

ter regarding setting up of T.V. Relay Centres at Sapshringi and Ankai in Nasik district in Maharashtra several times in the House through questions and other means.

It being a tribal and backward area there is lack of communication facilities and consequently there is no development. The people of this region have been constantly demanding a T.V. Relay Centre for the area so that they can be benefited and thereby remain in touch with rest of the country. I request the Central Government to direct the concerned Ministry to set up T.V. Relay Centres in the above mentioned areas at the earliest because no private party has till now shown interest in the project and the State Government is also incapable of setting it up.

[*English*]

(viii) Demand for giving recognition to Degrees Issued by the Medical Colleges of Nigeria

SHRI SURESH KURUP (Kottayam): A large number of Indian students are studying in Nigerian Medical Colleges. Most of them are children of those who went to Nigeria seeking job opportunities. Now, the students who are studying there and who have already obtained degrees from Nigeria could not come to India and serve the motherland due to the non-recognition of the Medical degrees from Nigeria by the Indian Medical Council. Nigerian Medical degrees are recognised in Britain, Canada, Australia, West and East Europe. There is no valid reason for our country for not recognising Nigerian Medical degrees. For the last three to four years, these students and their parents have been writing to Government of India and Indian Medical Council to rectify this anomaly. So, I request the Government of India to take immediate action for the recognition of this degree.

12.38 hrs.

STATUTORY RESOLUTION RE DISAPPROVAL OF FINANCE (AMENDMENT) ORDINANCE, 1987 AND FINANCE (AMENDMENT) BILL

[*English*]

MR. DEPUTY SPEAKER: We will take up Item Nos. 14 and 15 together.

[*Translation*]

SHRI C. JANGA REDDY (Hanamkonda): I beg to move:

"That this House disapproves of the Finance (Amendment) Ordinance, 1987 (Ordinance No. 6 of 1987) promulgated by the President on the 19th September, 1987."

Mr. Deputy Speaker, Sir, I want to know why these Ordinances are promulgated by the President? Why do you trouble the people? Why was the Ordinance promulgated on 19 September when the sitting of the House was due for 6th November. Could it not have been delayed for another 10-15 days. Had the Ordinance been delayed for 10-15 days, what would have happened?

Government could have issued a notification regarding surcharge on air and railway fares. But what is the purpose of imposing 5% tax in aid of drought affected areas through this ordinance? The Government had taken this step because it had not provided for such things in the Budget, and it had to augment its income. But the Government could have brought forward a Bill in this regard instead of an Ordinance. Nothing would have happened in 10-15 days time. The Government has not so far even released relief amount to drought and flood affected areas but you are denying it. No-

[Sh. C. Janga Reddy]

body has visited Andhra Pradesh so far. Is it not an affected area? The Government could have provided for such calamities in the Budget. It has imposed a surcharge of 5 per cent on the taxable income of more than Rs. 50,000 in order to provide relief to the farmers. But I would like to know the estimated revenue that is going to accrue from this tax and the amount that the Government is planning to spend on drought, flood and cyclone affected areas.

The statement of Objects and Reasons of the Bill is with us but we received it today though the subject was included in the agenda. Why was the Ordinance promulgated 15-20 days prior to the session. It is clear from the reasons assigned that the Government is not serious about Lok Sabha and the Government employees are not proud of Lok Sabha. Government believes that Bills would continue to replace Ordinances and could be easily got passed by assigning frivolous objects and reasons because Members would continue to speak on them. The Ordinance, has been promulgated taxes have been levied and collected but I would like to point out that the Government is not following the rules in this regard. I have said earlier also that there was no need for this Ordinance. According to the Bulletin this Bill was to be discussed on 6th or 7th November and 7-8 Members were to speak for its disapproval, but then why was reply delayed for so many days and only given yesterday. Your employees are indifferent to Lok Sabha and do not care for rules and regulations. That is why I am moving motion for disapproval. I am not against the taxes which are being levied to solve the unemployment problem or for providing facilities to farmers, but I am basically against Finance Bill being brought in the guise of an Ordinance. There was no harm if a Bill was brought to Parliament to levy surcharge. After one month of the introduc-

tion of the Bill, Indian airlines and Railways did something. I therefore disapprove the Bill and seek clarification in this regard.

[English]

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): I beg to move:*

"That the Bill to amend the Finance Act, 1987 be taken into consideration."

Sir, with a view to provide relief to drought affected farmers and persons in rural areas, the Government decided to raise additional resources by levying a surcharge of 5 per cent of income-tax on certain tax payers. As Parliament was not in session and it was necessary to take immediate action to raise additional resources, an Ordinance called the Finance (Amendment) Ordinance, 1987 was promulgated by the President on the 19th September, 1987. The Ordinance provided that in the case of every person having a total income exceeding fifty thousand rupees, who is liable to pay advance tax or whose income is chargeable to tax under the head 'Salaries', the amount of income tax paid by such taxpayer will be increased by a surcharge for purposes of the Union calculated at the rate of 5 per cent of such income tax. The Ordinance also provided that in respect of instalments of advance tax payable on the 15th day of June, 1987 and 15th day of September, 1987, the surcharge for purposes of the Union was to be paid on or before the 30th day of September, 1987. In some cases, instalments of advance tax are payable on the 15th day of June, 15th day of September and the 15th day of December. As the first two dates by which the instalments of advance tax were payable, namely, 15th day of June and 15th day of September had already elapsed and

