

SHRI S. JAIPAL REDDY: What about your comparison with regard to the figures of 1993-94? How much was procured through direct negotiations and what percentage was procured through global tenders?

SHRI P. CHIDAMBARAM: Madam, I do not have the 1993-94 figures readily available. I have given the 1994-95 break-up. I will send the 1993-94 break-up to him.

SHRI S. JAIPAL REDDY: It is very important, Mr. Minister, because you asserted that this procedure of long-term arrangements with producers had earlier been pursued. So, we should like to have a comparative idea whether the figures of percentages are comparable or not.

SHRI P. CHIDAMBARAM: That is why I am saying that the 1993-94 figures are not here, it is because the Calling Attention Motion did not relate to 1993-94. I gave the figures about 1994-95 in my statement itself. It is not as though I held it back and gave it to you after you asked the question. I gave it in my statement itself. For 1993-94, I will get the figures and send them to you. They are not readily available. But I want to assert that all methods of procurement are open to MMTC to exercise its commercial judgement. They have fulfilled the mandate substantially by bringing in a little over 28 lakh tonnes in 1994-95. I would request the hon. Members to accept my assessment of the situation. Everything was proper.

श्री संघ प्रिय गौतम (उत्तर प्रदेश): मंत्री जी, आपने आयात कम किया या ज्यदा किया, यह तो शब्दों की जादूगरी है। आप मुझे यह बता दीजिये कि किसानों को ख़ाद क्यों नहीं मिल रहा है और मंहगा क्यों मिल रहा है?

SHRI P. CHIDAMBARAM: Madam, pricing of urea is not the subject of the Commerce Ministry. There is a subsidy on urea. There is a farm gate price for urea. If hon. Member wants to address a specific question on the farm gate prices

or subsidy, he should ask a separate question. I am dealing with import of urea and I have told the hon. Members that the MMTC by importing 28 lakh tonnes substantially fulfilled its mandate, which was 30 lakh tonnes. (Interruptions)

THE VICE-CHAIRMAN (SHRIMATI KAMLA SINHA): I adjourn the House for lunch till 3 p.m.

The House was then adjourned for lunch at fiftyeight minutes past one of the clock.

3 P.M.

The House ressembled after lunch at two minutes past three of the clock, The Deputy Chairman in the Chair.

THE BUDGET (GENERAL), 1995-96—contd.

उपसभापति: श्री विमन साई। आप पांच मिनट बजट पर बोल लीजिए।

Then, I can ask the Minister to reply.

SHRI RAMESHWAR THAKUR (BIHAR): Madam, I have to continue my speech.

उपसभापति: आपका ख़त नहीं हुआ।

SHRI RAMESHWAR THAKUR: Madam, yesterday I was asked to continue my speech today.

THE DEPUTY CHAIRMAN: Yesterday?

SHRI RAMESHWAR THAKUR: Yes, Madam.

उपसभापति: आप कल तो थे नहीं।

Yesterday, I did not find you in the House, Thakur Saheb.

SHRI RAMESHWAR THAKUR: Madam, yesterday I had spoken but my speech was unfinished. I was asked to continue my speech today because there was some other item.

उपसभापति: फिर शाम को क्या हो गया था।

श्री रामेश्वर ठाकुर: पांच बजे कुछ और रख दिया था।

SHRI V. NARAYANASAMY (Pondicherry): Madam, yesterday, at 5 o'clock there was a Short Duration Discussion.

THE DEPUTY CHAIRMAN: Okay. कलैट कर लीजिए ठाकुर साहब। एकदम जल्दी, संक्षेप में।

SHRI RAMESHWAR THAKUR: Madam, Yesterday, I was speaking in regard to the anti-poverty programmes I had mentioned some figures of the rural development programmes. The hon. Prime Minister, Shri Narasimha Rao has laid a special thrust on creation of additional employment for the rural people, developing and strengthening rural infrastructure and improving the quality of our rural people, particularly, the SCs, STs and women.

Madam, as we are aware, there are so many schemes. I would like to mention one or two schemes. The most important scheme is Jawahar Rozgar Yojana. In 1991-92, we had utilised Rs. 2,659 crores with 809 million man-days. In 1992-93, we had utilised Rs. 2,704 crores with 782 million man-days. In 1993-94, In 1993-94, we had utilised Rs. 3,820 crores with 1002 million man-days. In 1994-95, the provisional figure was more than Rs. 3,500 crores with 1,042 million man-days. The provision for 1995-96 is Rs. 3,862 crores and the combined target of Jawahar Rojgar Yojna and assured employment scheme.....with a total investment of Rs. 5,432 crores, would be 1,290 million man-days which is a very substantial figure so far as rural employment is concerned. In regard to the Indira Avas Yojana, in 1992-93, we had invested Rs. 238 crores and had 1,92,585 houses. In 1993-94, it was Rs. 464 crores and we had 3,60,000 houses. In 1994-95, we had about four lakh houses and in 1995-96, the hon. Finance Minister has made a provision of Rs. 1,000 crores for 10 lakh units of houses, new houses. This will be continued for five years and 50 lakh

houses will be constructed. It will not only provide additional employment to many people in the rural areas but will also be a great service particularly to the Scheduled Castes, Scheduled Tribes and other weaker sections of the community.

About the other rural development programmes, particularly in the year 1995-96, we find, as compared to the previous year, that the allocations to rural water supply has been raised from Rs. 810 crores to Rs. 1,110 crores; for development of women and children, from Rs. 31 crores to Rs. 65 crores; for the Jawahar Rozgar Yojana, from Rs. 3,535 crores to Rs. 3,862 crores; for the Employment Assurance Scheme from Rs. 1,140 crores to Rs. 1,570 crores; for the drought-prone areas scheme, from Rs. 85 crores to Rs. 125 crores; and for the dry areas development, from Rs. 85 crores to Rs. 100 crores. These very substantial provisions made in the current year's Budget, in 1995-96. We congratulate the hon. Minister on all these higher allocations made in the core areas of rural development for the benefit of the rural poor.

A higher allocation has been made for health and it has gone up to Rs. 2,251 crores; the allocation for education has been raised by 24.5 per cent to Rs. 651 crores. Similarly, higher allocations have been made for agriculture. There has been the introduction of a Social Insurance Scheme and a National Social Assistance Scheme for the poor and needy. There is an expansion of the Mid-day Meal Scheme for school children and also the National Urban Poverty Scheme where 100 per cent deduction will be given to the donors. We will contribute to this Fund. Social and economic programmes for the minorities have been evolved. Special schemes for weaker sections and also for the Scheduled Castes and the Scheduled Tribes and for women have been evolved. About 100 districts which are predominantly now inhabited by the tribals will be selected and Rs. 400

crores will be provided for them. Also, we have the Scheduled Castes and Scheduled Tribes Credit Corporation which will get an additional Rs. 100 crores in the year 1995-96.

Small-scale industries have been given a lot of impetus. They employ 14 million workers and account for about 40 per cent of the total manufacturing output and 35 per cent of our total export. This sector has been given a lot of impetus. Public sector banks will now develop 100 centres intensively for the purpose of development of the small-scale industries. Then, we have also the National Equity Fund Scheme for tiny units irrespective of their locations. Of course, they should not be in metropolitan cities. Also, a Technology Development and Modernisation Fund will be established to provide financial assistance to improve our export credit facility. These are some of the very important innovative programmes.

In the Prime Minister's Rozgar Yojana, a provision of Rs. 125 crores has been made to assist around 1.4 million educated unemployed youth. The rural employment generation programme has been provided with Rs. 130 crores. A new rural development infrastructure development fund within NABARD has also been decided. The Fund will provide loans for completion of on-going projects relating to medium and minor irrigation, soil conservation, watershed management and other forms of rural infrastructure. These are very laudable things because these infrastructural facilities were incomplete in many areas. Now, they can be completed.

Then, there is a question of social security net. There also, a lot of commendable provisions have been made in the current year's Budget under the National Social Assistance Scheme. Now, it has been proposed to have a minimum old age pension of Rs. 75/- for all persons above the age of 65 years. A lumpsum survivor benefit of Rs. 5,000/- for one members in one family will be

provided for by the LIC for a modest annual premium of around Rs. 70/-. The subsistence allowance by way of pre-natal and post-natal maternity benefits has also been stepped up up to two child births.

