted.

New clause 59A was added to the Bill.

Clause 60 was added to the Bill.

Clause 61 Insertion of new Section 42 : Notice Deemed to be valid in Certain Circumstances

Amendment made:

Page 19, *after* line 52, *insert* –

"Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment.". (21)
(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 61, as amended, stand part of the Bill. "

The motion was adopted.

Clause 61, as amended, was added to the Bill.

Clauses 62 to 71 were added to the Bill.

Clause 72 Amendment of Act 51 of 1975

Amendment made:

Page 21, *for* lines 22 and 23, substitute, -

(i) in section 9A, for sub-section (2A), the following sub-section

shall be substituted, namely:-

(2A) Notwithstanding anything contained in sub-section (1) and sub-section (2), a notification issued under sub-section (1) or any anti-dumping duty imposed under sub-section (2), shall not apply to articles imported by a hundred per cent. Export-oriented undertaking unless,-

(i) specifically made applicable in such notifications or such impositions, as the case may be; or

(ii) the article imported is either cleared as such into the domestic tariff area or used in the manufactre of any goods that are cleared into the domestic tariff area, and in such cases anti-dumping duty shall be levied on that portion of the article so cleared or so used as was leviable when it was imported into India.

Explanation – For the purposes of this sub-section, the expression "hundred per cent export-oriented undertaking" shall have the meaning assigned to it in Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944; 1 of 1944

(ii) the First Schedule shall be amended in the manner specified in the Second Schedule;

(iii) the Second Schedule shall be amended in the manner specified in the Third Schedule;

(22)

(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That clause 72, as amended, stand part of the Bill. "

The motion was adopted.

Clause72, as amended, was added to the Bill.

Clauses 73 to 120 were added to the Bill.

First Schedule

Amendment made:

Page 42, in line 6, in column (2), for "3,00,000", *substitute* "2,25,000". (23)
(Shri P. Chidambaram)

MR. SPEAKER: The question is:

"That the First Schedule, as amended, stand part of the Bill. "

The motion was adopted.

The First Schedule, as amended, was added to the Bill.

The Second Schedule was added to the Bill.

Third Schedule

Amendment Mode:

Page 47, for lines 3 and 4, the following shall be substituted, namely:- The Third Schedule

'In the Second Schedule to the Customs Tariff Act,-

(i) against heading No. 12, for the entry in column (3), the entry "Rs. 3000 per tonne" shall be substituted;

(ii) after heading No. 26 and the entries relating thereto, the following shall be in inserted, namely:-

Heading No.	Description of article	Rate of duty
(1)	**(2)**	**(3)**
27.	Pig iron and spiegeleisen in pigs, blocks or other primary forms	20%
28.	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having minimum purity by weight of 99.94% in lumps, pellets or similar forms	20%
29.	Ferrous waste and scrap, remelting scrap ingots of iron or steel	20%
30.	Granules and powers, of pig iron, spiegeleisen, iron or steel	20%
31.	Iron and non-alloy steel in ingots or other primary forms	20%
32.	Semi-finished products of iron or non-alloy steel	20%
33.	Flat rolled products of iron or non-alloy steel, hot rolled, not clad, plated or coated	20%
34.	Flat rolled products of iron or non-alloy steel, cold rolled (cold-reduced) not clad, plated or	20%

	coated	
35.	Flat rolled products of iron or non-alloy steel, plated or coated with zinc	20%
36.	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	20%
37.	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling	20%
38.	Other bars and rods of iron or non-alloy steel	20%
39.	Angles, shapes and sections of iron or non-alloy-steel	20%
40.	Wire of iron or non-alloy steel	20%
41.	Tubes and pipes, of iron or steel	20%
42.	Basmati rice	Rs. 12000 Per tonne"

(24)

(Shri P.Chidambaram)

MR. SPEAKER : The question is:

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

The motion was adopted.

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

The Fourth, the Fifth and the Sixth Schedules were added to the Bill.

Seventh Schedule

Amendment made:

Page 51, *for* line 7, *insertâ€"*

'(2) in Chapter 25,

(i) in tariff item 2523 10 00, for the entry in column (4), the entry

"Rs. 450 per tonne" shall be *substituted;*

(ii) in tafiff items 2523 29 10, 2523 29 20, 2523 29 30, 2523 29 40 and

2523 29 90, for the entry in column (4), the entry "Rs. 900 per tonne" shall be *substituted* against each of them'. (25)

(Shri P. Chidambaram)

MR. SPEAKER : The question is:

"That the Seventh Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Seventh Schedule, as amended, was added to the Bill.

The Eighth and the Ninth Schedules were added to the Bill.

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

...(*Interruptions*)

SHRI BASU DEB ACHARIA : Mr. Speaker, Sir, the Finance Minister has not responded and agreed to our demand for reduction of taxes and cess on petroleum products and banning of forward and futures trading. It has its direct impact on the prices of essential commodities. So, in protest we are walking out. ...(*Interruptions*)

13.51 hrs

At this stage, Shri Basu Deb Acharia and some other

hon. Members left the House.

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.

13.52 hrs

The Lok Sabha then adjourned for Lunch till Forty-Five Minutes

past Fourteen of the Clock.[R32]

14.50 hrs

The Lok Sabha re-assembled after Lunch at Fifty Minutes past Fourteen of the Clock.

(Mr. Deputy-Speaker *in the Chair*)