

Rajya Sabha that Rajya Sabha do agree to nominate seven members from Rajya Sabha to associate with the Committee on Public Accounts of the House for the term beginning on the 1st May, 1992 and ending on the 30th April, 1993 and do communicate to this House the names of the members so nominated by Rajya Sabha.'

2. I am to request that the concurrence of Rajya Sabha in the said motion, and also the names of the members of Rajya Sabha so nominated, may be communicated to this House."

(II)

"I am directed to inform you that Lok Sabha, at its sitting held on Monday, the 23rd March, 1992 adopted the following motion:—

'That this House do recommend to Rajya Sabha that Rajya Sabha do agree to nominate seven members from Rajya Sabha to associate with the Committee on Public Undertakings of the House for the term beginning on the 1st May, 1992 and ending on the 30th April, 1993 and do communicate to this House the names of the members so nominated by Rajya Sabha.'

2. I am to request that the concurrence of Rajya Sabha in the said motion, and also the names of the members of Rajya Sabha so nominated, may be communicated to this House."

(III)

"I am directed to inform you that Lok Sabha, at its sitting held on Monday, the 23rd March, 1992, adopted the following motion:—

'That this House do recommend to Rajya Sabha that Rajya Sabha do agree to nominate ten members from Rajya Sabha to associate with the Committee on the Welfare of Scheduled Castes and Scheduled Tribes of the House for the term beginning on the 1st May, 1992 and ending on the 30th April, 1993 and do communicate to this House the names of the members so nominated by Rajya Sabha.'

2. I am to request that the concurrence of Rajya Sabha in the said motion, and

also the names of the members of Rajya Sabha so nominated, may be communicated to this House."

उपसभापति: मेसेज तो होने दीजिए। माथुर साहब, मेसेज पढ़ रहे हैं सेक्रेटरी जनरल। मेसेज रिपोर्ट हो जाने दीजिए(व्यवधान)

श्री जगदीश प्रसाद माथुर (उत्तर प्रदेश): किस विषय पर(व्यवधान)

THE DEPUTY CHAIRMAN: I am not calling. It is the Budget discussion.

श्री सिकन्दर बख्त (मध्य प्रदेश): सदर साहिब, मैं सिर्फ यह अर्ज कर रहा हूँ कि देखिए बड़े शौक से आपने अगर एक बात तय की है तो उस पर अमल कीजिए मगर एबरेशंस? न डालिए बीच में आप(व्यवधान)

THE DEPUTY CHAIRMAN: He is discussing the Budget. Have you any objection for that also? (Interruptions).

SHRI YASHWANT SINHA (Bihar): What have we decided about the Statement? Is the Home Minister in a position to tell us at what time he is going to make a statement?

THE MINISTER OF HOME AFFAIRS (SHRI S.B. CHAVAN): As soon as I go back, I will have to verify everything. Thereafter, I will intimate the exact time.

THE DEPUTY CHAIRMAN: He is sitting here. Let him go for 10 minutes and find out. Give him some time. Have some patience.

SHRI SUBRAMANIAN SWAMY (Uttar Pradesh): I would like to request the Home Minister to come with a statement before...(Interruptions).

THE BUDGET (GENERAL), 1992-93

THE LEADER OF THE OPPOSITION (SHRI S. JAIPAL REDDY): Madam Deputy Chairman, at the outset we need to note that the Budget this time has been presented to the House in the background of a devastating expose about the organic link between the World Bank at the IMF and the budget making process. (Interruptions). Madam, will you kindly call the House to order?

THE DEPUTY CHAIRMAN: I have been trying to do that since morning.

SHRI S. JAIPAL REDDY: Madam, I request you to call the House to order.

THE DEPUTY CHAIRMAN: That is what I am trying to do.

SHRI S. JAIPAL REDDY: It was in this background that Dr. Manmohan Singh presented his second Budget. Apart from the conditionalities which were explicitly stated in the World Bank policy matrix there were also many invisible conditionalities. But at this point of time, I do not intend to go into that because we believe that this will become a subject-matter of another discussion.

[The Vice-Chairman (Prof. Chandresh P. Thakur) in the Chair]

If I spend my time on that, I will not be able to discuss the present Budget. But I reiterate the charge that the Budget was not made by the Finance Ministry, but by many other agencies.

As for the responsibility for the financial crisis that obtained in July, 1991, we discussed this in depth and we showed how the Congress regime of 1980 was guilty of both fiscal profligacy and foreign exchange prodigality which had eventually led to the BOP crisis. Mr. Vice-Chairman, Sir, having regard to the background of this earth-shaking expose, Dr. Manmohan Singh has gone for a stratagem of duplicity. To have initial positive publicity he went in for a series of camouflages and subterfuges. He

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decided to please and pamper each section of the country according to its clout, its consciousness and its capacity to raise its voice. The Indian society needs to be understood and analysed before the budget is dissected. We have one per cent of people at the top, a thin top layer who wield control over the media, over the academia and who control the policy making and the opinion building processes, we have ten per cent of people who are said to belong to the middle classes. Then we have 89 to 90 per cent of poor people who can be divided into various categories of backwardness. How do I refer to the top one per cent? We all know that there are only seven million tax assesseees in this country. The people who pay wealth tax in this country are only six lakhs and those who pay wealth tax for wealth worth more than Rs. 10 lakhs constitute just one lakh people. In the category of middle-classes, we have

self-employed people and the salaried sections. I have already referred to the third category.

SHRI JAGESH DESAI (Maharashtra): I did not understand what you said about the one lakh wealth tax payers.

THE VICE-CHAIRMAN (PROF. CHANDRESH P. THAKUR): Mr. Jagesh Desai, let him complete his speech.

SHRI S. JAIPAL REDDY: I said, those who pay wealth tax for wealth more than Rs. 10 lakhs constitute just one lakh in this country.

As for the one per cent of people, their wildest dreams and expectations have been exceeded through the income tax reliefs, wealth tax reliefs and so on and so forth. As for the second category of middle-classes, the Finance Minister wanted to allay their fears. Having regard to the magnitude of macro-economic structural adjustment that he has embarked upon, these people were afraid that heavy taxes would be imposed upon them. He has spared them from direct levies. As for the third category of poor people who are unorganised and voiceless, he has treated them as beasts of burden.

The bruden of the adjustment is to be borne completely and silently by the people who constitute overwhelming voiceless majority. But Sir, when we consider the bonanza given to the big industrialists, we find that it is also illusory because their status, and their role in the nation building has been drastically reduced. I regret to note our corporate captains are as pound foolish (I must now say dollar foolish), as politically slavish and as intellectually dwarfish as any other class in the country. They cannot any longer be referred to as perhaps national bourgeoisie — — this was the expression that was being often used by my Marxist colleagues — because there is no level playing field for these industrialists as well. I would like to know from the Finance Minister as to how the Indian industrialist will be able to compete with his foreign rival with the present high interest regime and with the present high excise regime. How will he be able to

compete when the customs duties across the board have been decreased. While the excise duties across the board, with a few exceptions, have been increased? This will, in fact, lead to deindustrialisation of the country. A public sector undertaking, the BHEL, of which we are all legitimately proud is facing near closure. I may refer to only one example. The duty on copper which is imported and on the copper products which are imported as finished goods is the same. As a consequence of this our public sector units which produce copper rods will soon be facing closure.

In this Budget, the multinationals have been considered the only dynamo of growth in the country. I am not opposed to multinationals *per se* because we also need their technology and capital. But this kind of indiscriminate welcome to multinationals will kill the indigenous industry. Our Dr. — I am referring to Dr. Manmohan Singh as Dr. because of his monetarist philosophical bias — has decided to give tonic to the transnational companies, lollipops to the local industrialists, balm to the frayed nerves of the middle classes and bitter medicine to the ailing and toiling masses. This Budget, Sir, is not so much market friendly as stock market friendly. The boom in the stock market cannot be the only index of the positive signs of the economy. On the contrary, it could lead to many negative and perverse consequences. It would encourage speculative activities. It could lead to diversion of funds to non-priority sectors. It could lead to starvation of the small-scale sector. Like socialism in the country, small-scale sector also has become a dirty word now. They must remember the small-scale sector employs 113 lakhs of people while the organised private industry employs only 75 lakhs of people. And I don't have to speak of the cottage industry and the handloom industry. This Budget has spelt doom to this sector. Even in Germany there are 24 laws to protect the small-scale industry. In Japan there is a provision in the Constitution to protect the small-scale industry. And our Finance Minister is denying whatever facilities it has had. He has not done so explicitly. He has done that implicitly. Our Finance Minister,

when he presented his first Budget, made many claims. His first claim was that inflation during 1991-92 would not be more than 9%. The actual rate of inflation, as admitted by him, has been as high as 12%. His another tall claim was that growth this year would be 4%. According to his own admission, the growth in the current year was less than 2.5%. The growth in the agricultural sector was zero and the growth in the industrial sector was zero. This 2.5% growth also was provided by the services sector. In the Budget Speech he delivered this time, he said the inflation rate in August was 16% and by his deftness he brought it down to 12%. I do not know why the Finance Minister chose August 1991 as the cut-off period. When he took over as Finance Minister, the inflation rate was only 12%. It was his devaluation of the rupee which pushed the inflation rate up to 16% in August. Therefore, it is very evident that the inflation rate has not been brought down. In my speech last year, I said that the inflation in the current year would be at least 12% and that the growth in any case would not be more than 3%. I am not an economist, but I am sorry to say I have been proved right and the Finance Minister has not been proved right.

The Finance Minister claimed in this Budget that he reduced the fiscal deficit to 6.5% of the GDP. Nothing could be a more ridiculous, mendacious, claim than this. This was achieved, in a way, through perverse process as hamely inflation etc. If the inflation went up to 20% without any effort on his part, the fiscal deficit could have been brought down. It could also be brought down through a drastic cut in the Plan outlay which, in the first place, was not very high. The Plan outlay has been reduced from Rs. 33,723 crores to Rs. 33,032 crores. The Plan outlay has been reduced by about Rs. 700 crores. Then, capital expenditure has gone down from Rs. 32,039 crores to Rs. 29,470 crores. The DA payment has been conveniently deferred to the next year. So, no payment was made this year and that has not been accounted for in the Budget. The Finance Minister says that the RBI will be transferring a large share of the profits to the Government. This profit by

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the RBI was being used by institutions like the NABARD for investment in the rural sector. So, the investment through the NABARD in the rural sector will be reduced. Now, I come to the monetised deficit.

In the Budget, you have shown this deficit to be Rs. 8,000 odd crores. But the monetised deficit in January was of the order of more than Rs. 15,000 crores. I would like to know how this deficit has been reduced in the last few weeks. As against this, the revenue deficit ...*(Interruptions)*...

THE VICE-CHAIRMAN (PROF. CHANDRESH P. THAKUR): This is the difficulty in trying to become an economist!

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Why are you so much confused, Mr. Reddy?

SHRI S. JAIPAL REDDY: I was looking at you!

Now, the revenue deficit has not been reduced. What is important is not reduction in the fiscal deficit. But, the really important thing is reduction in the revenue deficit. But the revenue deficit has gone up by more than Rs. 3,000 crores ...*(Interruptions)*...

SHRI JAGESH DESAI: What was it in the earlier year? You mention that if

you are honest with the figures...*(Interruptions)*...

THE VICE-CHAIRMAN (PROF. CHANDRESH P. THAKUR): Let him speak, please.

SHRI S. JAIPAL REDDY: The revenue deficit this year has gone up. This was the year in which you embarked upon structural adjustments as a result of which the fiscal deficit was to be brought down. In that case, a genuine attempt must have been made to bring down the revenue deficit as well. On the contrary, the revenue deficit has gone up. Even the money accruing through disinvestment by the public sector undertakings has also been taken into consideration to show that the deficit has gone down.

SHRI N.K.P. SALVE (Maharashtra): Fiscal deficit, not revenue deficit.

SHRI S. JAIPAL REDDY: Yes, fiscal deficit. So, this is not the way of real

accounting at all. The "Economist", which is generally favourable to you, describes this as a case of creative accounting in its report recently on the Indian Budget. May I repeat it? It has described this as creative accounting. Therefore, Sir, this is not a Budget. I may be forgiven if I say that it is a "Fudget". Some fudging takes place, I am told, every year. But our Finance Minister, being an expert economist, has resorted to fudging on an unprecedented scale! Our Finance Minister claims that the foreign exchange position has improved. Has it? Our reserves position has improved not because our exports have gone up. Our exports in dollar terms have in fact come down by more than 6 per cent. Imports were severely squeezed. And we have been able to improve our reserves through loans and the NRI bonds. Therefore, I do not know as to how the Finance Minister can claim that the foreign exchange position has since improved.

Sir, it is important to note that the allocations of the ensuing year reveal the real mind of the budget makers. Our total plan outlay came down, as I said, in the current year. The budgetary support for plan has come down. In 1992-93, though the total plan outlay has been increased marginally. The margin is not big enough to allow for the rate of inflation. The budgetary plan support came down for the plan from Rs. 19,000 crores to Rs. 18,000 crores. The budgetary support has come down even as compared to the current year. But the Finance Minister said that the internal and extra-budgetary resource of the public sector undertakings will go up from Rs. 23,000 odd crores to Rs. 29,000 crores. In other words, you will be asking the public undertakings to raise loans through bonds and debentures and then transfer the amount to the Government so that the plan targets are kept up. And what are your priorities?

SHRI N.K.P. SALVE: How do they transfer?

SHRI S. JAIPAL REDDY: Through the Budget. *(Interruptions)*

SHRI MANMOHAN SINGH: Chartered Accountants know very well.

SHRI S. JAIPAL REDDY: No. Look

at the allocations now. Sir, the allocation for Education last year was Rs. 977 crores. This year it has been reduced to Rs. 952 crores. The allocation for Rural Industries was Rs. 350 crores. It has now been reduced to Rs. 335 crores. The allocation for Rural Development was Rs. 3508 crores during 1991-92. That also has been brought down to Rs. 3100 crores. But the allocation for Civil Aviation, which is a very high priority item in this poor country, has gone up from Rs. 433 crores to Rs. 1036 crores. Sir, we know...

SHRI JAGESH DESAI: For Civil Aviation, it is budgetary support?

SHRI S. JAIPAL REDDY: Plan.

