

[Shri S. Jaipal Reddy] said the allegation is stupid. (Interruptions). You reserve the ruling.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): I will see the record. (Interruptions).

श्री सुरेन्द्रजीत सिंह अहलूवालिया : ब्रह्म-
वर्षों में अपना नाम छपाने के लिए बोल रहे
हैं.... (व्यवधान)

SHRI & JAIPAL REDDY: I have been longer in public life than you or your leader.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Now let us proceed with the business. Clarifications. Dr. Abrar Ahmed.

CLARIFICATIONS ON STATEMENT OF MINISTER OF FINANCE RE- GARDING CURRENT FISCAL SIT- UATION

डॉ० अब्दुल अहमद (राजस्थान) :
उपसभाध्यक्ष महोदय, मैं 27 दिसम्बर,
1990 को वित्त मंत्री जी ने जो वक्तव्य
सदन में दिया है और जिस प्रकार से नए
कर लगाए हैं; उनके संबंध में माननीय
मंत्री जी से स्पष्टीकरण चाहता हूँ।

मैं पहला सवाल यह पूछना चाहता हूँ कि इन करों से चाहे प्रत्यक्ष या अप्रत्यक्ष रूप से जो साधारण लोगों पर लगाए गए हैं, उन पर जो प्रभाव पड़ता है उसको किस प्रकार इसके प्रभाव से बचाएंगे? दूसरे अभी पूर्व की सरकार ने आई.एम.एफ. से लोन न लेने का निर्णय किया था जहाँ तक मेरी जानकारी है। अभी कुछ समय पूर्व आई.एम.एफ. की एक टीम आयी थी और उसने पाँच बिलियन डालर ऋण लेने की सरकार ने रिक्वेस्ट की थी। आई.एम.एफ. ने उस संबंध में कुछ शर्तें रखी हैं। तो क्या उसमें एक शर्त यह भी है जो आई.एम.एफ. ने रखी है कि भारतीय रुपये की कीमत घटाई जाए? अगर यह शर्त है तो सरकार इस दिशा में क्या काम कर रही है? दूसरा स्पष्टीकरण यह भी है कि

आई.एम.एफ. का रेट आफ इटरस्ट काफी अधिक है और इस स्थिति में कुछ देश बड़े वर्ल्ड कंटरीज से लोन लेने की बात करते हैं या लोन लेना पसन्द करते हैं तो इस दिशा में क्या भारत भी ऐसा सोचता है और ऐसे देशों से लोन लेने के बारे में कोई योजना है?

मैं अगला स्पष्टीकरण यह लेना चाहता हूँ कि जो ऋण भारत ने विदेशों से लिया हुआ है उसकी री-पेमेंट के लिए और उस पर इंटरेस्ट की री-पेमेंट के लिए क्या हमारे पास कोई फंड है? यदि वह फंड नहीं है तो क्या रिजर्व फारेन एक्सचेंज जो है उसमें से यह रिपेमेंट कर रहे हैं? यदि कर रहे हैं तो प्रतिवर्ष, प्रतिमाह कितना भार उस रिजर्व फारेन एक्सचेंज पर पड़ रहा है? अभी 11 महीने जो सरकार रही है उसकी गलत नीतियों के कारण फारेन एक्सचेंज का अर्थ होना काफी कम हो गया है तो मैं माननीय वित्त मंत्री जी से पूछना चाहता हूँ कि 11 महीने में कितनी विदेशी मुद्रा में, निर्यात के घटने की वजह से या किसी और कारण से कमी आई है?

मैं यह स्पष्टीकरण भी चाहूँगा कि क्या प्रवासी भारतीयों को देश में इन्वेस्ट-मेंट करने के लिए, उनको प्रेरित करने के लिए कोई टीम बाहर भेजी गई है? यदि भेजी गई है तो उसने इन प्रवासी भारतीयों को इसके लिए क्या इन्सटिव देने की बात कही है? इसके साथ-साथ सोफ्ट क्रेडिट लोन देने के लिए क्या कोई वर्ल्ड बैंक से या आई.एम.एफ. से बातचीत की है? यदि बातचीत की गई है तो उसका ख़ौरा क्या है?

जब संसद में बजट पेश किया गया था तो उस समय बजट को बिना बजट बताया गया था। लेकिन इस वक्तव्य में बिना से संबंधित कोई बात नहीं है। मैं माननीय वित्त मंत्री जी से जानना चाहता हूँ कि क्योंकि इस पर काफी खर्च होता है इसलिए आप इस बारे में क्या सोच रहे हैं? दूसरे यह कि जो पिछली सरकार थी, विश्वनाथ प्रताप सिंह की सरकार थी

उसमें कार्यभार संभालते हुए बड़े जोरों से कहा था कि तिजोरी खाली मिली है। मैं माननीय मंत्री जी से पूछना चाहूंगा कि पिछले 11 महीने में जिन तिजोरियों का जिक्र किया गया है उनकी सरकार ने उसको कितना भरकर छोड़ा है ? वे कौन सी तिजोरी हैं उन तिजोरी के बारे में भी जानना चाहूंगा कि वह कितनी खाली थीं और उन्होंने कितना भरकर छोड़ा ? खाड़ी संकट के कारण करोड़ों रुपये का नुकसान हुआ है। इसके लिए अमेरिका या जापान ने जिस प्रकार से और देशों को कम्पैन्सेट किया है तो क्या भारत को भी किसी देश ने इस खाड़ी संकट के कारण या अमेरिका ने जो कंडी-शंस लगाई थी हमारे ऊपर, उसके कारण जो नुकसान हुआ है तो क्या किसी ने कोई क्षतिपूर्ति की है या उसको कम्पैन्सेट करने के लिए कोई पैसा दिया है यह मैं माननीय मंत्री जी से पूछना चाहता हूं।

पेट्रोल की कीमत बढ़ाने के बारे में कहना चाहता हूं कि जो आपने 25 परसेंट कीमत बढ़ाई थी उस संबंध में मैं कहना चाहता हूं कि कीमत बढ़ाने से उस समस्या का हल नहीं है। क्योंकि इसका हम जो आयात करते हैं उसके कारण विदेशी मुद्रा हमें देनी पड़ती है तो क्या इस कीमत के बढ़ाने से कांजप्शन में कमी आई है जिससे आयात घटा हो और विदेशी मुद्रा पर उनका प्रभाव पड़ सका हो, फारेन एक्सचेंज पर प्रभाव पड़ सका हो ? अगले वर्ष में यह बढ़ोतरी चालू रहेगी यह पूर्व-नुमान आपने कैसे कर लिया ? गल्फ क्राइसिस जा है अभी से आप यह मानकर चल रहे हैं कि यह बहुत लम्बे समय तक चलती रहेगी या इसकी कीमत नहीं घटेगी, यह अपने आप में बड़ा विरोधाभास मुझे लगता है। माननीय वित्त मंत्री जी से इन सब बातों पर क्लैरोफिकेशन चाहूंगा।

with my colleague, it might be for justifying the extra taxes or the extra resources that are required to build up the sources of revenue and to that extent I would say that it is not an objective statement, but it is a defensive statement. Sir, it is an occasion to make suggestions, constructive suggestions, to the Government which it should objectively examine Sir, I would only say one, two, three, because the time is very short. The scenario is like this. The staggering deficit which was expected around Rs. 7, 000 or 8, 000 crores might go up to Rs. 14, 000 crores. But very recently I have read in an economic magazine. "One may not be surprised if it goes up to Rs. 25, 000 crores." Which of these figures does the Finance Minister think is reasonably correct? He has to place the budget, I know it. What should be a reasonably correct assessment of the Government about the deficit? Secondly, Sir, I am quite aware of the staggering problem which the Government is facing. In British Parliament whenever a new Prime Minister assumes office, he has to defend his Government. He blames the previous Government. Here, the previous Government was blaming the Congress Government. This way this goes on and actually if the problem is not solved, then you criticise the bureaucracy. This I am not doing. But what I want to emphasise is this. You say you are going to take hard options For that purpose if the deficit quantum is fixed then only the Members can give a more objective assessment as to what should be the way out. sir, the interest, I am told, has gone up to Rs. 20, 000 crores. Some months back it was Rs. 20, 000 crores. But has it been now targeted at Rs. 20, 000 crores or something more than that? That we don't know. You have to make it clear. Subsidy totalled Rs. 10, 000 crores. In the public sector — if I am correct and I stand to correction — Rs. 3, 00, 000 crores are invested in the Central and other sectors. Because of political ethos and political manoeuvring the public sector, as everybody knows, has become a burden on this

SHRI A. G KULKARNI (Maharashtra); Sir, I am inclined to think that the statement made by the hon. Minister in this House is totally a defensive statement. Actually he has mentioned; hard options are necessary. But his whole statement is a defensive statement. And may I agree

[Shri A. G. Kulkarni]

country. If I say you should privatise it, so many Members will pounce on me. So I would only suggest if these Rs. 3, 00, 000 crores bring in 4 per cent interest at least, Rs. 12, 000 crores will be available. Mr. Finance Minister, some days back the Minister for Surface Transport was just saying that some private buses would be introduced. Immediately, the Left lobby pounced on him and he withdrew the statement; "No, no, no. Nothing like that." I do not want to say the same thing about the public sector — State Electricity Boards, National Textile Corporation, fertiliser subsidy, food subsidy etc. There are many studies and I have got records with me that the food subsidy actually costs more to the poor man because he does not get the quantity of food that he requires. And the increase in procurement prices also does not go to the small farmer; it goes only to the big farmer. Therefore, what cascading effect of this economy is, it is for the experts to find out. Then about Government expenditure. Your predecessor Minister made a statement about 10 per cent cut across the board, on petrol, and so on. All drama: nothing happens. That is what I am worried about. We have made a mockery by politicising each and everything in Government. That is why people do not get sufficient confidence in the Government, whichever Government it is. Even with V. P. Singh Government it is a total mockery of high principles, slogans, but no development of the country. Mr. Finance Minister, I need not again put it to you but — I think our Communist Members are not here — even from Russia to Eastern Europe, everybody is dismantling the entire public sector thinking. They have come to the conclusion of disbanding all Central planning. You yourself Mr. Finance Minister, as a Member, talked about industrial policy...

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): No, we didn't get a chance to talk.

SHRI A. G. KULKARNI: I say Mr. Sinha as a Member of Parliament and Mr. Sinha as Finance Minister, you see the situation; 'even in Thailand 2 billion dollars have been invested by multinationals, and how much have we? Two hundred millions? So, these small countries are progressing. We, the people of this country, the entrepreneurs of this country, are quite competent in world competition. Indian entrepreneurs, educated, talented persons, have shown their bravery in USA in running big corporations. Why cannot they do it here? I am only giving a friendly advice, to you and your Prime Minister: you have come; you never expected that you would be a Finance Minister, or my friend, Chandra Shekhar, never thought that he would be a Prime Minister *Kudrat ko meharbani* anyway, you have become and I wish you good, I wish Chandra Shekhar the best of luck. With due respect to my friend and elder statesman, Mr. Chavan, I want to say is this much. The mistake that Dandavate and V. P. Singh committed was that they left the coffers empty. I was fortunately in the United States. Everybody said you have no money, you are beggars. Now, if we go on saying yours is the weakest Government, the message will go abroad that this Government is tottering. So, I don't say that. Yours is a Government with confidence because the Congress Party promised you support. (Interruptions) (time-bell rings) I am coming, I am starting, I am hotting up.

Then another aspect is the loan waiver scheme. I was also for it. But you must make some systematic effort to see that the loan waiver scheme reaches the needy farmer who really has been the sufferer on account of the exorbitant rates of interest and the famine conditions. Then what are the options? It is my duty to give you the options also. You have to see whether there is any possibility of getting low-interest loans. The NRI fund is costlier. I should say. I (mentioned this to you in the Consultative

Committee also. I do not know whether the Finance Ministry has gone into it. Please send some of your officers or some of your Embassy officials in the rich countries like the USA, Japan, Germany, France, etc., who deal with this, to tap resources from the Indians living in those countries and on whatever best terms you can do that, do it. That is one source. The other source is the ADB or the low-interest source like the IMF. Please find out whether there is any other channel available and try to make use of it.

The other thing is to see that the funds are invested to increase productivity. I have said this also in the Consultative Committee. I had brought this up before you earlier also. Efficient use of the funds must be made. Now, take the case of the public sector. Every new Finance Minister, new Industry Minister, new Prime Minister — everybody heroically says that he will see that the public sector is productive. How productive are they? We all know what is happening in the NTC itself. There is a staggering loss of Rs 264 crores. I do not want to go into those details now. If you are really interested in the public sector, find a way out of the present mess. I can suggest a way out. If something cannot be done in the public sector, then privatize it and ask them to do it. In Maharashtra, things like road-building, power production, etc. have been privatized and these things have been handed over to the private people. I can give you umpteen instances. Recently, I was in London Mrs. Margaret Thatcher was on the TV and she made a speech, a very illuminating speech, illuminating to all of us... (*Interruptions*)... Mr. Vice-Chairman, Sir, can I go on?

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Your time is over now!