* Moved with the recommendation of the President.

the Government's intention was to raise additional resources for drought relief work immediately, the promulgation of the Ordinance became absolutely essential. However, in order to ensure that the taxpayers liable for payment of the surcharge do not face any hardship, it was provided that the surcharge in respect of instalments of advance tax payable by the taxpayers on the 15th June and 15th September could be paid by the 30th September. The levy of surcharge by the Ordinance also ensured that the taxpayers would not have to pay the entire amount of surcharge along with the instalment of advance tax payable on the 15th December next. The promulgation of the Ordinance obviated this hardship.

The Income-tax Act, 1961 provides for deduction of tax at source from certain payments such as dividends, interest, winnings from lotteries, crossword puzzles, winnings from horse races, payments to contractors and sub-contractors and insurance commission. Since the provision for levy of surcharge on tax deducted at source has already been made in respect of salaries, it is proposed to provide for the sake of uniformity, that the amount of tax deducted in respect of the other payments will also be increased by a surcharge calculated at the rate of five per cent of such tax. The surcharge on tax deducted at source will be levied on all such payments made during the remaining part of the current financial year only. The surcharge of five per cent, on advance tax will also be levied in the case of assesses deriving income from life insurance business whose cases are covered by the specific provisions of section 115B of the Income-tax Act, 1961. In order to achieve these objectives it is proposed to carry out certain amendments in the Finance Act, 1967.

The income of non-residents accruing and or arising in India is chargeable to tax at the different rates prescribed. For this pur-

pose, tax is deducted at source at the time of remittance of the amount. The amounts which have already been remitted are liable to tax without the levy of surcharge. Considering the smallness of revenue involved, and the number of tax treaties with other countries, it is not considered feasible to levy surcharge on the income of non-residents and companies other than domestic companies.

Those provisions of the Bill which intend to replace the provisions of the Ordinance will come into force from the 19th September, 1987, the date on which the Ordinance was promulgated. The other provisions will come into force from the date the Bill receives the assent of the President. By this measure additional revenue accrued would be to the tune of Rs. 210 crores to Rs. 240 crores.

I trust that this Bill will receive the unanimous support of the House.

MR. DEPUTY SPEAKER: Motions moved:

"That this House disapproves of the Finance (Amendment) Ordinance 1987 (Ordinance No. 6 of 1987) promulgated by the President on the 19th September, 1987."

"That the Bill to amend the Finance Act, 1987 be taken into consideration."

SHRI ANANDA GAJAPATHI RAJU (Bobbili): Mr. Deputy-Speaker, it is not the smallness of the amount, namely, Rs. 240 crores or so, but what is important is, it is the manner in which this Bill has been brought in spite of the assurance given by the Prime Minister in this very House during the passing of the Budget that the deficit would be retained at Rs. 5,860 crores. That was an

[Sh. Ananda Gajapathi Raju]
assurance given and that assurance, like any other assurance, has not been kept up.

We find today something more serious than this levy of Rs. 240 crores. We will not mind paying Rs. 240 crores provided we find that the economy as such and the financial condition of this country is fine. But it is not so. We find that there is both an internal and external debt trap in this country. From both angles we are facing problems. There is a constant escalation of non-Plan expenditure to the detriment of fiscal discipline. Subsidies have not been rationalised. Today we find that, particularly for the fertilizers, and interest on debt and also defence expenditure has been escalating and this Government has not cared to rationalise and they are going in for all sorts of instruments to raise Rs. 250 crores or the same amount, and also at different intervals they are bringing this amount so that the onslaught is not on the ruling party of fiscal indiscipline.

In this connection, I would like to mention that our External Affairs and Defence policies also are not helping this country in reducing its expenditure. We find that normalisation with China on the border front has not taken place in spite of seven or eight meetings. And because of that our Defence expenditure is escalating and we are not able to bring the fiscal discipline.

The same is the case with SAARC. SAARC was founded with the idea to see that all these South Asian countries would come together and find a common platform, both economic and social. But we find that only certain areas are being dealt with by SAARC and industry, trade and finance have not been covered by SAARC, which means that it will not be able to contain the Defence expenditure and the expenditure on foreign affairs which goes along with this.

Then again, a classic example is the Sri Lanka issue. We find that because of the escalating problems there the Government is spending more and more money and therefore they are bound to come up with many such supplementary demands for money to be increased even during this specific year.

Non-Plan expenditure is mainly not being financed from the revenue account. But revenue account should finance all the Non-Plan expenditure. We find that instead of that public debt is being raised to finance non-Plan expenditure. The same is so with regard to deficit financing also. This has also been liberally resorted to. Therefore in view of the internal external debt trap that we are getting into, we find that the Government's policies are haphazard. The Government's policies relating to fiscal discipline are not kept in tune with the mood of the nation and the mood in which things ought to go on.