SHRI MANMOHAN SINGH: It is their own resources, generation of their own resources. *(Interruptions)*

SHRI S. JAIPAL REDDY: But the axe has fallen on Rural Development. This is the allocation made in the Plan document.

SHRI JAGESH DESAI: It is from their own resources.

SHRI S. JAIPAL REDDY: How do we know? For example...

SHRI JAGESH DESAI: What is to be done about resources? Are they to be kept idle?

SHRI N.K.P. SALVE: What precisely is your objection, Jaipalji?

SHRI S. JAIPAL REDDY: I am referring to the perverse plan priorities?

SHRI N.K.P. SALVE: Perverse plan priority?

SHRI S. JAIPAL REDDY: Yes. While the allocation for Civil Aviation is much higher, the allocation for social service sector, for rural development has gone down sharply.

Sir, wherever this model was undertaken, enough care was taken to enlarge expenditure in such sectors as Health and Education. In Thailand and Korea which are often cited as examples, nearly 20 per cent of the Budget is spent on these two sectors alone, Health and Education. And without such allocations, if you embark upon this model, it would only end up in Latin-Americanisation of our country.

SHRI MANMOHAN SINGH: What is that?

SHRI S. JAIPAL REDDY: Our Finance Minister was referring to the compulsions that were there in July, 1991. If he had stuck to the theory of compulsions only I would not have been surprised. But he has shown extra-ordinary academic ability to convert all his compulsions into conditions. That is the problem. And he has talked of Nehru. I am a great admirer of Nehru though I have always been pleading for Gandhian correctives to Nehru model, as suggested by JP and Lohia. But when the present Finance Minister and the present Congress Party and the Government talk of Nehru, Nehru must be turning over and over again in his grave. Nehru is no sacred cow; you can give him up. But do not, for God's sake, project this approach as part of extension of Nehruism. There is a philosophy underlying this approach. Our friends, of course, say, 'We should not stick to dogmas.' I am saying that this model is guided by the monetarist dogma, the neo-classical dogma. Our policy-makers, today have become the disciples of Milton Friedman. They do not want to take a look at Prof. Galbraith or Paul Samuelson who have had many critical comments to make on the World Bank model. I am afraid our Prime Minister has mortgaged his mind to the Finance Minister.

SHRI N.K.P. SALVE: At least, he has won.

SHRI S. JAIPAL REDDY: And the Finance Minister has mortgaged his mind to the World Bank. And the World Bank in turn had long back mortgaged its mind to Milton Friedman. I am not talking of selling of souls. I am only talking of intellectual serfdom. Our Finance Minister is never tired of drawing our attention to the changes in the world. Which changes is the Finance Minister referring to? Which world is he referring to? We all know that the Soviet empire has collapsed. I was never an admirer of the Soviet model. But have you noted that the first world, the capitalist world has also

contracted? Have you also noted that the model of social democracy that exists in Sweden and Denmark is even today working better than the model in America? Have you also noted that the per capita income in Sweden and Denmark is higher than the per capita income in America? I do not want to refer to what happened in Latin America on account of this model. But I would like to draw your attention to what happened on account of this model in a country like New Zealand. They went in for structural adjustment seven years back. What did they do to go in for structural adjustment? Devaluation of New Zealand dollar by 20 per cent; deregulation of the finance industry which has been recommended by the World Bank and endorsed by Narasimhan committee; sale of most of the government businesses; dramatic income-tax cuts with the top rate falling from 66 per cent to 33 per cent; introduction of 12.5 per cent tax across the board on goods and services, levied even on basic necessities like milk and bread. These are exactly the measures we have now embarked upon. These measures were embarked upon in New Zealand seven years back. I have taken the figures from the *Newsweek* which is by no means an anti-monetarist magazine. Now, what are the results at the end of seven years? One in four manufacturing jobs has disappeared; the GDP in New Zealand is going down and contracting at the rate of 2 per cent per year; unemployment is up from 6 per

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cent in 1986 to 12 per cent today. And do you know the approval rating of the Prime Minister of New Zealand? It is just 7 per cent. This only shows that this model involves unavoidable pains. But the gains of this model are undependable and unpredictable.

May I draw your attention to the example of Australia? I am not referring to third world countries; I am only referring to the first world countries. In the *Guardian Weekly* dated March 8, 1992, it is stated: "The Australian Prime Minister, Paul Keating, this week staked the political future on one billion pounds new deal to lift the country out of its worst recession in 60 years." This high

spending is designed to create 8 lakh jobs over the next four years. Unemployment today is growing there at 10 per cent, and when Mr. Paul Keating was asked as to whether he was reverting to Keynesian medicine, he said he was not bothered about the dogmas. He is going back on this model.

Now coming to England, both the Conservative Party and the Labour Party are today going back on the Thatcherite model.

SHRI MANMOHAN SINGH: Why not stick to India?

THE VICE-CHAIRMAN (PROF. CHANDRESH P. THAKUR): The request is that you better stick to India rather than the rest of the world.

SHRI S. JAIPAL REDDY: It is because our Finance Minister keeps drawing our attention to the changes in the world, and I am drawing his attention to the latest changes in the world.

THE VICE-CHAIRMAN (PROF. CHANDRESH P. THAKUR): Both of you should talk about relevant changes in the world.

SHRI JAGESH DESAI: This model we won't adopt.

SHRI S. JAIPAL REDDY: Sir, the point I am trying to make is, the first world to which you are implicitly referring, has entered upon a full-blown recession. The model you have gone in for is an export-based growth model. This model, according to our view, has never been applicable to a country of our continental size. Even if it were, this is not the right time to embark upon it because the global economy is slowing down. How do you export?

SHRI JAGESH DESAI: But what is our share now?

SHRI MANMOHAN SINGH: Can I make a point?

SHRI S. JAIPAL REDDY: Yes.

SHRI MANMOHAN SINGH: I do hope that the hon. Leader of the Opposition accepts Mr. Vishwanath Pratap Singh as his leader. In 1986, Mr. Vishwanath Pratap Singh put out a document called the 'Long-term Fiscal Policy'. I would like to ask the hon. Leader of the Opposition whether he is

familiar with that document. I would like to know whether he disowns the document, or, he owns it up.

SHRI SATYA PRAKASH MALAVIYA (Uttar Pradesh) He was in the Congress Party then.

[**The Vice-Chairman (Shri Shankar Dayal Singh)** in the chair]

SHRI S. JAIPAL REDDY: So far as my economic philosophy is concerned, I am guided by my lights. I am familiar with that document. Some marginal deviations of the model are understandable. But what you have gone in for, is a radical deviation, which amounts to not only a strategic shift, but, in fact, a paradigm shift. That is the reason why we are compelled to discuss the basic question of models.

The public sector in this country has become the favourite whipping boy.

SHRI N.K.P. SALVE: Make up your mind.

SHRI S. JAIPAL REDDY: Let us look at the performance of the private sector (*Interruptions*) The record of the private sector, as reported in the Reserve Bank of India Survey of Finances of Public Limited Companies (RBI Bulletin—1990), reveals a rather disappointing picture of the private sector.

Firstly, the number of profit making companies declined from 1368, in 1985-86, to 1164, in 1987-88, indicating a deterioration in the finances of the private sector companies. The proportion of loss-making companies which was 30 per cent, in 1985-86, increased to 40 per cent, in 1987-88. A rather disturbing trend.

Secondly, the growth, as a percentage of total net assets, showed a decline from 8.8 per cent, in 1985-86, to 7.4 per cent, in 1987-88.

Thirdly, even the gross profit, as a percentage of sales, declined from 9 per cent, in 1985-86, to 7.8 per cent, in 1987-88.

SHRI JAGESH DESAI: Does it include the small-scale sector also? Or, is it only in regard to the corporate sector?

SHRI S. JAIPAL REDDY: It excludes the small-scale sector. It refers to the corporate sector. This shows that the

performance of the private sector in this country has not been much better than that of the public sector. Therefore, I would request the hon. Finance Minister not to berate the public sector. It is not true that all public sector companies do not perform well. I am again drawing attention to Government-owned companies, like Renault in France, Volkswagen, or a Government-owned company like HDW in Germany. All of them are doing well. What we need in India is de-beaurocratisation. We have not been able to give autonomy to our own public sector undertakings.

SHRI N.K.P. SALVE: You could have done that when you were in power.

SHRI S. JAIPAL REDDY: I am happy that at least you agree with me on one point.

SHRI JAGESH DESAI: Only on this point.

SHRI S. JAIPAL REDDY: I would request the Finance Minister not to go in for a model in a fanatical way. There is need for pragmatism. He has, of course, been a very competent, flexible and resilient civil servant. I would appeal to his good sense not to go in for a model lock stock and barrel. All models have to be adapted to our country and to our institutional and historical contextuality.

This year again we will be in for hyper-inflation. Our Finance Minister this time did not take any risk with regard to numbers. Last year he claimed that the inflation would be of the order of 9 per cent and the growth would be of the order of 4 per cent. He has not personally claimed any such thing for the ensuing year, but his officials have claimed that the inflation in the ensuing year will be 7 per cent and growth will be 4 per cent.

I am humbly submitting to him that this year again the inflation will continue to be of the order of at least 12 per cent and the growth will be less than 3 per cent. In other words, we will be in for a third year of double digit inflation and we will also be in for another year of stagnation. (*Interruptions*). I need not use the word 'stagflation'. Thirdly, our BOP position will not improve. The partial convertibility you have gone in for, is another form of devaluation.

Therefore, our foreign exchange position will not improve. Our reserves will be high but we will never be able to draw upon them.

What is more important? The employment position will get worse. We already have more than 35 million people on our registers and you are promising to go in for exit policy, exit for labour and entry for multinationals. That appears to be the sum and substance of your approach. In addition to those who are unemployed, this policy will lead to disemployment. You will be adding the disemployed to the unemployed. In a seminar organised by UNDP and ILO the conclusion was that in 1992-93 6-10 million people will be thrown out of employment.

SHRI MANMOHAN SINGH: Totally wrong things you are quoting. There was no conclusion at the seminar. I was present there.

SHRI S. JAIPAL REDDY: You might have prevented them from reaching any conclusion at all, but this was what was reported in all the newspapers, may I tell you, Mr. Finance Minister? Another conclusion was that in 1993-94, those who would be thrown out of employment would be ranging between six and 10 million. So, in the meantime there will be no employment whatsoever. The unemployed on the registers of the Employment Exchanges will increase in number and you will be adding all these millions of disemployed to them. At this rate, I would like to know as to how the

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economy can be managed. The general economy may be managed but the political economy cannot be managed. Earlier when Prof. Thakur was in the Chair, he was saying that I was no economist. I humbly confessed that I am no economist, but I have been in politics since my teens, and I can tell you that no political economy in this country can be managed with this myopic approach.

At one stage we were all exercised over the ideal of equality. Later We thought that equality is a laudable but unattainable objective. We then got interested in equity and justice, but now it appears that equity is also, considered an unattainable goal and we, therefore,

settled down for growth. But a famous economist—He must be your friend—Mr. Haq, the Pakistani economist who is now the Chief Adviser to UNDP, said that the structural adjustment could not work unless and until it is accompanied by big social spending. I was trying to draw your attention to the fact that such big social spending has not been embarked upon; on the contrary, it has been reduced. So we have been, in a way, retrogressing in terms of ideals—from equality to equity and from equity to growth. Since there is recession, no growth is possible. So we have now come down to growth scrips. Are growth scrips the only dynamo of progress and growth in this country? Do the Stock Exchanges alone represent the economic impulse of our country?—I would like to know from the Finance Minister.

I would only urge, towards the end, that it is not too late for him to rethink. He must do something, not only to provide balm to the frayed nerves of a few classes and categories, but he must also have the intellectual courage and resilience to think over the model all over again.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): What about your suggestions?

SHRI JAGESH DESAI: Mr. Vice-Chairman, Sir, I have heard very patiently the speech of the Leader of the Opposition, my good friend, Shri Jaipal Reddy. But I think that today he has not spoken from his heart, because he himself knows that there cannot be better budget proposals than what have been made by the Finance Minister this time.

SHRI S. JAIPAL REDDY: If you would yield...

SHRI JAGESH DESAI: Listen to me.

SHRI S. JAIPAL REDDY: I have not spoken from my heart; I have spoken from my head.

SHRI MANMOHAN SINGH: Doubtful!

SHRI JAGESH DESAI: I am very much doubtful because he must have gone throughout the country and must have seen that the reaction of the common man. And he must have seen

that the common man has felt that the economic reforms have paid dividends to this country. The Finance Minister has gone on that line and that is why there is praise throughout the country. That is why I have said that he was
1.00 P.M. not speaking from his heart.

That is why I say that he is not speaking from heart because he has spoken on so many points. I am speaking from my heart.

SHRI DIPEN GHOSH (West Bengal): Your head has been mortgaged there, and you heart is here.

SHRI JAGESH DESAI: Whatever I feel, I am going to speak.

Sir, what has happened is that the empty coffers made by the ex-Finance Minister, Mr. Madhu Dandavate, had completely... (*Interruptions*)... listen to me... demoralised all those who had put their money, the NRIs in our banks. Our credibility in the world financial organisations had gone down, and that was the first task of the Finance Minister, to correct. If he had not corrected it, what would have happened? An amount of Rs. 13,000 crores is in foreign exchange in the banks in India. At that time we had only Rs. 2,800 crores of foreign exchange with us. If they had withdrawn it, what would have happened? That is why the first task of the Finance Minister was to restore the confidence. That could be done only by devaluation of the rupee to the correct evaluation. I am not able to understand why the two previous Governments led by Mr. V.P. Singh and Mr. Chandrashekhar, did not ask the Reserve Bank of India to quote the correct rate of the rupee versus pound, franc and dollar. Why was it not done? Sir, I want an enquiry to be done in this regard. You have done it. What they did not do, you did with one stroke. So, I still feel that the previous Governments probably—I don't know—might have instructed the Reserve Bank, "Please don't quote the correct rates, daily rates of pound sterling, dollar, frank and yen. This is my feeling."

SHRI YASHWANT SINHA (Bihar): One moment. Mr. Desai, do you want an enquiry to be made into why we did not devalue the rupee? Is that the enquiry? Do you want an enquiry to be made into

why the two Governments did not devalue the rupee? Let us be clear about it.

SHRI JAGESH DESAI: I want the Finance Minister to find out why it was not done. That is the real cause of this situation.