I would now like to make some suggestions for the kind consideration of the hon. Finance Minister. With the enhanced allocations for various sectors—the industrial sector, the agriculture sector, science and technology, the rural development programmes, the social security sector and the small industries sector—emphasis has to be put on proper implementation of all these schemes. The delivery system must be improved because we find the funds which are given to rural areas and also to other sectors, are not being utilised fully, timely, efficiently and properly. A lot of responsibility for proper implementation of these programmes lies with the State Governments. They should be in a position to utilise the money properly for the given purpose. They should make the best use of the scarce resources made available to them.

The other point is that of timely delivery. In some cases, we find that the schemes are not completed on time, whether it is the rural development scheme or some other scheme; they have not been completed in time. Even in some schemes where hon. Members of Parliament are very much interested, it has not happened as expected. One crore of rupees was given to each Member of Parliament last year and our understanding is that in many districts, these programmes have not been completed up to March 1995. In the current year's Budget also, hon. Members will get one crore of rupees after the Finance Bill is approved. But, the schemes contemplated to be completed last year and this year with the said allocation of one crore of rupees would not be completed to the extent expected. It is necessary to ensure their timely completion.

THE DEPUTY CHAIRMAN: Mr. Thakur, we have a time constraint.

SHRI RAMESHWAR KUMAR: I am making suggestions only.

THE DEPUTY CHAIRMAN: I know that you are making valuable suggestions. But, they should be made within the time allocated.

SHRI RAMESHWAR THAKUR: I am completing within a few minutes. Then, I come to a slightly technical matter. But, the fact is that there have been a lot of structural changes in direct and indirect taxes; particularly the rates of taxes have been substantially reduced. I have a feeling that the structure of tax laws itself needs further rationalisation and the earlier idea of having one Direct Taxes Code and one Indirect Taxes Code on which the Committee appointed for this purpose had worked. All these suggestions and these matters have duly been considered in the Ministry. They should be given a shape now. The time has come when a comprehensive Bill for Direct and Indirect Taxes should be brought which will simplify the matters for the benefit of the tax-payers.

The tax net must be enlarged. The number of assesseees under direct taxes and indirect taxes must be increased. The rates have been decreased. We have got good results. We have got a good collection. But it is necessary that more and more scientific and systematic surveys should be conducted without causing hardships to the people. At the same time, all those who are liable to pay tax, must pay tax for which necessary steps should be taken by the Ministry.

The other point is to have a long-term fiscal policy. As attainment of economic stability is closer, I think, it is time that we should have a long-term fiscal policy for five years from the next financial year. Necessary steps should be taken for that.

I think the Finance Bill has been passed in the other House. But still I

would like to make one point on the Finance Bill. It relates to section 145. The notification will be issued by the Ministry. As a matter of principle, I think, there is one aspect. The point is: What should be the Accounting Standard? There is a National Accounting Standard which has been formulated by the Institute of Chartered Accountants of India. It is in consonance with the International Accounting Standard. Now this standard should be taken into consideration and we should not decide to amend our laws which will create problem. This, I think, as a matter of principle, should receive, consideration. This system is permissible in other countries of the world. This system which has been formulated by an expert body should be followed.

The second point is in regard to section 194, deduction of tax at source. I think the hon. Finance Minister, in view of the problems which would be created, has reduced the rate from 10% to 5%. I have a personal feeling that it is not a question of ten per cent. Ten per cent, if necessary, is all right. Those who have to pay tax they have paid tax. Those who need not pay tax, they will get a refund. The question is whether this will create enormous problems. This section was introduced and was removed more than once. I think, at least, how this could be implemented without causing so many difficulties should be considered.

Now the Finance Bill has been passed by the other House. Therefore, I would not like to make the other suggestions except one. I have a feeling that it is necessary to raise more and more resources in order to be able to spend more money on our development programmes in agriculture, industry, science and technology and so on and so forth, particularly on anti-poverty programmes. Therefore, the tax must be duly collected on time but "tax without tears." This is the dictum which has been discussed again and again. This is not very easy. A lot of improvement has

already been made by the Department. I am hopeful that the dynamic hon. Finance Minister and his team of experts in the Ministry will on one side, enlarge the tax net and improve the tax collection and, on the other, ensure that the tax collection is done on the principle of "Tax without tears." A large number of cases, right from the assessment level to the appeal level, both on direct taxes and indirect taxes, are pending before the High Courts and the Supreme Court. Efforts should be made to expedite these cases so that the litigations are reduced more money is collected and the hardship of people, which is unnecessary, is reduced.

With these words, Madam I support the Budget and hope that the Members from the other side will objectively give their full support to the Budget for 1995-96.

THE DEPUTY CHAIRMAN: Now there are a few more names. Members were agitated that they wanted to make their points. The names of all these people had been called out when they were not present in the House. Now they are present. We can allow them to speak as a special consideration. I can only make a request. Please be brief so that your contribution is registered with the Finance Minister. So, make your points in the shortest possible time.

I will read out the names. They are: Shri Moolchand Meena, Shri Chimanbhai Mehta, Shri Sanjay Dalmia and Mr. Jagmohan. These are the people who are present here. I will give the order in which they will be called. Now, I will call Mr. Chimanbhai Mehta.

SHRI CHIMANBHAI MEHTA (Gujarat): Madam, thank you. I appreciate some of the positive features of the Budget, like the high collection of revenue. There was substantial increase in the foreign exchange earnings. There was high export trade because of economic reforms and production in the industrial sector had gone up. But there are certain

negative features also which needs to be mentioned. The most important phenomenon that is available in our country and which pervades everything is rampant corruption which is nowhere mentioned in the speech of the Finance Minister. On 2nd February, I was happy to read the speech he delivered on the centenary day celebrations of the PNB. He said that Government agenda not only consisted of economic and social regeneration, but it also involved moral regeneration of the society. Having said about moral regeneration beautifully, the Finance Minister did not say anything about this in his Budget speech though it is also an economic factor. I assume that there is a very big evasion on the taxation front—direct and indirect. One of the reasons for it is high taxation rates. High taxation rates lead to evasion and collusion of officers and business magnats. You have given some relief by reducing the Excise duty. But it was not passed on to the consumer. That is a fact. Unless you pass it on to the consumer, production will not increase. The higher the commodity value, the lower will be the client etc. Corruption is so much linked with high taxation rates that it is high time we considered it. If high taxation rate is leading to corruption, then something must be done about it. I would like to point out that, last year, because direct tax was reduced, revenue increased. The corporate tax collection increased by 33 per cent and income tax collection by 31 per cent. The Finance Minister will have to mobilise more money. Last time he collected Rs. 25,000 crores. You can collect more if you go with the idea that evasion should be stopped. Therefore, bring down the rate of taxation. This is the most important point I would like to make. Coming to deficit, three years back, the revenue deficit was Rs. 16,000 crores and it is now Rs. 32,000 crores. If you cannot make the two ends meet, you borrow. This year, they are going to borrow Rs. 52,000 crores. The fiscal deficit is estimated at Rs. 62,000 crores. This is the negative side of the Budget

...(Interruptions)... I would like to say that this particular aspect should also be taken into consideration. The revenue deficit has to be brought down. Borrowings also have to be brought down. It can be done. The Finance Minister should specifically discuss this matter with the Members as to how to bring down this deficit. I had already drawn attention during the Question Hour to the fact that the Andhra Pradesh Government has been given Rs. 686 crores because they have introduced partial prohibition. But we have total prohibition in Gujarat and we are being given only Rs. 22 crores. This is a very apparent injustice. Whatever formula might have been evolved by the Finance Commission.

I have seen this kind of a formula for the first time, that some decision is taken and then you give the money. I don't mind the money being given to Andhra Pradesh Government. But, at that time, Mr. Vijaya Bhaskara Reddy was the Chief Minister. I must point out that fact. Therefore, you have to see to it that justice is done to all the State Governments. All the States have to be treated properly.

Sir, in the last Budget, you made a mention that the surcharge on Corporate Tax would be removed. You did not use exactly that word but an impression was definitely, created in the country that this surcharge was going to be reduced in the next year, which means the current year. But it has not been done. That is also a wrong thing.

I would now like to say something about items of mass consumption. Detergent powder is an item of mass consumption, of consumption by poor people. You have reduced the Excise Duty on cosmetics, costly toilet soaps, goods produced by multinational companies, from 70% to 30%. The detergent powder is a product which a poor man uses to wash his clothes and you have not reduced even one per cent on it this time. Last year you brought it down from 35% to

30%. This is an item of mass consumption. You should not be looked upon as favouring the multinationals at the cost of the local industry and the consumers. The detergent powder industry is a labour intensive industry. You should have been much more careful.