Now, there are a few points about drought relief. This particular Bill is being brought in view of increasing drought to ameliorate the drought relief and to see that more amenities are given to the people. But, in this effort, drought proofing is not being carried out. We find that technicalities are being raised at various stages and to see that money is not given to Non Congress I State Governments to spend in their States. They want expenditure certificates and certification to the effect that this money has been spent. It is better for the concerned Ministry to send people to see what is being done rather than sitting in Delhi and asking for reports which have no meaning when work has to go in the field and it cannot be stopped. There is an anomaly here. The Centre has stated that the drought relief expenditure cannot be used for development expenditure. Now, I would like to know from the hon. Minister what he means, what is the difference between 'drought relief expenditure' and 'development expendi-

ture'. Both these may not mean exactly the same, but when it comes to the field, they mean the same because drought relief work also has the developmental aspect to it. Therefore, you cannot say that you are spending on one account and not spending on the other. I would like to say that the Andhra Pradesh Government particularly is being discriminated against as far as this expenditure goes. I would request the Minister to see the logic behind this in terms of drought-relief.

Then again, in regard to flood relief, we find that more money is spent on flood relief rather than on flood works. A cursory glance in the newspaper would show that this year the Government has allotted Rs. 600 crores for flood works and Rs. 1200 crores for flood relief. Therefore, flood relief is receiving more attention than the flood works. In fact, some of the amount had lapsed as far as flood work is concerned.

There is no objection to raise resources under drought relief. But the main argument is that the fiscal discipline should be maintained. This is a far cry. We find that the Central Government is going in for more and more non plan expenditure, going in for fiscal indiscipline, going in to see that non Congress I State Governments are discriminated against and to see that under some technicalities they decide to score off the financial benefits given to the non Congress I Governments.

In view of these things, I oppose the raising of Rs. 250 crores by way of surcharge because I find that these are the ways and means of trying to show that the money is being raised. The raising of money is not important at all, but it should be spent properly. If the money raised is spent for development, drought proofing and to see that the relief works are carried on, only then it will be useful to support such a Bill. Otherwise, I

strongly oppose the Bill.

MR. DEPUTY-SPEAKER: Dr. Sudhir Roy.

SHRI C. JANGA REDDY: They are not interested in drought Sir. They are interested in getting money.

MR. DEPUTY-SPEAKER: No. They are interested to give, but you are interested to deny. That is all.

DR. SUDHIR ROY (Burdwan): Sir, I oppose this Bill to amend the Finance Act, 1987. An unprecedented drought combined with other calamities has adversely affected our national economy. Our agricultural production has suffered, and our cattle population have died. There is an acute scarcity of water. Sir, the people are already groaning under inflation. The prices of essential commodities have gone high; three crores of people are now unemployed and crores of people who are living in villages have not got regular employment. If this Government had a genuine desire for development, we could support this surcharge. But we find that though they are trying to increase the surcharge, in actuality what happens? In fact, there is a large scale evasion in this country. In India already the rich and the well-to-do people have been able to create a parallel economy of black money. Government have a little will to tap this black money. Otherwise how could people like** or **smuggle foreign exchange?

MR. DEPUTY-SPEAKER: No individual names should be mentioned.

DR. SUDHIR ROY: It is known to every one that many Indian business men keep money in foreign banks. But Government does not follow any fiscal discipline. We find that indirect taxes are increasing deficit financing. Through indirect taxes and through

** Not recorded

[Dr. Sudhir Roy]

administered prices, burden is being imposed on the common people. If there is any increase of taxes specially direct taxes, the rich are allowed to evade.

Mr. Raju has already pointed out that there is no fiscal discipline. Though they talk in terms of scarcity, we find that when the Prime Minister went to Canada, he went with a large press entourage and there was huge expenditure. There are press reports that a cabinet meeting is going to be held at Sariska which will also involve huge expenditure. Though they talk in terms of economy, the Prime Minister has got an innate habit of spending much. And this talk of economy is for the consumption of common man. Not only this. We find that the State Governments have turned into poor municipalities though the economic planning always aims at regional balance in economic development. The Sarkaria Commission has also confirmed our contention that State Governments are being denuded of financial resources and, therefore, they do not get the sums. The last Finance Commission allotted a sum of Rs. 325 crores to West Bengal but the Central Government simply did not release that sum. Not only this. In West Bengal we sought that jute industry should be nationalised. It is an all party demand. The Bengal Paper Mills, Raniganj and Hindustan Pinklington Glass Works at Asansol remain closed for a number of years. The Government is doing nothing. Throughout India over 1.3 lakh concerns are sick. This Government has no political will to revive these sick concerns. They always say that unnecessary expenditure should be pruned, but they do not abide by fiscal discipline. Hence they are holding a cabinet meeting at Sariska. Two years ago back, the Prime Minister was scheduled to visit Rajasthan and an amount of Rs. 2 crores was spent. Later on, the entire amount went down the drain because the Prime Minister did not visit at that time.

13.00 hrs.