SHRI DINESHBHAI TRIVEDI (Gujarat): One question. Are you sure that the rupee has come to its natural level as far as the dollar is concerned? If your answer is yes, why is the rupee going down, down, down?

SHRI JAGESH DESAI: Listen to me.

SHRI DINESHBHAI TRIVEDI: The prediction is—I hope it is wrong—that before long it is going to be Rs. 50.

SHRI JAGESH DESAI: No, no. On some days I have seen it.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH): Mr. Jagesh Desai, it is not a question-answer period. No, no, this is not a question-answer period.

SHRI JAGESH DESAI: Actually I see that on some occasions the rupee value increases in terms of the dollar and even in terms of the pound. I have seen quotations.

But what I want to persist is that they had put the economy in such a shambles that there was no other way except to devalue the rupee by 18 or 20 per cent. At that time if it was not done, then, I don't know what would have happened to our country, what would have happened to our credibility in the world.

Now Mr. Jaipal Reddy has spoken regarding the deficit. Sir, I am very much surprised that those who have completely put our country into economic chaos, want to preach us. What was it at the time when they were in the Government? I want to give the figures.

SHRI DINESHBHAI TRIVEDI: That is why we are sitting here.

SHRI JAGESH DESAI: Yes.

As regards the budget deficit for 1990-91, the budget estimate was Rs. 7,206 crores. The revised estimate was Rs. 10,772 crores. What was the actual? Again it has gone up to Rs. 11,397 crores. This is what you have done. Your revised estimate also was not correct. You exceeded your revised estimate.

Regarding the revenue deficit, about which he was talking just now when he made his speech, the Budget estimate was Rs. 13,032 crores and the revised estimate had gone up to Rs. 17,587 crores. It means it had gone up by Rs. 4,500 crores. What was the actual? It again exceeded. It had gone up to Rs. 18,562 crores. It means it was Rs. 1,000 crores more. I must thank Mr. Yashwant Sinha because he came to some rescue. When he became the Finance Minister, he had surcharge on taxation and reduced the depreciation. That is why he got more by way of corporation and income taxes. Otherwise your revenue deficit would have been much higher. And you would preach us the sermons!

Now I come to the fiscal deficit. In the Budget estimates it was Rs. 38,795 crores. The revised estimates had gone up to Rs. 43,331 crores. It means it had gone up by about Rs. 4,600 crores. The actual had increased to Rs. 44,650 crores. It means it had gone up by Rs. 6,000 crores. And what is the picture which now emerges, when Mr. Manmohan Singh was the Finance Minister? For 1991-92, the estimated Budget deficit was Rs. 7,790 crores. In the revised estimates it was brought down to Rs. 7,032 crores and ultimately it came down to Rs. 5,339 crores. It means the Budget deficit had come down by Rs. 2,500 crores during 1991-92.

Regarding the revenue, it was Rs. 13,834 crores. It went up by Rs. 17,000 crores. It means there was an increase of [Shri Jagesh Desai] only Rs. 3,200 crores, whereas it was Rs. 5,000.

SHRI KAMAL MORARKA (Rajasthan): You note that it was during eight months.

SHRI JAGESH DESAI: Mr. Morarka, the figures are always taken for the whole year. (Interruptions) The fiscal deficit for the year 1991-92 was Rs. 37,727 crores and the revised estimate was Rs. 37,992 crores. It means it was hardly Rs. 50 crores more.

Now, I come to the net RBI credit to the Central Government. In the year 1990-91, in the Budget estimates, it was Rs. 7,206 crores; in the revised estimated it had gone up to Rs. 13,000 crores and

in actuals it was Rs. 14,775 crores. This is the type of economy they have made of this country. And what happened this year? It has only marginally gone up from Rs. 7,710 crores to Rs. 8,800 crores—only Rs. 1,000 crores more whereas at that time it had gone up twice from Rs. 7,226 crores to Rs. 14,075 crores. That is why this kind of efforts are there. That is why a corrective action has been taken. Of course, I may not agree with all the proposals, but they have taken a corrective line. They want to see that fiscal deficit is to be reduced. They want to see that revenue deficit is to be reduced and they want to see that the Budget deficit is to be reduced. If that is not done, then again there will be inflation.

As regards direct taxes collection by the Government, what has been done by Mr. Madhu Dandavate? They wanted to increase the revenue. What did they do? Corporate taxation was reduced from 50 per cent to 40 per cent. You want there should be a higher ratio of direct taxes and you are bringing in this type of proposals where you are reducing the corporate taxes from 50 per cent to 40 per cent! Is this the way you want to teach us? What happened to collection of taxes. There was no Government at that time. They never cared to see what was happening in the Department. For the first time in the history of the country if I remember correctly the direct tax collection was less than the target. It never happened in this country before. This was the reason why this country had come to a stage where a corrective action had to be taken. Regarding the private sector and the public sector, I agree with my hon. friend, Mr. Jaipal Reddy.

SHRI KAMAL MORARKA: Good.

SHRI JAGESH DESAI: Our Prime Minister also said the same thing in this House that they are not working very well. There are some bad units both in the public sector as well as in the private sector. But as a policy we have to encourage the public sector. That is the major policy of this Government also. Only because of financial constraints this time we have not been able to give as much support to the public sector as we wanted to do. That is what the Prime

[Shri Jagesh Desai]

Minister has said. If we get some kind of help from foreign countries and whatever amount we can save we can divert those funds for the purpose of health, social activities and poverty alleviation programmes. That is what the Prime Minister has promised in this House. I think the Government should go on like this.

So far as foreign investment is concerned, I do not think there is anything wrong in it. At the time of Industrial Policy discussion, I told in this House that there are some areas of infrastructure like power. If the Government cannot provide funds for that purpose, do you think that we should keep quiet? Should we allow all public sector undertakings to go to dogs? If power is not given to the public sector undertakings and to the private sector, what will happen? We have invested crores and crores of rupees in both the sectors. If you are not able to give power and we have to exploit only 50 per cent of the capacity, then, the prices will go up. There will be less production. That is why whoever comes forward within the country or from abroad, multinationals or anybody, we must see that the power is generated and they should be allowed to have this kind of power projects in our country. Otherwise, those who are in favour of the public sector like me, I feel, will be doing a wrong thing for the public sector. We should see that they do not fall sick and it is our duty to see that adequate power is generated to a large extent. For that purpose if multinationals are coming into this country, I welcome it from my heart. I want the Government to take immediate action in this regard and see that power is generated. Similarly, with regard to oil exploration also we should welcome it. How much foreign exchange we are spending for import of oil? Are we to import this oil for ever? For that purpose if foreign companies are coming, we should welcome them by way of giving some royalty or some production which we make. If this is not done, then, I think we will be failing in our duty. It is our duty to see that infrastructural industries are developed. For that purpose if funds are coming

either from the private sector within the country or from outside, we should welcome it.

I only want to say we should see that maximum foreign investment of 90 or 95 per cent should be in this sector and the remaining we can think of having, if necessary, for other sector.

Regarding the taxation proposals, I would not like to say much. But I will come to it later. I want to say something about liberalisation. When the supply is restricted or less and demand is high, are you not going to lift all the restrictions? If the capacity is 100 per cent and industry wants to increase it to 150 per cent, are you not going to allow them to increase it? To my mind, liberalisation means, wherever we are in short supply of goods and demand is high, there should not be any restrictions of any kind, no licensing, no capacity limitation and no delay in clearance. If that is done, then, the cost will come down and the people can get the goods at cheaper rates. That is how I see liberalisation. liberalisation does not mean that we should allow them to have industries anywhere in the country. The Government is keen that they set up industries in backward areas. For that purpose they should give some kind of tax incentives and some kind of subsidy. We want to prevent them from going only to the urban areas. They should be given some kind of subsidy or incentives so that industries can be set up in backward areas. As far as price-rise is concerned, no doubt, we are all worried about it. Whether it is this Government or that Government, it is the common man who is hard-hit. We have to control inflation and for that purpose, we have to take all the necessary actions. I would like to give some figures regarding raids on hoarders. I was very happy when I read in newspapers that in 1992, some 6000 raids were conducted and foodgrains and other material worth Rs. 55 crores were seized. What had happened earlier, at that time? I do not remember the exact figures given by Prof. Madhu Dandavate at that time. About 46,000 raids were conducted. What was the worth of the goods seized? Less than Rs. 2 crores; about Rs. 400/- per raid. Here, it comes to Rs. 1 lakh.

[Shri Jagesh Desai]

And this is how we have to conduct the raids. I want that raids should be conducted on hoarders, not small shopkeepers. See that big hoarders are brought to book and they are punished. Such offences should be criminal offences. They should be dealt with in the court of law and the guilty should be sent to jail. Only when this is done, things will improve.

We are very much worried about inflation, especially when it affects foodgrains. The inflation rate has come down but after the Budget, increased by a margin of 0.3 per cent or 0.4 per cent. I am very happy that at least Jaipal Reddyji has stated that it will not go beyond 12 per cent. (Interruptions). It is going to come down further. I wish that it should go below 10 per cent. All the efforts required should be taken in this regard. 'Maize' 'bajra' and 'jowar' are foodgrains consumed by the most vulnerable sections of people. Here, the price-rise is very high and the prices are going up every week. That is why I plead with the Finance Minister, as I did earlier too, that these foodgrains should also be procured and distributed in areas where 'adivasis' are there. For example, if you give wheat through the fair-price shops in Banswara in Rajasthan, they do not consume it. It comes to the market. (Interruptions). I am giving this as an example. I know this personally. When I had been to my home town, some businessmen were arrested there because they were selling it. I made an enquiry and was told that it was from Rajasthan. That is why I want that these foodgrains should be procured and should be given through the fair-price shops where 'adivasis', who consume these foodgrains, are living.

Now, when I am talking of inflation, I should give some figures also. I am again talking only about the items consumed by the common people. In regard to food articles, there is one good feature. The inflation rate in 1991, in regard to these items, was 22.3 per cent. It has been brought down to 18.5 per cent. I compliment them for it. In regard to pulses, it was 23 per cent in 1991. It has come down to four per cent. I am very happy about it because with 'roti' you can give 'dal' to the common people.

Vegetables have now become a luxury. They cannot be taken even by the middleclass people. At least pulses must be given to the poor people with 'roti'. That is why I am very happy that inflation rate has come down.

And there is another good feature I am marking every day, in regard to edible oil prices. It is going down. In 1991, it had gone up by 40 per cent; now it has gone up only by 7 per cent.

As regards foreign exchange, the Government must have a judicious policy. I would not say that whatever foreign exchange you earn, you spend that. As I said earlier, we have to be miserly about the foreign exchange. But now when the things have improved, we must also import edible oil and if necessary, wheat also. But about wheat, I want to say one thing. I am very unhappy about one thing. I may be wrong. When the wheat procurement this year was very less, why we had given wheat to the flour mills? Even if we had given wheat to them, there should have been one condition that they will sell the flour at a particular rate. That fact should have been taken into consideration. In future, when we have this kind of a transaction, we have to take care of the fact that there is no profiteering by those persons at the cost of the Government, at the cost of the common man. In future, if you think it necessary to bring down the prices, then even from the stocks we can give it. When we give wheat to the wholesalers, there should be a condition that within a particular time, they have to sell it at a prescribed rate. If this is not done, then again the prices will go up. That is what I want to bring to the notice of the hon. Minister and I am sure, he will look into it.

As far as foreign exchange is concerned, the reserves have gone up to Rs. 11,500 crores. Mr. Jaipal Reddy has said this. I am very happy about it. It is true that a part of that is from the borrowings. As far as borrowing is concerned, my concept is very clear. You may or may not agree. But I am very clear in mind that borrowings, if necessary, should be there. But for what purpose it is going to be used is more important. Suppose, we had not

borrowed in the earlier years and had not generated assets for irrigation or power, what would have been their cost at this point of time? From where could we have got the money? What would have been the extent of our requirement? So, there is nothing wrong in it. But it has to be used for the purpose of development with such terms and conditions which are suited to our requirements. So, as far as loans are concerned, borrowings are concerned, I am totally in favour of them. Even seventy to eighty per cent of the assets of Tatas and Birlas are from borrowings. There is nothing wrong in that. I am very happy that the concessional part is more than 60 per cent and there, the rate of interest in 1990-91 was 3.44 per cent. If we are getting this at this rate of interest, should we not take these loans? When the rate of interest on the borrowings of the Government is more than 12 per cent and when we are getting it at 3.44 per cent, I think, there is nothing wrong in that.

Similarly, regarding commercial borrowings, the rate of interest is 8.8 per cent only. It was 9 per cent in 1980-81. On the contrary, we are getting it at 8.8 per cent after ten years. If you take the inflation into consideration, it should have been 20 per cent. Are we not going to take such loans? (Interruptions).

SHRI RAM AWADHESH SINGH (Bihar): Not at the cost of the people. (Interruptions).

SHRI JAGESH DESAI: There should be some kind of a mechanism by which we can get back and that can be done only when there are some conditions that when we have taken foreign investment from some other agencies, there should be some kind of export obligation. If that is done, I think that would be better. We must take this step.

श्री राम अवधेश सिंह: लोन लेकर बहुत... (व्यवधान)

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): राम अवधेश जी, आप बैठिये।... (व्यवधान) राम अवधेश जी, आपका समय आया तो बोलिएगा।

श्री राम अवधेश सिंह: मान्यवर, मेरा कहना है... (व्यवधान)

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): आपका जब समय आया तब बोलिएगा।

श्री राम अवधेश सिंह: पब्लिक सेक्टर में जो पैसे लगाए गए हैं, उसका इतना दुरुपयोग हुआ है, यह सरकार इस बात की गारंटी दे कि जो पैसा हम ले रहे हैं, उसका मिस यूज नहीं होगा।

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): आपको वक्त मिलेगा, उस समय बोलिएगा। आपको वक्त मिलेगा।

श्री राम अवधेश सिंह: यह हाउस को मिस लीड कर रहे हैं।

श्री जगेश देसाई: मैं नहीं कर रहा हूँ मिस लीड।

श्री राम अवधेश सिंह: आप इतने साधुवाद से बोल रहे हैं जैसे इसमें कोई बुराई ही नहीं है।

श्री जगेश देसाई: मैं नहीं कर रहा हूँ मिस लीड। आप मेरी बात सुनिए। आप क्या चाहते हैं कि पब्लिक सेक्टर को मार डालें? आप कैसी बात कर रहे हैं?

