

PETITION RE. BANKING LAWS
(AMENDMENT) BILL

SHRI INDRAJIT GUPTA (Alipore) :
Sir, I beg to present a petition from Shri A. Sunder Rao and others relating to the Banking Laws (Amendment) Bill, 1967. With your permission I would just like to mention that this petition is signed by 7,26,831 persons.

deterioration in domestic savings. However, following the improvement in the agricultural situation, there is now some respite in the price situation and as a result of this, as also of the other steps in the budgetary and other fields being taken by us, substantial increases in the capacity to save are anticipated. The present is therefore an opportune time to adopt measures for mobilising savings and the Public Provident Fund Scheme is one such measure.

12.35 hrs.

PUBLIC PROVIDENT FUND BILL

THE DEPUTY PRIME MINISTER
AND MINISTER OF FINANCE (SHRI
MORARJI DESAI) : Sir, I beg to move :

"That the Bill to provide for the institution of a provident fund for the general public, be taken into consideration."

12.35½ hrs.

[Mr. Deputy-Speaker in the Chair]

The House will recall that in my Budget Speech of the 29th February, 1968 I had referred the fact that self-employed persons do not have the facility of saving through provident funds. I had also then indicated that I proposed to introduce a public provident fund scheme under which all sections of the community will have the opportunity of contributing to a provident fund and incidentally of availing of the income-tax benefits provided for under the law in respect of contributions to such funds. Accordingly and in order to obtain the necessary legislative authority to institute a public provident fund scheme, the Public Provident Fund Bill was introduced in this House on the 18th April, 1968.

A provident fund is essentially a device for facilitating long-term savings by those who are eligible to join the fund. Promotion of saving is vital for the economic development of the country, particularly at a time like the present. During the last few years, the economy witnessed a stagnation in both industrial and agricultural production and this naturally led to a

The proposed Public Provident Fund, as the name itself implies, will be open to any member of the public—whether employed or not—unlike the various existing provident funds which are as a rule meant for the employees only. The Fund will be worked also on an entirely voluntary basis, it being left to the individual concerned to decide whether to join the Fund or not and after having joined the Fund, how much to subscribe annually to the Fund, subject only to a minimum and a maximum which it is necessary to prescribe. The subscriptions will of course carry interest at rates to be specified from time to time but there will not and cannot be any Government as such to the Fund. The concept of contribution, I might add, arises only in the case of employees as one of their service conditions and is not relevant in the case of a provident fund for the general public. Even for the General Provident Fund of Government employees, there is no Government contribution as such. However, the various tax concessions which go with the various existing Provident Funds will be available for the proposed Public Provident Fund. These concessions include tax relief in the form of deduction from income at prescribed percentages of the subscriptions subject to certain limits laid down in the Income-tax laws and also absence of tax liability on the amounts received from the funds whether as interest or otherwise. The balance to the credit of subscribers in the Fund will also be exempt from Wealth Tax. The Finance Bill 1968 incorporates necessary provisions for giving these tax concessions. It is these concessions which should in particular make the Public Provident Fund Scheme attractive to self-employed persons, be they doctors, lawyers, traders or actors and even pensioners.

†Moved with the recommendation of the President,