Already Mr. Raju has said that in releasing grants they discriminate against non-Congress Governments. Therefore, I find that this year perhaps only the West Bengal Government was asked to submit accounts of flood relief expenditure. The hon. Minister himself has said that all the State Governments are required to submit accounts of expenditure, but only West Bengal's name was highlighted. Not only this, when they released only Rs. 26 crores, the Prime Minister at a meeting at Farakka said that already Rs. 70 crores have been released. When we live in the same country, when it is a democracy, I do not know how the State Governments run by other parties can be discriminated against. In this connection, I would also point out the squander of public money in the name of loan *melas*. In this House, in every session Members have been speaking against holding of loan *melas*. These loan *melas* are sheer wastage of public money. But Mr. Janardhan Poojary has always been answering: "I myself monitor these loan *melas*. I try my best to monitor these loan *melas*." He tries to argue that because he personally supervises these loan *melas*, therefore, they are all okay. We all know about the rumours regarding these loan *melas* and it is a reality that in the name of these loan *melas*, public money is squandered. I would not have minded if there was a real attempt for economy measures. I have already pointed out that the black-money owners are never squeezed by this Government. That way they are practising real non-violence. They are really non-violent to black-money owners or hoarders or profiteers, but they always squeeze the common people. Hence, they have resorted to this deficit financing. Already the World Bank has said that at the end of this year there would be nearly one billion dollars deficit and there will be a double-digit inflation. Hence, I oppose this Bill to amend the Finance Act of 1987.

[*Translation*]

SHRI GIRDHARI LAL VYAS (Bhilwara): Mr. Deputy Speaker, Sir, I support this Finance Bill.

(*Interruptions*)

I support the Bill because the Government is providing loans to lakhs of poor through, loan melas in order to remove their poverty which is being criticised by these people. They are criticising it because it is threatening their seats of power in West Bengal, Andhra Pradesh and Karnataka.

SHRI C. JANGA REDDY: And at the Centre the Congress Government is under threat.

SHRI GIRDHARI LAL VYAS: Your intentions are not good. You are not interested in giving relief to the poor, and yet you speak in the name of the farmers and workers. You are hand in glove with the capitalists. Even the Marxists and Communists are toeing the same line.

Instead of praising the Government for organising Loan *Melas* and speaking in favour of the poor you oppose it. You oppose it because you apprehend losing power. I would appeal to the hon. Members of Marxist and Communist Parties that if they apprehend threat to their power they should speak about extending cooperation to the poor and demand their upliftment in order to retain power. Rajiv Gandhi's Government is giving away loans to crores of people in order to remove their poverty.

SHRI C. JANGA REDDY: The 1977 situation is repeating itself.

SHRI GIRDHARI LAL VYAS: The Communist Party Government does not properly utilise the funds allocated by the Central Government. It is misusing them.

(*Interruptions*)

They do not understand and talk absurd. They should appreciate Shri Rajiv Gandhi's government which has benefitted crores of people.

Janga Reddy Sahib, there is no question of your saying anything because you belong to B.J.P. and you are a communal-minded person.

I, therefore, support this Bill which seeks to impose 5 percent surcharge to remove poverty and fight the prevailing drought. This is very appropriate, and I am of the view that cent-percent tax should be imposed on all the capitalists so that the poor may earn their bread. This is the most crucial thing.

There is a terrible drought in Rajasthan today. Shri Dandavate was telling the other day that many tribals have perished and their children are starving. You should be ashamed of the fact that you are opposing it here. Our government is making very good laws; but I do not understand why you are opposing them? The government has imposed surcharge in order to benefit the drought affected people. It is a commendable step. In my opinion you should impose even more tax so that our government gets more money. Nothing worthwhile can be done with the amount of Rs. 615 crores that are going to accrue out of this tax.

The Eighth Finance Commission has said that we can not spend more than 5 per cent on either budget allocation or on the plan. It is the responsibility of the Central Government to allocate more funds for this. Keeping in view the severe drought in Rajasthan, the Centre should provide more financial assistance for it. If you do not give them assistance, then the state government will not be able to provide food and drinking water, to the people and fodder to animals.

[Sh. Girdhari Lal Vyas]

You have collected Rs. 3-4 crores by imposing 5 per cent surcharge but this amount is not adequate enough. The Government should impose more surcharge and thereafter provide more assistance to the people of Andhra Pradesh and Karnataka. But I think that maximum assistance should be provided to Rajasthan and Gujarat, which are worst affected by drought.

During his visit to Rajasthan, our Prime Minister had said that at least one person from each family shall be given employment. If it is so the Government shall have to provide employment to 50 lakh people in Rajasthan alone and at the rate of Rs. 11 per head, a huge expenditure shall have to be incurred. Besides, timely payment of wages should be made to the people so that they can run their household properly. A lot of people in our area have not yet been able to get any job. Proper implementation of what our Hon. Prime Minister said has not been carried out. It is my humble request therefore that the Government should provide more funds for drought relief.

The big industrialists in our country are swindling foreign exchange. For instance, mica trade has been handed over to MITCO but even today most of it is in the hands of private owners. The share of MITCO is very little. Mica is a precious item and therefore, its export should be entirely in the hands of the Central Government. The big capitalists are earning crores of rupees through illegal sale of mica whereas the poor in our country are not even getting their daily bread. 20,000 people are engaged in Mica mines in Bhilwara. Ever since the big capitalists have taken over this trade, the people owning small mines are not getting their full worth. The big capitalists do not give them the proper worth of their mica. Due to this all the mines have closed and around 20,000 labourers have been rendered jobless. The entire mica trade should be handed over to

MITCO and the government should take over the export of mica in its own hands. It should not only yield more foreign exchange but also benefit the poor to the maximum possible extent.