श्री राम अवधेश सिंह: आप राष्ट्र की अस्मिता को गिरवी रख रहे हैं।

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): आप बैठिए। जगेश जी, आप अपनी बात कहिए।

SHRI ASHIS SEN (West Bengal): Mr. Vice-Chairman, please allow me to speak for a minute. I want to ask Mr. Desai... (Interruptions) ... Mr. Desai is talking about... (Interruptions) ...

SHRI V. GOPALSAMY (Tamil Nadu): Why have you any objection? He is yielding.

SHRI ASHIS SEN: He is asking for a certain mechanism by which this can be improved. Is he also proposing import of high technology to find out that mechanism? Let him say...

SHRI JAGESH DESAI: I have told you when we import, we have to see that it is in our national interest and as far as possible, we have to see that it is for infrastructural necessities. I have made it very clear. ... (Interruptions) ...

SHRI ASHIS SEN: No, no; ... (Interruptions) ...

SHRI JAGESH DESAI: I am very happy ... (Interruptions) ... Sir, I am very happy. ...

श्री राम अवधेश सिंह: आप मुझे एक बात बता दीजिए...

SHRI JAGESH DESAI: You can speak on a point of order. Then he will reply to it. Please don't interrupt. I am not yielding.

[Shri Jagesh Desai]

श्री राम अवधेश सिंह: आप मुझे एक बात बता देंजिए...

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): राम अवधेश जी, बताएंगे तो मंत्री महोदय। नहीं, नहीं, जगेश देसाई जी आप बीच में अलाउ नहीं कर रहे हैं।

श्री राम अवधेश सिंह: विदेशी कर्जों का सुद देने के लिए कर्जा लिया जा रहा है, यह हमारी स्थिति है। यह मिस यूज ऑफ बोरोइंग है कि नहीं?

श्री जगेश देसाई: आप नहीं समझे मैंने बताया न, मैंने कहा कि ... (व्यवधान)...

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): राम अवधेश जी, अब आप बैठिए।

SHRI JAGESH DESAI: Sir, last time I had vehemently opposed the expenditure tax on hotels. I am very happy that this time you have withdrawn it. I am very happy because the middle class people go to these hotels. You can see it everywhere, in the cities of Bombay, Delhi etc. As I have told you earlier, it was not an excursion. Now only it is an excursion; that is why it was not a luxury. Those who want to have a luxury can go to five-star hotels. We are talking about ordinary hotels. I am very happy you have withdrawn it.

So far as exports are concerned, we have to encourage the value-added goods, not the raw materials. I am very happy that our Prime Minister also has taken corrective actions. Though earlier non-basmati rice was to be exported up to 10 lakh tons, it has been reduced to 7 lakh tons. And I am assured by the Government that we shall stick to it. Secondly, to encourage the value-added goods so that we can get more exchange, you have wisely but in a very small manner started having the export duty on some items. I think we should see that this is broadened and we should try to see that in the case of foodgrains it is exported only in the product form. I welcome it, but the export of foodgrains, iron-ore and other items will not help our country. I am very happy that even the Prime Minister has directed that iron-ore of some quality is not to be exported. It is a very welcome step and, Sir, it should continue. Please bring some more items under this. ... (Interruptions)...

As regards *ad valorem* duty,—I was one of the Members of that Committee;

it was probably in 1986 or 1987—Sir, we had done the same thing which Dr. Chelliah has done this time. As far as possible, wherever it is feasible that Special Duty should be replaced by the *ad valorem* duty.

SHRI N.K.P. SALVE: They have done it.

SHRI JAGESH DESAI: They have done it. All right.

As regards the Specific Duty, every year it should be increased according to the price of that commodity so that we can get the correct levy from it. You have started doing so. Sir, I must compliment you that after five years of our fighting with this, at least you have done it now. Now, I will come to small savings and that is my pet subject. Small savings have been affected. In this Budget also the share of the States from small savings has gone down, I think, by Rs. 1,000 crores or Rs. 1,500 crores. Again, 80L comes and you withdraw it. I am not for the bank deposits. You do whatever you want. I will think that it should also be on bank deposits—interest on the deposits. But at least for National Savings Certificate, 80L should be allowed. If it is not allowed and is withdrawn then it will be a loss to the States because wherever there are withdrawals they are deducted from the deposits of the current year. If that is not done, I think, the States will be seriously affected and as such we have to see that 80L is restored immediately at least in the case of small savings. I have no objection if you do it for dividends and other things. But as far as the small savings are concerned—regarding National Savings Certificate—it should be immediately restored. Six months before, you have given it. Now, again you have taken it out. It is a wrong policy not to give them now. Before six months you have done and now you have undone it. At least in case of small savings by way of National Savings Certificate, 80L should be restored; otherwise all will withdraw the money. When you give them the benefit for three or four years they have deposited their money. Now, they will withdraw and the share of the State Governments regarding loan will be affected.

Second is regarding the special savings deposits. Now, we are seeing that the small savings—the loan by the State Governments—are going down year by year. At least this year it has gone down. At least make a beginning. If not this year, next year. Start with 20%. Twenty per cent should be given by you to the State Governments from the special savings deposits. I am happy that this time you have increased the share of the States as compared to the Central Government.

[The Vice-Chairman (Shri M.A. Baby) in the Chair]

I have seen it. But in spite of that it should be done. I am very happy that the resources which you have given to the States have gone up very substantially. Even then, in the House which is the Council of States I have to pray that we have to see that small savings are encouraged. That can be done so that the States can get an increased share by way of loan.

As regards other taxation provisions, I am not going into it in detail. But I will say two or three things. As regards the exemption limit, you have brought it up from Rs. 22,000 to Rs. 28,000. You have withdrawn 80L. As regards 86CC (A) & (B) I am against it even today. It is good that you have withdrawn it. When this was introduced, at that time also I told the Government that it will benefit only those persons who have a windfall, who are going to retire in three or four years or those persons who have a huge profit in one year, who will deposit the money. In the next year if there is a loss, after two or three years they will be withdrawn. This is no real small savings. I am very happy that you have done away with it. But if you want to retain it then the period should be not less than 6 years. If you retain it, it should be for 6 years. Within six years they should not be allowed to be withdrawn. If it is not done, I think, those who have a windfall or those who have a huge profit in one year will only be benefited. They may be getting some premiums or some kind of interests. After two or three years they will withdraw and this is no real small savings. That is why I welcome it.

As regards the aspect of tax

exemption, you have increased it to Rs. 28,000. I have worked out the figures. I have roughly worked it out and I feel that this is a reasonable limit because you have reduced rate of tax from 30% to 20%. I have calculated in the old system on Rs. 50,000 when we are getting Rs. 22,000 by way of exemption plus Rs. 13,000. Suppose, I have got so much money and I invested all that, regarding dividend, the Unit Trust of India and interest, I was getting Rs. 1300 income from these investments.

So, my net income would remain Rs. 15000. On Rs. 15000 I was paying 30 per cent. So that was Rs. 4500. Now your exemption is Rs. 28000. So, Rs. 22000 is balance. So, 20 per cent on this comes to Rs. 4400. There is a difference of Rs. 100. Some people are saying that the middle class people are put to difficulty. But if you want to give more concession, I have no objection. But what you have done is quite reasonable. Sir, the demand from other political parties that it should be again raised, it is for you to consider. But as far as the middle class tax-payers are concerned, they are not put to any loss. If you are going to increase it, then the State Governments will get less share of tax. Sir, that aspect also has to be considered.

Sir, this is one of the best Budgets which I have seen in the last four to five years. I am taking the overall picture. I have listened to the views of the people. As a result of what you have done in regard to customs and excise duties, you are getting only Rs. 180 crores. But the net income, that is, resources by way of customs, and excise in the case of the Central Government is less by Rs. 877 crores and in the case of the State Governments it is more by Rs. 1060 Crores. You have reduced the customs duty. By this, you have harmed yourself only. The State Government is not harmed. If you reduce the excise duty then again the same arguments would have been there from that side that you have taken away the right of the State Governments by way of that share. Sir, as far as excise duty is concerned, you have increased special excise duty by 10 per cent to 15 per cent. But you have exempted those items which are used by the common man, and this time

[Shri Jagesh Desai]

petroleum products are also there. That is why the impact on the inflation is going to be very less. When I saw the figures after the Budget on the 7th March, it has gone up by 0.4 per cent because at this point of time the prices are going up. Sir, this 0.4 also is not because of these items, but because of the foodgrains, as I told earlier. That is why they have gone up not because of the impact of Budget levies. It is only marginal. It is only 0.1.

With these words I support the Budget proposals and compliment the Finance Minister for making such a good exercise when the people of this country feel that this Budget is for progress, for stability and this is a Budget to seeing that the economy is again moving.

SHRI DIPEN GHOSH: Mr. Vice-Chairman, Sir, I am very sorry that Dr. Manmohan Singh does not think himself to be appropriate Minister to listen to my views. Though, as per procedure the Ministers of State are quite capable of noting down and reporting back to the senior colleagues, I thought and I put it on record that the Minister of Finance himself should have remained present and in that fashion he should not have left the House. I take strong objection to the manner and the method he has left the House. He should have the courtesy to listen to the leaders of all the political groups and parties here. I have been here in the Parliament for a much longer period than him...*(Interruptions)*... Anyway, I regret...*(Interruptions)*...

SHRI JAGESH DESAI: Sir, I think these are very unfair remarks. Both the State Ministers are sitting here and is it necessary that the Finance Minister should sit throughout the day?

SHRI SATYA PRAKASH MALAVIYA: Mr. Ghosh is entitled to make his comments.

SHRI DIPEN GHOSH: As soon as I stood up and I started speaking, he left the House. This is against the convention. Sometime back, when he had become the Minister, I had said that he needed to undergo re-orientation programme for parliamentary practices. Now, again he has displayed that he still needs to undergo the re-orientation programme. Anyway, Mr. Vice-Chairman, Sir, I regret that I cannot

share the views of my best friend on the other side, Mr. Jagesh Desai. Because to me the 1992-93 Budget is the worst Budget since independence. The cacophony of adulation drummed up by the Government in a section of the media and among a section of economists who identify their own interests as those of the country's, cannot hide the fact that this Budget is going to cause severe damage to the Indian economy in the months to come. Sir, before going into details I want to put this on record. The other day also, the Union Finance Minister avoided direct reply to a question raised by my colleague, Mr. Kamal Morarka. Today, Mr. Jagesh Desai tried to lay all the ills of our economy at the door of the previous two short-time Governments. He took recourse to certain data and I would like to quote here.

SHRI JAGESH DESAI: We don't want to hear sermons from your side.

SHRI DIPEN GHOSH: All right. But I am sure, even though the Finance Minister left, you will not leave. Anyway, first of all I want to make it abundantly clear that by blaming the predecessor one cannot abdicate one's responsibility from doing well. If the predecessor did some bad thing, that does not entitle the present incumbent to commit worse things. Two wrongs do not go to make one right. The fiscal deficit, I go from 1983-84 to 1984-85, or Mr. Desai, should I take 1984-85 when the great leader had assumed power.... 1983-84, the fiscal deficit of GDP was 6.3 per cent. 1984-85, it rose to 7.5 per cent. In 1985-86, it further rose to 8.3 per cent, in 1986-87, during your Rajiv Gandhi's regime, to 9 per cent, in 1987-88 to 8.1 per cent, it came down slightly in 1988-89 to 7.8 per cent and in 1989-90 to 7.9 per cent. So, at least these two predecessor Finance Ministers could claim that they could manage the finance well compared to the successive Finance Ministers who were in the Rajiv Gandhi's Government.

SHRI JAGESH DESAI: We should see the revenue deficits. That is more important.

SHRI DIPEN GHOSH: Again, the total external debt to GDP, according to the Reserve Bank's report, was 11.9 per

cent in the year 1980, it was 23.9 per cent in 1988-89 and in between, it varied from 17 per cent to 21 per cent. Similarly, total debts to export of goods and services, that is, the debt-service ratio in 1980 was 9.1 per cent, in 1989, it was 26.3 per cent, in between, it ranged from 18.1 per cent to 28.9 per cent and once recording 39 per cent in the year 1987 and that was in your Rajiv Gandhi's regime.

SHRI JAGESH DESAI: So what? I told you very boldly that I am not against foreign debts. It is not wrong. How it is used is important.

SHRI DIPEN GHOSH: I agree with Mr. Desai that our economy really stands on the brink of disaster, on the brink of complete collapse and it did not come about within a year or two. If we examine the entire economic scenario in the last decade, we will come to know the economic policies followed by the successive Governments, particularly, after 1984-between 1984 and 1989.

SHRI JAGESH DESAI: What about 1978-79? Why do you forget about that?

SHRI DIPEN GHOSH: I am coming to that. Unfortunately or fortunately, since 1979 to 92, the present Finance Minister, Dr. Manmohan Singh, had been in one way or the other associated with the successive Governments in framing the economic policies of the successive Governments during this one decade. Don't throw stones from a glass house. He is a very great friend of mine.

SHRI JAGESH DESAI: I told you very frankly. If somebody gives me advice and I think it is not proper, I won't accept it. Why do you blame him?

SHRI YASHWANT SINHA: If the conclusion is that the present Finance Minister was giving correct advice all the time during the decade when he was associated with the various governments, then that is a matter of verification. It is not a matter of opinion.

SHRI JAGESH DESAI: You should accept it if you are convinced about what he says is right.

SHRI YASHWANT SINHA: That means he gave the correct advice, but the Government did not accept it. That is open to question.

SHRI DIPEN GHOSH: Mr. Vice-

Chairman, Sir, I want to point out four distinct characteristics of this Budget which make it unquestionably the worst Budget since the Independence. Firstly, it concerns a huge bonanza on the rich, while squeezing the poor. Secondly, it represents a criminal surrender of the country's economic sovereignty. Thirdly and fourthly, it starves the States and chokes the growth impulses of the country.

Let us try to elucidate briefly—briefly, because one of my other colleagues also will speak—that bonanza to the rich. Mr. Jagesh Desai happens to be a great friend of the poor, my economist friend, Prof. Thakur, also. But he has failed to mention it in detail. So I am helping him to show how the bonanza has been conferred on the rich by this Budget. The income-tax rates have been lowered significantly for the higher slabs....

SHRI JAGESH DESAI: What did Madhu Dandavate do? He made it from 50% to 40%. Can you forget it?