So far as gold is concerned, you have done very well for the first time. It can be imported by NRIs. Now, in an answer to my question, you had said that clandestine entry of gold would bring a profit of one to two per cent over the hawala rate. What is the hawala rate, hon. Minister? You had mentioned hawala rate and that is why I am talking about it. The hawala rate is 12 to 15 per cent higher than the official rate. The official exchange value of a dollar is Rs. 31½. The hawala dealers charge Rs. 35½ or Rs. 36, which means you allow them Rs. 13 per hundred rupees. Now, if I want to send something from India though the hawala dealers...

THE DEPUTY CHAIRMAN: What is hawala? I only know *hawalaat*.

SHRI CHIMANBHAI MEHTA: Yes. I will explain. I know that the Finance Minister knows it. It is sending the currency illegally to foreign countries. That is called hawala. So, in this way, though according to your statement they are making a profit of one to two per cent over the hawala rate, it becomes 15 to 16 per cent of illegal income by clandestine entry of gold. Octroi has to be paid, Income Tax has to be paid by the jewelers. You should have taken this into consideration. So, say, on one kilogram of gold that one brings, the cost of which is between four to five lakhs of rupees, one would be earning one lakh rupees or eighty thousand rupees. Therefore, I say, reduce the duty of Rs. 210½ per 10 gm. to Rs. 100½ or Rs. 110½. This is the rate that is there in some of the neighbouring countries and, therefore, Pakistan is able to smuggle gold into India. So, kindly consider that. For bringing down the prices, my friend from this side gave a

very good suggestion. He said that they may not fix a price tag on the commodity, but what the cost of production of a commodity is, we should know. It is a fact that for cosmetics, at least I can say about them they are charging about 15 or 20 times more than the cost of production. A person who buys a commodity should know the cost of the commodity which he is buying. So, you can definitely make a law or issue a notification that if the price tag is not put, then, at least the cost of production should be shown. I don't think that they can be brought under price control, but the consumer should know about the cost of production.

उपसभापति: आपको टाइम ज्यादा हो गया।

SHRI CHIMANBHAI MEHTA: I will just take one or two minutes more.

THE DEPUTY CHAIRMAN: But you have already taken five minutes more than the allotted time.

SHRI CHIMANBHAI MEHTA: Thank you for your consideration. Secondly, I have to say something about the Income-tax. Income-tax is paid by a person because he earns something. You can go on increasing the tax rate up to a certain extent. If a person is earning much more he is not earning by tricks or crooked methods, but he is earning by hard labour. So, why do you go on increasing the rate for a person who is doing more and more labour? When he is putting in

more and more labour, he is increasing the wealth of the country. So, kindly think in other terms also that after a certain higher slab you should try to reduce the rate of taxation so that the people do not evade. This is one of the important points which I wanted to make.

THE DEPUTY CHAIRMAN: Mr. Mehta, you have made good points, but you were only talking about cosmetics and nothing for men. It is very discriminatory. It is not fair that you only talked about things which women use.

You should also talk about something which men use.

श्री चिमनभाई मेहता: मैंने साबुन के बारे में भी कहा है।

[**THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY):** In the Chair]

SHRI SANJAY DALMIA (Uttar Pradesh): Sir, as promised to the Deputy Chairman, I will not take much time. I will try to make two-three submissions. The first point which I would like to make is about the deposits and the credit ratio of the public sector banks in the States. What is happening is that in my State the credit—deposit ratio is adversely against the Reserve Bank norms. I had taken up the matter with the hon. Finance Minister and he had directed the public sector banks to give more credit to the industries, agriculture, business in U.P. For your information, the deposit in the last three years is to the tune of anything from fifteen to twenty thousand crores of rupees on the basis of 60% norm fixed by the Reserve Bank of India. This is a very huge amount of money which naturally is the normal right, equitable right of the business, industry, trade, commerce, agriculture, etc., in the State of U.P. In case the public sector banks which are given the role of lead banks are not in a position to make this lending worthwhile, if they do not find proposals which are coming for lending worthwhile, I would suggest that this amount of money should be given to the State Governments for lending to business, trade and commerce, agriculture, etc., for which it is meant. When I am saying for U.P. I don't mean that other States, where a similar deficit is there, should be ignored.

So, a formula can be made that every one or two years monitoring is to be done and suppose there is a deficit of certain amount. Let us say you have fixed a benchmark of 60%. If it is less than 50% then that percentage is to be made available to the State Government over and above their Plan to be used exclu-

sively for the purpose of lending for trade, commerce, agriculture, industry, etc. This is one thing which, I think, should be done immediately, so that the continued injustice to States like U.P. is taken care of.

The second point I would like to make is that I had said last year also—unfortunately there is a negative subsidy on agriculture to the tune of Rs. 30,000 crores which in a country like India where 70% or 65% of the people are dependent on it and related activities, is an unfair proposition. My point is that in every country where there is development and progress, or developmental work is going on, this kind of dependence on agriculture is not there. The normal developmental ratio is that 10—15% or, may be in some cases, even a lesser number of people are dependent on agriculture, and the rest are dependent on industry and service sector. That is the way the whole economic development has taken place all over the world. In our country, for the last 50 years the ratio of people, the number of people, dependent on agriculture is more or less the same. It might have gone down by 3-4%.

My point is, if we want India to develop economically, we have to see that this ratio is brought down to the normal norm that is there in all the developed countries, that is, 5—10%. How do we do this? That means, 5—10% people should be able to produce all the required food and agricultural raw materials which are being produced now by 60—65% of the population which means the agricultural productivity will have to go up by 6-7 times. This is not a small job, but a big task but it has to be done. So, we have to find the ways and means to improve agricultural productivity by 6-7 times so that the ratio of dependence on agriculture is only on 7—10% of the population. What do we do with other people who are then relieved from agricultural activities. In economic development, the natural course is to have agro-industries. Sir, we find that in our country, agro-industries have a good scope not because

we have abundant lands and agricultural resources, we have yet not used them properly but also because we have newer opportunities which have arisen due to the opening up of trade in agriculture and what we are able to learn is that the agricultural exports from India have a very bright future because in almost all the developed countries like those in Europe and the U.S.A. it is positively subsidised while in other countries it was negatively subsidised. So these countries will have to finish the subsidy with the result that agriculture will be more expensive in their countries and agricultural products will become more expensive whereas here we have opportunities which we must use, not only in agriculture but also in agro-industry. We must develop agro-industries in a big way and give all kinds of incentives so that 60% of the population who are relieved from agriculture are, as a first step, used in agro-industries. This is my second point. The third point is...

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): No, the final point.

SHRI SANJAY DALMIA: Okay, The final point, one more may be after that ...*(Interruptions)*... We have huge foreign exchange reserves which have accumulated for the last two or three years.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): You are not in the playing ground now.

It is a very very good thing which has happened. We have 20,000 million dollars in the last three or three-and-a-half years. I feel that this foreign exchange should be put to a good use. I suggest some of the areas which are now opening up from India's point of view, should be given use of this huge foreign exchange. One of the areas which I suggest should be given this help is power sector because we are embarking in a big way on power projects all over the country. Obviously, apart from the Indian rupee resources we also need foreign exchange resources. Instead

of depending a hundred per cent on the foreign investors, if we are able to use a part of our own resources, I think it will make our bargaining position much better with the foreign investors because we have to spare only one, two or three billion dollars for power sector. Similarly, I think since we are opening telecommunication sector and more and more foreign companies want to come and bid for projects, I suggest that a similar assistance by using this part of foreign exchange, one, two or three billion dollars for telecommunication, will make our bargaining position with the foreign investors much better because today we are dependent, as far as foreign exchange is concerned, on the foreign investors. Of course, in the past also we were dependent Rupee resource we can still get, but the foreign exchange was the problem till yesterday. Since last year we have got all this. Now, I think we must

use this small amount of two billion dollars for strengthening our bargaining position with the foreign investors. If we do that, then we can get much much better terms from the foreign investors and probably, we will not face the problem as we have been facing with the ENRON and others.

Finally, I would like to say that the import duty and the Excise duty are being rationalised for liberalising the economy. I would like to caution on this point because in some of the industries the cost of production in India is high naturally for reasons beyond our control. In those industries, I think, we need more protection than in other industries where our costs are comparable or where our costs are lower than in foreign countries. In this case, I think 50 or 40 per cent import duty can be brought down to 20 to 25 per cent without hurting the Indian industries. In some other cases, bringing down the duty to 50 or 40 or 30 per cent can hurt the Indian industries. I feel that some time gap must be given to

such industries where the cost of production is higher for reasons beyond our control. Thank you.