The cement factory at Sawai Madhopur is lying closed and cement worth Rs. 17 crores is dumped there. The limit of overdraft fixed by the State Bank of India there is Rs. 2 crores and as the factory has already crossed it, the labourers have not received their wages since past 6 months. And now that factory has closed down. You should restart that cement factory, at any cost, whether you have to mortgage the cement worth Rs. 17 crores or have to sell it, so that 5,000 labourers could get back their livelihood. That is a viable factory but hurdles created by State Bank and other financial institutions have forced it to close down. Therefore, through you, I would like to urge the hon. Finance Minister to make arrangements to re-commission the cement factory at Sawai Madhopur after selling the dumped cement worth Rs. 17 crores and thereby provide livelihood to 5,000 workers there.

[English]

SHRI H.M. PATEL (Sabarkantha): Mr. Deputy-Speaker, Sir, I see that the Finance Minister is not here, nor his Deputy is here.

MR. DEPUTY-SPEAKER: The Minister of State for Parliamentary Affairs will pass on that message to him, she will take care of that.

SHRI H.M. PATEL: The point is that the subject is so very important. So little importance they attach to an important matter like this that no representative from the Finance Ministry is in the House.

First of all I wish to point out that there has been complete impropriety in this Ordinance. This, in effect, is a Supplementary

budget. When you levy a tax, when you increase a tax or reduce it, it is a budget and to bring in a Supplementary Budget through an Ordinance is, to my mind, most improper. However, they have done it. But when they give us a reason, what do they give us as reason? That it is because of the drought in the rural areas. I think the actual wording is this:

"In order to raise resources for providing relief to drought affected farmers and persons in rural areas, the Government decided to levy." and so on.

Now, when did they discover that there was a drought in this country? Only in September? Sir, this House was sitting until 28th of August or some date like that. Did they start thinking or did they discover that there was drought only after 28th of August? Was it only then that they discovered that they would not have resources to assist the drought and so on? This surely raises an interesting point. The Finance Minister must be sitting not in this country but somewhere else if he did not know much earlier that there was a drought problem. The magnitude of the drought problem might have been discovered as time went along. But that too certainly they did not discover only in the first days of September. And when did they take up the drafting of the Ordinance? Did they take it up only after the Lok Sabha dispersed? This is not a true reason. The real reason is that they have a complete contempt of the Lok Sabha. You do not respect the conventions, the most vital conventions, and these should be particularly respected in so far as budgetary provisions are concerned. Nearly Rs. 240 crores — are they trying to take credit for that? The amount is of no consequence at all. Rs. 240 crores means nothing. The way in which you are proposing to raise it is by 5 per cent on people with an income of Rs. 50,000 again there could be no objection. Why then did

you not bring a Bill when the Parliament was in Session? Why then did you not wait until November, until this Session began? You did neither of these two things. Nothing would have been lost. Do you think that the advance tax payers would not have paid 5 per cent more later? Their final instalment would have been by 15th of December? What would you have lost? You may have gained some interest! Is that what you wanted to gain by issuing an Ordinance? There was no justification whatsoever for issuing an Ordinance in this case. Similarly, the Railway Budget. There was a Railway budget, you increased the fares just like that — 10 per cent. Again the actual raising of the fares of first-class passengers etc. does not matter. I do not object to these things at all. I do not object to the actual raising of resources through taxation. But I am objecting very strongly to the method of doing which is totally improper and to my mind unconstitutional. But you do not worry about these things. You are entirely opposed to all conventions.

Even when they put forward their reasons, did they say what amount did they required for the drought? Did they have any estimate of the drought, the amount that they will spend? Are they worried about the fact that deficit financing is going to increase? They do know what was mentioned when the Budget was presented. The Prime Minister, as the then Finance Minister had said that he will not allow it to increase at all. He is not there now to answer and explain. Is it going to be explained? He would say that he did not know then that there was going to be a drought. That certainly is a justifiable excuse that can be put forward. But what is the total amount that you have to spend on drought for which you are short of Rs. 240 crores and you have made the Ordinance? Is that a tenable a justification? You could have raised a few more crores through other methods.

[Sh. H. M. Patel]

You say that you will raise Rs. 550 crores. Is that the total amount that you are going to spend on the drought? Is that what is worrying you? Why do you not think of reducing your expenditure in various directions? You will say "Yes. We have decided to do this also." But you have not mentioned in your statement that already you have taken these concrete measures for reducing your expenditure. The Finance Minister did not mention this today also in his statement nor is he going to mention. He may mention later that he intends to reduce defence expenditure. I would like to see when they actually reduce it. I am quite certain in fact that the defence expenditure will far exceed whatever was provided for in the last Budget. What is going to be your expenditure on the Sri Lanka expedition? It may be necessary. I am not going into that aspect. But what would be the amount of additional expenditure that you will have to incur? Will it be Rs. 200 crores for which you had to issue an Ordinance? You might say "Yes. We did not know then that there was the justification for the Ordinance? That could not have been the reason for it. What is the reason? What is the way? Did you suddenly expect that there was going to be deficit financing? Deficit financing of the magnitude of Rs. 5,800 crores was postulated in the Budget and you knew, as things went on, that already expenditure was going up. What was then the hurry for issuing an Ordinance?