SHRI A. G. KULKARNI- What I was telling you was that Mrs. Mar-

garet Thatcher said before resigning like this: "I had received a letter from an ambassador. He had said that the credibility of the British Government was at very low level and so, his position is very ridiculous in the country where he is posted. This was when I became the Prime Minister. What I have achieved in these eleven years is that a Britisher can now go holding his head high and he can meet any challenge. " I would like to tell one thing to Mr. Chandra Shekhar on whom the Prime Ministership of the country has been bestowed and to Mr. Yashwant Sinha, who is his right-hand man and who is the Finance Minister. Mr. Sinha, you should rise to the occasion. You never expected all these things. Nobody is going to bother you if you don't do it. But, for heavens' sake, do it.

Then, there is the question of containing the deficit. Of course, the usual clichés are there. But somehow you have to do it. If it is possible, try to do it. About the subsidies also I have mentioned. I read in the papers today only that you have done away with some kind of fertilizer subsidy. Quite good. Then there are other subsidies also relating to procurement prices. Devi Lalji and Sharad Joshi may not like. But it is you who are actually going to manage the economy. But actually the economy you are going to manage. See whether it is possible to have same balance. The benefit should go to the poor farmers. I am not against it. But the rich farmers, just like in Punjab or western Maharashtra or Andhra or Karnataka who grow such crops... (*Interruptions*) That should be done.

Then, in the economy, Mr Finance Minister, you are including the element of cost-push effect because of administered prices being raised, and thereby highcost economy has developed in this country. It is necessary to bring it down if you really want to earn foreign exchange in export.

[Shri A. G. Kulkarni]

Last point, Mr. Vice-Chairman. I read very recently that rupees nine crores- per hour are created in blade™ money in this country. Per hour Rs. 9 crores! And 24 hours into 365 days? What a staggering amount; Your predecessor and my friend, Prof Dandavate, made a heroic statement: I will use that money for slum clearance. For Heavens sake, do it. Do something on that.

Then, I make my last point...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You said 'last time' thrice... (*Interruptions*)

SHRI A. G. KULKARNI: I am finishing. You need not worry. Gulf cri-sis is there. Sir, I remember what Mr. Salve said in a Consultative Committee meeting... (*Interruptions*)... This much crude oil must be produced, come what may; invest in that just like in power sector.

These are hard options. What your paper says is soft options in order to justify that you have collected by this paper another Rs. 1250 crores or something like that.

Thank you very much. You are also in a great hurry. Because many Members have to...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): I am not in hurry. The House is in a hurry.

Mr Swaminathan. Not here. Mr. Kapil Verma.

SHRI KAPIL VERMA (Uttar Pradesh): Mr. Vice-Chairman, Sir, I am very sorry that the Government has not produced any comprehensive package to deal with the situation, fiscal crisis, unprecedented financial crisis, that the country is facing today. We did expect- from the Government a coordinated, well thought out, comprehensive policy. First you came up with indirect taxes. Then the Prime

Minster was good enough to say that no new taxes would be levied before the next Budget. But, unfortunately, Sir, excuse me, your government have gone back. I would say that you have increased indirect taxes and then direct taxes. But you have not brought about the promised cut in expenditure-non-Plan, non-development expenditure_ You have failed to create an atmosphere of austerity in the country. That is the main thing, you must set an example, Before calling upon the people, before making appeals to the people to make sacrifices these sacrifices are very necessary because if, God forbid, there is a war in Gulf, then I do not know what will happen: it will be a great disaster for all the developing countries, particularly for India and our neighbours like Pakistan, Sri Lanka and others. So I hope you have formulated contingency plans for that. [know you will not be able to say much about it but I hope you will give some indication about it. On petrol and all that, you have imposed certain cuts. But I would like to know how much expenditure have you reduced. I would like to know from the hon. Minister as to what is the exact deficit just now because talking about GDP and all that is a little confusing for a layman like me and for many others. Even the newspapers have written about it I have tried to verify it from the economic newspapers as to what is their interpretation. They say that all these" figures are unverifiable. That is what they write. Now I want you. to tell up the deficit in-exact figures because the Prime Minister, the other day was quoted on TV and radio as saying that the deficit has increased from Rs. 7, 000 crores to Rs. 14, 000 crores. Our respected colleague "who spoke before me just now. Mr. Kulkarni, said that it is around Rs. 12, 000 crores. Now, I want to know from you exactly what is going to be the figure of deficit.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Let us not repeat.

SHRI KAPIL VERMA: Then, I want to know what is the rate of inflation at the moment and what do you expect at the end of the year because there are reports that it is 11 per cent at the moment. But the feeling is, because of the taxation you have levied through these two mini-budgets before the main Budget, that the inflation rate might still go up. So, I would like the hon. Minister to clarify this because, as the former Finance Minister pointed out on the very first day of the session reimbursement of loans has not taken place as yet to the commercial banks. You have not taken in to account the amount that they have spent on writing off loans. So, the deficit may still increase, the inflation rate may still go up. So, these populist measures are causing havoc to the economy of the country. In fact, as has been pointed out just now, you are giving subsidies. And because of inflation that is being created and the havoc that is being caused to the State exchequer and to the economy of the country, the common man is suffering as the prices are going up. At the end, may I request you to reconsider the surcharge that you have raised from 8 per cent to 12 per cent because this is going to hit the salaried class and the middle class also? This will increase inflation. Even in respect of the corporate sector, there has been a criticism of your measure. But in any case, please spare the salaried class. That is what I want to say. Please reconsider it. Thank you.

SHRI VISHVJIT P. SINGH (Maharashtra): Mr. Vice-Chairman, Sir, the day the statement was to be made by the hon. Minister, we were under the impression that a comprehensive statement would be forthcoming, a comprehensive statement giving us an idea of what had gone wrong, where, why, how, what was proposed to be done, where, why and how. Unfortunately, the hon. Minister has come out merely with two small proposals, small not from the point of view of the common man but small from the point of view of the onerous task which lies before the Finance Minister. The deficit is going to cross all imaginable limits. The situation is at crisis point. Though

inflation in the manner in which we calculated is yet in the double digit stages, real inflation as it affects the common man in terms of essential co-modities is rising much more rapidly. It is practically three times the pace of inflation as we calculate it, and a triple-digit inflation is round the corner. I would like to warn this House that a triple-digit inflation is round the corner and we are all sleeping. It is about time that we woke up to the reality, the reality which has come about as a result of the total breakdown of trade, transport, commerce, daily life from the last few months of this country. It is now of course, coming back to normal. But the effect of this will be felt for a long time to come. I would like to know from the hon. Finance Minister, what is proposed to be done about the Gulf crisis. He mentioned about the Gulf crisis. The Gulf crisis is not one factor of the price of oil alone. India faces a major problem in that we had only one or two traditional sources of supply. Our major problem today is that we are having to look for new sources of supply which are not available to us at a normal rate, even the prices which are prevailing in the international market are not available to us today because we are going to the sources which are unfamiliar with us and which we are unfamiliar with. I would like to know the details of this because I am sure the hon. Finance Minister is aware. All the approvals have to be taken by him. The previous Finance Minister had stopped aid at oil deal which was taking place with Malaysia prior to the Gulf crisis. If that oil deal had been done with Malaysia, we would not have been faced with the problem that we are in today. But that is besides the point I am sure at some point of time the details of that will come out. But I would like to know what is the quantum of imports for which we are having to pay extra on this source alone.

[Shri Vishvjit P. Singh]

The second problem which we are going to face—and I warn you on this—is the fact that the rupee payment trade is coming to an end. It has practically come to an end and all trade in future is going to be in convertible currency. Has your Ministry, I would like to ask through our medium Mr. Vice-Chairman, has the Finance Minister and his Department and the mandarins in his Ministry done any study on the impact, on the future impact, in fact the immediate impact, of this conversion of the rupee trade into convertible currency. I would also like to know while I am on this particular point, what is the fate of the amount owed by us to Russia or to us by Russia? What is the fate of that amount? Is that going to get convertible or is it going to remain in rupee trade? Is it going to be in our favour? Is it going to be against us? I would like the hon. Finance Minister to enlighten us on that... (Time bell rings). Did I hear the bell. Sir? I hope I am mistaken.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Yes, you did hear. There are many of your colleagues to speak.

SHRI VISHVJIT P. SINGH: I will be grateful...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): But there are many of your colleagues. I have sat here patiently while my friend has been speaking for hours together. I may be permitted a few minutes.

SHRI VISHVJIT P. SINGH: But you realise. Sir, I have sat patiently for days.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): All right.

SHRI VISHVJIT P. SINGH: Thank you. I have lost my thought. I am sorry.

SHRI S. B. CHAVAN (Maharashtra): It was convertible currency you were talking of.

SHRI VISHVJIT P. SINGH: Now, I would like to mention one more aspect. The other aspect which is again going to 'face you straight, is the agricultural procurement. The very foundation of our public distribution system and a large part of our economy, namely, the agricultural sector, got affected by the total breakdown of agricultural procurement in the States of Punjab and Haryana in the last few months, especially during the anti-Mandal agitation. At one point of time, I remember, the farmers of Karnal, Panipat and Sonapat gharaoned the Food Corporation of India officers and threatened to set fire to them. They said 'We will burn you alive because you are not procuring our grain'. There was breakdown the cumulative effect of all this is going to be felt. You will not be able to escape from it.

Coupled with this is the amount of taxes which has been collected by the paterfamilias Government. Thousands of crores. Rs. 900 crores in the Railway Budget. Rs. 2, 340 crores in the Budget. Hike in direct taxes-Rs. 810 crores. Gulf surcharge-Rs. 2, 300 crores. All these taxes plus a few others. Of course, there are some taxes which you have imposed now. There is an article in the Business and Political Observer of 1st January which asks 'Where has all the money gone?' We would like to know that. Where has all that money gone? The previous Government collected thousands of crores. Where has it gone?

There is a shortfall in the collection of taxes. There is a shortfall of Rs. 7, 000 crores. The shortfall is going to be even more. Why is there this shortfall? I understand a certain amount, because of the breakdown of all systems of Government for a little while. But this is such a tremendous figure, this is such a huge figure, that a breakdown for a short period does not justify this. You have not taken the House into confidence on this, I would

like to know, what is your position in regard to the value-added exports? In the past... (Interruptions) we have had the situation where industrialists and manufacturers had been allowed value-added exports on rupee-payment trade after importing from hard currency areas. That allowance had been there earlier. Now, what are you going to do about it? Those exports also are going to go down. They are not going to be available to you.

All these things, cumulatively, are going to result in a scenario which is going to be very very grim. The only option open to the hon. Finance Minister—Mr. Vice-Chairman, kindly give me a moment—is to take the House into confidence by placing a White Paper before us. I demand—I am sure, my Party will back me in this demand.

SHRI S. S. AHLUWALIA (Bihar): Yes.

SHRI VISHVJIT P. SINGH: The Leader of my Party is sitting right here. I am sure, hon. Shri Shiv Shankar would back me in this demand for a White Paper from the hon. Finance Minister on the state of the economy today, on the reasons for the development of this crisis, on the fixation of responsibility for the situation which we are facing today and on the proposals which the hon. Finance Minister may want to introduce for the future. This piecemeal introduction of taxation measures is not going to be the answer. These stopgap measures are not going to be of any use. The real remedy will have to be a big dose of very strong medicine. This will have to be done with imagination, with courage and with some vision, I would ask you, once and for all, Mr. Finance Minister, what are you proposing to do? This is not sufficient for us. Thank you.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Ahluwalia. You have to be very brief. Otherwise, I don't think we will be able to complete it.

श्री सुरेन्द्रजीत सिंह अहलुवालिया (बिहार): उपसमाध्यक्ष महोदय, वित्त मंत्री के 27 दिसम्बर के वक्तव्य के बारे में मैं कुछ स्पष्टीकरण पूछना चाहूंगा। इन्होंने तो अपने इस ढाई पेज के वक्तव्य में सारा कुछ लिखकर 85 करोड़ जनता के सामने इतना ही रख दिया कि यदि हमें अपने देश की आर्थिक दशा में सुधार लाना है तो हमें बजाए वास्तविकता को नजरअंदाज करने के उसका सामना करना होगा। इस संदर्भ में हम राजकोषीय समेकन को उच्च प्राथमिकता देते हैं। सामना करने के लिए तो हिन्दुस्तान की जनता तैयार बैठी है और हर वक्त तैयार रहती है। आपने कहा और इसके पहले जो सरकार यहां बैठी थी उसने कहा कि गल्फ क्राइसिस है, तेल की कमी हो रही है, उसके लिए सरचार्ज बढ़ाया गया। स्कूटर से लेकर ट्रक और ऑनर तक और प्लीट और तक और जहाज चलाने वाले से लेकर कारखाना चलाने वाले तक सब इफेक्टिव हुए और उससे बनी चीजों पर लोग सरचार्ज देते रहे। वित्त मंत्री महोदय जब आपने गल्फ क्राइसिस की बात कही है तो मैं आपके माध्यम से पूछना चाहूंगा कि कृपया आप सदन को बताएं कि हम कितना तेल आयात करते हैं और हमारे हिन्दुस्तान में नार्थ-ईस्ट आयल फ़िल्ड से कितने तेल से रिफाइनरियां चलती हैं और बाम्बे हाई के तेल से कितनी रिफाइनरियां चलती हैं और उनको चलाने से हम कितना कंट्रोल कर सके हैं और हमें कितना आयात करना पड़ रहा है और इस तेल पर, टोटल प्रोडक्शन पर, आपने आयतित तेल पर ही सरचार्ज नहीं लगाया, आपने डोमेस्टिक मार्केट से जो तेल बनता है आप उससे भी सरचार्ज ले रहे हैं, यह सरचार्ज लेकर भी क्या आपका खर्चा पूरा नहीं हो रहा है? मैं चाहता हूं कि आप कृपया यह जानकारी सदन को बताएं।

दूसरा, महोदय अभी कुछ दिन पहले आपने रिजर्व बैंक ऑफ इंडिया की लिक्विडिटी रेश्यो बढ़ाई है—15 प्रतिशत से 20 प्रतिशत की है जिसका फर्क आगे पड़ने वाला है कि इंडस्ट्रियों को और

[श्री सुरेन्द्रजीत सिंह अहलुवालिया]

विजनेस हाऊसिंग को एडवांसिंग बैंको से कम हो जाएगा, उस पर भी राशनिंग हो जाएगा। जब मार्केट में प्रोड्यूसर मान कम आएगा तो चीजों की कीमत और बढ़ेगी। आप उसका सामना कैसे करने जा रहे हैं ?