SHRI DIPEN GHOSH: I said, for the higher slabs. The wealth-tax is to exclude from its purview the financial assets and indeed, for all practical purposes, it has been wound up. The corporate tax rates have been left untouched. The capital gains tax has been significantly lowered. I think Mr. Jagesh Desai cannot controvert it. The revenue loss on account of the so-called adjustment of income-tax rates amounts to Rs. 1500 crores the maximum of which, you can appreciate, will accrue to the upper income brackets. Our country is officially called still by its Constitution a socialist republic. Our friend, Ram Naresh Yadav, an old colleague of ours, will kindly note it. Our country is still called by its Constitution a socialist republic. Yet, I think, a capitalist country like Great Britain, Margaret Thatcher's Britain, would have been put to shame, judged by the yardstick of how lightly the rich have been taxed by this Budget this year. Then, go to the other side of the coin and see how the poor have been proposed to be squeezed or have been squeezed. Your giving a bonanza to the rich is obvious and you are squeezing the poor in a less obvious manner and this would operate palpably through a direct or indirect effect, that is,

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through the cost-push factor of the increase in special excise duties on a large spectrum of commodities by 5% which is supposed to garner as much as Rs. 1025 crores for the Exchequer. Who will bear it? Jagesh Desai, myself, all, poor people. *(Interruptions)* Okay. This has been done while dispensing with the customs duty on a wide-ranging things under the garb of restructuring the customs duty to build up the competitive spirit of the Indian industry which, in real terms, will boost the sale of foreign goods in the Indian market at the expense of the indigenous products because, my friends on the other side will agree, a reduction in the customs duty and an increase in the excise duty in totality means giving concessions to the multinationals for goods produced abroad at the expense of the Indian manufacturers, the indigenous manufacturers. But the most important thing which other speakers have not mentioned is this and I am going to supplement to what Mr. Jaipal Reddy, our Leader of the Opposition, has said, and that is that the squeeze on the poor would also operate through the new exchange rate mechanism that has been set up. Everybody here is so much enamoured of this partial convertibility of the rupees. But what exactly will it do? Today, according to the latest proposal put forward by the Government, 40 per cent of the foreign exchange earnings through exports and services would be retained by the Government for essential imports at the official rate and 60 per cent at the free market rate would be available to anyone who wishes to buy it for the purpose of making imports of items except those in the small negative list. Forty per cent would be retained only by the Government to import essential items at the official rate while 60 per cent will be floated in the free market which means anyone can buy that and import whatever he likes except those appearing in a very small negative list. What does it mean? Previously, in the case of the Exim Scrips they made it 70 per cent and 30 per cent, that is, 70 per cent at the official rate. Now, it has been converted into 40 per cent at the official rate and 60 per cent at the free market rate. What will happen now?

SHRI JAGESH DESAI: But the Exim Scrips have been dispensed with you.

SHRI DIPEN GHOSH: What will happen now? Mr. Jagesh Desai, you are a Chartered Accountant and you can help me. What does this mean? This would mean that a lot of whatever was hitherto being imported at the official exchange rate would now have to be imported at a higher free market rate thereby rendering the rupee cost higher. We import important consumer goods and intermediates whose domestic prices need to be kept low and that is why these are being imported at the official rate and, so, the rise in import costs in terms of rupees will have significant inflationary effect on the economy to the detriment of the poor. That you cannot deny; you cannot deny this fact. Already, today's newspapers have reported that. If you go through today's newspapers, you will find that, at Bombay, the dollar has become dearer this year. It is Rs. 32.60 per dollar and the official rate is much less than that. If 60 per cent is converted in the free market, you will buy foreign exchange giving more rupees and then you will import and the import value in rupee terms goes up and it adds to the inflationary pressures. But there are other consequences also.

SHRI JAGESH DESAI: You will be entitled to it after you export only. You forget that conveniently! Only on exports you are going to get it.

SHRI DIPEN GHOSH: That is all right. In the domestic market the import cost in rupee terms will go up. Don't forget it. And, from the official foreign exchange kitty, we will have to pay not only for our imports, but also for the interest on our external debts. If you retain only 40 per cent and, out of that, you want to import your essential items and, at the same time, to pay interest on your external debts, it means that more and more importable essentials will now have to depend upon the free market rate and that way the import cost will go up in rupee terms. This is my point of view which you can understand. You can understand the problem, but many cannot understand.

2.00 P.M.

SHRI KAMAL MORARKA : He

understands the position. But you must understand his position (*Interruptions*).

SHRI DIPEN GHOSH : According to my calculation, the additional rupee, because of these imports will correspondingly amount to at least 4,000 to 5,000 crores this year.

SHRI JAGESH DESAI : That is why the customs duty is reduced.

SHRI DIPEN GHOSH : Okay. There is another thing. There is implicit devaluation. That everybody has pointed out. So I am not going to point that out.

Then, how does it pinch the poor? My colleague, the Leader of the Opposition, has pointed out that this Budget has slashed the social sectors. He has quoted figures. And who will suffer the most if health services, malaria control, filaria control, hospitals, water supply and on account of such other heads the Budget is slashed? To the extent the social services sectors are slashed down, the Budget provisions, the poor will suffer. On account of Central Hospitals the budget provision is slashed down. The rich will not suffer because they can go to nursing homes or other physicians. So naturally the second aspect was that this is squeezing the poor. What is the inspiration behind it? The real inspiration behind this Budget, whether it is rupee convertibility or it is reduction in customs tariff or it is withdrawal of Customs barriers and giving a bonanza to the rich in all respects the real inspiration behind this Budget is the World Bank and the IMF, because it is the World Bank and the IMF which have dictated terms. And I can produce the list, head by head. Those documents are laid on the Table. Negotiations had been going on since January, 1991. The Credit and Loan Agreement was signed on 5th December, 1991 with the World Bank, the International Bank for Reconstruction and Development and the International Development Association. If you compare the conditionalities of all loans and credit agreements, you will see that the budgetary provisions which have been made in the 1992-93 Budget were already agreed upon by the Union Government in the Agreements in the letter which Shri Manmohan Singh had written to the World Bank President. We can bring out

the list. In fact, we have already done so. In every aspect, for the first time, the national Government, while preparing the Budget had to address itself to the conditionalities imposed by the international lending organizations than to the requirements of the people and the country. Sir, the Finance Minister in the Budget Speech and also the Prime Minister in his reply to the Motion of Thanks on the President's Address have stated that if we go for a loan, we have to accept the lender's conditions. But, Sir, if the lenders or the lender puts conditions affecting almost every facet of our economy, and the conditions amount to detailed directives, then, is the loan worth it? That question has not been replied to be the Finance Minister nor by the Prime Minister. Yes, when you go for a loan, the lender must have his conditionality. But whether you will accept that conditionality or not, that depends upon you. And whether you will go in and accept those conditionalities, that has to be decided. And no country in the world, even for that matter, I can quote from Mr. Manmohan Singh when he was with the South Commission....

PROF. SAURIN BHATTACHARYA (West Bengal): That was long ago. In one year's time, one world has disappeared from the face of the earth which is their way of interpretation...

SHRI DIPEN GOSH: He has stated as to what was the experience of the countries which went in for loan or credit from these international lending agencies for structural reforms.

Anyway, Sir, that is why I say that these conditionalities would choke off the growth impulses in our country. With the taking of the loan, it is true that the foreign reserve has gone up. But to that extent, the external debt has also gone up. The debt ratio has gone up, the debt ratio to GDP, the debt ratio to export earnings has gone up. And now, to pay the debt servicing, our country has to incur further debts. On exports, the Government has sought to point out a rosy picture. But that rosy picture does not appear to be very near. On the contrary, the exports in dollar terms have gone down. And what do we export? We export mostly the semi-finished goods or

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raw materials. And now with the reduction in the custom tariffs and the withdrawal of the custom barriers, our Indian industry will suffer. And with further imposts of excise duty on their products, their products will be costlier. Already, recession is there. One way it is inflation. The industrial sector says that there is recession. And there is no way out from this stagnation.

So, Sir, about the other issues, my colleague will speak. In the meantime at least I want to support what Mr. Jagesh Desai has advocated—and that is how the States are going to suffer through this Budget. The Finance Minister has sought to project a picture as if with the increase in the excise duty, with the decline in the customs duty, the States will get more share. Apparently it is true. And he could not give further benefits to the income-tax payers because in that case the States will suffer. It is a very good projection. But by withdrawal of income-tax exemptions from the small savings, the people in the middle rank will have to pay more income tax, and I will tell you how it is happening.

SHRI JAGESH DESAI: Upto Rs. 50,000, there is a gain in the new Budget.

SHRI DIPEN GHOSH: After the exemptions are withdrawn, they will have to pay higher income tax on their savings. You can make a calculation. These exemptions were available earlier; but now these have been withdrawn. Now, with the creation of mutual funds by the banks as well as the private sector organisations, and by the offer of a higher interest rate, the money by way of small savings would be diverted to mutual funds, and the States would also suffer because they were getting a share on the investments upto 75 per cent. And this way, the States' share will wither away. With the cut in the social service sectors, with the slashing of the Budgetary provisions in respect of social service sectors, through which mostly the States gained through employment generation and other matters, the poor people will suffer and at the same time the States will suffer in the matter of creation of job opportunities etc. Therefore, I say that

this Budget confers a bonanza on the rich, squeezes the poor, staves off the States and chokes the growth impulse in the economy. And this has been done at the instance of the World Bank and the IMF. This time the Budget has not only been prepared by the World Bank and the IMF personalities, even the Finance Minister has been foisted on the Union Government by the World Bank and the IMF. This gentleman was never near the politics, and it was a conditionality of the World Bank and the IMF, and that is why this man was inducted into the Cabinet and he was got elected from Assam and foisted on the Union Government....

PROF. CHANDRESH P. THAKUR (Bihar): This is not fair.

SHRI DIPEN GHOSH:.....as an * to oblige the World Bank and the IMF on conditionalities. Thank you.

श्री राम नरेश यादव (उत्तर प्रदेश): राज्य सभा का सदस्य तो कहीं से भी आ सकता है। इसलिए इसका बजट से कोई संबंध इस नाते से जोड़ा जाए....
(व्यवधान) यह बिल्कुल ही गलत है।

श्री अश्विनी कुमार (बिहार): यह तो आप ही की परम्परा है इस प्रकार से आरोप लगाने की। वहीं लगाते हैं ज्यादातर।

SHRI JAGESH DESAI: It is very bad. This is in bad taste. A senior leader like Mr. Dipen Ghosh should not say things which leave a bad taste.

THE VICE-CHAIRMAN (SHRI M.A. BABY): Prof. Thakur.

PROF. CHANDRESH P. THAKUR: Thank you. I have listened with great respect, as usual, to my friend and the Leader of the Opposition Mr. Jaipal Reddy, and another leader, Mr. Dipen Ghosh. Both are my good friends but there are occasions when we have to criticise them as people who are not on a right track.

SHRI S. JAIPAL REDDY: Job requirement.

PROF. CHANDRESH P. THAKUR: Yes. I repeat. Jaipal Reddy has a problem...

SHRI S. JAIPAL REDDY: I only borrowed the phrase from Prof. Thakur, that that was his job requirement.

PROF. CHANDRESH P. THAKUR:

*Expunged as ordered by the Chair.

I do not have a job. I am a simple Member of the House.

SHRI DIPEN GHOSH: Prof. Thakur, I would like to leave.

PROF. CHANDRESH P. THAKUR: Thank you. I know what you spoke you did not believe in.

SHRI DIPEN GHOSH: My colleague is going to speak. He will hear you and reply to you.

PROF. CHANDRESH P. THAKUR: The fact remains that as the Leader of the Opposition, you have a job, and a very respectable job. We all respect you in that capacity. But the job requirement is hazardous, as it turned out today for you. For the first time, I found you fumbling with words, somewhat confused, addressing the male Member presiding in the Chair as 'lady', a male Member as a female Member, looking at the Finance Minister, and confused whether to treat him as a friend, or, as a foe, whether to criticise him, or, appreciate him. These are signs, symptoms, of a situation where you would like to speak a different thing, but, you are forced to speak what you spoke. It was not any ambivalence. It was a kind of a thing, 'My mind is made up. Don't confuse me with facts'. The Finance Minister, in his statement, was trying to convince you with the facts, but you have made up your mind to criticise. And you were struggling, you were trying to find ways and means, to criticise.

I was amused when you were doing a class analysis of the Indian society, how the provisions of the Budget had affected one or the other class. I thought you belonged to a party whose leader does not believe in class, but believes in caste. You would have been on a better ground, on a more honest ground, if you had tried to create the budgetary provisions, linkages, with the principles and policies that your party, particularly, your leader, has been following. Your political mileage is tried to be derived from an appeal to the caste and a civil war in the society. I thought you would turn and twist the argument to promote the civil war to derive some mileage in the next round, which is not going to be very soon. (*Interruptions*)

SHRI S. JAIPAL REDDY: If you would like to say this. Having

regard to the structure of the society, caste and class largely overlap in our country.

SHRI KAMAL MORARKA: That is in the Mandal Commission's report. He does not understand. He should ask Mr. Sitaram Kesri.

PROF. CHANDRESH P. THAKUR: If you decide to remain confused, nobody can help it.

I was in the House when Mr. V.P. Singh spoke on the Mandal Commission's report. I was the first to react. If you will allow me, I would like to summarise what was exchanged. I said 'If you look at the society, vertically, at the lower end, at the base of the pyramid, there is convergence of class and caste, but as you move up, the convergence changes into divergence, and there are destitutes in the upper caste and stinking rich in the lower caste'. I said 'Precisely, for this reason, at the lower end, there should be no economic criteria, but at the middle and higher levels, economic criteria should come'. As he is now saying, his leader said: 'Look at what Prof. Thakur is saying. He is saying that there is convergence of class and caste'. I said: 'I did not say all the way'. At the base of the social pyramid, there is convergence, but when you move up, there is divergence. Now, Mr. Jaipal Reddy is continuing in the same way. Of course, that is his job requirement. What his boss says, he continues to repeat that. They have to get out of that. I think they have been tested in the market and they have been given the price that they deserve. If they continue to live in the paradise of their own creation, their days are numbered. They are going to be numbered faster than they realise. In the process, the society, the country, is subjected to a severe strain.