One is, as I said earlier, not wanting to face the House in the proper manner, when we could urge proper argument against the increase? How you may oppose. But, it means nothing. You have already got a big majority. You could have done it little later. You need not have apprehended that they will throw out your Supplementary Budget. Certainly not. Where is the need to issue this Ordinance except your reluctance to face arguments, reluctance to justify your acting. Why do you want to do certain things? I think

it is very bad that you have degenerated to this extent.

You have not made even one line mention of the fact of the inflationary pressures that is being generated. With every additional expenditure, inflationary pressure will be generated. In this case, you had good argument to urge that this will act as a restraint on inflation because they will be spending money in an area where money would be needed to be spent. But they failed to do this only because they do not even know how the drought problems have to be faced. You only provide money. Are you sure that that money is being well-spent? It is that which causes inflation; it is that which creates blackmoney. I am certain and I know the fact that any amount of money that is being provided for drought-relief and various drought reliefs is not going where it should be going. But that is inevitable. When you administrative machinery has been allowed to run down. Can anything else happen? And more so if your methods of looking after the administrative machinery are what they are?

I do not wish to take more time of this House because so far as this Bill is concerned, you will pass it. Just as you issued an Ordinance, you do not need any reasons, any solid grounds. All you need is to produce a Bill-whether there are good reasons or bad reasons, it does not matter. The vast majority is there. Shri Girdhari Lal Vyas ended up by saying that a large cement factory was lying closed; it could generate employment and it could produce the commodity which is greatly in need. He should have put forward that as the reason for saying that even in his State, which is very badly affected by drought where every assistance should be provided. Surely that should have been an objective for which the money was to be spent. It would have been well-spent. It would have generated employment and it would have produced a commodity which is

in short supply. It would have also helped the country as a whole. Why doesn't he take the Government to task? On the contrary, he begins by saying: "I support the Bill". He gives all the arguments against the Bill and the way he argues only shows that he was not supporting. But his first sentence is: "I support this Bill". Thereafter, he is producing his arguments, showing he is not in fact supporting. I proceeded by saying that I oppose the Bill, because it constitutes impropriety, because it has broken all the conventions, and it is in effect a Supplementary Budget. I would like that as Supplementary Budget and it should be treated with all the respect that is due for it. You do not propose to pay any respect; I am sorry. I have nothing more to say except that I hope you will not go on doing this kind of thing. But, I know it is a vain hope.

SHRI HAROOBHAI MEHTA (Ahmedabad): Sir, I rise to welcome this Bill. Though the first sentence may not appeal to some of our colleagues, I am amazed at the immense capacity of the Opposition. They can even oppose the very good actions of the Government. I am really not surprised by some people who are supporting the free enterprise policy in criticising this. But the CPM friends and other friends, who always canvass for higher taxes on rich people, they too have come forward to oppose such a Bill, and it is really disheartening to hear. There is nothing wrong in asking the rich people, those whose who draw an income of more than Rs. 50,000 p.m. and those who are having almost 2 per cent higher bracket of income in this poor country to sacrifice and if they are asked to sacrifice something in order to see that none can starve in this scarcity condition and we shall not lose any cattle-head on account of paucity of funds, there is nothing wrong. I wanted my leftist friends to welcome with open arms this action of the Government in asking the rich to pay a little more by way of surcharge in the interest of relief measures. Government has

really shown enough courage in asking those who can pay to pay a little more, only five per cent. But they should not stop at this. My respectful suggestion to the Government and to this House is this. Let this surcharge be a permanent feature. Out of this income from such surcharges, let a National Relief Fund on a permanent basis be created and let that Relief Fund be operated by us in order to meet contingencies like floods, cyclones or famines, so that we do not have to depend on such a temporary measure. I hope the Government will give a constructive look to my suggestion to create a permanent Relief Fund out of surcharges drawn from those who can afford to pay.

There are many other sources also which can be tapped in the interest of our endeavour to fight natural calamities and to help people to meet these contingencies. For instance, expenditure on luxury items. Any expenditure above average in this country must be subjected to a certain tax in the interest of the common people - luxury items like refrigerator, air-conditioner, T.V., not Black & White but T.V. of the luxury type, VCR, etc. Even marriage expenses or reception expenses which are above average should be subjected to a special tax in the interest of creating a permanent Fund so that people do not have to suffer in such situations like drought, floods and other natural calamities, for want of money.

One of our good and senior colleagues criticised the Government on the question of propriety in bringing an Ordinance when Parliament was about to meet. May I suggest to him to reconsider the definition of 'propriety'? Would it be proper to keep looking helplessly at millions of starving people in a famine situation like this and seeing cattle-heads dying for want of funds or would it be proper to draw more funds from those who can pay in order to strengthen our efforts to meet the famine situation? This propriety part reminds us of the Queen of France who

[Sh. Haroobhai Mehta]
asked her people to eat cake if they did not get bread. So, the whole notion of 'propriety' has to be given a realistic definition in the sense that we have to help people somehow to tide over the difficult situation created by scarcity and other such contingencies rather than rambling on technical aspects like this.