महोदय, मैं इस सरकार को और वित्त मंत्री महोदय को इसके लिए दोषी नहीं ठहराता। आज की यह आर्थिक अवस्था, यह पिछली सरकार की बलेंस-शीट है। आप यह ढाई पेज के वक्तव्य के बजाए अगर इकोनॉमिक सिचुएशन पर एक वाइट पेपर लेकर आते तो हम समझते कि बड़े अच्छे तरीके से आपने इन चीजों को रखा है। मैं मांग करता हूँ, जिस तरह से विश्वजित पृथ्वीजित सिंह जी ने मांग की है, कि आर्थिक अवस्था धर परा एक वाइट पेपर सदन में लाया जाए, इसी सत्र में लाया जाए ताकि पूरा देश भी जान सके, संसद सदस्य भी जान सकें और उस पर चर्चा हो सके।

उपाध्यक्ष महोदय, मैं मंत्री महोदय से स्पेसिफिक जवाब चाहूंगा कि 2 दिसम्बर, 1989 को विदेशी मुद्रा का रिजर्व क्या था ? 2 दिसम्बर, जिस दिन विनायक प्रताप सिंह ने शपथ ली थी, उस दिन विदेशी मुद्रा का रिजर्व क्या था और उस दिन इन्फ्लेशन रेट क्या था और 7 नवम्बर, 1990, जब विनायक प्रताप सिंह ने विनाश करके इस मुल्क को छोड़ा, उस वक्त विदेशी मुद्रा का रिजर्व क्या था और इन्फ्लेशन रेट क्या था ? और जैसा कि मैं जानता हूँ, मेरे पास 7 दिसम्बर की रिपोर्ट है कि उस वक्त हमारे पास विदेशी मुद्रा 2,750 करोड़ की थी और जैसा कि मुझे ज्ञान है, अगर भूल हो तो आप संशोधन करें, कि एक दिन में हमारे मुल्क को 130.95 करोड़ विदेशी मुद्रा की जरूरत पड़ती है और 7 दिसम्बर से अगर दिन गिनें हम तो यह 21 दिन के पैसे थे, अब 21 दिन पूरे हो चुके हैं और आज 4 जनवरी है। इस डाटा के हिसाब से हमारे रिजर्व में विदेशी मुद्रा का एक खपा भी नहीं

है। मैं आपके माध्यम से मंत्री जी से जानना चाहूंगा कि आज की डेट में विदेशी मुद्रा कितनी है, कितना रिजर्व है देश के पास ? उपसभाध्यक्ष महोदय, मैं आपके माध्यम से मंत्री महोदय से जानना चाहूंगा कि क्या सरकार करेंसी नोट छपाने की चिन्ता कर रही है ? मुझे जो खबर है कि सरकार के पास फरवरी के महीने की तनख्वाह देने के लिये पैसे नहीं हैं और वह नोट छपाने की बात सोच रही है। क्या कोई ऐसा विचार है ? अगर है तो कितना नोट छपाने जा रहे हैं और इससे पहले कितनी करेंसी छपायी गयी थी और किस हालात में छपायी गयी थी और जब पिछली बार करेंसी छपायी गयी थी उस वक्त कंट्री का इन्फ्लेशन रेट क्या था ? मैं आपसे स्पेसिफिक सवालों के जवाब चाहूंगा और अंत में मैं फिर मांग करता हूँ कि आपकी यह कमजोरी नहीं है, यह कमजोरी विश्वनाथ प्रताप सिंह की है। आप एक वाइट पेपर प्लेस करें जिससे कि हम जान सकें कि किसने हमारे देश की आर्थिक अवस्था का कबाड़ा किया है ? धन्यवाद।

उपसभाध्यक्ष श्री भास्कर अन्नजी मसोबकर) : श्री राम नरेश यादव, कुछ पूछना चाहते हैं आप ?

श्री राम नरेश यादव (उत्तर प्रदेश) : हाँ। माननीय मंत्री जी ने जो आर्थिक स्थिति के संबंध में वक्तव्य दिया है वही कुशलता के साथ उसमें बहुत कुछ उल्लेख किया है। लेकिन सदन यह जानना चाहता था कि जब वक्तव्य आया उस वक्तव्य के आधार पर क्या स्थिति थी पहले और आज की सारी क्या स्थिति हो चुकी है, उसकी विस्तृत चर्चा होगी, उल्लेख होगा लेकिन उसका किसी भी तरह से उल्लेख नहीं है। इतना अवश्य है कि जो प्रत्यक्ष और अप्रत्यक्ष कर लगाने की बात की गयी है उसको केवल जस्टिफाई करने के लिए ही सारा वक्तव्य आधारित किया गया है। मैं उस वक्तव्य के संदर्भ में जैसा कि पैरा-2 में भी माननीय वित्त मंत्री जी ने

उल्लेख किया है, इधर जो बजट है पिछले दिनों से बराबर का घाटा बढ़ता रहा है 1990-91 का जो बजट प्रस्तुत किया गया है उस समय जो पूर्व प्रधान मंत्री थे, वित्त मंत्री थे, जो पूर्ववर्ती सरकार थी उसने बहुत डिहोरा पीटा था और इस सदन में भी इस बात की घोषणा की गयी थी कि हम किसी भी प्रकार से जो बजट में 7,260 करोड़ रु० का घाटा दिखा रहे हैं वह किसी भी कीमत पर बढ़ने नहीं देंगे, उस पर अंकुश लगाने का काम करेंगे और उस समय अपनी पूर्ववर्ती सरकार पर कुछ दोषारोपण भी करने का काम किया था। लेकिन वस्तु-स्थिति उनकी गलत नीतियों के कारण बिल्कुल विपरीत दिखायी पड़ रही हैं। अक्टूबर, 1990 में वह घाटा बढ़ते-बढ़ते 10,500 करोड़ रुपए हो गया और अब स्थिति यह आ रही है जैसा कि कुलकर्णी जी ने भी कहा और हमारे कुछ और साथियों ने भी कहा है कि कहीं पर यह भी आ रहा है कि चौबीस हजार रु० करोड़ का घाटा हो जाएगा, कहीं पर आ रहा है कि पंद्रह हजार करोड़ रु० का घाटा हो जाएगा। ऐसी स्थिति में मैं माननीय मंत्री जी से जानना चाहता हूँ कि क्या वस्तुस्थिति है, कितने करोड़ का घाटा 1990-91 के वर्ष के अंत में (मार्च में) हो जायेगा और उस घाटे को कहां तक वित्त मंत्री जी और यह सरकार पूरा करने की दिशा में कदम उठायेगी और वह कदम क्या-क्या होंगे, यह मैं माननीय मंत्री जी से जानना चाहता हूँ।

साथ ही साथ यह भी एक बहुत ही चिंता का विषय है कि जब विदेशी मुद्रा कोष की स्थिति खराब होने लगती है तो फिर आपकी जो क्रेडिट है जब नहीं रहती है तो आपको कौन कर्ज देने के लिये भी तैयार नहीं होता और भयावह स्थिति यह है कि जिस समय कि नवम्बर, 1989 में जो आंकड़े दिखायी पड़ते हैं 5560 करोड़ रुपये की विदेशी मुद्रा थी जिस समय पिछली सरकार थी, और अब आते-आते यह 8 दिसम्बर, 90 को 2500 करोड़ रुपये के करीब आंकड़े दिखायी पड़ते हैं, जैसा कि समाचारपत्रों में यह सारी चीजें आयी हैं और यह भी आंकड़े

आ रहे हैं कि दिसम्बर में कुल 20 दिन तक के लिये जो इंपोर्ट कवर होता है उसके लिये ही पर्याप्त दिखायी पड़ता है। ऐसी स्थिति में फिर आप कैसे इंपोर्ट करेंगे? कैसे बाहर से सामान मंगायेंगे? कैसे आपके ट्रेड का संचालन होगा? अतः मैं जानना चाहता हूँ इसके समाधान के लिये वित्त मंत्री जी और वित्त मंत्रालय क्या करने जा रहा है?

ट्रेड डेफिसिट, जैसा कि हमारे सभी सदस्यों ने कहा कि यह भी बहुत तेजी से बढ़ता चला जा रहा है। आपको यह जानकारी प्रसन्नता होगी कि पूर्ववर्ती सरकार द्वारा उठाए गए कदमों के कारण जो यह घाटा 1988-89 और 1989-90 तक पहले 7,892 करोड़ रु० था वह घटकर 7,731 करोड़ रु० रह गया क्योंकि एक्सपोर्ट ठीक होने लगा था परसेटेंज के हिसाब से और एक्सपोर्ट का प्रतिशत बढ़ा इम्पोर्ट उस हिसाब से नहीं बढ़ा। लेकिन जैसा कि समाचारपत्रों में आया है कि 1990-91 के अंत में यह घाटा 10,000 करोड़ रु० तक पहुंच जाएगा तो ऐसी स्थिति में मैं यह जानना चाहता हूँ कि आप उस ट्रेड डेफिसिट को कैसे पूरा करने का प्रयास करेंगे। इसमें दो चीजें दिखाई पड़ती हैं। एक तो उत्पादन बढ़ाने के लिए आपको एक्सपोर्ट बढ़ाना होगा यह बहुत जरूरी है और एक्सपोर्ट बढ़ाने के लिए उत्पादन बढ़ाना होगा और पैदावार बढ़ाने के लिए आपको साधन जुटाने होंगे और साधन जुटाने के लिए फिर जो खेती आपकी अर्थ-व्यवस्था की आधारशिला है उसकी पैदावार बढ़ानी होगी और उसके लिए कुछ काम करने होंगे।

इस बारे में मैं वित्त मंत्री जी का ध्यान इस बात की ओर आकर्षित करना चाहता हूँ कि यह सपोर्ट प्राइस तो सरकार तय करती है लेकिन यह सपोर्ट प्राइज किसानों को नहीं मिल पाती है और जब उसे यह नहीं मिल पाती है तो फिर जो सारे इन्पुट्स के दाम बढ़ते जा रहे हैं कैसे वह किसान इस स्थिति में आया कि इन इनपुट्स को खरीदकर अपनी पैदावार को बढ़ाने में लगा सके। यह स्थिति खरीद

[श्री राम नरेश यादव]

की फ़सल के मामले में हुई है और मझे लगता है कि भविष्य में जो रबी की फ़सल आने वाली है उसकी भी यही स्थिति होगी। इसलिए इस बारे में मंत्री जी को ध्यान देना चाहिए ताकि किसानों का मनोबल ऊंचा रहे और उनकी आमदनी में बढ़ सकें उनका शोषण न हो सके ताकि पैदावार को बढ़ाने में और भी मनायोग से काम कर सकें। इसलिए इस दिशा में सरकार को ध्यान देना चाहिए।

महोदय मैं साथ ही साथ यह भी कहना चाहता हूँ कि जो विकास की वस्तुयें होती हैं उनका एम्पोर्ट जितना कम करेंगे उतनी ही अधिक बचत होगी और आपको उसके लिए अधिक पैसा नहीं देना पड़ेगा।

महोदय काले धन के संबंध में बहुत से सबूत हुए हैं बहुत सी कर्मठियाँ बनी हैं और उन्होंने अपनी रिपोर्ट भी दी है। इस समय भूतपूर्व वित्त मंत्री ने बताया था कि काले धन के आधार पर समानांतर अर्थव्यवस्था देश में चल रही है और 40 हजार करोड़ रुपए के करीब देश में काला धन है। इस काले धन को आप कैसे निकालेंगे इस बारे में कोई भी संकेत आपके वक्तव्य में नहीं है। मैं जानना प्रकाय से बाह्य लाकर अपनी इस अर्थ- को कैसे बचायें ?