श्री मूलचन्द मीणा: उपसमाध्यक्ष महोदय, वित्त मंत्री जी ने जो बजट पेश किया है मैं उस बजट का समर्थन करने के लिए खड़ा हुआ हूँ। मैं यह बताना चाहता हूँ कि वित्त मंत्री जी ने यह पाँचवाँ बजट पेश किया है। जब पहला बजट पेश किया उस समय जो इस देश की स्थिति थी आर्थिक दृष्टि से भारत जिस प्रकार से किसी घर का दिवाला निकलने की स्थिति हो, ऐसी स्थिति इस देश की बन गई थी। लेकिन नरसिंह राव जी के नेतृत्व में सरकार बनी और मनमोहन सिंह जी जैसे वित्त मंत्री इस देश को मिले। यह उसी का परिणाम है कि एक तरफ जहाँ हम दिवालिया बनने जा रहे थे वहाँ आज हम आर्थिक दृष्टि से मजबूत हुए हैं। (व्यवधान) गौतम जी, जग सुन लीजिए। वित्त मंत्री जी और इस सरकार ने इस देश की आर्थिक स्थिति में आमूल-चूल परिवर्तन किया। जिसके परिणामस्वरूप चार वर्ष पूर्व जिस हाल में हम को आर्थिक स्थिति मिली थी, उससे अच्छी अर्थ-व्यवस्था इस देश के अंदर लागू की गयी है जिसके कारण आज हम कृषि और औद्योगिक उत्पादन में वृद्धि करते जा रहे हैं। देशी निवेश का जहाँ तक तीव्र पुनर्धार कर रहे हैं वहीं प्रत्यक्ष विदेशी निवेशन में भी वृद्धि हो रही है। ऐजगर के साधनों में वृद्धि हुई है और इस देश की विदेशी मुद्रा संतोषजनक स्थिति में है। महोदय, देश के अंदर जिस समय कांग्रेस की सरकार वर्ष 1991 में बनी, विदेशी मुद्रा एक बिलियन डॉलर थी, लेकिन आज हम इस संबंध में सन्तोषजनक स्थिति में हैं और मार्च, 95 तक इस देश में 20 बिलियन विदेशी मुद्रा का भंडार है। इसलिए हम कह सकते हैं कि चार सालों में इस देश की सरकार ने अर्थ-व्यवस्था को सुदृढ़ करने के लिए अच्छा कार्य किया है। देश की आर्थिक स्थिति को मजबूत किया है।

महोदय, साथ ही मैं इस सरकार को इस बात के लिए भी धन्यवाद देना चाहूँगा कि बजट पर स्थाई समितियों के माध्यम से विशेष चर्चा हो, ऐसी व्यवस्था उसने की है ताकि बजट का सदुपयोग हो और बजट का यूटिलाइजेशन सही तरीके से हो। इन स्थाई समितियों द्वारा बजट पर चर्चा की व्यवस्था से हमारी बजट की कार्य-प्रणाली भी मजबूत होगी।

महोदय, हमारे देश कृषि प्रधान देश है और इस देश की 80 प्रतिशत जनसंख्या आज भी कृषि पर आधारित है जिस के लिए आपने माह अप्रैल, के अंदर राष्ट्रीय कृषि

ग्रामीण विकास बैंक के अंतर्गत ग्रामीण आधारित एक नई संरचना, विकास निधि स्थापित करने का प्रस्ताव बजट में किया है। मैं आप को धन्यवाद देना चाहूंगा कि आप ने दो सौ करोड़ रुपए की राशि भी बजट में इस कार्यक्रम पर खर्च के लिए दी है। इस से देश के किसानों को जो सुविधा “नाबाई” के अंतर्गत मिलती है, वह सुविधा इस निधि से प्राप्त हो सकेगी। वित्त मंत्री जी मैं यहां यह भी कहना चाहूंगा कि अब तक “नाबाई” दो प्रकार के बैंकों द्वारा इस पैसे का वूटिलाइजेशन ग्रामीण विकास पर खर्च के लिए देता था—कृषि बैंक और व्यावसायिक बैंक अभी व्यावसायिक बैंक की ब्याज दर साढ़े 11 प्रतिशत है और कृषि बैंक की ब्याज दर साढ़े 6 प्रतिशत है। मैं चाहूंगा कि आप इस भेदभाव को मिटाने के लिए भी व्यापारिक और व्यावसायिक बैंकों से कहेंगे कि जिस दर पर कृषि बैंक ऋण देता है, उसी ब्याज दर पर व्यावसायिक बैंक भी दे।

महोदय, अनुसूचित जाति, जनजाति और ग्रामीण समाज के निर्धन वर्ग के लोगों के लिए इस बजट में प्रावधान किया गया है कि राष्ट्रीय ग्रामीण कृषि विकास बैंक इन की आवश्यकताओं को पूरा करने के लिए सहकारिता और ग्रामीण विकास के लिए अन्य-अन्य ऋण व्यवस्था प्रदान कर सकेगा। आप ने इस के लिए 1995-96 के दौरान 400 करोड़ रुपए की व्यवस्था अनुसूचित जाति, जनजाति के विकास के लिए की है। मैं आपको इस बात के लिए भी वित्त मंत्री जी बधाई देना चाहूंगा कि ग्रामीण क्षेत्र में जो लोग खेती की मजदूरी नहीं कर पाते हैं और जो घर में खादी व ग्रामोद्योग का काम करते हैं, उनके लिए आप ने एक हजार करोड़ रुपए की व्यवस्था की है। इस से ऐसे लोगों को भी रोजगार मिलेगा। ऐसे लोग जोकि हाथ से काम करने वाले लोग हैं, जो कि समय निकालकर घर पर बैठकर खेती का काम करते हैं, बुनाई व सूत करने का काम करते हैं, ऐसे लोगों को रोजगार मिलेगा और चूंकि इस कार्य को गरीब आदमी ही करता है, इसलिए इस कार्यक्रम से गरीबी मिटाने में भी सहयोग मिलेगा।

महोदय, इसके साथ ही जो आज लघु उद्योगों की दयनीय स्थिति होने जा रही थी उसके ठीक करने के लिए, उसको बराबर बनाए रखने के लिए लघु उद्योगों को प्रोत्साहन देने के लिए आपने भारतीय लघु उद्योग विकास बैंक में एक प्रौद्योगिकी विकास आधुनिक निधि की स्थापना की है और इसमें 200 करोड़ रुपए की व्यवस्था की है लघु उद्योगों को सहायता देने के लिए। आज लघु उद्योगों में 14 बिलियन कर्मचारी, कामगार

कार्य कर रहे हैं और लघु उद्योग का जो उत्पादन है वह देश के उत्पादन का 40 प्रतिशत है। आपने लघु उद्योगों को बढ़ावा देने के लिए, लघु उद्योगों की दयनीय स्थिति न होने देने के लिए, उनकी स्थिति सुदृढ़ करने के लिए जो 200 करोड़ रुपए की व्यवस्था की है, इसके लिए मैं आपको बहुत-बहुत धन्यवाद देता हूँ।

महोदय, आज देश में जो निर्धन वर्ग हैं, जो गरीबी रेखा से नीचे जीवन-यापन कर रहा है, वह 30 प्रतिशत है। मैं वित्त मंत्री जी से जानना चाहूंगा कि यह जो 30 प्रतिशत का आंकड़ा गरीबी रेखा से नीचे जीवन-यापन करने वालों का है, यह काफी समय से चलता आ रहा है, आपने इसको कम करने के लिए क्या-क्या कार्यक्रम हाथ में लिए हैं? थोड़ा सा अगर आप यह स्पष्ट कर दें कि यह इन कार्यक्रमों से कम हो जाएगा, गरीबों का विकास हो जाएगा, तो अच्छा होगा। मैं आपको बताना चाहता हूँ कि गरीबों के विकास के लिए, गरीबों की आर्थिक स्थिति सुधारने के लिए आपने बैंकों से ऋण की सुविधा दी है, किन्तु जब कोई गरीब बैंक आता है तो बैंक के कर्मचारी, अधिकारी उसे ऋण देते ही नहीं और अगर उनको ऋण मिलता भी है तो उस ऋण की सबसिडी बैंक के कर्मचारी और दूसरे अधिकारी बराबर की बांट लेते हैं और गरीब को सबसिडी मिलती ही नहीं। मैं वित्त मंत्री जी से यह निवेदन करना चाहूंगा कि यदि आप गरीबों को देश के अंदर लाभ पहुंचाना चाहते हैं, गरीब को ऋण देना चाहते हैं तो गरीबों के लिए कोई एक ऐसा रास्ता अपनाएं कोई ऐसा सिस्टम बनाएं कि बैंकों से मिलने वाली सबसिडी का डायरेक्ट लाभ गरीबों को मिल सके और जो बीच के दलाल हैं, जो गड़बड़ी करने वाले लोग हैं उन पर रोक लग सके। इस प्रकार का कार्यक्रम जब हम हाथ में लेंगे तभी गरीबों को लाभ मिलेगा, सबसिडी मिलेगी और सुनिश्चित रूप से गरीबों का विकास होगा।

