

[Sh. R. Jeevarathinam]

commission may be constituted to advise the Govt. to control the expenditure on non-plan programmes.

Sir, I would like to attribute the rise in prices of commodities to the levy of excise duties on these commodities. Further, sales tax is also levied by State and Central Govts. on these commodities after the levy of excise duty. This Finance Bill also provides for increase of excise duty on many products.

At this juncture, I would like to submit that the cost of production depends upon the capacity utilisation. If installed capacity is utilised at lower level, say 30%, the cost of production will be more and add excise duty to this, it will shoot the market price of the commodity. I, therefore, request the Hon. Minister to bring forward amendments to the relevant taxation laws.

The levy of sales tax varies from State to State. For example, the sales tax in Karnataka is 22 per cent in total, in Maharashtra it is 13 per cent in Andhra it is 13 per cent. However in Tamil Nadu it is only 8 per cent. I request the Govt. to consider the suggestion of having a uniform sales tax all over India. When our Hon. Vice President Shri R. Venkataraman was the Finance Minister here, he sought the opinion of all State Government regarding having a uniform excise duty all over India. Certain States agreed to the proposal and certain others rejected it. I request that the Govt. should constitute a Commission to consider the feasibility of having a uniform excise duty all over India.

As far as the match-box industry is concerned, there are certain units which are in cottage industry and certain others are in mechanised sector, with higher capital outlay. Excise duty is levied according to the cost of production of match-boxes. The cost of production of match-boxes in cottage industry differs from that of match-boxes manufactured in mechanised sector. However, market price of all match-boxes is 25 P. each. There is therefore, the anomaly of having a uniform market price but varying rates of duty on the same products. This does not benefit producers. This only benefits the sellers. I, therefore,

request that the Government must come out with a rational tax structure benefitting the consumers, the producers and the Government but not the middleman at any cost.

Sir, only 24% of the population reside in urban areas. However, 80% of the power generated is consumed in urban areas. Conventional sources of energy like firewood, cowdung and other farmwastes serve 74% of the energy needs of the rural masses. Govt. must programme for the scientific and egalitarian use of conventional and non-conventional sources of energy in India.

Before I conclude, I am bound to outline the importance given to the development of human resources in India under our youthful leader Shri Rajiv Gandhi. Manpower is superior to all other forms of power on earth. Nearly 60% of the river waters are wasted into sea. We must utilise the man power in projects aimed at diverting all west-flowing river in South towards east for irrigation purposes. We must also inter-link Mahanadi, Godavari, Krishna, Pennaru, Palaru and cauvery rivers for fruitful utilisation of river waters.

Our Hon. Prime Minister as Finance Minister announced some major concessions to industry this morning. Concessions on imports and exports and on excise duties have been announced which amount to Rs. 70 crores. I welcome these concessions.

With this I conclude.

17.25 Hrs.

STATEMENT RE DECISION BY THE
GOVERNMENT OF SWEDEN TO ASK THE
NATIONAL AUDIT BOARD TO MAKE
AN AUDITING REVIEW OF CERTAIN
TRANSACTIONS BY BOFORS

[English]

MR. DEPUTY SPEAKER: Sir, you seek the permission of the House.

THE MINISTER OF DEFENCE (SHRI K.C. PANT): Sir, I seek the permission of the House, through you, to make a short statement.

MR. DEPUTY SPEAKER: I think, the House will agree.

SOME HON. MEMBERS: Yes, Sir.

MR. DEPUTY SPEAKER: Shri Pantji.

SHRI K.C. PANT: Sir, The Swedish Government is issuing the following Press statement today in Sweden and the information has just reached us; and I am passing it on to the House. I quote:

"The Government has today decided....." i.e. the Government of Sweden...
"... to ask the National Audit Board to make an auditing review of certain transactions that were made by Bofors in connection with the Indian contract. The review shall be conducted speedily, and should be concluded by the end of May. The Indian Government has made a request to the Swedish Government to try to ascertain if middleman had been used. The assignment by the Government to the Audit Board means that the Board shall undertake an auditing review in the matter. The Board may, if necessary, appoint a Chartered Accountant to participate in the review. In its work, the Board should take the advice of the Military Equipments Inspectorate. The Government assumes that Bofors will give the Audit Board all necessary insight into the transactions. The Board will also partake of available documents with various authorities concerned.

The background to the decision on today is the following:

An important question during the negotiations for a contract between Bofors and the Indian Defence Ministry was the request of the Indian Government that the Howitzer deal should be concluded directly between the parties, without middlemen. This question was also raised in talks between the Prime Minister Mr Rajiv

Gandhi and Prime Minister Olof Palme. In January of 1986 Prime Minister Olof Palme informed Prime Minister Gandhi that Bofors had declared that it wished to conclude the business directly with the Indian Defence Ministry thus, without any middlemen. Bofors also write directly to the Defence Ministry in March 1986 stating that no middlemen would occur in the transaction.

On April 21 of this year, the Indian Ambassador came to the Swedish Foreign Ministry and asked that the Swedish Government should help in obtaining information whether middlemen had been used or not. In view of this, the Under Secretary of State, Mr. Carl Johang Aberg immediately contacted the leadership of the Nobel Industries and requested that full clarity should be obtained in the matter. On April 24, Bofors transmitted a written report to the Indian Ambassador in Stockholm. The Indian Government has declared that an investigation through the Swedish Government is of great importance. The Audit Board will make a speedy review of those transactions which may be relevant in the matter."

Sir, the above has been translated from Swedish to English by the Swedish Embassy.

17.33 hrs.

FINANCE BILL, 1987 - *Contd.*

[English]

MR. DEPUTY SPEAKER: Now Mr. K Pradhani

SHRI K. PRADHANI (Nowrangpur): Mr. Deputy Speaker, Sir: I rise to support the Finance Bill for the year 1987-88. I congratulate our Prime Minister for having formulated a popular Budget without imposing much burden on the common man, and very particularly on the poor people.

The main object of our Government is the elimination of poverty, and that is why