महोदय, यही हालत विदेशी ऋण की है जिसमें आपको मूल भी ना तु उत्पाद के भी देने के कैसे आँ इसको चुकायेंगे इस बारे में भी प्रकाश डालिए।

मुद्रास्फीति का जहाँ तक सवाल है जो होलसेल प्राइज इंडेक्स है उसके आधार पर 1989 में जाँग्यह 7.6 फ़ीसदी थग यी बढ़कय 9 फ़ीसदी हो गया और कंज्यूमर प्राइज इंडेक्स औय भी आगे चला गया। एक अर्थशास्त्री ने कहा है कि तीन महीनों में जो कंज्यूमर प्राइस इंडेक्स तु वी 2 फ़ीसदी प्रति माह के हिसाब से बढ़ा है जिससे लोग महंगाई के शिकार हुए हैं। इसलिए मुद्रास्फीति को रोकने के

लिए आपने क्या कदम उठाए हैं और क्या कदम उठाने जा रहे हैं यह मैं जानना चाहता हूँ।

विश्व बैंक ढाढ़ा दी गई सहायता इस्तेमाल नहीं की जा सकी। मैं जानना चाहता हूँ कि इसमें क्या सच्चाई है? अगर यह बात झूठी है तो बात दूसरी है लेकिन अद्य यी सही है तो यह बहुत ही गंभीर बात है। इस बारे में वित्त मंत्री जी को सोचना चाहिए और चूंकि मिथा फ़ोरेन एक्सचेंज रिजर्व कम री हो रहा है इस लिए मैं कहीं न कहीं से तो सहायता थनी हग पड़ेगी तो विश्व बैंक से सहायता लेने के लिए आपने क्या कार्यवाही की है? क्या विश्व बैंक ने कोई सहायता देने का वायदा किया तु अगर किया है तो उसको क्या स्थिति तु यह मैं जानना चाहता हूँ।

साथ ही साथ जो सरकारी खर्चे हैं मैं समझता हूँ कि इनमें कमी करने के लिए आपको विस्तृत कार्यक्रम बनाना होगा ताकि उसके आधाय पर जो फ़िजूलखर्ची होती है और अन प्लांट एक्सपेडिचर होता तु उसको रोका जा सके और उसे दूसरी दिशा में लगाया जा सके। देश में की जनता के सामने ये सारी बातें आनी चाहिए।

पिछली सरकार ने जिस तरह से गलत नीतियाँ अपनाईं उसके कारण आर्थिक स्थिति जिस तरह से ध्वस्त हुई है उन सारी बातों के बारे में एक हवाईट पेपर आफ सदन के सामने रखने का काम वित्त मंत्री जी जरूर करें इसके साथ ही कर बढ़ाने की जगह से जो मार जनता पर जा रहा है फिर बजट आने से पहले कोई और कर बढ़ाने का काम नहीं करेंगे और जो काय बढ़ायें गए ने उनके बग़रे में भी गंभीरतम से सोचेंगे इसके लिए भी मैं आपका ध्यान आकर्षित करना चाहता हूँ।

SHRI J. S. RAJU (Tamil Nadu): Out of three pages of the Statement, two pages have been devoted to defend the action of the Government to mobilize revenues. I had expected the Minister would give us actual figures of balance

he will come out with that in course time.

Mobilising of resources is something very important. No one disagrees on that. But, if it has to be done through taxation, I don't know whether we are really solving our problems. To extricate from one trap, we are getting into another trap.

I would like to know from the Minister what measures he proposes to take to check the ever rising inflation, because the alarming rise in prices is the concern of the common man.

Now, I would like to have a specific clarification. The surcharge on Income-tax has been increased by 4 per cent. In a federal democracy, I feel it is a fraud committed on the States. The economy of most of the States are no better. Some are in a very worse condition. Under these circumstances, you have increased the surcharge on income-tax, so that you don't have to pay any share to the States. You should not have this attitude of feudal overlord. Finance Commissions and also various experts have stressed time and again to refrain from this method of taxation. This will strike at the very root of federation. States have a right to share in the revenue. Therefore I would like to know whether the Minister will look up for some other measures of mobilising of resources replacing the surcharge on Income-tax.

DR. G. VIJAYA MOHAN REDDY
(Andhra Pradesh): Leaving apart the question of the Finance Minister taking charge at a difficult time, I wish him all success in putting our economy on a very healthy line. At the same time God forbid the Gulf war.

I would like to refer to only point. It has been reported in *The Financial Express* and other papers that business export houses have failed to repatriate their foreign earnings back to our country causing a huge loss in foreign exchange. This could be considered an anti-national act. Out of 340 cases scrutinised under these counts, 71 per

cent Of the exporters have failed to repatriate the sale proceeds. The enforcement agencies have estimated that it could be well around Rs. 12, 000 crores. If the amount is recovered, there will be no necessity to go in for external borrowings. Because of these fraudulent transactions, the incentives and benefits that are being given to the exporters are not serving any purpose also. I would request the hon. Minister to throw some light on this important matter, and take effective measures so that our economy is rectified from this point of view.

SHRI SANTOSH BAGRODIA
(Rajasthan): When the hon Finance Minister took charge, we were very happy. We thought things will improve. But we would like to give him enough time. We had liked to give him enough time but in the meantime he has brought out a statement. I would just read the lines. On page 2, para 8, the hon. Minister said.

"We should have no illusion that fiscal imbalances accumulated over several years can be eliminated at one stroke."

I wish he had said 'only last year', because the question of several years probably he may not be able to handle. You can handle the mess of the last year, we will be very happy and the country also be very, very happy. Either you have not read this thoroughly or I believe you have overlooked this point. As my friends have suggested we need a white paper on the economy. I would rather say, please give us a black paper or a red paper on the last year's economic situation and a white paper on what you are going to do for the improvement of the economic situation. That is what we want. But simply a white paper of the last five years is not going to help us. So please confine yourselves to one year and then you have to compare what has happened during the last four years. If you want to give comparative figures, you can give us because two sets of Governments were

[Shri Santosh Bagrodia] working. It would have been much in fairness of things if you would have said "From 1980 to 1984, this has happened; from 1984 to 1989 this has happened and 1989-90, this has happened. " But this is a very, very vague document. Even very good economists will not be able to understand it. This is just a jugglery of figures. Regarding GDP, how many people will understand it? I believe even many MPs will find it difficult to understand this. I wish you could have given some kind of a statement which the ordinary people like me can understand.

Sir, you have also tried to say at one point in para 11, that the combination of measures in this sphere— both revenue and expenditure—would ensure that the fiscal deficit of the Centra' Government does not exceed 8. 3 per cent of the GDP. What was the GDP during 1989-90? The GDP was much lower than 8. 9 per cent. Now in the next year in view of the inflation in view of more and more activities, the GDP is obviously going to be much more and for that 8. 3 per cent really does not satisfy us. This 8. 3 per cent GDP will be because of the measures you are taking now. We want to know what would be the percentage of the deficit of the GDP? If you would not have come into power, all these measures which you are now taking, would not have been taken. What would have happened in that case? As Mr. Vishvjit P. Singh has said deficit will go beyond all imaginations. I would like to know what would be the deficit in terms of money? Is it Rs. 20, 000 crores or Rs. 25, 000 crores? Please tell us about that. These figures are really not going to help us.

You have also said that in addition what steps are being taken to improve the revenue collection. Revenue collection through proper tax compliance. These are all vague terms. Because I know for certain out of that what are your plans to get out the black money in the country? People are calculating that the black money in the country it around Rs. 40, 000

crores. I do not know. It may be Rs. 50, 000 crores or Rs. 60, 000 crores. What are your plans to get this money in the mainstream of the country, for the development of the country? Do you want to get this money through • raids? Of course, Rs. 120 crores per year was the average of black money collected and this realisation was there for the last so many years. That was the average. Is that the only matter? I have explained to you personally what happened to a jute baron in Calcutta. Nearly Rs. 35 crores were deposited in the Swiss bank and nothing has happened. We have recently read in the newspapers that the premises of an industrialist was raided and some people were arrested. With big fanfare every newspaper will publish it. But results are not published in the newspapers, under your leadership, I am sure you will produce the results and you will bring out this was the case and this was the result achieved by your department. (Time bell) we have waited for days together. Even two days back when you were in the Chair I was waiting to participate in the debate. Today also I waited but unfortunately I missed my chance by a few minutes. You know that politicians have to run about many places. Please give me a few seconds.

You talked of strict control on expenditure. This sounds very good but_ it should not be at the cost of the efficiency. On the other day also I asked a question but somehow I missed that question. You have mentioned in that reply that you cannot quantify the amount by the measures you have taken. If you cannot quantify, if your Department cannot quantify, then, what is the use of taking measures? You have taken these measures. Let us know what the effect of these measures will be on the economy of the country. What is the effect of these measures like 10 per cent less of petrol and 20 per cent less of telephone? I would also like to know the impact of these measures during the last month, December, actually. What your departments are doing actually to collect funds effectively is they

are writing to parents stating, "Your children are going to a convent school. Where from do you pay this Rs. 400/-?" They are writing to people saying, "You are paying Rs. 100/- per month for the club. Where are you paying from?" Is this the way you are going to collect Rs. 20, 000 crores?

I am not going into the details of the investment climate. You can go on making as many additions in the taxation system as possible. You can go on saying that only 75 per cent will be allowed on depreciation and all that. All this will affect the investment climate. Have you thought of that also? What we expect from you is this. Row do we get the best thing, of the best quality, at the lowest price? That is what we want to know from you. Do you have any plan of action for that? Only three days ago, my driver said that the price of rice has gone up to Rs. 5/-from Rs. 3. 50 a kg. in ration shops. I know you cannot provide 'kapda' and 'makan' as you say. But do you have any plan to provide 'roti' at least to everybody?

Sir, I understand that there is a plan that NRIs will be given dual citizenship on deposit of 10, 000 US dollars. There are three crores of NRIs. Out of that even if 10 per cent accept this kind of a thing, you will be probably making Rs. 60, 000 crores. I would like to know what your plans are on that.

Regarding foreign exchange, there is a very interesting thing. The Finance Ministry used to say, "We have got reserves for four months, three months. " Then it came to two months. Now probably it is for three weeks. I understand the Finance Ministry is happy because Pakistan has got foreign exchange reserves only for a day. So India is still happy that if Pakistan can manage with one day's reserves, we have got three weeks' reserves and we can manage very easily.

Then, 100 per cent export obligation. New industrial undertakings re-

quire import of capital goods, machinery, etc. They need to be provided finance on imported machines on the condition that they will pay back in foreign currency as and when their instalments are due in the next ten years. Since the inflation rate in our country is much higher than that in exporting countries, for capital goods such a condition is hard to accept. Financial institutions are, therefore, discouraging export-oriented industries. What are your plans? Is the Government aware of it? Do you have any answer to these problems?

Increase in D. A. and inflation supplement each other and make a vicious circle. Has the Government thought of any measure to divert 50 per cent of D. A. as deposit in securities for three years or so?

Increase in diesel price has caused increase in prices of fuel, raw material, necessities, etc. Is it under the consideration of the Government to decrease the price of diesel and to compensate the same by increasing the price of other petroleum products? Some unimportant goods like HDP etc we do not need to import. We can save a lot of foreign exchange on these petroleum products. Do you have any plan for that?

Even the President has warned you that the economic crisis is there. I think the whole country knows it. I am not going into the details because Mr. Vice-Chairman is looking at me with angry eyes.

The next point is, on 27th December you have replied that it is difficult to quantify the financial impact of these measures. I would once more request you to quantify the effect of these measures. Otherwise, all these efforts will be useless. Then I come to inflation which Ahlu-waliaji has been asking about. You have replied to Kumari Alia etc. on 27th December. In January this year, the inflation rate was 7.8 and the price index was 155.8 against which today it is 184.3. You can understand what

[Shri Santosh Bagrodia]

kind of inflation is taking place. What steps do you want to take so that this kind of inflation can be stopped or at least reduced, if you cannot stop it completely?

Then, Sir, this is my last point, your three FIs have asked for 1 billion dollars from the World Bank. I would like to know what is the position of these World Bank loans. Are you going to get it? If so, on what terms? Will any political conditions be attached to this?

Finally, I would like to request our hon. Finance Minister, through you, Sir, that please find some way so that the basic prices can go down. The onion price have gone up. Even tomatoes are 25 rupees a kilo deep somewhere in villages in Rajasthan. Even the price of salt has gone up to Rs. 10/- a kilo, I am told. How are we going to survive? We are talking of multinationals we are talking of so many things. I say, you do anything. You bring multinationals, you bring private sector, you bring public sector, you do whatever you like. But as far as I am concerned, I want the masses should get at least the edible things so that they can survive peacefully and honourably. Thank you very much, Sir.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Rameshwar Thakur, do you want to say something?

SHRI RAMESHWAR THAKUR (Bihar): Certainly, Sir. That is why I have given my name.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You were not here when your name was called.