महोदय, कमजोर वर्ग के लोगों और गरीब लोगों को रोजगार देने और इसी तरह की चार सुविधाएं देने की आपने बात कही है। इसमें पहली बात यह है कि आपने एक राष्ट्रीय सामाजिक सहायता योजना का प्रस्ताव किया है, जिसके अंदर निर्धन और जल्दतमद लोगों को शामिल किया जाएगा। इस योजना के एक चटक के अंदर निर्धनता रेखा से नीचे जीवन-यापन करने वाले 65 वर्ष से अधिक आयु के लोगों को 75/- रुपए प्रतिमाह राष्ट्रीय न्यूनतम वृद्धवस्था पेंशन दिए जाने का कहा है।

THE VICE CHAIRMAN (SHRI V. NARAYANASAMY): Kindly conclude.

श्री मूल चन्द मीणा: मैं समाप्त ही कर रहा हूँ। महोदय, दूसरा महिलाओं को प्रसव के समय सुविधा देने का प्रस्ताव है। इसमें वह महिलाएँ, जिनके दो बच्चे हैं, जो गरीबी रेखा के नीचे रहने वाली महिला हैं, उनको आर्थिक सहायता के रूप में सुविधा देने की बात कही है। यह अच्छा प्रस्ताव है, इससे उनके अवस्य रहत मिलेगी।

महोदय, मैं यह भी निवेदन कहना चाहूँगा कि आयकर की सीमा पर जरूर विचार किया जाए। देश के अंदर कर्मचारियों के लिए एक बड़ा भारी भयंकर दुखदायी कहेँ या कर्मचारियों के सामने बहुत बड़ा संकट कहेँ, यह समस्या है कि वह अपनी तनख्वाह पर अपना और अपने परिवार का पालन करता है, तनख्वाह के अलावा उनकी कोई और सार्वजनिक नहीं है। ऐसे लोगों को तनख्वाह देकर उनसे टैक्स के रूप में वापस ली जाती है और उनको कोई सुविधा नहीं है। आपने 35,000/- रुपए से सीमा 40,000/- रुपए कर दी और विशेष सुविधा के आधार पर 57,000/- और 61,000/- के करीब की है। कर्मचारियों की समस्या को देखते हुए मैं मंत्री जी से यह निवेदन करना चाहूँगा कि आप इन्कम टैक्स की सीमा 60,000/- रुपए कर दीजिए ताकि इस देश में जो कर्मचारी वर्ग हैं, जो ईमानदारी से जीवन जीना चाहते हैं, उन लोगों को रहत मिल सके। व्यापारी और अन्य औद्योगिक घरानों को हम कई तरीके की छूट देते हैं वे चोरी भी करते हैं टैक्स के अंदर, वे किसी भी रास्ते से अपना टैक्स बचाने की कोशिश करते हैं, उनको तो हम रहत देते हैं दूसरे रास्ते से, लेकिन जो लोग रात-दिन मेहनत-मजदूरी करके अपने बच्चों का पालन केवल वेतन पर ही करते हैं, केवल वेतन पर ही अपना जीवन-निर्वाह करते हैं, उनके लिए इन्कम टैक्स की न्यूनतम सीमा आप 60,000 रुपए कर दें, मैं यही निवेदन करना चाहूँगा, धन्यवाद।

SHRI JAGMOHAN (Nominated):
Thank you very much, Sir.

Facts and figures have been given from both sides. I would not like to repeat them. Whereas you get an impression from this side that the picture is rosy, you get an impression from that side that the picture is depressing. I would like to go not by the grammar of the situation, but by the content of the situation, by what actually you experience from day to day.

I get up early in the morning and go for a walk. In 1991, I was going for a walk. Now also I am for a walk. I find the air more dusty, more polluted and more suffocating. I come back home. I want to take a cup of tea. My wife tells me, "You must reduce your cup of tea. The milk price has gone up." I then read the newspapers. What do I find? It looks that the whole country is in turmoil. There are accidents somewhere or the other. There are problems of all types. You are just reminded of what Yeats said a number of years ago:

"Things fall apart; the centre cannot hold; Mere anarchy is loosed upon the world,"

You have to substitute "India" here.

"The blood-dimmed tide is loosed, and everywhere The ceremony of innocence is drowned; The best lack all conviction, while the worst Are full of passionate intensity."

This is the impression that you get when you read the newspapers.

Then, what do you do? You take your bath. You have to take it very quickly, lest the water tap should go dry. Then, you go to the library. You are frequently interrupted by electricity failures. You are afraid of taking a glass of water because you think that the water may be polluted and you may get jaundice.

You go to Parliament. You see what happens here. I would skip over my comment on it.

You go back to your home in the evening. You find the evening more hazy. The traffic is more disorganised. There is more congestion, and there is more pollution.

Later, in the evening, you switch on the television. You find that you and your children are being subjected to a greater degree of vulgarisation than it was in 1991.

So, you see any aspect of life. From the point of the quality of life, I think, things have deteriorated. May be, things might have been worse if the economic reforms had not been carried out, but there is a lot of lacunae in it.

The other day, the hon. Finance Minister contested my proposition by saying that we were not following an export-led growth. My point is that we are following an export-oriented growth which is disproportionate. What we are really doing is that we are exporting our environment and we are exporting our cheap labour.

I would request the hon. Finance Minister to visit Bhiwandi, just as an example. I had gone to Nasik to deliver a public lecture, and, on my return, I had to stay at Bhiwandi. You will find that a large number of poor Muslims from Bihar have flocked to Bhiwandi. Why have they gone there? Because textile export-promotion is taking place. In one little house where five people were living earlier, now 25 people are living. The water taps remain the same. The latrines remain the same. But the number of people have increased so much. They live a life which is worse than the primitive life. So, what is the impact of the so-called export-led or export-oriented growth? Maybe, there is some logic in it, but we have to see its impact as it exists. What is the impact of it in the metropolitan city of Bombay? The prices have gone up 300 to 400 times. you cannot get a flat for Rs. 30,000 or Rs. 40,000. And what type of environment is being created for the urban people who are 300 million to 400 million in our cities? I believe we are having no proper sanitation for them. You just go from the Railway Station in the morning by the Shatabdi Express. It may be air-conditioned, but when you open your window you have the vast area as defecation ground before you as you leave the capital of India. After so many years it has not made any impact on the

life of the people. In fact, the conditions have declined over the years.

Now, the question is you have a particular policy of liberalisation. This policy is relevant for industries, but is not relevant for the purpose of life in the urban areas. Yes, the Western societies also had this particular stage of development, but they all followed the proper town planning principle of control on land and speculation. Competition and liberalisation should not mean that we should leave our cities to the speculators and others. What is the reason for the so-called inefficiency in the administration? The other day when we were discussing the behaviour of the police. When never looked at their psychological impact. Eighty per cent of the policemen are without any houses. They live in virtually slums or they have to come from 20 to 30 miles away everyday. Do you think when a person has to live in a particular way, he would behave with the public in a proper way? So, what I mean is that some remedies may be relevant in a particular situation in urban life, but those who are saying that we are going the other way round, are compounding the problem. They are creating more problems. There is congestion and disease. You go to a public hospital. You are not cared for. Then you have private nursing homes, which charge say Rs. 50,000/- from the patient. what kind of society have we created? This is what we have to see. The thrust of my argument is whatever policy you have, it is your institutions that have to deliver the goods. It is your executive which has to deliver the goods. It is your work culture that has to deliver the goods. It is your dedication that has to deliver the goods. I see no difference in this. In fact, I find there is deterioration in this, because the administration is now more fragmented. It is more directionless than it was before.

Now, you say private companies have come in and they are giving huge salaries to executives. Whatever may be the

justification, the fact remains that it will have a tremendous negative effect on the public administration, because the best people will go there and you will be left with third-rate people and those type of people will not be able to deliver the goods. (Time bell) Since you have rung the bell, I would not say much, though I have got so many points. I would just wind up and sit down. I see not many indications about how you are going to improve your institutions, how you are going to improve the productivity of those institutions. There is hardly any indication noticed. In fact, what is happening is that adverse effect is going on in the public administration. You require a dynamic administration. You require an administrative machinery which is able to deliver the goods. But, unfortunately, it is coming the other way round.