In fact, Government could have got more funds. I could not understand the logic - there may be some logic because there is a reference to some tax schedule, but the hon. Finance Minister will kindly explain to the House - why non-residents are exempted from the liability to pay the surcharge. Is there anything unavoidable or is there any insurmountable difficulty on account of which we cannot ask them to make this sacrifice which we are asking our own people here to make? All foreign companies and non-resident citizens also should have been asked to contribute to this national endeavour. If there is any compelling reason because of which it is not possible, it is alright. Otherwise, there is no reason why they should have been left out. By this, we could have drawn more funds.

I support the Bill. It is a pity that the Opposition is trying to assail even this innocuous and beneficial piece of legislation. I welcome this Bill and I hope that Government will not spare any efforts in order to ensure that our people tide over this difficulty.

One more thing, before I conclude. Cities like Ahmedabad and other industrial cities are also facing a similar situation that has been created by scarcity. Mills after mills are getting closed. 15 mills in Ahmedabad are closed. Some thought also should be given by the Government to help those people who are rendered unemployed on account of irresponsible closure of mills at the hands of textile magnets.

SHRI B.K. GADHVI: Mr. Deputy-Speaker, Sir, this is a very small Bill and it is just intended that an amount to the tune of Rs. 210 to Rs. 240 crores should be mopped up through this measure of surcharge. By and large, the measure itself of raising the resources has not been objected by the Members. Hon. Telugu Desham Member, Members from CPM, Janata and Mr. Janga Reddy, they covered certain wider areas in their speeches about the total economy. Let me tell them that our economy is on sound footing and the apprehensions pointed out by them with regard to debt trap - internal and external - we are very much vigilant against that and the country would not be allowed to fall in that debt trap.

So far as drought is concerned, as the august House is aware, it is unprecedented for the last 100 years. Its impact on our agricultural sector, to an extent on industrial sector, on the life-style and living standards of the people, on the cattle, on the drinking water areas, on the areas of availability of essential commodities and so on and so forth, is of a very high magnitude. The amount which I am seeking through this Bill is not the only amount which would be spent to meet the drought situation and measures connected therewith. In our estimate, the amount that we need for drought relief and flood relief, may be in the order of somewhere within Rs. 12 to Rs. 14, 000 crores. And this is one of the measures of the total package.

Mr. H.M. Patel pointed out about economy in the administration of non-plan expenditure. We have initiated those measures. We have also initiated other measures. Even some other countries including the World Bank have offered their loans, grants and helps to meet the drought situation. The total package is there and this is one of the facets of the package to raise the resources to combat the drought situation.

Regarding the people who are in the range of Rs. 50,000 or above, I am very happy to note that not only here but so far as this surcharge on income-tax is concerned, we have not received any resentment even from the outside, even from the people who are liable to pay under this. The basic question is raised by Hon. Mr. H.M. Patel, who himself is a very experienced man in financial matters and who also, once upon a time, held the portfolio of Finance and as Secretary (Finance) and so many and had a very brilliant career, about the propriety of the ordinance. Any Government, and this Government also, believe that normally, as far as possible, fiscal measures should not be initiated by way of an ordinance. But here, the simple reason was that when we decided to take this measure of having the surcharge, we thought that people who have to pay the advance tax in instalments should not be burdened by merely aggregating the surcharge that they will have to pay. It can be given by instalments; otherwise, with the last instalment, they would have to pay the total surcharge which would have made them a little sore. At the same time, in the last days of the year when they have to pay the final instalment - although strictly not directly; yet remotely - there would be some impact on the trade and industry. Therefore, we thought that it is better to allow them to pay instalment wise.

There was an immediate reason and therefore, as I explained in my opening remarks, the ordinance was brought and it was promulgated.

Today, the Bill is there. We know that this Bill, barring the very feeble argument of propriety, is not going to invite any other major attack. It is not that we want to do something in a back-door manner; that is why we have come with the Bill.

It is stated by Shri H.M. Patel that how we did not visualise it. We did visualise that

there was a drought and we immediately started the process when we saw that the drought was of a particular magnitude. From the examination of the meteorological charts, sometimes it gives hopes that perhaps in some parts the droughts would not be there; but later when the atmosphere and the rain started changing and most of the blocks were covered under drought, then we came to the final assessment that huge expenditure would be involved. Therefore, all the packages of measures were initiated and this is one of the measures in that package.

About Shri Haroobhai Mehta's suggestion of having a permanent fund for meeting natural calamities like drought, flood, earthquake, etc., by providing an element of permanency into such surcharges, we will try to examine it. But let me make it very clear that this is only a temporary measure that we have brought. That suggestion cannot be examined as a part of this enactment itself. But I will treat his suggestion as an independent one, outside the scope of this Bill, and have a look at it. This is a short term measure and everybody has appreciated that we had to take such measures. They have raised their concern and doubt about the increase of deficit financing. In fact, these measures are also measures to contain deficit financing because the resources are being raised but so far as deficit is concerned and other areas on which you have trodden, we are quite aware of it and we are hopeful that when we come before you with the Budget, the deficit will be within manageable limits. With these words, I would like to thank all the Members for their participation and valuable suggestions.