SHRI RAMESHWAR THAKUR Sir, I will not take much time on that. Mr. Vice-Chairman, Sir, I congratulate the Finance Minister, Mr. Yash-want Sinha, for his first statement on some strategic issues in the management of the economy. He has drawn our attention towards four aspects—fiscal imbalances, serious balance of

payments position, inflationary pressure on the price level, budget deficit and also he has made some proposals for raising additional revenue. In this, Sir, we appreciate one aspect, as has been made clear, that he has expressed his concern, but no message of panic and this is a thing which was repeated by the hon. Prime Minister. We are happy with this approach of the Government. There are a number of aspects and dimensions of this complex problem, but in view of the paucity of time indication given by you, I would like to confine myself only to asking a few questions and clarifications. One is in regard to the performance of the economy. Paragraph 2 of the statement states: "The performance of the economy during the second half of 1980s was impressive in terms of growth rates..." Then it talks about various difficulties. I would like to ask the hon. Finance Minister, is it not a fact that the average growth rate in GDP during whole decade of 80s and not later half, has been higher—around 5 per cent—as compared to 3.5 per cent from First Plan to Fifth Plan, that is from 1950-51 to 1979-80 and whether the successive reports of the Reserve Bank of India or the Economic Survey report of the Government of India Or the Economic Advisory Committee Report brought out by the previous Government and also by the World Bank itself, have praised the performance of the economy up to the year 1988-89? I would only like to quote the current year's Economic Survey report, brought out by the last Government, which mentions in para 2. page 1, chapter I. "In 1988-89, the economy recovered very quickly from the set-back of the drought of 1987-88. Gross Domestic Product in real terms recorded a growth rate of 10.4 per cent, added by growth of agricultural production by 20.8 per cent and industrial production by 18.8 per cent. The overall inflation rate was contained at 5.7 per cent in terms of wholesale price index." Now this is

the report of the Government. Not only that, the report further adds that it is not only the mere growth rate but taking into account agricultural production foodgrains production, industrial production, electricity

generation, monetary resources, imports, exports and foreign exchange reserves from 1980 to 1989 we will find that in spite of many stresses and strains in the economy there was a general growth, an overall growth in the economy. Therefore, I would like to ask the hon. Finance Minister whether he would like to make a clear distinction and give the precise position of the economy up to December, 1989 or November, 1989 and from December, 1989 to October, 1990. Therefore, we should know a clear picture; otherwise, mixing the

"whole issue creates a problem and we are not able to make a distinction of the so-called mismanagement of the economy during the last eleven months. What is the projection of the Government in regard to the growth rate and the general economic condition ending 31st March, 1989? What is the estimation of the Government?"

Paragraph 5 of your statement says: "At the beginning of the current year, the economy was in a serious crisis and there was a very difficult balance of payments position." It means that it was the position in April, 1990. We would like to know from the hon. Finance Minister what the actual position was in regard to balance of payments in April, 1980, what the position was in October, 1990, what the present position is and what is likely to be the position by the end of the financial year 1990-91.

The next question I would like to ask is what steps the Government have taken or propose to take in regard to the problem of augmentation of production of crude oil from 3.5 per cent of the recoverable reserves about which Mr. N. K. P. Salve has made a specific suggestion so that the effect of the Gulf Crisis as well as the foreign exchange drain could be minimised.

In spite of heavy investment during the Sixth and Seventh Plans—actually speaking, from the First to the Seventh Plan—we find that the inflation rate excepting the year 1979-80 during the Janata period was 21.6 per cent and the legacy of that in 1980-81 was 16 per cent, that is, in the first year of the Sixth Plan, and only in one year in 1987-88, when we had a severe drought for nearly two years it was 10.6 per cent. The entire period remained in single digit. We would like to know whether the Finance Minister would indicate what the inflation rate has been at the beginning of the current year, what the inflation rate was in October, 1990, what the present inflation rate is and what steps the Government propose to take to bring down the inflation rate to one digit and whether it is possible by March, 1991.

The next clarification I would like to ask is in regard to deficit financing. Deficit financing to a reasonable and manageable limit in a developing and planned economy is inevitable and is in the interest of the development of the economy itself. Many Members in the past have been indiscriminately criticizing deficit financing. Paragraph 3 discussed about the deficit of the Central Government's budget. But it is not clearly stated; right from the First to the Seventh Plan, particularly Sixth to Seventh, the deficit has not increased at any time beyond 10 per cent of the total Plan Outlay in any year, which, if properly managed, is a reasonable limit accepted nationally and internationally. If the deficit is within 10 per cent of the total Plan Outlay and if properly managed—this is one aspect in any developing economy—it is considered a reasonable limit. If we see the figures of all the years. I have got a complete chart but I will not take time reading it, right from the First Plan up to the year 1988-89, it has never exceeded 10 per cent. In fact, it has been less than that; from 7 per cent it has gone up to 9 per cent. So one need not be panicky and always talk about deficit.

[Shri Rameshwar Thakur]

We appreciate, the deficit should be less. Even if it is 10 per cent and if the economy is properly maintained, I still think that in a developing economy it is a must and we should not be panicky. In the year 1988-89 our deficit was Rs. 8852 crores; in 1989-90 it was Rs. 8206 crores. It is said that it went up to something like Rs. 11, 000 crores. We would like to know for the year 1990-91. The Budget deficit was estimated at Rs. 7206 crores. Now it is apprehended that this deficit may go up by 200 per cent, 300 per cent which will be unprecedented in the entire economic history in the last 40 years. We want to know what the position of deficit is at the moment and what is likely to be the deficit at the end of the financial year on 31-3-1991 and what steps Government proposes to take including reduction in Government expenditure in regard to reduction of deficit in the economy.

One more question is about levies. We should know whether the Government will stop having levies in the current, financial year, keeping in mind that during this year, in 1990-91, we have made several levies. The first was Rs. 2300 crores on petroleum products, Rs. 2300 crores as Gulf surcharge, from October 1990 to March 1991. This is as per Government figures Rupees twelve hundred crores of indirect taxes have already been levied. Then this present proposal would be about Rs. 810 crores. It would mean Rs. 6510 crores which is a very substantial amount. We would like to know if there is any proposal for any additional levy before the coming Budget. If there is, —we do not want the details of it—we would like to know what the proposal of the Government is to augment further revenue.

I would also like to know about the position of external debt. We understand, that a substantial amount has been approved by the World Bank. I have figures of the external debt and the internal debt for all these years, but for want of time I will not read them now. But there is nothing to be

alarmed about. India has the capacity to absorb it for developmental purposes. The question is how best to launch and spend the monies on development purposes primarily and also be able to meet the commitments but without any strings. If it is so, it should be made clear by the honourable Finance Minister in view of the public announcement in the past of the credit rating of the country having gone, whether we are under pressure for any strings and conditions which are not in national interests. This I would like to have clarified.

One more thing as has been mentioned by the honourable Member there, what are the tied-up project funds sanctioned by the World Bank and other agencies which remain unutilised?

And, Sir, I would like to know what steps the Government proposes to take to utilise them effectively and in time so that their credit worthiness increases faster the cost of production does not go up which has already increased and we are able to utilise during the current financial year the maximum amount so far as the tied-up project funds are concerned.

There is another aspect also. There has been a substantial reduction in the collection of direct and indirect taxes. We would like to know the reasons for this and also would like to know what steps the Government proposes to take to augment the collection of taxes during the last quarter of the financial year. This is very important.

There was an earlier announcement by the Finance Minister about the Long-term Fiscal Policy, I would like to know whether the Government proposes to place it here during the current Session itself? I would also like to know whether the Governments would like to assure the House that there would be no reduction in the committed expenditure, particularly with regard to the rural development programmes, agricultural programmes, programmes for industrial growth and development, khadi and village indus-

tries and science and technology. I would like to have a categorical assurance from the Finance Minister.

I come to my last point now. I would like to know whether the Government would continue with the policy of supporting the growth and development of the public sector. What steps is the Government taking to improve the productivity, efficiency and profitability of the public sector undertakings so that they may also contribute their share so far as the revenue of the Government is concerned?

Sir, I would like to get categorical answers from the honourable Finance Minister to the questions which I have raised. Thank you, Sir.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Now, the honourable Finance Minister.

PROF. SOURENDRA BHATTACHARJEE (West Bengal): Sir, my name is there and you have not called me... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Your name is not here; it does not appear here... *(Interruptions)*

PROF. SOURENDRA BHATTACHARJEE: Does not appear? It cannot be. I sent the name earlier. Kindly check up... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): There is some mistake. All right. You speak now. But be brief.

SHRI RAMESHWAR THAKUR: Sir, the points raised by the various Members require a little preparation. So, we can hear the Finance Minister on Monday, if you agree... *(Interruptions)*...

SHRI SANTOSH BAGRODIA; Sir, the can reply at 12 o'clock on Monday. He can't have all the information readily available with him just now... *(Interruptions)*...

PROF. SOURENDRA BHATTACHARJEE; Mr. Vice-Chairman, Sir, thank you very much for the opportunity given to me. If I remember correctly, the Finance Minister's state-

ment came just one or two days after the prime Minister told some gathering in Calcutta that before the Budget there won't be any additional imposts. But additional imposts have been there and I do not know why there was such a lack of co-ordination. I do not also know whether it was rather deliberate.

Now, so far as the statement goes, I am happy about the objectivity shown in the analysis, of the economic situation, of what he calls the strategic issues in the management of the economy over a long period of time. But some Members on this side would have liked a reference to the position during the eleven months of the previous Government. But he has not done so far his own reasons. He has reasons for it more than anybody else. I would, therefore, request him to clarify this point.

In the Times of India yesterday was a news-item on IMF loan for India, two billion dollar loan. How far is it a fact and whether this loan is subject to conditionalities, conditionalities which were objected to by many. I think the present Finance Minister was also against it when the first loan was taken. Now, debt services, we know, are 20 per cent of Government expenditure, perhaps regarding which there cannot be any curtailment. So I think he should explain whether he levied this tax keeping in view the IMF loan. I would say that increase in the surcharge will mean that the States will be deprived of it. The point has been made earlier and I will not go into the details of it. That idea is not a very happy one. I would like that the Finance Minister should find some other way to raise this amount without resorting to surcharge.

The Finance Minister, on the fifth page, talked of rationalisation of subsidy. It is a poor country where about three-fourths of the people live below the poverty line or just at it. Subsidy is a must. If it means reducing subsidy for exports, to the exporting companies, to exporting authorities, that is one thing. Perhaps it does not mean

[Prof. Sourendra Bhattacharjee]

that. (*Time Bell*) Subsidy should better be directed towards the poor. Let him examine even now how much subsidy is directed towards the Poor. whether it is good enough. Then only they can talk of better service to the people.

I hope the Finance Minister will pay attention to these issues and give a reply which is objective.

SHRI YASHWANT SINHA-. Sir, I am grateful to the hon. Members for the very lively debate on this subject. I must say that I am encouraged by the understanding which Members of this House have shown, of the grave economic situation that we face. I am encouraged by this understanding. I am also at the same time chastened by the criticism which has been made on the measures which have been taken, and I shall endeavour to clarify in the course of my speech some of the points which have been raised in the course of Members' seeking clarifications. Sir, the first point which I would like the House to appreciate is that a Government which comes into power in November after many months of the financial year have gone past and only a few months are left, when the rigidities of the Budget which had been framed have already caught hold of the country, when the entire situation is in such a straight jacket that the room for manoeuvre becomes extremely limited, in that kind of a situation, Sir, the options are very few. In that kind of a situation, it is not possible for anyone to come out with suggestions or decisions in regard to systematic changes. We have a very difficult situation on hand. But we are determined to get over that situation. I do not want to create an alarm. There is no reason for us to lose heart. And it is in that context that I think genuinely, I, perhaps, personally also was guilty of that at that time, but, I think, all talk of empty coffers is a disastrous kind of talk which has done this country no good. And I am saying, Sir, this with a full sense of responsibility that that kind of talk perhaps was not justified on

the basis of the objective analysis of situation which obtained then. It might have been a very popular thing to say And I remember, Mr. Chavan who is sitting here had raised this issue, and we had a tiff on this also. But, in retrospect, I have no hesitation in admitting it was a kind of talk which could have been best avoided; the enormous damage which has been done to the credibility of this country not only inside but also outside the country is a damage which will take perhaps, years to calculate. But I can tell you that much of the present situation, much of the blame for the present situation could directly be ascribed to that kind of alarmist talk which created or led to very many deleterious effects. And, therefore, I am saying again with full sense of responsibility that despite the grave situation that we are facing, as I have said in my statement, there is no reason for alarm. It is a difficult situation, but a situation which we must manage and which we can manage. And it is in that context, therefore, that I had appealed to all Members of this House, I had appealed to the people of this country to come forward and do their bit so that we get over the situation. As the Prime Minister said this morning, a country with such vast resources in manpower, in natural resources, is not a country which should be daunted by temporary difficulties. These are temporary difficulties, and we shall get over them, and we are trying our best to get over them.