Now, look at the statistics. One can say the statistics can be moulded the way you like. But, there is an expert from the London School of Economics, who says the Indian economy is going to face a very difficult time in the days to come as the exchange rate by 1999 would be Rs. 42 to a dollar. In 1995, it will be Rs. 34 to a dollar. Then it will increase to Rs. 37, Rs. 38 and so on. It will upset your balance. That shows how fragile is our foreign exchange reserve. If the Rupee falls in value, capital will fly away and then we will be left high and dry and the Mexican disease may take over.

...and the issue is how you deal with a situation like this. I always believe that economic reform alone is not the answer. First is that there are, in my view, certain deficiencies in these economic reforms. Even if we argue that they are perfect, they cannot deliver the goods unless there is a simultaneous political reform unless there is a simultaneous administrative reform and overall attitudinal reform. Otherwise, it is not possible to do that. These things are integrated. You cannot say, "I will improve my heart but let my brain function in a wrong way." It

is not possible. If you really want the reforms to succeed, if you really want the productivity to increase, if you really want a better quality of life and not measure yourself by the GDP and so on then you have to go in for total reforms. ..(Time bell)... I will just take a minute.

Look at corruption. I have got the figures, but I do not want to mention these. But if you see your deficit, fiscal deficit, revenue deficit, they are not good. I understand that there is a latest assessment made in the Planning Commission about corruption which says that the rate of increase of corruption in this country is at factor cost and is more than the rate of the GDP growth or whatever it may be. So, whatever positive results are being achieved are also being drained out. This is what I wanted to submit. Since your bell is always there, I did not want to comment on this. Thank you. (Ends)

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Thank you very much. Now, Shri Manmohan Singh, you can reply.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Vice-Chairman, Sir, I am very grateful to all the hon. Members who have taken part in the debate on the Budget. On both sides, impressive arguments have been advanced. I would be the last man to claim that everything is perfect in our country or that the reforms programme that we pursued since 1991 are perfect or there is no scope for improvement or that the task that we set out to achieve has been accomplished. Soon after I became the Finance Minister, in a public statement I said that our country was in such grave difficulties that for the first three years things would probably remain very difficult and that it is only in the fourth year that we would see some positive results. I said that because, in the year 1990-91, we had a balance of payments deficit of about \$9 billion. It was financed by borrowings. That borrowing was no

longer available. Capital—when our Government came into office—was flying out of the country. Production was falling. Employment was falling and inflation was accelerating. So, when we assessed the impact of economic reforms, we have to take all that into account.

I think, Dr. Ashok Mitra and Dr. Biplab Das Gupta, are both distinguished economists. Well, I am no match for their economic skills or for their skills of oratory. From an extinguished economist to distinguished economists I think it is an unequal battle.

DR. BIPLAB DAS GUPTA: It is too much.

SHRI MANMOHAN SINGH: I have never claimed that if you take the average of the last four years, it compares favourably with the average of the last four years, it compares favourably with the average of the eighties. I have never claimed that. All that I am saying,—and I have said this before also—is that if you want to compare the economic reforms impact, you should ask yourself this question, “What would have happened if economic reforms were not implemented?” So, if the option of continuing the way we were in 1991 would have yielded better results in terms of output, in terms of employment, in terms of inflation that would have been a valid comparison. There were factors which yielded an average growth rate of 5.1² per cent in the 1980's for reasons for which I have dealt with more than once...

...in the first two, three years, because we had to reduce the balance of payments deficit, we had to reduce the fiscal deficit. Therefore, the contraction became necessary. The growth, therefore, was moderate. It is only now that we have got out of that crisis and the normal rhythm of economic processes is being restored. And even now, I say that this country's economic problems whether they are problems of poverty or problems of employment cannot be solved by what we have achieved. We need to do much

more and this country needs a minimum growth rate of 6-7 per cent if it is to get rid of the ancient scourges of poverty, ignorance and disease which still afflict millions of people in our country.

Also, I believe that despite what Dr. Biplab Dasgupta has said, I have been quite consistent with what we set out to achieve. In my very first Budget I said, “We need to walk on two legs.” We need to accelerate the tempo of growth. It is only out of higher growth that you can create more jobs. It is only out of higher growth that you can get tax revenues to deal with the problems of environmental degradation and other social malaises which Shri Jagmohan rightly remained us of. If you are not growing, if the economy is stagnant, tax revenues cannot grow, expenditure will grow. That, certainly, is a road not to progress not to solving the economic and social problems, but a road to disaster. So, the first thing that we have to do is, we have to create an economic environment in which the national income, the wealth of this country, can grow. Once the wealth is growing, we can also talk about redistributing. Not that I am saying redistribution is not important. But history shows everywhere that the problems of redistribution are much more painful if the overall size of the cake is stagnant or not growing fast enough because, in that situation, the reaction of those who have to get it tends to be much more violent. Civilisation is a very delicate plant. Once you sow the seeds of violence and hatred, you do not know where you will end, whether parliamentary democracy can survive in that type of environment. We need a higher rate of growth. It is not that a higher growth rate, by itself, will solve all the problems, but it is a necessary condition to deal with the chronic problem of poverty, with the chronic problem of unemployment, with the chronic problem of social deprivation, which have been talked about.

Also, I have been saying consistently—the Prime Minister has been saying it

consistently—that we do not believe that markets can solve all problems. Dr. Biplab Dasgupta was not here when I made the first Budget speech. He was not here in this House. But, if he has not read that speech, I can send a copy of it to him as compliments. In my very first Budget Speech, I have said that market processes can serve only those who are part of the market system. Markets cannot reach out to those who live on the edges of subsistence. And, therefore, we need special programmes. Programmes of poverty alleviation, programmes of improving their vocational skills, programmes of improving their health status, programmes of improving their educational status. This is the two-track strategy which we have followed in the last four years.

I would respectfully submit to this House that I am claiming not that we have solved all the problems that this country is afflicted with, but that progress is being made. The growth of the economy is back to the historic growth path. We are not satisfied with this. But I do believe that we are on the right track.

Similarly, with regard to the creation of jobs. In the year of crisis, it was inevitable that the output and employment would be casualties. That is why in 1991-92, only three million new jobs were created. In the next two years, job creations aggregated to about six million people each. From the preliminary estimates, the roughly estimates that I have seen for 1994-95, it appears that, for the first time, we would create jobs which would roughly be equal to all the addition of labour force. If we maintain that momentum of growth, I think, within a reasonably short period of less than a decade, we can certainly, soften very considerably the harsh edges of extreme poverty..... and deal with problems of chronic employment as well. Now, people have been saying that because of the reforms, employment has been falling. Sir, there is no credible evidence to prove that. Only two weeks ago, the Confederation of Indian

Industries published the result of its survey with regard to what is happening to employment in the Indian industrial sector. They have shown that in aggregate terms, the employment in that sample sector has grown at the rate of two per cent per annum. It is still not sufficient. We need higher rates of growth of output and employment. But, the argument that reforms have led to closure of firms, that reforms have led to unemployment, I would respectfully submit, is not substantiated by the facts of the case.

I think, some Members from the Opposition have talked about de-industrialisation, the effect of liberalisation on India's industrial economy. Now, the proof of the pudding is in the eating. We are in the fourth year of reforms. We have reduced import barriers, we have taken care that this reduction in import tariffs is done in such a way as to strengthen the competitiveness of Indian industry and not to weaken it. Extensive discussions have taken place with all segments of Indian industries to see that the whole process is so calibrated that it should strengthen the Indian industries' ability to compete with each other here as well as to compete in the international market. If it was a programme of hurting our industries, then we would not have an industrial growth last year of about 9 per cent. We would not have a situation where the capital goods sector, where we have liberalised at the fastest pace, would have grown at the rate of over 20 per cent. If it was a programme which was hurting the Indian industries, we would not have a situation where in the last two years we would have increased roughly by 40 per cent. Think of the additional jobs that were created by the fact that our exports increased. ...*(Interruptions)*

SHRI K.R. MALKANI (DELHI): That is even more.