[*Translation*]

SHRI C. JANGA REDDY: Mr. Deputy Speaker, Sir, hon. Finance Minister has stated in his reply that a sum of Rs. 14 crores is required for relief measures in drought and

[Sh. C. Janga Reddy]

flood affected areas. But an amount of 20 per cent will not serve the purpose. Just now while replying to Shri Patel he said that the Parliament session was till 28th August. Then why was this Ordinance brought on the 19th September? What new things have you brought within a gap of 20 days? If it rains in the month of September, then it can be used for the next crop. But generally it rains till July or August. The rainfall during September does not affect much. This water can be used for Rabi crop. There was a cyclone in Andhra Pradesh in November. That water could have increased the Rabi yield. The figures available with you, do not include the amount of rain-water. You have merely said that an amount of Rs. 14 crores is going to be spent for drought-relief. What kind of measures are you taking for the non-plan expenditure? The amount which is given to the states for drought is plan-advance. This amount is subtracted from plan allocation which is given a year later. If Andhra Pradesh is given Rs. 100 crores for drought relief, it is subtracted from the forthcoming Plan allocation. That is only Plan advance. I would like to know the details of grants State-wise. How much is being given to Bengal, Andhra Pradesh, Karnataka and other non-Congress Governments, to fight, permanent drought prevailing there. What measures are you taking for its permanent solution? Rajasthan is also facing severe drought and drought relief of Rs. 240 crores will not serve the purpose fully. From where will you bring the rest of the amount? It will have to be provided from the Plan.

[English]

We are not expected to spend more on defence just as we are spending on Sri Lanka.

[Translation]

You have taken drought seriously

merely to show-off to the people. You want to deal with drought by imposing additional taxes. Why do you give relief to the states for drought out of the Plan-Advance? What are your norms for providing relief as subsidy or grant? Government should not cut from the Plan-Advance. It should provide this amount of Rs. 14 crores for drought-relief in the form of grant. Hon. Members from Bihar were just now telling us about flood and drought in their areas. As the relief amount is given as plan advance and not as grant, that is why they do not want to take it. The hon. Minister disclosed during the last session that this was what the Chief Minister of Bihar told him. The tax of Rs. 1400 crores will not serve the purpose. The reasons of the Ordinance were told to us on 2nd December. Why were the reasons not told beforehand? Why this thing was not pointed out at the time of placing the Bill before us? I will not therefore, support this Bill. I strongly oppose it.

[English]

MR. DEPUTY SPEAKER: The question is:

"That this House disapproves of the Finance (Amendment) Ordinance, 1987 (Ordinance No. 6 of 1987) promulgated by the President on the 19th September, 1987"

The motion was negatived

Now, I shall put the motion for consideration of the Bill to the vote of the House. The question is:

"That the Bill to amend the Finance Act, 1987, be taken into consideration."

The motion was adopted

The House will now take up clause by

clause consideration of the Bill.

The question is:

"That Clauses 2 to 5 stand part of the Bill".

The motion was adopted

Clauses 2 to 5 were added to the Bill

The question is:

"That Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted

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

SHRI B.K. GADHVI: I beg to move:

"That the Bill be passed."

MR. DEPUTY SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): I would like to propose that we now adjourn for lunch. We can reassemble at 2.45 P.M. and continue the discussion under 193.

13.45 hrs.

The Lok Sabha adjourned for Lunch till forty-five minutes past Fourteen of the Clock.

The Lok Sabha re-assembled after Lunch at forty-eight minutes past Fourteen of the Clock.

[MR. DEPUTY SPEAKER *in the Chair*]

DISCUSSION RE: RECENT DELIBERATIONS IN US CONGRESS ON SOUTH ASIA - *CONTD.*

[*English*]

MR. DEPUTY SPEAKER: We will now take up Item No. 16 - Further discussion on the statement made by the Minister of State in the Ministry of External Affairs in the House on 7th December 1987 regarding the recent deliberations in the U.S. Congress on South Asia raised by Shri S. Jaipal Reddy on that day.

Shri Indrajit Gupta may speak.

SHRI INDRAJIT GUPTA (Basirhat): Sir, this is one of the rare occasions when the Treasury Benches and the Opposition find themselves speaking on the same wavelength and joining together to express the outraged public opinion of this country against the perfidious action which has been taken by the United States Senate Committee. I do not want to cover the same ground again, which has been ably dealt with by many members who spoke yesterday. It is an ironic fact also that the United States is showing its teeth to us on the very day when in Washington, a historic treaty is being signed which is at least a very significant step forward in humanity's quest for nuclear disarmament. Many people in the USA are reportedly showing their teeth to Gorbachev also. They would like to show their teeth to him. But we have done nothing to warrant such treatment. Now, the feeling that I got from listening to the hon. Members who spoke, including the hon. Minister, was that there was a kind of sense of shock as though we were taken by surprise. We never ex-