SHRI PRAKASH YASHWANT AMBEDKAR (Nominated): Mr. Thakur, you are sitting on a time-bomb.

PROF. CHANDRESH P. THAKUR: When it explodes, both of us will be blown off.

SHRI PRAKASH YASHWANT AMBEDKAR: It depends on which side it triggers, who triggers it. It is a matter of

PROF. CHANDRESH P. THAKUR: We will see. Now, it has been said that the Finance Minister has indulged in duplicity. It is said that he has tried to please and pamper certain categories and punish others. But the fact of the matter is that all classes are smiling. Look at the kind of wind that is blowing in the post-Budget period. Look at the kind of editorials that have been written. Look at the popular opinion. The other day some people came from the States where you rule, my home State where you are under the tutelage of your efficient Chief Minister and Uttar Pradesh....*(Interruptions)*. I was born and they have misruled, they have ruined it. They said that the price of gold has come down to the extent of Rs. 1300 per tola in a period of one week. They are not friends of the Finance Minister they said, मनमोहन सिंह जिन्दाबाद। सोना बरस रहा है। अगर सोने की कीमत इतनी तेजी से घट सकती है, तो और चीजों की कीमत भी घटगी है। Now this is the symptom of public opinion. What did you do? You mortgaged gold. You sold out the national asset. He has retrieved; not only retrieved through the new policy, he has discouraged and decisively discouraged two basic menaces, gold smuggling and gold hoarding. Gold smuggling was a crime and gold hoarding was a totally counter-productive habit which for traditional reasons in a society was popular. If you still do not take note of these positive figures, what else are you looking for?

SHRI PRAKASH YASHWANT AMBEDKAR: As far as smuggling of gold is concerned, there was a news item in Bombay three days ago in which it is said that a new style of gold smuggling is coming in. It has come through customs officials only; the COFEPOSA has gone but unofficial gold is being brought through official media.

PROF. CHANDRESH P. THAKUR: I do not keep company with the gold smugglers. If you keep that, you are better informed about gold smuggling. I have no way to respond to that. But the fact remains that the price of gold in India...

SHRI KAMAL MORARKA: Is that going to be the standard of this debate? If abuse is going to take the place of an

enlightened debate, let us know the rules beforehand. Mr. Ambedkar made a point. You may not agree, but you cannot say that he keeps the company of smugglers. If I turn round and say I do not keep the company of Congress, how would you like that?

PROF. CHANDRESH P. THAKUR: I keep the company of Mr. Kamal Morarka and I am very happy about it.

SHRI KAMAL MORARKA: I take strong exception to this. You are a responsible Member of this House. This is how you treat Mr. Ambedkar. *(Interruptions)*. Show some restraint. You may be in power, but you must understand that it is no way to behave.

PROF. CHANDRESH P. THAKUR: If my words have hurt my friend Ambedkar, my apologies. *(Interruptions)*.

SHRI KAMAL MORARKA: No, no, they have not hurt Mr. Ambedkar. I am sorry, it is the dignity of this House, it is the prestige of this House which has to be maintained.

PROF. CHANDRESH P. THAKUR: Do not get excited. *(Interruptions)*.

SHRI KAMAL MORARKA: We do not want any conditional withdrawal. Do not withdraw. You stick to what you said.

PROF. CHANDRESH P. THAKUR: You cannot force words in the mouth.

SHRI KAMAL MORARKA: Arrogance of power has swept much bigger people than you. You are pigmies.

PROF. CHANDRESH P. THAKUR: Including you.

SHRI KAMAL MORARKA: Mr. Thakur, this is not an Economics class. This is Rajya Sabha. Behave yourself.

PROF. CHANDRESH P. THAKUR: If people get angry, they run into difficulty. That is the whole problem. *(Interruptions)*.

SHRI KAMAL MORARKA: I can deal with you, I can deal with all of them, but I cannot tolerate casting aspersions on any Member of the House. You have not said anything to me, but it is no way to cast aspersions against a Member of the House. Mr. Ambedkar happens to be an hon. Member of this House. If Mr. Dipen Ghosh said that you brought Mr. Manmohan Singh from

[Shri Kamal Morarka]

Assam, two of your Members got up to correct him, but when he says that you are keeping company of smugglers, at least Mr. Ram Naresh Yadav and Mr. Jagesh Desai could have objected to it, they do not think it necessary to correct you. Are these the standards? Correct Mr. Thakur and ask him to maintain restraint.

PROF. CHANDRESH P. THAKUR: I respect you...

SHRI KAMAL MORARKA: I do not want such *maharbuni*. I do not want such respect. We want our right as Members of the House.

PROF. CHANDRESH P. THAKUR: You lend your ears. If you are in need, have a cup of tea or a glass of juice.

SHRI KAMAL MORARKA: If you continue like this, you will not be allowed to speak. I think you are underestimating us. What does it mean, 'have a cup of tea'? How did you say, "Mr. Ambedkar may be keeping company of smugglers?"

PROF. CHANDRESH P. THAKUR: You are not listening. I have heard that kind of language you have spoken.

श्री राम नरेश यादव: एक बात यह है कि जब माननीय सदस्य ने यह कह दिया कि अगर उस पहुँची है, तो मैं शब्द वापिस लेता हूँ, इसके बाद तो मामला समाप्त हो जाता है। अब कुछ कहने की आवश्यकता ही नहीं है। फिर मैं निवेदन करूँगा और मामला समाप्त करूँगा।

श्री कमल मोरारका: आप निवेदन ठाकुर साहब से करिए हम से मत करिए। निवेदन भी हम से कर रहे हैं। ... (व्यवधान) गलती खुद करते हैं और निवेदन हम से करते हैं।

श्री राम नरेश यादव: उन्होंने जब मुआफी माँग लिया, उसके बाद मैं कह रहा हूँ।

श्री कमल मोरारका: मुआफी नहीं माँगी है।

श्री राम नरेश यादव: उन्होंने कहा कि मैं वापस लेता हूँ। ... (व्यवधान)

THE VICE-CHAIRMAN (SHRI M. A. BABY): I think Prof. Thakur ... (Interruptions)... Mr. Morarka, please sit down. Yadavji, please sit down. I think Prof. Thakur will withdraw that reference which he has made.

PROF. CHANDRESH P. THAKUR: Sir, I have withdrawn that, already. ... (Interruptions)... Mr. Vice-Chairman, what he needed was done.

THE VICE-CHAIRMAN (SHRI M.

A. BABY): That reference has been withdrawn. ... (Interruptions)... Now let us not go back to that subject again. Let us continued with the debate.

PROF. CHANDRESH P. THAKUR: But before I continue, Sir, I would like to remind my friend Mr. Morarka, whom I respect, let us go back to the records of the House. The kind of language that he spoke while referring to the Finance Minister. I think he will be very sorry about that himself. When you are angry, you go on speaking everything but the only thing is that there is a memory lapse. You read the past record and see. ... (Interruptions)...

THE VICE-CHAIRMAN (SHRI M. A. BABY): Anyway, let's not go back to that topic again. ... (Interruptions)...

SHRI KAMAL MORARKA: I am not defending anybody. I have only said that Ram Nareshji and Jageshji, who had objected so vociferously to Mr. Dipen Ghosh, should also object to Prof. Thakur. I am not defending anybody.

SHRI JAGESH DESAI: Mr. Morarka, I have not heard what he said because I was talking here. ... (Interruptions)...

THE VICE-CHAIRMAN (SHRI M. A. BABY): Please, let us not go back to that topic. Prof. Thakur, please continue with your speech.

PROF. CHANDRESH P. THAKUR: Sir, let me make the point again, that gold prices in India have always been the highest and, as a result of this budget proposal, gold prices started coming down. The relative point that I was trying to make is that this has discouraged or dampened gold smuggling, which was a menace. The second thing I said was, it might help in getting gold hoarding as a national habit further dampened and from people who have been hoarding gold, it will come out—and that is a healthy sign. That is the main point.

Now, a reference was made by Mr. Jaipal Reddy that Nehru must be turning in his grave. Well, Nehru doesn't require reinterpretation from Mr. Kamal Morarka. He is a great admirer and in that we keep company together. We like each other, we agree. But let us ask the question: Had Nehru been alive, would he have still remained frozen in his policies? What would he have done?

What was Nehru's model? Nehru's model was that we will have a mixed economy when we will try to bring the State for strategic intervention in the economic life when it is there. And he also allowed the private enterprise not to die. One of the greatest strengths of Indian economy today is that while Eastern Europe has collapsed, there is a search for a creator of wealth because they did not allow an entrepreneur class to develop. We retained them, we encouraged them, we promoted them and, precisely for that reason, we find that the public sector, which we created, contributed substantially well, and some of the public sector enterprises have done better than many of the private enterprises.

We are trying to draw on the strength of the efficient units in both the sectors. As I said last time when I spoke in this House, today the ownership issue is a non-issue. The issue is, where is efficiency? Is it the joint sector, is it the private sector, is it the public sector, is it a joint venture between a national enterprise and an international enterprise? Now let us not forget that when we talk about multinationals we are not talking of a walkover on Indian economy by the multinationals. We are talking of multinationals as a conduit for access to better technology, closely allied to state-of-the-art technology. We are looking for investment fund in the equity. We are also looking for access to world market through their marketing network. What is wrong in it? It is not open-ended; it is a selective entry. So the whole question is, Indian economy, in a crisis today as it is, requires transfusion of blood, a shot in the arm, and from wherever it has come it is a kind of a multi-spectrum therapy that we are trying. Whether it will succeed gloriously or marginally, time alone will show. But, in any case, what we saw in the last two years, before we came to power, with the kind of recipes that were tried, the crisis got further compounded. It created more problems than it solved.

I would not like to dilate much on this World Bank issue because this has been an overburnt issue. They do not have much to say, but they kept on saying it. But one point I would like to say that when the previous Finance Minister took

charge of the Finance Ministry, that was the time when the structural readjustment programme started coming. In due discharge of his responsibility as the Finance Minister and in fairness to the recipe required at that time, what kind of letter did he write to the World Bank? I am not clear about it. I am just reminding what the Prime Minister said, "We are doing nothing new. This is a continuation of the policy which we started in terms of course correction of the economy." This is precisely what is happening today. It so happens that at this point in time they are not in power.

SHRI YASHWANT SINHA: If you will kindly yield for a moment, Mr. Thakur, you are not privy to the letter which I wrote, not to the World Bank, but to the IMF. You are not privy to that letter because that letter has not been made public yet despite my demand I made when I intervened in the debate on the President's Address, that that letter be made public. So, I do not know from where and on what authority you are citing so authoritatively that letter.

PROF. CHANDRESH P. THAKUR: Anyway, I have not been the Finance Minister. He knows what he wrote. But some letters he wrote. There is one thing very clear. When you speak, probably you can tell us the contents of the letter.

SHRI YASHWANT SINHA: I don't know. I am not in the Government now.

PROF. CHANDRESH P. THAKUR: I can tell one thing and tell it very confidently that no Government, no Minister before Mr. Manmohan Singh, has been so transparent in sharing the facts and details with the House as he has been able to do. You made so much of noise for several days, and finally

SHRI S. JAIPAL REDDY: Under compulsion.

PROF. CHANDRESH P. THAKUR: Whether it is compulsion or choice, the fact of the matter is that he gave you all the facts. Whatever he promised, he gave.

SHRI YASHWANT SINHA: On both, when he shared his letter to the IMF, he shared it under compulsion, and when he shared his letter to the World Bank, he shared it under compulsion.

PROF. CHANDRESH P. THAKUR: But the whole question is that he shared it: you did not. This is the whole question. (*Interruptions*)

SHRI S. JAIPAL REDDY: We forced him to share the information with us.

PROF. CHANDRESH P. THAKUR: Well, you can pat on your back. But the fact remains that he shared it. (*Interruptions*)

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): We did not kept it secret. (*Interruptions*)

PROF. CHANDRESH P. THAKUR: I think Mr. Chidambaram is absolutely correct that you did not tell the people of India. When we created a problem, you started crying louder and louder, and everything was laid on the Table of the House. The country knows where you stood and where we stand. I think the judgement is in the hands of the people. Okay?

On the substantive aspect, this Budget proves without any doubt that there is a continuity of the policy declaration in the previous Budget. I think, any responsible government is obligated to transmit that the policy is irreversible. The Finance Minister needs to be complimented by the whole House that for the world at large and for the people in the country a message was required that the Government was irreversibly committed to the policy package which it started. He deserves it.

The other part is that if you look at the macro-economic performance of the previous year, of the year 1991-92, it has been an appreciable performance on many grounds. I will not go into the details.

SHRI S. JAIPAL REDDY: Inflation, growth rate.

PROF. CHANDRESH P. THAKUR: Of course, the inflation also will come and also the budgetary deficit. He promised that it would be reduced. Was it reduced or not? Whatever was estimated turned out to be less than that.

Then, there is a curb in the Government expenditure, including the Central Government expenditure. Almost every Government has repeatedly said,

whether it is Congress or non-Congress, that the non-Plan expenditure would be curtailed. Here is the first case in 1991-92 that there is concrete evidence of a substantial cut in the Government expenditure. It may have created problems. But the fact is that in order to manage the economy at the macro-economic level some of these hard measures have been taken, and the Government, despite all the problems, had the political will and the administrative capability to enforce a certain degree of.....

SHRI S. JAIPAL REDDY: This is not a correct claim for the very simple reason that the payment of the D.A. has been deferred to the next year and that the D.A. would come to nearly Rs. 2,000 crores.

SHRI YASWANT SINHA: Rs. 3,000 crores.

PROF. CHANDRESH P. THAKUR: The D.A. has not been deferred. The Departments have been told whatever pressures are there will have to be absorbed within their allocations. That amounts to a curb in expenditure. That is a fact. At any rate it is possible to reshuffle your total expenditure portfolios in order to pay whatever you have to pay from your resources. So, why do you say it is deferred? It is absorbed. That is an element of economy that has been brought within the Budgetary process.