I am chastened, Sir, by the criticism which has been made by the senior Members of this House, Mr. Chavan, Mr. Halve, and I must point out at this stage itself that we know that we are a minority Government. We know our limitations. We are fully aware of it. But we are also aware of the problems of this country. And the point which I would like to make absolutely clear, the message which I would like to go loud and clear is that as long as we are in Government, we mean to govern, we shall not allow the situation to drift. And, therefore, whatever decisions have to

be taken, those decisions will be taken in consultation with everyone, with the confidence of everyone, and we shall implement this with the support of all sections of the House and all sections of the people. I had pointed out in my statement that this present situation, apart from the fact that the Gulf crisis has hit us very badly, is also the result of certain macro economic imbalances which started appearing in our economy over a period of time. I have not said anything—or discovered anything—which is extraordinary; it is not that occupy the Finance Minister's chair accidentally as Mr. Kulkarni would like me to believe, and suddenly make this great discovery. No. My friend, Mr. Rameshwar Thakur, was quoting from the Economic Survey. Anyone who has kept track of the various Reserve Bank reports, of the various Economic Surveys which have been presented to Parliament, would be aware that these pressures, these imbalances, to which I have made a reference in my statement, have been referred to in all these statements for years, and if I have your permission, I would like to quote, in fact, from this RBI Annual Report-of 1987-88. Now, what does it say? It says:

"Mention was made in the previous year's report about the fiscal imbalances in the economy arising out of the lower growth of revenue receipts in relation to that of expenditure. The emergence of structural imbalances in the budget have resulted in the pre-emption of resources for non-plan expenditure and have led to increased borrowing to meet the overall financial requirement. During the first four years of the Seventh Plan, interest burden on the Centre has shown a sharp rise. The annual -growth average ratio of current account deficit to GDP of over 2 per cent in the first year of the Seventh Plan as against the targeted average of 1.6 per cent for the Plan period is a measure of the pressure on balance of payment."

And what does the RBI Annual

Report 1988-89 say? It says:

"In the last year's report, mention was made about the rising budgetary deficit of Central and State Government and the emerging structural imbalances in Government finances. The Seventh Five Year Plan had visualised deficit financing defined as net RBI credit to Government at Rs. 14,000 crores. As against this, the actuals for the first four years and the budgetary anticipation for the fifth year of the Plan add up to Rs. 33,110 crores, that is, nearly two and a half times the Plan estimate. In moderating the budgetary deficit, priority should be to eliminate by an early date the Centre's revenue deficit which has been rising rapidly and which reached Rs. 11,030 crores in 1988-89. Unless there are adequate surpluses in the revenue account, which can be utilised for debt servicing, the budgetary deficit will continue to widen. The increased borrowings for debt servicing will create the vicious circle of progressively higher interest burden and still higher borrowings."

Then there is RBI Annual Report—I omit that. Then I quote from Economic Survey 1986-87:

"The Government's resource position continues to be under heavy pressure because of the rapid increase in expenditure commitment, especially on non-plan account and substantial shortfalls in surplus generation by public-sector undertakings against the Plan expectation."

This is Economic Survey 1987-88:

"The tendency in recent years for the growth on current Government expenditure to outstrip the growth of current revenues has been noted in previous Economic Surveys. The pressure of high levels of Government expenditure has led to successive deficit on revenue account and reduced Government savings."

[Shri Yashwant Sinha] Now, one can go on quoting from various reports which are in the library, which have been presented to Parliament, which have warned that if corrective measures are not taken to balance Government revenue and expenditure, then structural imbalances, macro economic imbalances will creep in and that was the situation. This Economic Advisory Council Report which was presented to Parliament in December last year also makes a mention of the same thing.

It was mentioned that the statement which I have made is in very technical terms. My friend, Santoshji Bagrodia was saying that it is very difficult for even the Members of Parliament to follow. I will put it very simply. We all have our house-hold accounts. The point is, if you do not balance your expenditure with your income and if you go on borrowing in order to spend, a day is bound to come when you will go broke. There is absolutely no economics in this. It is just commonsense. This is specially so when you go on borrowing in the short-term. What was the point Mr. Rameshwar Thakur was making? He said that the deficits should not scare away anybody. We can live with large deficits. We can print notes and spend. But on what? On productive purposes.

SHRI N. K. P. SALVE (Maharashtra): Development.

SHRI YASHWANT SINHA. For developmental purposes. If all these deficits, fiscal deficits which include budgetary deficits and borrowings that we are making, if all these were to be used to productive purposes and that production is skimmed into the system, there will be absolutely no problem. But the problem arises when you get into a vicious circle. You start borrowing in order to pay your debts and a very small part of that amount is used for productive purposes. If your debt service ratio stands at 21 per cent and your savings

rate in the economy is also 21 per cent, what kind of a vicious angle j are you in? I need not have to explain it to the hon. Members. Everybody will understand. This is specially so when you make borrowings in the short-term. You borrow for three years, for six years, for seven years. The gestation period of your project is ten years, fifteen years. Before the project starts giving you the return, you run into a debt cycle. This is what has caused some problem. This is one of the problems in the economy to which we have to address ourselves.

Now, many Members asked me, What happened in the last eleven months when the National Front Government was in power?'. What was the situation in November, 1989—which had its pressures—and what was the situation in November, 1990, when they left? I will be very candid. The Budget deficit in November, 1989, was around Rs. 13, 080 crores. This was the figure at that time. I was asked to disclose the figure. This year—I mean, 1990—on 30th November, 1990, the Budget deficit stood at Rs. 13, 000 crores. It was even Rs. 80 crores less than last year. But that is absolutely no satisfaction to me because I know the trends and, therefore, I am a worried man.

What I am saying is this. Mr. Chavan, the former Finance Minister is here. Mr. Salve is a great expert. There is Mr. Shiv Shanker. There are other hon. Members. Earlier, we had a balance of something like Rs. 5, 000 crores in our foreign exchange reserves. This was the figure, if you take the twelve months of 1989-90. This was the balance. What happened? This balance of foreign exchange reserves of around Rs. 5, 500 crores or Rs. 5, 300 crores began dwindling. There were also pressures of the Budget deficit, even more important, of the fiscal deficit in terms of the borrowings and their pressures. This was a sort of situation which called for a great deal of skilful economic

management. This was what was pointed out by Mr. Sukomoy Chakra-varty in the report which he presented to the then Government and which was placed before Parliament. I can quote chapter and verse from this report, but this will take the time of the House.

What was needed in December, 1989, was a determination to be able to come to grips with the economic problems of the country. That was the kind of attitude which was needed. What was needed from the then Finance Minister in February, 1990, was to present a Budget which would have taken care of the problems which the country was facing, Gulf crisis or no Gulf crisis. In fact, there was no Gulf crisis at that time. I am sorry to say this. I am not saying this in a spirit of criticism. It was not my intention in the statement to criticise anybody. I have just tried to be as objective as possible. I am saying this again with a full sense of responsibility that the kind of determination which was needed by the then Government in power to tide over the economic difficulties of the country was singularly lacking. The budget which was presented by my predecessor in office was a very defective, a faulty budget. Why was it a defective and a faulty budget? It was so in two ways. Firstly, that whatever measures that were taken in that budget for additional resource mobilisation had a definite inflationary impact and the policies of the Government were known, we knew that we were committed to the agriculturists, to the farmers, were committed to giving the people, the peasants of this country better remunerative price. And I have the figures here of how the procurement prices of every kind of foodgrains have been increased, of edible oils have been increased. That was bound to have its own inflationary impact on the budget. That was something that was known. In that light, therefore, one should have been careful in regard to the imposts and levies that were levied. I will come to the levies later but that was not

done. On the one hand there was a built-in inflationary tendency in the budget of 1990, and on the other, in order to keep the deficit down to Rs. 7206 crores the then Finance Minister underfunded the budget. This is the point which has been made in a very good article by one of the former Finance Ministers of this country recently. The budget was underfunded and I will give you just one example. For example, we were all committed in the National Front to waive the loans of the farmers and the provision which was made was just Rs. 1000 crore. How on earth did the then Government come to the conclusion or had the conviction that they will be able to manage the entire policy of loan waiver in just Rs. 1000 crores? This is something which is beyond my mind. I have not been able to understand this arithmetic because the impact of that is much larger. There are various other areas in which the budget was underfunded. Therefore, if we are faced with a much larger deficit with the prospect of even a higher deficit in this financial year, the chief causes of that, Mr. Vice-Chairman, is the fact that no care was taken to make the budget realistic. In his anxiety to project a low budgetary deficit figure, the then Finance Minister played around with the arithmetics of the budget and has done the damage. So, that determination on the part of the Government was not there.

Now in the circumstances what happened? We were in the situation in which a human being is, a human being who is not being nourished properly, he is not getting all the nourishment and gradually he is losing his immunity to disease. Therefore, when the infection of the Gulf crisis hit us, we were there totally defenceless. We had absolutely no strength to be able to resist that crisis, to absorb the impact of that crisis. That is the situation in which we were in August 1990.

If the then Government **had** taken certain steps, had taken certain

[Shri Yashwant Sinha] decisions, if the then Government, for instance, had decided—and I am saying again with a full sense of responsibility—in January, February, March 1980 to go to the IMF to shore up foreign reserves, it would have been a very welcome step. I do not know why they did not take that decision because the reserves were low. We should have no hesitation in admitting, despite the impressive growth of the 80s decade, India continues to be a poor country. We have not become an affluent country, we are a developing country. We will always continue to live from hand to mouth. Those growth rates were good in their own way, but still we had our own weaknesses. And, therefore, we should have taken steps to see that we got over those weaknesses, and those steps were not taken. It was in that kind of a situation that the Gulf crisis hit us. Now, the impact of the Gulf crisis can be variously estimated. I will just give you one figure. For instance, if the total budget estimate for the import of oil in foreign exchange was Rs. 6,500 crores, we expect to end up with, maybe, Rs. 12,000 or 13,000 crores; one doesn't know. And, as Dr. Vijaya Mohan Reddy said, God forbid, if there is a war, then one doesn't know what will not happen. But, even if there is not a war, then this is the kind of an additional burden on the budget that we will have to bear, something like Rs. 12,000 or 13,000 crores. Then, we have lost money in Iraq and Kuwait in terms of non-repatriation against our projects, we have lost money in terms of repatriation which Indians there were going to make. The total impact of the Gulf crisis on our economy has been so deleterious, that given the weaknesses of our system it "became impossible for this country to cope with it. And, therefore, what was needed?"

That Yashwant Sinha is Finance [Minister by accident, by a bonus, or Chandra Shekhar is Prime Minister, is totally immaterial to the situation

to my mind, Mr. Vice-Chairman. Any Finance Minister in my position today would have had to take decisions which would call for this kind of a criticism. We might have differences of opinion in regard to the various levies which I have imposed; there might be honest differences of opinion. And I will tell you, in a brief while, why I have done what I have done. But I would also like to tell you that it is very easy to go on giving the patient sugar-coated pills. It is very easy. If the doctor wants to be popular with the patient, he can go on giving the sugar-coated pills and kill the patient in the process. It is only a good doctor who administers bitter pills. It is not easy. It is very-easy for a politician—and that is what all of us are in this House—to go in for populist measures and earn cheap popularity. It is very easy. It could have done the same thing. It was not necessary for me to impose those burdens. I could have said, "All right, it is a minority Government; I do not know how long it is going to last so, why bother after the deluge, like the previous Government did?" But I am telling you, if we have any sense of patriotism, if we have any sense of national honour, if we have love for Mother India, then it is important that all of us sit down, put our heads together and pull the country out of the present situation. That is our national duty and, therefore, as I said, it is not important as to who is in power today—who is the Finance Minister, who is the Prime Minister. The options are extremely limited. Now, Sir, what are the goals and why we have done this. I will just take five minutes on that. I have said clearly in this statement that we have to reduce the fiscal deficit. |

SHRI P. SHIV SHANKER: Mr Finance Minister, there is one thing which I could not understand when you are trying to explain it. A higher import bill on crude could certainly affect the foreign exchange position, the BOP. But then, how is it relevant

with reference to the deficit in the budget itself? This I could not make out.

SHRI N. K. P. SALVE: Revenue deficit.

SHRI P. SHIV SHANKER: Gujarat): This I could not make out.

SHRI N. K. P. SALVE: Why don't you subsidize.

SHRI YASHWANT SINHA: Budget deficit?

SHRI P. SHIV SHANKER: How are you trying to correlate both the things?

SHRI YASHWANT SINHA: Balance of payments and the Budget deficit have a certain relationship. Any pressure on balance of payments could be generated because of a budget deficit and *vice versa*. In this particular case if the foreign exchange component of the purchases of crude goes up from Rs. 6, 500 crores—Suppose we had that figure in our budget and that is the figure we have budgeted—to Rs. 12, 000 crores. We have to find an additional Rs. 5, 500 crores.

SHRI P. SHIV SHANKER: That is in foreign exchange.

SHRI YASHWANT SINHA: Whether that is in foreign exchange or not, it will be reflected in our budget in terms of rupees.

SHRI P. SHIV SHANKER: BOP is affected.

SHRI YASHWANT SINHA: It affects both BOP and the budget.

SHRI N. K. P. SALVE: All these years we have been having surplus in the Oil Fund Account. We have devoured that. What my esteemed leader, Shiv Shankerji, was wanting to know is that if the estimate of Rs. 6, 500 crores is going to reach a figure of Rs. 12, 000 crores, the deficit or the burden would be borne by the Indian Oil Corporation which is going to import the oil. Unless you want to subsidize the Indian Oil Corporation, how would your revenue budget be affected? This is question number one. If you are wanting to say that as a result of that we have to borrow,

that there will be higher interest payment and that indirectly there is going to be burden, one can understand it. But directly there cannot be a link between the revenue deficit of your budget and the higher import bills to be paid by the Indian Oil Corporation unless you want to subsidize the Indian Oil Corporation.

SHRI YASHWANT SINHA: Sir, I have said on page 2 of my statement:

"This Gulf crisis has led to a deterioration in the fiscal situation because the OCC surplus would not materialise; the burden on account of fertilizer subsidise would increase; the cost of repatriation of Indian citizens from Kuwait would have to be borne by the exchequer; and there would be shortfalls in revenue attributable to the squeeze on non-oil imports and the contraction of output."