SHRI MANMOHAN SINGH: Listen to me. There has been an increase in exports from roughly 50,000 crores to 80,000 crores. You can also compare

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what additional jobs it would have created. In the decentralised sector, a reference has been made to powerlooms. I do not deny it, because there is a lot of misery in this country. There are a lot of social hardships. But, the situation would have been worse and the situation would be still worse if we did not create new jobs in our country. I am not saying that creation of jobs is the only answer. We have to ensure that we have a strategy of development which protects the environment, which improves the quality of living. This is essential. The strategy of the Eighth Five Year Plan lays emphasis on it. More resources are being devoted to these areas. But, I think Rome was not built in a day. I am quite convinced that if we pursue this path, in the years to come, we will have more resources to deal precisely with the type of concern that Shri Jagmohan mentioned.

SHRI K.R. MALKANI: Does it not mean export of jobs?

SHRI MANMOHAN SINGH: I am sorry. I think the answer to your question is that if we do not allow imports to come in, we cannot sustain the growth rate of Indian economy in the manner in which the growth has taken place. We saw that in 1991-92 because there was such an import compression because we did not have foreign exchange to buy even the essential commodities, the growth rate of the economy fell to one per cent. History shows that there is no economy in the world where imports do not grow in the wake of successful development. This is simply not a feasible option. This is a country which is highly deficient in commercial energy and if we do not have commercial energy, what can we do by way of improving the growth performance or improving the standard of living? Transport is the biggest guzzler of commercial energy and if we do not modernise our transport system, well, I think, all developmental processes will virtually come to a halt. Therefore, I

respectfully submit that if you look at the integrated foreign trade picture, the situation today is much better.

The question, which was raised by Bhandariji or by somebody else, is: Is it a fact that we have moved away from the path of self-reliance? Is it a fact that we are surrendering our sovereignty? Dr. Biplab Dasgupta has raised a question. Is it a fact that the IMF and the World Bank are dictating terms to us? For the information of the House I would like to point out that today we don't have any programme with the International Monetary Fund. We re-paid to the IMF last year. We are on our own. Therefore, the question that the IMF can dictate terms to us is simply, I think, not sustainable by the facts because we don't have any programme with the IMF. We don't need the IMF help. We needed the IMF help in 1991-92 and, may be, in 1992-93. But now our economy has improved. We are on our own. With the World Bank we have got the normal project lending, which is continued right from 1947. Therefore, there is no question of this country's economic policy being dictated by the IMF or the World Bank.

As regards the fresh charge about sacrifice of self-reliance, the point is: What is self-reliance? As I said, in a world that we live in, autarky, complete self-sufficiency, is not possible. It is not a feasible proposition. We have to become another Burma. Even Burma, Myanmar, now recognises that that is a policy which has hurt it and that is why it is trying to end its isolation. The meaning of self-reliance and, I would say, the true meaning of Swadeshi also, is what Panditji defined in the Chapter of the Third Five Year Plan. I was told that that chapter was written by Panditji himself. He posed this question: In an increasingly inter-dependent world, what is the meaning of self-reliance? He says the sensible meaning of self-reliance is that since imports inevitably rise in the process of development, self-reliant development is that pattern of

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development which would enable our country to finance all these imports with our own resources, with our own exports and normal inflow of capital which comes on commercial terms and without artificial props of concessional type of assistance. Now, if that is the yardstick then I would respectfully submit that we are much closer to self-reliance than we were ever before. In 1980's, India's exports financed only about 60% of India's imports. But because of the sharp increase in our exports, because of the sharp increase in our invincible earnings 90% of our imports are being financed by our own efforts. The proof of that is that our balance of payments deficit on current account, which is a measure of the reliance of the Indian economy on foreign savings, which was roughly 9 billion dollars in 1991—about 6 million dollars in the mid 1980's and the late 1980's—has declined to less than one billion dollars last year. Therefore, I would respectfully submit that this charge that our economic policy involves sacrifice of self-reliance or it is a departure from Swadeshi, as popularly understood, is misplaced. What we are trying to do is that we recognise that the world is inter-dependent. There are opportunities. There are also risks. Our objective is to maximise the opportunities, to take full advantage of those opportunities which the evolving global economy offers while minimising the risk. But there are risks. For example, several Members referred to the opening up of the economy. Shri Dalmiaji referred to it. Shri Bhandariji referred to it. There may be some industry. There may be some dumping of goods. Therefore, earlier this year this very House enacted a legislation which would enable us to take effective anti-dumping measures if any country takes advantage of the liberal economic environment and dumps its goods in our country. So, I wish to assure the House that the opening up of our economy, the liberalisation of our economy and the welcoming of foreign investment is not going to compromise the spirit of self-reliance.

What is our policy with regard to foreign investment? Our policy with regard to foreign investment, in essence, has not changed in the last four years. Even before 1991, foreign investments, even up to the extent of 100 per cent of foreign equity was allowed in export-oriented ventures. In a large segment of India's industry, called the priority sector industry, foreign investment to the extent of 74 per cent of foreign equity was also allowed. But in many cases the procedures were complex, and therefore, there were complaints of delays, uncertainties and sometimes corruption also. Therefore, what we said is that we will have a rule book. We said that these are the industries where we want more investment, more employment and more output.

We said, well if anybody wants to invest in them, they can have foreign majority ownership in these cases. For the rest, there will be a proper case-by-case examination and if we feel that there are advantages, we would allow them to come on majority basis, otherwise not. So, in terms of objectives, I think, there has been no great change in what India seeks to do with **foreign investment**. I have never said that India's problems can be solved by foreign investment. The bulk of resources for India's development have been mobilised domestically and they will continue to be mobilised domestically. No country can underwrite India's development. For a country of our size with our complexities, there are no imported models. The IMF the World Bank or the Korean model, none of them can do justice to the complexity and the diversity in our economy. We have to find a solution. We have to find a model suited to the needs and genius of our people. That has been our effort. It has been our effort, right from Panditji's days to evolve a pattern of development suited to the needs and genius of our people. Therefore, I respectfully submit that in terms of any objective measure of self-reliance, the situation today is better than

the situation, let us say, when our Government came into office. In this context, several Members have expressed concern about the external debt situation. I share that concern. How can we deal with the problem of external debt? As I said, imports will inevitably rise in the process of development and the House knows that we have not opened up our economy on a large scale to import of consumer goods. Even today, only select consumer goods are allowed under the SIL route. The rest remain prohibited. So, by international standards of imports, we are still a very austere economy. It is not our intention to liberalise at a pace we cannot afford. Liberalisation does not mean that we will have a tariff and excise policy which would open up the flood-gates to imports. We want India's balance of payments to be strong in the long run. We cannot import if we cannot export. It is India's export capacity which will determine what India's import will be. I can assure the House that the combined impact of our tariff and excise rate policy will be such as to prevent a situation where there is unsustainable flow of imports. I only feel, if we pursue the present policy, if India's export, in the next four years, increases roughly at the rate of about 15 per cent in dollar terms, then the debt service ratio, which is a convenient measure of the burden of debt, which is today about 27 per cent, we should be able to bring it down below 20 per cent. That is our ambition. It is not our part of thinking that we should pile up a structure of debt, a volume of debt which would lead to difficulties and accentuate difficulties in the future. Dr. Ashok Mitra or somebody else, I think, Mr. Jaipal Reddy—he is not here referred to the Mexican situation.

He referred to the Mexican situation and he said that whether we would like it or not, we were heading towards the Mexican crisis. I honestly feel that the way we have managed our economy, there is no danger of a debt trap. Our balance of payments deficit last year was

half a per cent of our GDP. In the Mexican case, the balance of payments deficit was about 8%. India's current account convertibility does not throw us open to the types of risks which the Mexican's fully convertible economy opened up to. Our foreign debt structure is far more favourable—roughly 50% of our debt is long-term debt. The whole of debt of Mexico was on commercial terms to the commercial institutions and commercial borrowers and, therefore, inherently prone to instability. Having said that, I would respectfully submit that there is no immutable law which says that you can mismanage the economy, you can have inflation beyond sustainable limits. Even if we go on having fiscal and revenue deficits which are raising, we will still be free from those risks. But the assurance that I can give is that if we pursue the path of prudence, if we maintain control on the fiscal situation, on the macro-economic situation which is very well managed, then as of today and in the near future, there is no danger and India does not face the type of situation which Mexico had faced. And we are certainly alert to the risks, as I mentioned in the opening up process.