Take the outlook for 1992-93. It is very optimistic; at least a lot more optimistic than what last three years have been. Our nine months have turned out to be optimistic. The previous nine months also turned out to be optimistic, though not as optimistic. We started retrieving the economy from the crisis, but compared to those lousy months, when you were in power and your friendly successor was in power...(*Interruptions*) You brought it to a certain level from where there was no choice but to look better. That is the whole point. The benchmark for your performance in the subsequent years is so low that even if we mismanage, we are going to do a lot better than what you finally ended up doing. You started with what your Prime Minister said: 'misty' days are ahead; and when the mist cleared, he discovered that the

[Prof. Chandresh P. Thakur]

international confidence had eroded. It has taken persevering efforts and a lot of thinking to restore the international confidence. When you are trying to cry hoarse about the World Bank and the IMF, when your own NRIs are trying to withdraw money by hundreds of crores of rupees per month, then you expect other investors to come. You needed somebody to give signals that the fundamentals of the Indian economy are sound; you needed a signal for the foreign investors to invest, foreign lenders to lend, non-resident Indians to continue to remit or re-start remitting or stop withdrawing. You needed to sow confidence in the Indian entrepreneurs or the people who were saying, 'you do not indulge in *Havala* transactions; you don't send money outside.' And who could do that? Unless a respectable international multilateral agency takes the first step, it would have been difficult to restore confidence in the economy. It would have gone down-hill and down-hill at a great speed. So, rather than complimenting him for bringing the credibility back, so far as the Indian economy is concerned, and for transmitting a very encouraging and positive signal to investors all over the world, including India, you are criticising him in a political voice, a kind of an ill-informed outcry of surrender. Surrender to what? Is the World Bank not a creation of a country like India also? Is the IMF not a creation of a country like India also? India is one of the masters of the World Bank. India is one of the masters of the International Monetary Fund. Whatever transactions or business take place there, we are contributors there. We are involved substantially and deeply in the decision-making process of the world. (*Interruptions*) I am saying that the World Bank is a multi-national and multi-lateral agency, of which India is an active member.

SHRI DIGVIJAY SINGH (BIHAR): Do you know how many members are there in the World Bank and what is your position there?

PROF. CHANDRESH P. THAKUR: Whatever it is, I am asking a simple question: as a Member of the IMF are we involved in the decision-making process or not? Can Mr. Yashwant Sinha

say at any point that during his Finance Ministership he was not privy to certain decisions of the IMF in relation to its total operation? That is his duty or that of a person appointed by him, who sits as a Director there. He works under his instructions. He contributes to the decision-making process. And nothing has been done to compromise our position so far as the decision-making contribution of the Indian representative at the World Bank or the IMF or at any multi-lateral agency is concerned. It was our attempt to seek support to restore credibility and they have responded well. That shows that they are doing their job well and they have seen the fundamentals of the Indian economy and they are prepared to lean out and give us a chance. There is nothing to lament about it. There is nothing to criticise. The whole question is whatever the financial accommodation we have received, are we going to use it judiciously and efficiently or not? The ball is in our court, not in their court. Now, when you are saying about the World Bank conditionalities, have you compared with the kind of conditionalities that we are putting up with, with the kind of conditionalities that other countries have to put up with? Can you tell me a single illustration where World Bank and IMF have agreed to a national renewable fund? Don't you realise that despite World Bank and IMF, whatever they are saying, we are retaining the food subsidy and fertilizer subsidy because it is in our national interest? We cannot allow the peasants of this country to suffer in the process of production. We would like to encourage them. We want the poor people to be at the receiving end of the safety net, what the food subsidy gives and still you are saying that we are succumbing to the World Bank's pressure. Don't you realise that the World Bank and IMF wanted the entire nationalised banking sector should be off-loaded and become a private sector? The Government of India has said categorically "nothing doing, this is not an area of compromise." Are we looking for finances that...

SHRI S. JAIPAL REDDY: How do you interpret recommendations of the

Narasimha Committee? This Committee was appointed only to rationalise the recommendations of the World Bank.

PROF. CHANDRESH P. THAKUR: I will come to that point. The whole question is, are these not solid facts persuasive enough to let you change your belief that we can stand up to anybody, World Bank, IMF and the rest of the world together when it comes to decisions? The decisions are ours and in our interest based on our own judgement.

SHRI S. JAIPAL REDDY: I would like to put the record straight. You agreed not to cut fertiliser subsidy because of our pressure. We enabled you to stand up to the World Bank pressure.

SHRI P. CHIDAMBARAM: We take the decision. You take the credit.

SHRI JAGESH DESAI: It is not because of you. Our party wanted it. Mr. Ram Naresh Yadav wanted it.

PROF. CHANDRESH P. THAKUR: Well, what you talk about... *(Interruptions)*... rates. How do you bring course correction in the fiscal system when we find that marginal rate of taxation is very high, the cost of administration goes up, the policing cost goes up and the black market swells? What we are interested in is: (1) Revenue accruals should not drop; (2) The cost of Revenue administration should go down and (3) There should be a substantial discouragement to creation of black money. With this marginal rate of taxation going down all the way, they are encouraging people to be honest. We are trying to discourage the creation of black money and hopefully revenue accruals will improve. The whole question is: Do you want honest people to become dishonest or do you encourage the dishonest people to become honest? The choice is yours. Yes, the Finance Minister has tried to give the benefit of doubt to the honest tax-payer that you can pay tax and still your margin can be high.

Now the Defence part. Although there is a lot of noise around the neighbourhood, yet it is the priority for development and priority for crisis management which has persuaded the Government of India to have a close look at the Defence budget. Two things in the Defence budget should be taken note of.

(1) In real terms our allocation for Defence has gone down, no doubt. But we would like to see that the Government continues to reassure us that under no circumstances the security of India is going to be compromised. Now Defence is a function of sound diplomacy and what you call fighting capability. You can have what you call the teeth-to-tail ratio, maybe the manpower will go down, maybe certain kind of arsenals that we have will have to be off-loaded. We would like strategically to put our Defence system in such a position that our response is quick and effective when there is a need for deterrence or punishing somebody who is trying to be intransigent on the border. Otherwise we are in a different world where the cold war has stopped hopefully all over the world people are interested in encouraging the forces of peace. There is a need to have a more considered thought so far as the budget estimates for the Defence are concerned. But what have you promised regarding Army officers who have retired? Why didn't you implement "one rank, one pension?" We promised and we have implemented it for the hundreds and thousands of retired servicemen....*(Interruptions)*. You did not promise, okay. If you did not promise, you did not promise. You include that clause.

If you did not promise, you ignored that class. We promised and we have carried out that promise.

SHRI S. JAIPAL REDDY: You have [Shri S. Jaipal Reddy] also not carried out. *(Interruptions)*. You ask the ex-servicemen's associations. We made a promise and we fulfilled it partly. You made a promise and you also fulfilled it partly. Even now, that promise remains only partially fulfilled.

PROF. CHANDRESH P. THAKUR: We are progressing in that direction.

SHRI JAGESH DESAI: We have done much more than what you have done.

PROF. SAURIN BHATTACHARYA: Mr. Reddy they are following your direction.

PROF. CHANDRESH P. THAKUR: You talked about the public sector. Mr. Dipen Ghosh particularly talked about

the public sector. The trouble with Mr. Dipen Ghosh and his party is that they want private sector in West Bengal and public sector elsewhere. The word 'duplicity', which they have used in relation to the Finance Minister, eminently applies to them.

PROF. SAURIN BHATTACHARYA: Who excels the Congress (I) in duplicity?

PROF. CHANDRESH P. THAKUR: Yes. The West Bengal Government can excel anybody.

Let the point here be very clear. We are very much in favour of public sector. But we are not in favour of a public sector which is losing. We want a strong, vibrant and efficient public sector. That is what we are saying. The public sector is national asset and it should be run as a national asset in national interest, not only in the interest of the employees of the public sector. What is happening is that the public sector is being exposed to the capital market pressure. Knock off the bailing out from Budgetary support to go to the capital market and survive on the basis of operating efficiency. If a certain percentage of the share of the public sector is floated in the stock exchange or other kinds of relationships in the market are established, then it has a salutary effect on managerial alertness. Suppose we are offering in the public sector that the shares could be owned by the employees. Your Government tried and cried hoarse for employees' participation in management. What better way is there for them to participate than to partly own it. If the shares are held by the employees, their stakes are double improved. They are not only interested in salary but in the dividend income also. And as a result, they are interested in peak performance; they are interested in operating efficiency. You promised and we are trying to implement it. Workers' participation in management in a direct, substantial and effective way allows coownership. Whether we are doing it marginally or substantially, the direction has been established. If sick units are there, the first offer is to the employees. If the employees' associations form a cooperative and takeover, the

Government would welcome it. The Government has leaned forward saying that accumulated liabilities can be looked at and substantial relief, wherever necessary, on a case-to-case basis will be made available. In the matter of access to better technology, the Government will help them; in marketing, the Government will help them. Here is an opportunity where we are trying to do two things. Firstly, a sick unit which is a drain on the economy of India is sought to be retrieved, turned around, and in the process, the workers who would have been at the mercy of Budgetary support, are being given an opportunity to be their own masters lending a helping hand in the turning around of the unit which is sick in which their fate is also involved. If they help, they help not only the country but themselves also. There can be nothing healthier than this kind of a thing. I realise there can be hard cases. Again, in the hard cases, who uses the Exit Policy. We have not used the Exit Policy. All that we are saying is, in some cases, we will amalgamate; in other cases, we will try to write off the losses, accumulated losses.

PROF. SAURIN BHATTACHARYA: Why do you use that in parenthesis? Not formally. That implies that informally the Exit Policy is being pursued by your Government. You kindly explain.

PROF. CHANDRESH P. THAKUR: I am trying to explain. Whether I succeed or not is a different matter. I will try to explain.

The whole question is, nobody is saying that we are going to close a particular unit. The Government is saying clearly and loudly that we cannot live with the sick units. We have to reform them whether it is the cooperative part or the amalgamation part or whatever it is. (*Interruptions*).

SHRI PRAKASH YASHWANT AMBEDKAR: Mr. Thakur, will you yield for a minute?

PROF. CHANDRESH P. THAKUR: Yes.

SHRI PRAKASH YASHWANT AMBEDKAR: He is trying to prove contradictions. At one point, he is saying that the East European socialism had

been destroyed and over here, by talking about the participation of the workers, he is speaking of socialism again in the same voice.

PROF. CHANDRESH P. THAKUR: No, no. I think, the eastern part of Europe is not comparable to Indian economy. *(Interruptions)*. What is socialism, Mr. Subramanian Swamy will give you a close sort of description. *(Interruptions)*

SHRI SUBRAMANIAN SWAMY: It is bad. That much I know.

PROF. SAURIN BHATTACHARYA: I have no doubt about it.

SHRI S. JAIPAL REDDY: What is important is that Prof. Thakur and Mr. Subramanian Swamy are now thinking on the same wave length. That is exactly the point you have been adverting to.

PROF. CHANDRESH P. THAKUR: now, on public sector, let me add here, we are doing a lot better than many other countries who have been trying to do it in the private sector. How do you deal with the public sector when you are trying to off-load five per cent, ten per cent or whatever it is? The pricing of public sector units when you are trying to off-load it, has been a controversial issue. There have been compromises, there have been under-the-table deals, there have been sell outs and other kind of things. India has learnt from those mistakes. In the first round, when we tried to off-load that, we asked for blind tenders. Now we are going to do something better—open tenders. So, the accrual will be from off-loading of the shares in the public sector in the Indian conditions. Only yesterday, when we were trying to exchange notes with the German delegation—how have we handled the question of retrieving the public sector units—a Member of Parliament from East Germany said, “We went through the whole process in a very difficult way and in the process, a lot of national assets were lost.” We told them that this is what we have done and they appreciated and said that “this means you have learnt from our experiences.” In Soviet Union, in other East European countries, the privatisation price has been national loot. Some people gained substantially but in

our case, it has been done in a very skilful manner. The packages have been built where better units and sick units have amalgamated and it has been given to mutual funds to respond that. After revamping also, it can be given to some of the sectors.

The point I am trying to make is that our agenda on public sector is very systematic, very healthy. It respects the Nehru model and it tries to bring inefficiency. Wherever there was a kind of *..(Interruptions)*

SHRI S. JAIPAL REDDY: For God's sake, don't talk of Nehru. The name of Nehru does not lie well in your mouth.

PROF. CHANDRESH P. THAKUR: Nehru was not inefficient. Nehru was a visionary and whatever we are doing today, falls within his that telescopic vision. We are trying to retain both the sectors, we are trying to draw on the efficiency of both the sectors. The question is...*(Interruptions)*

PROF. SAURIN BHATTACHARYA: You are still 'mixed' 'hybrid' you mean?

PROF. CHANDRESH P. THAKUR: We are still 'mix'! We are simply changing the proportion of the mix when we are trying to inject pressure on the market. Now, Mr. Vice-Chairman, the Finance Minister said that we will bring changes, we will manage the crisis with a human face. This is an area where we must be complimented. We are going to have a National Renewal Fund. We know when we are trying to restructure the economy and modernise the technology, some people are going to get hurt. This is hard reality. Hundreds and thousands of people will lose their jobs or are likely to lose their jobs or it will turn into a situation where their skills and capability will become obsolete. What do we do? We are not leaving them on the road. We are trying to create a Fund—the National Renewal Fund—under which they will be retrained and reabsorbed. The whole question is, how this fund is being managed, which section of the society is lending positive thoughts and giving concrete support to the effective implementation of this innovative programme? It is not a question of the Fund being so much in amount and not

more. The offer has been made to the State Governments to subscribe. Now, you are talking about the state of the Central Government enterprises. Have you looked at the state of health of enterprises owned by the State Government, whether they are Leftist Governments or your Governments or the BJP Governments. Look at their bottomless pit. I hope there is a message for them to pick up: to participate in the National Renewal Fund. Go through the process of restructuring and modernising sick units under their charge and, perhaps, not only their Government will look better, but the whole country will also be looking better.

Similarly, you look at the medicare provisions under the fiscal dispensation that he has brought. For the first time the sick people have a sense of relief and they have an occasion to feel relieved. Look at the question of senior citizens. We have a young population, but the number of ageing people is growing. Even you and I will age some day. We have already grown and we will become senior citizens. Now the Finance Minister has the imagination and humane consideration to see that senior citizens' problems are looked into and there is a provision for that.

What about the working women?...

SHRI S. JAIPAL REDDY: You are referring to a very marginal aspect...

PROF. CHANDRESH P. THAKUR: They are marginal!...*(Interruptions)*... O.K. If senior citizens are marginal...

SHRI S. JAIPAL REDDY: No, no; I am referring to the marginal concessions, not to the senior citizens....

AN HON. MEMBER: For 'direction'. ...*(Interruptions)*...