This explains why I was relating it.

SHRI P. SHIV SHANKER: This is understandable.

SHRI YASHWANT SINHA: Sir, there is just one more fact that I would like to point out before I go on to the goals why we have done what we have done. I have mentioned in my statement, and a number of hon. Members have also mentioned in this House, about revenue collection. It is a very sad thing that this year the revenue collection has actually been less than the budget estimates. It is not a figure of Rs. 7, 000 crores. But if the revenue collection is less than the budget estimates then, this will also have an impact on the budget deficit. I will just tell you, for instance, that in customs the shortfall in revenue upto 30th November, 1990 was Rs. 961. 89 crores which is 44.8 per cent less than the budget estimates. The excise revenue collection was less by Rs. 630 crores which was 2.52 per cent less than the budget estimates. Both together were less by Rs. 1592 crores in terms of percentage, 3.42 per cent less than the budget estimates. As against that, a^e

[Shri Yashwant Sinha]

far as the income-tax and the crop-rate tax are concerned, the figures upto November indicate that while the income-tax collected upto November, 1989 was 54. 13 per cent, in this year it has been only 41. 15 per cent. Similarly, the corporate tax was 25. 93 per cent upto November, 1989, and it *fa* only 16. 43 per cent in this year.

There are various reasons. But *one* of the major reasons to my mind is the sense of drift which the previous Government had imparted and a general laxity in the revenue collection. Now, one of the first acts when I look over in the Finance Ministry, was to look at the Budget revenue receipts. When I found there were shortfalls in the revenue receipts, I asked my officers immediately that all steps must be taken to meet the Budget estimates. There is no way in which we can put up with the situation. Therefore, even in the revenue side, we took up with them. Therefore, I have given strict instructions. I am glad to report to the House that I have personally so far before the Session started, gone to Calcutta and Bombay. These are the two major centres of collections I have met the customs and Income-tax officials. I have talked to Commissioners and Collectors individually and reviewed personally the collection of each zone. I am glad to tell you that this has had the necessary impact. I am quite sure that with the effort made by me personally and by the Department, we shall be able to try and make up the shortfall in revenue receipts. This is another reason why this year's financial position is so bad.

Now, what are the goals ? If we want to take the economy back towards health, then we have, as I said in the Statement, to reduce the fiscal deficit. That means not only the budget deficit, not only the monetary deficit, but we would also have to take into account the borrowings. With borrowings and the budget deficit together, as I have said, we will try to restrict up to 8. 3 per cent of the GDP this year and we would like to bring it down to 6. 5 per cent in the next year and presently we propose to take it down to the

pre-Seventh Plan level, which was a healthy level of something like 3 per cent of the GDP. That is the level at which the fiscal deficit should be kept. I say this should be the direction in which the economy must be taken. I know it is a difficult task. A number of Members have asked me almost in a challenging tone that I have gone in for soft options, that I have imposed levies, that these are also soft options, but see what I am doing to control the expenditure. As I said in the beginning controlling expenditure for a Government, which comes into power in November, is very difficult, because commitments have already been made. But even then we have tackled this problem in two ways. One is to take steps ruthlessly to curb expenditure in whatever manner we can in the current financial year. That is where this 10 per cent cut is being severely imposed. I am glad to tell this House that I expect to net a total saving of something like Rs. 1, 850 crores in expenditure in the current year. *(Interruptions)* There are a number of ways in which this is being done but I would like to tell you that we have kept the operational departments outside the purview of it. We would not like the efficiency of the Government, as some Members especially Santosh Ji. have mentioned, to be impaired. Therefore, we have made some exclusions and made sure that we still are able to do our task efficiently.

SHRI N. K. P. SALVE; Mr. Minister. I take that this Rs. 1, 800 is compared to the Budget estimates. Normally what happens in the course of months is that the Government expenditure increases and from that a restriction is sought. But what I understood is that as compared to the figures mentioned in the Budget estimate, you are going to effect economy of Rs. 1, 800 crores. Have I understood you correctly?

SHRI YASHWANT SINHA: Yes, you have understood me correctly.

SHRI RAMESHWAR THAKUR; I would like to seek a clarification. Earlier, the previous Finance Minister gave us data some months back, in May-June, saying that there was a reduction of Rs.

1, 500 crores as compared to last year. But, as we found if, actually the expenditure in the current year was less and there was no actual saving of Rs. 1, 500 crores at that time. We would like to know what was the saving. The ten per cent reduction in expenditure was announced earlier. So, what was the saving in October 1990 and what is the saving now contemplated up to March 1991?

SHRI YASHWANT SINHA: I am not aware of the announcement; that which the former Finance Minister made of Rs. 1, 500 crores. I will have to check on that. But what I am saying is that apart from 10 per cent cut, plus a whole series of economic measures, which we have taken, we are trying our best to keep the expenditure low. But I would like to tell you that in the second Supplementary, for instance, which I have presented to Parliament, the cash outgo will be limited to Rs. 648.95 crores only. This means that even at the time of the second Supplementary—we are all aware of the practices in the Government of India, where tall demands are made by every Ministry and every Department for increased expenditure—I take you into confidence that I have personally pruned it to the barest minimum and I have made sure that no extra expenditure is incurred by the Government without which we can do for the present. Therefore, it is also not postponing the expenditure. One of the first things which I did again in the Finance Ministry was that I called the Financial Advisers of all the Ministries. I told them that they must exercise the greatest care, the most ruthless control over expenditure and if they had any problem in their Ministries, they should come directly and I shall give them all the protection for whatever they were doing in this regard.

But the other things that we are doing is austerity. I have said in the statement that austerity is the watchword. Mr. Santoshji again was saying as that I have said in reply to a Parliament question that we cannot give him estimates of the savings of expenditure. Now, we have said there should be no dinners. We have said there should be 10 per cent cut on telephones. The whole lot of 7 or 8 measures we have suggested only for austerity. Now, which dinners have not been held and how

much will be the savings is something. I could not have given you in reply to that question. It is difficult to estimate. May be at the end of the year or at some later date, we will be able to get some idea of it. SHRI SANTOSH BAGRODIA: You can quantify it.

SHRI YASHWANT SINHA: It cannot be. When you include the public sector and all the Government financially-aided institutions, it is difficult to say how many dinners they would have held and much money would be saved for the dinners not being held. The point I am making is that we are committed to austerity also not merely economy but austerity also. Therefore, we must bare ourselves completely in the sense that no expenditure, not even one rupee shall be spent by the Government, by the public sector undertakings, by any one who has anything to do financially with the Government on ostentation. That is what we meant and that is a message and we would like that to go out to the country because we felt that we have no moral right, no moral authority to ask the people to tighten their belts until we did it ourselves. Therefore, as the Finance Minister, it will be my endeavour, it will continue to be my endeavour to ensure that these instructions are followed in letter and in spirit. If there are violations, I shall come down heavily on whoever is the violator. So these are the two ways, economy on the one hand and austerity on the other, in order to impose curbs on Government expenditure.

Now, Sir, I will come to the last point on which I wanted to take the House into confidence and this is in regard to the levies which I have mentioned, which I have imposed earlier. Now, no Finance Minister, least of all, me, as I said, feels happy (1) in imposing taxes and (2) doing it just before the budget. I know it is a bad parliamentary practice. I don't have to be reminded of it. But I will only plead with you that in the kind of a situation in which this country was, I would have been totally failing in my national duty, if I had not mobilised the resources which I have tried.

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Let me tell you what we have done? We have increased the customs duty. Now, that is an indirect tax. We have increased it but in increasing the customs duty, we have made sure that we kept out of it all the items which have any bearing on the common man. This is the point which I will make it in the next few minutes. In all the levies that we have imposed, the impact on the common man is going to be absolutely minimum because this was one tight situation, one vicious circle in which we were caught. We had to raise additional resources in order to prevent the budgetary deficit from going out of hand. Mr. Vishvjit Singhji said the deficit is going to touch three digit level. I don't share his alarmistic view. Somebody told me the other day that it will touch four digits and I was wondering at his arithmetic. It is not going to touch three digits. Let us not indulge in that kind of alarmistic view. But if we do not keep our budget deficit under control, then, it will certainly reach painful proportions and one way in which this has to be done is by raising taxes. But in raising taxes one had to make sure that it did not have a cascading effect, that it did not cause further inflationary pressures, on the economy. Now, this was the situation in which we were in the beginning of December when we were looking at the financial picture of the country. Therefore what did we do? The only indirect tax which has an impact, across the board is customs duty where there has been a raise. There is no other tax which I have levied which will have an across-the-board effect. The excise duties which have been raised on polyester, viscose and nylon, will be specific to that particular product.

It will not have any impact across the board on the economy as whole. It will not have a cascading

effect. These are the only two indirect taxes.

The other two measures, which I have introduced in Parliament in this Session are measures of direct taxation. And what have we done? firstly, we have raised the surcharge on income-tax for taxable incomes above Rs. 75,000/- per annum, by four per cent. It was already eight per cent. Mr. Rajuhe is not here was raising questions about federalism and all that and was saying that by raising surcharge we are depriving the States of this. Let me make it clear that the previous Government had imposed a surcharge of eight per cent on personal income-tax in the case of incomes above Rs. 75,000/- per annum. The previous Government had imposed a surcharge of eight per cent and then seven per cent on corporate tax. If that was not hurting that particular Member and his party on the question of federalism, I do not know how four per cent will hurt them any more. The point is that in raising the surcharge from eight per cent to 12 per cent, the amount which we will net in this financial year is something like Rs. 60 crores. But which is the category of people that we have touched? All those whose taxable income will be Rs. 75,000/- and more which will mean I was just talking to my officers in the department people who earn more than at least a lakh of rupees per year. Now, that is the affluent section. That is not the common man. The common man of this country does not earn an income of Rs.

1 lakh every year and that is.....
(Interruptions).

PROF. SOURENDRA BHATTACHARJEE: Will you also please deal with States' share?

SHRI YASHWANT SINHA: There is no States' share in this because the impact of the Gulf crisis is basically on the Central Government and we need to mop up this.

What I am saying is that the impact of this on the higher-income-bracket people will be to the extent of a hundred rupees per month. That is the maximum that this surcharge will cost. And if I say that all those who are earning a gross of one lakh of rupees or more every year should shell out Rs. 100/- more per month in national interest, am I asking for too much? Is it imposing a burden on the common man;

Sir, the other thing that we have done is that we have told the corporate sector... *(Interruptions)*.

SHRI N. K. P. SALVE: Mr. Finance Minister you have not dealt with one Very important point I raised the other day. In the absence of what you describe in the jargon of tax experts as 'the marginal relief, if an assessee were to earn anything above Rs. 75, 000/-, say Rs. 75, 010/- the added burden comes to about Rs. 2000/-. It is that aspect of the matter which I thought you would perhaps refer to because there is no marginal tax relief. It is palpably unfair. It is all right if you want to levy this kind of a surcharge on people who are affluent or well-to-do. But on a person who earns only Rs. 10/- more, Rs. 75010/- its cumulative burden comes to Rs. 2000/- or more. If it is so, if it is happening that way, I would want you to assure us some relief on that

SHRI YASHWANT SINHA: Sir, I am not an expert in tax matters. I have been given to understand.... *(interruptions)*.

SHRI N. K. P. SALVE: You have dealt with the matter like an expert.

SHRI YASHWANT SINHA: I have been given to understand, as I said, that the impact will be limited to Rs. 1200/- And as far as marginal relief is concerned, I understand that even in the earlier eight per cent surcharge which was imposed there was no marginal relief given. Now, the point which Mr.

Salve has made is a point which I will have to follow up. I would like to go back to my department and understand the implications of it fully before I make a commitment in this House.

Now, the other tax if it can be called a tax at all, that we have levied is that We have told the corporate sector that they should calculate only 75 per cent of the depreciation to which they are entitled Now, as an industrialist Member of this House was telling me outside, I normally do not quote conversation, but he told me that this was a very intelligent way of collecting revenue and he said that this actually amounts to postponing because if it is 75 per cent, then they will make it up. It is not that it is going to deprive them of the benefit for all the years to come. So what we have done is that we have said that this one time, calculate your depreciation at 75 per cent and not 100 per cent and for the balance 25 per cent, whatever tax becomes due, you share it with the State. Now, I would like to mention one thing. Sir. Much was made of the investment climate going down, the share market falling, and all kinds of things. There is a scare which has been spread in this country as if we, by our levies, are going to kill industry and I must make this point very clear. In the Budget which my predecessor had

presented, as you are all aware, corporate tax had been reduced from 50 per cent to 40 per cent and the investment allowance had been done away with. In doing away with the investment allowance, the then Finance Minister had calculated that we shall net an additional revenue of Rs. 800 crores. That unfortunately, Sir, has not come to pass. It has just not materialised and everyone is aware that this year has been an year of high profits for the corporate sector. I just read out the figures to you of the decline as against the budgeted figures of the corporate tax collection, which means what? Which means only this that the corporate sector has not

[Shri Yashwant Sinha] paid what it should have paid. In other words, the corporate sector has not responded to the reduction in the rate of tax. It is a general feeling all over the world which is often repeated that if you want to increase your revenue, reduce your tax. Here is a case...

