

श्री राम अवधेश सिंह (बिहार) : महोदया, मैं इनसे अपने आपको सम्बद्ध करता हूँ और सरकार से अनुरोध करता हूँ कि कुछ विशेष व्यवस्था ऐसी की जाए ताकि उन्होंने जो समस्या का समाधान किया है ... (व्यवधान)

उपसभापति : बैठ जाइए, राम अवधेश जी । आपका नाम पुकारा गया था, आप थे नहीं । स्पेशल मैशन के लिए मैंने आपका नाम पुकारा था, आप थे नहीं... (व्यवधान)

श्री राम अवधेश सिंह : ऐसा बहुत बार होता है, सदन में उपस्थित नहीं रहने पर अंत में मौका दिया जाता है...

उपसभापति : आप बैठ जाइए ।

श्री राम अवधेश सिंह : यह कैसे होगा ?

उपसभापति : ऐसा ही होगा ।

श्री राम अवधेश सिंह : यह तो वहीं चलेगा ।

उपसभापति : चलेगा ।

श्रीमती सत्या बहिन (उत्तर प्रदेश) : मैडम, बड़ी गंभीर बात है, मैं आपका एक मिनट लूंगी । हमारे उत्तर प्रदेश में ... (व्यवधान) ...

उपसभापति : आप बैठ जाइए, मैंने आपको इजाजत नहीं दी ।

BUDGET (GENERAL), 1990-91 . —Contd.

SHRI N.K.P. SALVE (Maharashtra): Madam, rather uninspired by an empty House I have to speak.

श्री कमल मोरारका (राजस्थान) : मैडम, चेयर को चैलेंज करने की जो नई परिपाटी हाऊस में शुरू हुई है, इसको बंद करना चाहिए । यह जो हरदम कहते रहते हैं .. राम अवधेश जी कहते हैं कि नहीं चलेगा ।

श्री राम अवधेश सिंह (बिहार) : कैसे चलेगा ? मनमानी चलेगी ? ऐसा होता रहा है...

उपसभापति : राम अवधेश जी, कृपया बैठ जाइए । साल्वे साहब आप बोलिए ।

SHRI RAM AWADHESH SINGH: The House has to run by conventions and Rules.

यह कौन सा... (व्यवधान)

उपसभापति : वह मैटर बंद हो गया । कल आपको स्पेशल मैशन देंगे, बैठ जाइए । अब बजट चालू हो गया है ।

श्री राम अवधेश सिंह : मैं इस बात को नहीं मानता हूँ ।

उपसभापति : मत मानिए, आप ।

श्री राम अवधेश सिंह : कोई परंपरा है कि नहीं... (व्यवधान)

THE DEPUTY CHAIRMAN: I will not allow. The House cannot be held for ransom.

मैंने आपका नाम तीन दफे बुलाया । आप बाहर घूमते रहते हैं । अब आप बैठ जाइए । आप चेयर पर आक्षेप लगाएंगे तो मैं आपको बाहर कर दूंगी ।

श्री राम अवधेश सिंह : नहीं बैठूंगा । यह कोई तरीका है ? ... (व्यवधान) मुझे गंभीर बात कहनी है ।

उपसभापति : मैंने तीन बार आपका नाम पुकारा । हाउस के ऊपर एक मिनट में लाखों रुपया खर्चा होता है । अगर आपने गंभीर बात करनी थी तो हाउस में रहना चाहिए था । आप बाहर गए, इसलिए आज नहीं बोलेंगे, कल बोलेंगे । अब बैठ जाइए । ... (व्यवधान)

श्री राम अवधेश सिंह : यह परंपरा है सदन की । जब बुलाया जाता है नहीं रहते तो अंत में बुलाया जाता है और आपने एक बार नहीं खुद ही यह परंपरा डाली है और अब आप कहती हैं कि नहीं बोलने देंगे ... (व्यवधान)

उपसभापति : ये जो कह रहे हैं वह रेकार्ड पर नहीं जाएगा । ... (व्यवधान) इस हाउस में जितनी बदतमीजी हो रही है, यह चेयर के ऊपर पहला आरोप नहीं है । यह शुद्धात एक सीनियर मैनबर से हुई, इसलिए दूसरों को भी मौका मिलता है चेयर के साथ बदतमीजी करने का ।

श्री राम अवधेश सिंह : मैं वाक आउट करता हूँ ।

[इस समय माननीय सदस्य सदन से उठकर चले गए ।]

THE DEPUTY CHAIRMAN: Everybody has broken the discipline, not the Chair, but all the Members...

AN HON. MEMBER: Not all Members.

THE DEPUTY CHAIRMAN: There is a limit to it.

SHRI N.K.P. SALVE: I apologise, Madam. If on this side anything has happened which you think has belittled the dignity of the Chair, we offer to you our

*Not recorded.

unqualified apology not once but a hundred times because your dignity is our dignity, that is the dignity of the House. If we are not going to maintain the dignity of the Chair, I think we would be abusing ourselves..

THE DEPUTY CHAIRMAN: That is being done. Now, please make your speech. I will not allow anything else.

THE LEADER OF THE OPPOSITION (SHRI P. SHIV SHANKER): In all humility ..

THE DEPUTY CHAIRMAN: We have already wasted 1½ house on special Mentions. We have the Budget to discuss...