PROF. CHANDRESH P. THAKUR: If senior citizens are marginal people...

SHRI S. JAIPAL REDDY: No, no; I am not saying that. I don't expect Prof. Thakur to be so perverse in his language. I was only saying you are trying to labour hard about marginal concessions given to senior citizens. You are making a more serious speech than that...

PROF. SAURIN BHATTACHARYA: That is by the very nature of the Budget. ...*(Interruptions)*...

PROF. CHANDRESH P. THAKUR: Jaipal, I am simply illustrating the points, what the human face is, what the dimensions of human face are, in this Budget...*(Interruptions)*... This is the first time when in the Budget the working women have been given a priority in tax concessions. Now we want women to take to work. We want women to become creative, active agents in the creation of wealth of the society. Unless there is an incentive for that, they will hesitate, they will continue to do their domestic chores without getting any reward...

SHRI PRAKASH YASHWANT AMBEDKAR: You have chosen only one section of women. You are reminded only of the upper class women, not the lower class women.

PROF. CHANDRESH P. THAKUR: If the working women, regardless of the class, are going to be benefited.

SHRI PRAKASH YASHWANT AMBEDKAR: It can't be...*(Interruptions)*...

PROF. CHANDRESH P. THAKUR: Jaipal, I am surprised you talked about one small firm being neglected...*(Interruptions)*... At one stage you talked about one firm being neglected. I think you have not read the whole Budget Speech...

SHRI S. JAIPAL REDDY: No, I didn't.

PROF. CHANDRESH P. THAKUR: There is a provision called "Small Agro Business Corporation". And I think the Finance Minister has used the expression that this Corporation would work on three criteria. Number one, the criterion of efficiency, not subsidy; number two, the criterion of environmental friendliness and number three, the criterion of equity. If you are going to manage a large number of small scale industries, smaller industries—whether they are in agro-business or somewhere else or throughout the country—on these three criteria, on efficiency, on environmental friendliness and on equity, then you are providing a vehicle for growth with equity of which any country will be proud. The only thing is, rather than criticising that, look at the positive aspect of it, because in any country the largest number of jobs comes

from the small units and the maximum amount of production comes from the small units and in India even export comes from the small units. If small units are going to be managed and promoted on these criteria, I am sure the country will have occasion to smile all the way, rather than listen to you for all the crises that you are trying to generate. Finally....

PROF. SAURIN BHATTACHARYA: Generate or portray? ...*(Interruptions)*...

SHRI PRAKASH YASHWANT AMBEDKAR: They would like to know the consequences.

PROF. CHANDRESH P. THAKUR: On the other side, I would like to draw the attention of the Government....

PROF. SAURIN BHATTACHARYA: How does Mr. Reddy generate crises? *(Interruptions)*...Is it not your regime which is doing so?

SHRI S. JAIPAL REDDY: Now he is going to supplement my speech. Please allow him to speak.

PROF. CHANDRESH P. THAKUR: Before I start supplementing your speech, let me draw attention to some pro-poor provisions of the Budget. It is for the first time I find that the BJP is trying to be pro-poor. The principal thrust of the speech made yesterday in the Lok Sabha was pro-poor. Suddenly, these 3.00 P.M. people, this community, who have praised the traders, who have pleased them all the day, they are trying to be pro-poor. Is public distribution system pro-poor or pro-rich, particularly the revamped public distribution system? Seventeen hundred of them have already been launched in such areas where the entire population is below the poverty line. Secondly, under the old system we are going to bring the income criteria that the people who are better off are going to be taken out of the list and only the worse off will be retained as the beneficiaries. But, on the other side, I would like to submit that price situation will continue to be an area of worry for us. We realised that prices had gone up; the wholesale price index which was 16% came down to 11.5% and it again started moving up marginally. I am conceding this point. We are not claiming that we have done everything. We are not saying that milk and honey

will flow in 4 months or 11 months. We are simply saying that we are ...*(Interruptions)*...

SHRI JAGESH DESAI: Don't forget about the 21% in 1977-78.

PROF. CHANDRESH P. THAKUR: The track record is that when the congress came back to power it brought down inflation from 21% to less than 10%. So, we have a historical standing record of managing the economy in such a way that the double digit inflation can be brought to a single digit.

SHRI S. JAIPAL REDDY: It bears repetition. When the Finance Minister took over, the inflation rate was 12%. It rose to 16% Mr. Chidambaram, you please not, because of your rupee devaluation. ...*(Interruptions)*...

SHRI JAGESH DESAI: Then, how has it gone down?

SHRI S. JAIPAL REDDY: How do you take it as a bench-mark? Nothing is more opportunistic and nothing is more devious.

SHRI P. CHIDAMBARAM: Sir, economic effects, like realisation for Mr. Jaipal Reddy are always felt late.

PROF. CHANDRESH P. THAKUR: Mr. Vice-Chairman, the other point is employment. We want to promote employment in a big way. The only thing is that we are not promising-unlike them, what we call "employment guarantee". All that we are saying is that jobs will be created, income opportunities will be created; not necessarily in the [Prof. Chandresh P. Thakur]

Government departments, not necessarily in the public sector. If the infrastructure improves, if direct investment of the Government or the private sector improves, if the investment climate remains buoyant—

PROF. SAURIN BHATTACHARYA: Private sector also?

PROF. CHANDRESH P. THAKUR: Yes, private sector also—as the capital market indicates, job opportunities will improve, income will improve.

Mr. Vice-Chairman, I am representing the State of Bihar—a depressed State—which produces the best of minerals but doesn't use them. We want value-added use...*(Interruptions)*...

SHRI YASHWANT SINHA: You are a better spokesman.

PROF. CHANDRESH P. THAKUR: I am a spokesman outside. Inside I am representing the State of Bihar. What I am trying is to draw the attention of the Government, particularly the Finance Minister and other Ministers, to the fact that in a regime where licensing has been taken away—licensing was an instrument for bringing regional balance—in the absence of any licensing provision we need something which will ensure regional balance. Three things are required. Firstly, investment should be directed towards infrastructural facilities. The fact remains that infrastructural facilities are uneven across regions in the country. So, we need to move with speed in improving infrastructure in a balanced way throughout the country. Secondly, we need to make these course corrections that the originating points of mineral resources of basic metals should not be neglected. So far as the end-use systems are concerned, downstream industries or metal-based industries or coal-based industries must be encouraged through appropriate incentives so that the areas around them do not remain deprived. Thirdly, whether you like it or not, these States which are rich in minerals are also highly populated States. The density of population is very high there also. Poverty is very high there. There are also areas where the travelling population is quite large from social point of view, from economic point of view and certainly from a political point of view also. Now the tragedy, Mr. Jaipal Reddy, is that the State that I represent is being presided over by your Government. The growth process there has taken a reverse course. With the Janta Dal which is in power in Bihar, the growth performance is ridiculous and embarrassing there. Look at their performance. I am sure Shri Ashwani Kumar is going to give more data on that. ...*(Interruptions)*... I am asking a simple question from the Finance Minister. Is there a way to bring order in the non-Congress Government States, particularly in the State of Bihar, where growth process has been reversed? It is deteriorating by the hour. They have to see that the resources which are transferred from the Centre to the State

or whatever resources which are generated within the States are put to effective use rather than siphon it away for non-productive purposes. If that Government is not in a position to do it, is incapable of doing it or is not interested in doing that, there must be some way for the Central Government to ensure that the people in the State do not continue to suffer under this inefficient or incapable administration. If the Central Committee is not able to manage that, I don't know that kind of politics and political party they run. That is their problem.

श्री संघ प्रिय गौतम (उत्तर प्रदेश): महोदय, मेरा कहना यह है कि जब प्रदेश का वांछित कोटा सेंट्रल गवर्नमेंट नहीं देगी और जो स्टेट का एलोटेट पैसा है, वह भी नहीं देगी और जो योजनायें हैं उनको भी बनने नहीं देगी तो तब प्रदेश का क्या होगा?

प्रो० चन्द्रेश पी० ठाकुर: सही बात यह है कि सेंट्रल से स्टेट्स का एलोकेशन बढ़ गया है। लेकिन स्टेट्स द्वारा उसका जो मिसयूटिलाइजेशन है वह भी ज्यादा बढ़ गया है। It is not a question of transfer of resources. Whatever we give is not being used, it is misused. There must be some innovative process to bring some salutary change in this mismanagement of the economy.

The last point, Mr. Vice-Chairman, I would like to mention is that, here is an opportunity for three categories of people to help India and in the process help themselves. First is, if they are indigenous entrepreneurs and managers, who always say, "we look for a breathing space; the Government is always breathing down our necks; so we cannot use our creative capability," here is an opportunity for them to get up and be counted and prove their clout that they are worthy citizens and their professional capabilities, when given an opportunity, can be effective to their advantage as well as to the advantage of the country. Now we have created to many agencies. The bureaucracy has been involved in the development management. The only thing that we have found is that whatever the planned rate of growth the performance has been substantially less than that. Here is an opportunity for economic bureaucracy to prove that it is honestly going to do the job for which it was created, that is promotional role,

rather than obscurantist role. The human energy is looking for a free air. They can do that and they are capable. Their intentions are not in doubt. But the question is, for 40 years they have worked on a particular wave-length. After 40 to 44 years a new policy regime has come. We need their cooperation. We need an element of resilience in the way of working. I am sure, they are capable of that. The last category is, there have been far too many non-resident Indians suggesting, "We are willing to help ourselves and help India too." I only hope that their demands do not confine to finding a residential plot or a commercial plot in the urban centre and second citizenship. They may have a case for those too. I think, the country and they need to put their heads together and look for better avenues and more worthwhile avenues. Indian market provides guarantee through a stable Government. It also guarantees a fair and relatively better rate of return. The only thing is, they should come up with programmes, with resources and get down to the job of not only taking over but creating new enterprises, investing in the equities. I think, we will help all to enjoy the contributions from all these three categories. With these words I commend the Budget. I hope the whole House will cooperate in implementing this process.

श्री अश्विनी कुमार: माननीय उपसभाध्यक्ष महोदय, इस साल का जो बजट आया है, वित्त मंत्री महोदय ने पिछले वर्ष भी अपना बजट रखा था और 1991 के प्रारंभ में बैलेंस आफ पेमेंट का एक संकट जो देश के सामने आया, उसने पिछले चालीस वर्षों से चली आ रही नीतियों को झकझोर दिया और हमें यह महसूस करने के लिये बाध्य किया कि वे नीतियां गलत थीं, उसमें बहुत सारी त्रुटियां थीं और हमको उनको बदलना चाहिये। यह क्राइसेस अगर नहीं आता तो शायद वे नीतियां, जो कि गलत थीं, वे चलती रहतीं, आगे भी चलती रहतीं और देश में कोई परिवर्तन की दिशा नहीं आती। हमारे मित्रों ने कहा कि यह बी०ओ०सी० का क्राइसेस आया है। मैं स्पष्ट करना चाहता हूँ कि इसके दो बड़े कारण हैं। हमने 80 और 90 तक बहुत आयात किया। उपभोक्ता वस्तुओं के ऊपर कोई प्रतिबंध नहीं था, इसलिये उपभोक्ता वस्तुओं का बहुत अधिक मात्रा में आयात किया गया और सरकार का खर्चा इतना बढ़ा कि जो रेवेन्यू एक्सपेंडीचर है, उसमें भी हमें घाटा होता रहा और

हम इसके लिये कर्जा लेते रहे। जब तक हमारा बी०ओ०सी० बैलेंस नहीं हो जाता तब तक यही स्थिति बनी रहेगी। अभी भी इस स्थिति को सुधारने में हमारी क्या नीति है? वास्तव में जो संकट प्रारंभ हुआ है वह मैं एक कोटेशन देकर कहना चाहूंगा। यह कोटेशन, आज के जो राष्ट्रपति हैं, जब वे देश के वित्त मंत्री थे, श्री वेंकटरमण, उन्होंने 28.9.81 को आई०एस०एफ० को भेजे पत्र के साथ अटैच किया था। मैं इसे आपके सामने पढ़ना चाहता हूँ। यह मैं 1981 की स्थिति बता रहा हूँ:

"Indian economy made considerable progress during the second half of seventies. During the four years, 1975-76 to 1978-79 real economic growth exceeded six per cent per annum while price inflation was about two per cent per annum. Agriculture accelerated so that food import was virtually eliminated by 1977-78. Sizeable food stocks were accumulated. Naturally, growth was also generally satisfactory. Savings rose from about 20 to 24 per cent of GDP reflecting higher growth, deepening of the financial system, favourable price performance and a rapid growth in remittances from Indians working abroad. Balance of payments position was strong throughout the period and sizeable external reserve was accumulated."

यह 1981 की स्थिति है। दस साल तक किनका राज रहा, यह कहने की बात नहीं है। बीच के काल खंड में थोड़े से काल में किसी और का राज आया होगा पर नीतियां वहीं चली हैं। आज जो समस्या खड़ी हुई है यह दस साल तक जिस तरह से अर्थ-व्यवस्था को नियंत्रित किया गया है उससे हुआ है। हमने बाहर से माल ज्यादा [श्री अश्विनी कुमार]

मंगाना शुरू किया। पांचवीं योजना में हमारा डेफिसिट लगभग चार हजार करोड़ था और इनविजिबल अर्निंग्स के बाद पांच सौ करोड़ रुपया रहा। छठी योजना में यह 20 हजार करोड़ हो गया और इनविजिबल अर्निंग्स के बाद 10 हजार रुपये रहा और 1989-90 में यह 12 हजार करोड़ रुपये पर आ गयी। परन्तु पिछले वर्ष जो स्थिति बनी, जो नीतियां रही, उसमें वह सारी इनकम खत्म हो गयी और यह बैलेंस आफ पेमेंट का क्राइसेस हमारे देश के सामने आया। इसी के साथ साथ जो हमने विदेशों से कर्जा लिया, क्योंकि जब आयात ज्यादा करेंगे और निर्यात कम करेंगे तो हमको कर्जा लेना पड़ेगा, जो कर्जों की स्थिति हमारी क्या है, इस संबंध में मैं दो आंकड़े आपके सामने प्रस्तुत करना चाहूंगा। 1980 में हमारे ऊपर 1680 करोड़ का विदेशी कर्जा था लेकिन दस वर्षों के अंदर, अभी वित्त मंत्री ने सदन में कहा कि