SHRI P. SHIV SHANKER: But, Mr. Finance Minister, human ingenuity is such where they avoid taxation by lawful means.

SHRI YASHWANT SINHA: Sir, I was making the point. I am aware of that. I was making the point that here is a situation where corporate tax was reduced from 50 per cent to 40 per cent and why hasn't it led to an increase in tax revenue? If that old theory were to hold good, then somebody should explain to me why the reduction in tax has not led to a growth in revenue? It has not. So Rs. 800 crores we have lost there only because this investment allowance was done away with and if in this year, by reducing depreciation or limiting depreciation to 75 per cent, I say that I expect Rs. 750 crores or Rs. 700 crores or whatever ultimately that figure is, who am I depriving of what? This Rs. 800 crores which should have come, this reduction from 50 per cent to 40 per cent, is something which has turned out to be an advantage to the corporate sector.

Another point, when I say the corporate sector, the corporate sector, as we all know, includes the public sector also and out of Rs. 750 crores, one can make a very broad estimation and say that something like Rs. 300 or Rs. 350 crores will be contributed by the public sector and Rs. 400 crores or Rs. 450 crores will be contributed by the private sector. Now, in a year when the private sector has made profit, in a year in which the private sector has taken advantage of a lesser tax rate, in a year in which the private sector has not paid, the investment allowance

which was done away with, in that year, if an additional burden of some thing like Rs. 400 crores is imposed, on the private sector or Rs. 750 crores on the corporate sector, is it open for us to say that this will destroy the economy of this country, it will destroy investment climate, it will destroy the industry in this country? I think, anyone who is making that kind of a claim is not fully aware of the situation. Therefore, Sir, this is not going to cause any damage to anyone and let me make it clear that the Prime Minister had met the industrialists repeatedly He told them that he was not hiding anything. He told them that the country was facing a difficult situation. "Would you be kind enough to tell us in what way you can contribute? And you must contribute because you are in a position to contribute. We can't go to the common man, we can't go to Laxman, we can't go to the men in the street and so you must pay up." Therefore, this was done, after warning the corporate sector, after warning the industrialists of this country that they would also have to make a contribution this year to this.

And a point was made that the Prime Minister had said that no levy would be imposed and I suddenly came out with it. When the Prime Minister made that statement in Calcutta, he made it in the belief that this had already been announced. I will tell you why this misunderstanding came. This whole thing is not *ad hoc*. It is not as if it was coming out piecemeal. We had taken a decision in regard to the total quantum of revenue mobilisation within this year at one point of time. We sat down, looked at the fiscal position, the Budget deficit and decided this is what we must do. I had to impose those levies in regard to customs duties and excise duties which I could do within my own rights given by this Parliament. But for the other, for the income-tax surcharge, for the depreciation allowance. I had to come to Parliament and the Parliament Session

had already been called. So I had to wait. And in this that confusion was created Both kinds of confusion, one that we are doing it piecemeal as if we did this today and then we are coming] with this now and tomorrow we might come with something else. It is not... (Interruption)... Some impression has gone round. So there is absolutely no *ad hocism*. The measures that we have taken, been taken with due deliberation, after careful thought, after analysing the total impact of these measures on all sectors of the industry, on the economy and on the people at large. And I make bold to say, sir, that because there is a large share of direct taxation in our levies, it is going to have an anti-inflationary impact because we are going to mop up that money from the market which would have been otherwise circulated. Only through the customs levies, there might be some little impact but that impact, as I have said, will be minimum. I make bold to say that we have not done anything which is going to affect the common man, the poor man and the levies are going to touch only the rich, the well-to-do, the affluent and they have every reason to pay up. I will end my speech, Sir,...

DR. G. VIJAYA MOHAN REDDY: .
What about black money?

SHRI YASHWANT SINHA: As I have said in the beginning, I have made that point that the options are extremely limited. A demand was made that we should come out with a white paper. In a month's time we will be coming with the Economic Survey; in a month and half we will be coming with the Budget. It has been said that I have not dealt with that, I have not dealt with this in this statement. This statement is not a white paper. It is not a comprehensive policy statement of the Government on economic issues, on economic policy. It only deals with the limited issues of the day, with the balance of payments and with the fiscal deficit and gives some indication of the goals

for the future. But we have an opportunity to deal with it, the question of black market, for instance. Now we have to apply our mind afresh to these problems because I am conscious of the fact that the former Finance Minister said in his Budget speech that steps would be taken to absorb this black money or to make schemes for black money, but when I went to the Finance Ministry, I found not a single scheme had been drawn up. So we have to apply our mind afresh to all these problems. These are all delicate, dangerous, issues and they cannot be tackled in a huff; they will have to be done with due and deliberate care. Sir, I end, as I said, by making an appeal...

DR. G. VIJAYA MOHAN REDDY: What about stashing away of money in foreign banks? By not repatriating money on exports, fair proceeds from exports, joint commercial ventures, earning profits, so much money is being stashed away in foreign banks. How are you going to get it back? The estimates are that thousands of crores are stashed away in foreign banks.

SHRI YASHWANT SINHA: Sir, the point which the hon. Member, Mr. Vijaya Mohan Reddy, has made is very relevant. If there is a newspaper report saying that Rs. 8, 000 or Rs. 20, 000 or Rs. 14, 000 crores have been stashed away, that needs some investigation. The point I am making is in our system, worldwide, every supplier gives supplier's credit. It could be 90 days, it could be 180 days, it could be 360 days, depending on the commodity or the product in which he is trading. Foreign suppliers give credit to our importers and our exporters give credit to foreign importers. It goes on and that is why in computing our overall external debt these short-term things are not taken into account because the three-month credit might be realised in three months' time. But the point that you have made has a general bearing. I would like to tell you that one of the first things which I told the Reserve Bank of India after taking over as Finance Minister was that they should

[Shri Yashwant Sinha] look at the pipeline which holds the foreign exchange through the various deals, exports. And I told them that they should look at every major transaction and see that we are able to realise the money within the stipulated period and that on no account should they permit it to remain abroad. That instruction I have already given...

SHRI J. P. JAVALI (Karnataka): What about the unaccounted money?

SHRI YASHWANT SINHA: Unaccounted money is unaccounted money.

SHRI S. B. CHAVAN: I was waiting till you finished and thereafter I wanted to ask you certain questions. But since everybody was interrupting and you seem to be on the point of saying that we are at the fag end of the discussion, I might as well ask you right now. This is just an exercise to understand each other in order to find out the position about the deficit which has been pointed out. The way you have explained the whole thing confirms the apprehensions that we have in our mind. I would like to have information only on two questions. The first is about the banking system. I would like to know whether the Government has been able to pay back the total amount involved in the loan waiver scheme, whether it has been able to reimburse the banks under the loan waiver scheme. It was supposed to be an obligation on the banks and the banks have done their job. If they are not reimbursed, then, of course, the entire banking system will collapse. There is one thing: Have the modifications which were suggested later on, which your predecessor had conceded on the floor of the House, have those instructions, been sent to all the State Governments and the banking sector? This was another point which I had made. The third is this. In fact, I would like to compliment you for saving about Rs. 1850 crores as a part of 10 per cent expenditure. My only apprehension is this. Let not every administrative Ministry treat this is a kind of obligation which it has fulfilled the DA and

other obligations which it was supposed to adjust within the sanctioned amount, and ask for that amount from the Finance Ministry which will definitely add to your deficit. These are the three points on which I would like to understand the situation.

SHRI YASHWANT SINHA: As, as the first point which Mr. chief has made is concerned, let me make absolutely clear that there is no way in which the Government can allow the banks to collapse. Therefore, the burden will not be on the banks. The burden is not on the banks. It is on-account which we will settle with the Reserve Bank of India which was to refinance the banks and the NABARD which was supposed to refinance the cooperatives. This is a continuous process because the scheme of loan waiver in the previous Government had undergone repeated changes in its nature, in its scope, in its spread. So repeatedly various kinds of estimates were made, various kinds of modifications had to be made. This a continuous process which is going on and we are keeping track of it, the Reserve Bank of India is keeping track of it, the NABARD is keeping track of it. And we are making sure that no bank, whether it is a cooperative bank or a grameen bank or a scheduled bank, will suffer in the process. It is our major concern at this point of time to prevent the entire rural credit structure from collapsing. And I can assure you that we shall do our best to maintain the rural credit structure because its collapse would be disastrous. Therefore, everything we can do to keep the banks going will be done, to make sure that on the one hand the commitments are met and on the other the banks are reimbursed of whatever loans they have waived. I was just referring to the figure of one thousand crores, as the Budget estimate which, as I said, was very unrealistic if the former Finance Minister had made it. That is as far as that is concerned.

With regard to the other point about DA and other things, it is not that the demands are new.

SHRI S. B. CHAVAN: Only a figure of Rs. 100 crores was provided in the Budget against DA and by now, I think, four or five instalments of DA must have been given and periodically the demand comes and you know how much it costs the Government. So, that figure of Rs. 100 crores is a gross underestimate. The previous practice was to adjust this within the sanctioned amount.

SHRI YASHWANT SINHA: That is the practice which we are also following this year. In other words, any increase in DA, in fact, any increase in any additional item, we are insisting, should be met by matching savings within the budget of that Ministry.

SHRI P. SHIV SHANKER: Other than this ten per cent?

SHRI YASHWANT SINHA: Yes.

SHRI P. SHIV SHANKER: That is the point.

SHRI YASHWANT SINHA: Yes, that is the practice that is going on and we are strictly following this.

PROF. SOURENDRA BHATTACHARJEE: Can you give us some of your ideas on the rationalisation of subsidies?

SHRI YASHWANT SINHA: When we talk of reducing the revenue expenditure of the Government, we are all aware of the difficulties of that task because, again, we are in a strait-jacket. There is a certain establishment expenditure and that establishment expenditure will grow in a certain proportion. There is a certain interest liability which has to be met and there is no way in which you can escape from the interest liability or "debt-servicing liability. Then, the requirement of Defence has to be met and then there are subsidies. As far as subsidies are concerned, it is true that over a period of time these subsidies have grown to very serious proportions in our Budget. We started the fertilizer subsidy way back in 1981

With what? With something like Rs. 250 crores or Rs. 280 crores. But today they are touching the figure of Rs. 5,000 crores or so. Then there are food subsidies. I have said in my statement that we shall make an effort to rationalise them. What do we mean by rationalisation? Again, to make sure that the common man is not hurt; the common man who is to and who should get the benefit of any Government subsidy should continue to get it. **But** anyone who can afford to pay a higher price should do that. And this is what I mean by rationalisation. As far as the detailed schemes are concerned, we will have to work them out. But let me tell you that subsidy is only a part of the Budget wherein savings can be done, substantial savings can be done as they should be done and that is how we cover or keep our revenue expenditure within limits.

Today, 75 per cent of our total expenditure is revenue expenditure and it is a very dangerous signal. We must be able to keep our revenue expenditure down in order to make more money available for development. If we allow the revenue expenditure to run away, then that will absorb all the developmental expenditure and the country will stand to lose greatly as a result of that development. Therefore, that, as I have said, will be our effort.

I will end by saying that it will be our to do what I have said earlier. As I have said earlier, we are in a strait-jacket, and our options are limited. Even then, as I said, the Government will not be found wanting in courage, in decisiveness and in taking bold decisions and, as far as I myself am concerned, I can assure the House that I shall certainly not be found wanting. I shall do my duty fully by this country and it will be my endeavour, as it will be the endeavour of this Government, to pull the country back from the brink of disaster to which it has been taken and take it back and put it back on the rails again and make it absolutely

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healthy again. This will be the short-term measure in the next three or four years. Thank you, Sir.

SHRI P. SHIV SHANKER: While we compliment you on the exposition of the subject which you have made so well I would like to make one observation here which has been agitating *me*. Whether you are really realistic about getting Rs. 350 crores from the public sector, except oil companies I doubt. Of course, you might have done your arithmetic. You will have to do a little more for the purpose of being very clear whether you will be able to get Rs. 350 crores. But in spite of this we must congratulate you **for** the manner in which you have been able to give the exposition of the entire subject.

Thank you.

SHRI N. K. P. SALVE: A word and I have finished. Mr. Finance Minister, we are considerably chastened by the very honest and forthright evaluation you have tried to make of your economic compulsions. But what has impressed us immensely, and I compliment you for that, is the sincerity of approach. We wish you all the best. We wish you all the best in your endeavours to curtail the non-develop-

mental Government expenditui which has been the curse of th country for the preceding sever; years. And if you can succeed in doing that, you would have rendered-never mind if you are a Government of (; people!--you would have rendered the greatest service for the benefit of...

SHRI P. SHIV SHANKER: I would say that is all the more reason wh. you can take risks! (*Interruptions*)

SHRI N. K. P. SALVE: That would be a little uncharitable. No risk. We are there to support you. But if that is done, I think the greatest servic would have been rendered in the fiscf field of this country.

Thank you, Sir.

THE VICE-CHAIRMAN (SHR. BHASKAR ANNAJI MASODKAR): The House stands adjourned till 7tri llo'clock.

The House then adjourned at two minutes past eight 01 the clock till eleven of the clock on Monday, the 7th January, 1991.