Several Members referred to the fiscal situation. The fiscal situation has certainly improved. The fiscal deficit throughout the eighties was about 8.5% or close to that. We have gradually been bringing it down. We have not succeeded as much as we would have liked. That is why, because we have not been sufficiently successful, the burden of interest has not been reduced to the extent that we would have liked. One consequence of that is that the revenue deficit as a percentage of the GDP has not declined as sharply as we want it to be. Mr. Bhandari mentioned it. Several hon. Members also mentioned this situation and I do recognise that we have to reduce the fiscal deficit and we have to reduce the revenue deficit. But there are no magic solutions to these problems. When we talk of revenue deficit,

reduce the revenue deficit simply by converting what is given to the States as grants today into loans. If the same money is shown as loans to the States rather than as grants, I can assure you that we could have overnight reduced the revenue deficit by about Rs. 30,000 crores. A lot of money which is on the revenue side of the Plan expenditure, for rural development, about 40–50% of assistance for State Plans is given by the Central Government in the form of grants. It appears as forming part of the revenue deficit. But its purpose is to build capital assets in the State. I assure the House I am concerned with the rising revenue deficit. I would also like to assure the House that the situation, in my opinion, is not that desperate. When we look at the uses that are being made of this money which goes out of the Central Budget as revenue deficit, it promotes human resource development, it promotes investment in the rural areas and it can be reclassified as capital expenditure. It is merely an accounting convention. Because it goes as grants, we show it as revenue deficit. But I do share the concern of the House about the rising burden of internal debt. We have to reduce it. There are only two ways. We should control the expenditure to the maximum extent possible. We should reduce the non-development expenditure. If you take out the interest burden, I would respectfully submit to this House that we have made a sharp progress. Excluding the interest burden, the rest of the non-Plan expenditure has shown a considerable moderation in the growth rate. That is one way. We need to pursue it simultaneously through tax reforms. We have to improve the buoyance of our tax revenues without tinkering with the tax rates every year.

We have to increase the number of Income-tax assesseees. We have to reduce the extent of tax evasion. We have taken several steps to improve the tax administration. Sir, as far as I can see, this is a long term process. It is a struggle

for the minds of our people. But I think we are making progress. The tax receipts of 1994-95 are a vindication of the strategy that we have pursued.

Sir, a reference was made to savings and investment. It is certainly true that the savings rate, according to the statistics published by the Central Statistical Organisation, has shown a decline. And, I share the concern of the Members. But a very large part of the decline is because of the public sector. The performance of our public sector is not as good as it ought to be. There is, however, no decline in private savings. Private corporate savings are up by nearly 100%. As far as household savings are concerned, they have shown an increase. There is some inexplicable reason a decline in physical asset formation in the household sector. And, as Dr. Biplab Dasgupta knows, this is not a direct way of estimation; this is a rule of thumb which has been adopted to estimate this component of savings and investment. I have already asked the Central Statistical Organisation to look into this matter. But I do agree with the House that nothing should be done which weakens the incentive for savings. And, so far as the argument that liberalised imports have hurt savings goes, as I said, our liberalisation does not cover consumer goods. Therefore, those who argue that the savings rate has declined because of liberalisation of imports, I think, cannot substantiate that point. And, in any way, the facts of private savings show that there has been no decline in the private sector savings because of the reforms. What we have to do is that we have to improve the productivity and efficiency and savings of the public sector. In the mid '70s, our public sector savings were about 5% of our GDP. There has been a sharp decline since then. If we increase the public sector savings rate to the level which we had reached in the mid '70s, India's savings rate would be 27 to 28% That should be our effort and that should be

our endeavour and that is the motivation that animates all our economic policies.

Sir, I will conclude by making a reference to the role to the public sector. The Prime Minister has on several occasions explained, what we are seeking is to revitalise the public sector. We want all viable public enterprises to flourish. All facilities will be given to the public sector enterprises to grow and expand. There are, of course, about 60 odd public enterprises which are not doing well. It has been our effort to make as many of them viable as possible. In fact, every since this Government came into office, 24 sick public sector units have been rehabilitated or these are in the process of being rehabilitated. These include the Visakhapatnam Steel Plant. These include several fertiliser plants. These include several engineering units and pharmaceutical units like the I.D.P.I. Our effort is to see to it that no unit closes down if it can be made viable at a reasonable cost. The real question is, if we have hundred rupees, whether that hundred rupees will create more employment if spent on new projects, or, in reviving the units which have no potential, which have no future. I think these are difficult issues. We are dealing with human sentiments human beings and our Government's concern has been that nothing should be done that would put the burden of adjustment excessively on the shoulders of the working classes. That is why the Prime Minister said that adjustment will take place in a form which protects the legitimate interests of workers. Yesterday, there was a debate in this House about the problem of non-payment of wages in some public sector enterprises. Let me say that the normal rule should be and, I believe, the House would agree with me, that this country's economy cannot function if the Budget were to take on the burden of providing the working capital or providing the wages. But, we do recognise, and I do agree that when all options fail, it is the responsibility of the Government, consistent with the commitment which

the Prime Minister has given that we are not in favour of retrenchment that if the workers' wages cannot be paid through normal processes, then the Government will own up that responsibility and that is why we have made that commitment. Sometimes delays arise. Why do these delays arise? It is not because our Government is not keen to honour its commitment. It is because we cannot build a Budget into the Budget, a normal proposition that all the wages of the public sector enterprises will be paid by the Budget. It is only when we know that certain units have run into un-expected difficulties that Ministry comes to the Ministry of Finance and the Ministry of Finance then has to ensure whether there is a Budget provision or not. If there is no Budget provision, then we have to come back to this House to get supplementary grants. Therefore that takes time. But, there is no renegeing on the commitment that the Prime Minister has given and what I have stated on this.

My colleague, the hon. Textiles Minister has just reminded which I forgot to mention, about the revival package which our Government has only recently approved for the National Textile Corporation. It has a very substantial element of restructuring and entails a substantial cost to the Budget, but for the sake of the textile industry. For the sake of the workers who are engaged in the textile industry, we feel that this price is worth paying.

Sir, this, in substance, is the broad philosophy of this Budget. It is a Budget which carries forward the process of economic reforms, it is a Budget which ensures that output and employment will increase overtime; and it is a Budget which strengthens our anti-poverty programmes. In this years Budget we have strengthened the anti-poverty programmes of rural development, social assistance, midday meals, the provision of life insurance cover, provision for meeting certain needs of women in the state of pregnancy—pre-natal and post-

natal care. I respectfully submit, together with the additional provision for health, education and other social sectors, the Budget certainly will strengthen the bias in favour of the poor.

Also I would say that as regards agriculture, the totality of the Economic Policy that we have pursued is to strengthen our agriculture. I think, Shri Dalmia mentioned about the negative subsidisation of agriculture. But, what is the cause of this negative subsidisation? The negative subsidisation of agriculture in this country is mostly because we have given excessive protection to industry. We are gradually reducing that level of protection for industry. We are doing so at a pace which will not hurt the industrial growth, but we are reducing it. From about 300% level of duties we have brought them to a maximum of 50%. This process certainly reduces the anti-agriculture bias built into the previous policy of import substitution.

Simultaneously, in the last few years, we have given remunerative prices which cover more than the increase in cost on account of fertilizers and other things. And the proof is there in terms of the fact that today the public sector procurement agencies are able to mop up nearly 90% of the market surplus. That itself is an indication that our farmers find these prices far more remunerative than ever before. Our Government is committed to taking all possible steps to improve the conditions of agriculture and to increase our agricultural productivity. It is because of that some concern was expressed both in this House and outside that agricultural investment is not increasing fast enough. That is why I came up with this proposal of a special fund in NABARD to accelerate the completion of vital irrigation projects, small and medium projects, watershed development, soil conservation and programme of dealing with environmental degradation in the rural areas.

Similarly, programmes of strengthening the village and cottage industries through a consortium of lending of Rs. 1,000 crores; additional provisions for handloom workers to borrow from the commercial banks all these facilities are designed to strengthen the anti poverty, the pro-poor bias of our economic policies. With these words, I conclude by requesting this House to endorse the Budget proposals that are before the House.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Thank you. Now, we will take up the Finance Bill. Mr. Minister, you have to move the Finance Bill.

THE FINANCE BILL, 1995

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, I beg to move:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1995-96 be taken into consideration and returned."

Sir, while presenting the Budget on 15th March, 1995, I had explained the salient features of the proposals contained in the Finance Bill.

I feel gratified by the amount of interest, discussion and debate that the Budget has generated. Hon'ble Members from both the Houses have made useful suggestions. Many suggestions have also been received from members of the public trade unions, chambers of commerce, professional bodies and voluntary organisations. I would like to assure the Hon'ble Members that we have very carefully considered all the points which have been made. On the basis of the discussion we have had on these suggestions, certain amendments to the Finance Bill were moved in the Lok Sabha. These have been accepted and incorporated in the Bill as passed by the Lok Sabha. I seek the indulgence of the