SHRI N.K.P. SALVE: But who is responsible for reducing Special Mentions to an absolute nuisance?

SHRI P. SHIV SHANKER: While trying to supplement my honourable colleague, I would request you kindly to reconsider what you have said. The reference to 'all the Member' should be considered expunged. This is the request I am making in all humility.

THE DEPUTY CHAIRMAN: I am sorry, Mr. Shiv Shanker; I am very sorry that being Leader of the Opposition everyday you have to say that although I don't like it. But I have reconsidered many times and withdrawn many things from the record. There is a limit to it. We have spent 1½ houses...

SHRI P. SHIV SHANKER: I am not justifying it. But you have made a remark about all the Members'.

THE DEPUTY CHAIRMAN: I will rectify it to some 'Members'. It has to be 'some Members'.

SHRI N.K.P. SALVE: I will come to the Budget. Before the Budget of this Government was presented, the people of the country had very high expectations. Everyone who is interested in the Budget proposals made his own specula-

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tions as to what they are likely to be. Speaking for myself I had my own perceptions of what the Budget was likely to be and, if I would like to be a little more precise, what the Budget proposals ought to be, I had my own perceptions. Nearly for the preceding three years I have been working in the Finance Commission in cooperation with the Finance Ministry, a large many experts in public finance, economists, I had an in depth knowledge of the problems of the finances of the Centre and of the State. I had known very well as to what is likely to happen in the next five years covered by the Eighth Plan period so far as the finances of the Centre and the State are concerned.

Now, having known this, Madam, I had a certain idea as to what the Budget ought to be, what the Budget proposals should be. In fact, it is no longer a secret now that the fiscal position of the country is exceedingly precarious, the fiscal imbalances have reached a point where one would consider that the country is sitting virtually on the brink of a volcano. And unless we are going to take very drastic measures, very bold measures and make very determined efforts to improve the overall situation and commit ourselves to extremely bold, courageous and hard decisions, come what may, we are not likely to get out of the difficulties which we have in store in the years to come. Madam, I expected that uncompromisingly harsh decisions would be taken, decisions which would reverse several trends in the revenue accounts of the Government, and that harsh decisions would be taken which would bring about a considerable curtailment of the wasteful and profligate expenses of the Government. None of these has happened. To my regret, instead what I would see in the Budget proposals is that there is a premium on indiscipline, there is a premium on profligacy.

Madam, I want to make one thing clear at the outset. I see this pusillanimity, this spinelessness in the Budget proposals.

And when I am going to criticise the proposals, I want to make one thing clear. The Finance Minister happens to be a very esteemed friend of mine. He has been a continuous Member from 1971 in the Lok Sabha, one of the ablest, one of the cleanest, one of the finest man in India's public life of whom we are very proud. He is an idealist. So whatever have to say, I hope it will be properly understood, that it will not be for Madhuji Dandavate, it will be for Madhuji, the Finance Minister, and he will take it in that way.

THE FINANCE MINISTER (PROF. MADHU DANDAVATE): Having said that, you can go with the steam-roller now.

SHRI N.K.P. SALVE: Well, Madhu is known, Madam, for his humour. Just to divert the situation, when he came first in 1971, I was in Lok Sabha. He made a fantastic speech. And I said, how come a person from the Socialist Party has come and made such a speech on Gandhian principles. I went across to him and congratulated him that, "look I am delighted to see a Gandhian in the Opposition." He said, "yes, I am a Gandhian, you are a Gandhian, except that my Gandhi is different. Madhu has a sense of humour, Madam, and I hope my steam-rolling will not be taken as pure steam-rolling, but he will draw necessary inferences and necessary lessons so that the nation will benefit. It is necessary, at this juncture, Madam, to look at our fiscal situation with a very, very objective approach, and not purely from the view-point of political predilections or affiliations. I am not going to say anything here merely to be making a political point or merely for the sake of rhetoricks.

Madam, one would find that the single greatest curse of the Union Budget all these years has been the untrammelled growth of the non-plan revenue expenditure, far in excess of the revenues. Madam, over the years, from 1974-75 to 1988-89, the growth of the non-plan revenue expenditure has been 17 per cent. They have far outstripped our revenues

with the result that year after year our revenue deficit has been increasing. And the increase in the revenue deficit year after year brings about the most pernicious and the most dangerous fiscal imbalance of which we are guilty. Has he reversed that trend? I must submit one thing that after long, in the year 1989-90, for the first time, the Government of India, in a Budget, tried to reverse the trend and the growth of the non-Plan revenue expenditure was brought down to 10.6 per cent. What Mr. Madhu Dandekar has done, what this Government has done, is, the good work done in the Budget of 1989-90, by my esteemed friend and senior leader of the party, Mr. Chavan, has been hopelessly undone. I am referring to page 1 of the 'Budget at a Glance', item 7. As against Rs. 47,875 crores, which was the expenditure, non-Plan expenditure, on revenue account, the Finance Minister has put it at, has estimated it at, Rs. 56,671 crores. This is an increase of 19 per cent. With this and with the already 17 per cent increase in the non-Plan revenue expenditure, we will be going down the drain. The entire fiscal situation would be nosediving into the morass of disaster. It was 17 per cent. It will now be 19 per cent. You have improved upon it! This means, we are going fast down the drain.

Madam, deficit had come down. It had come down to Rs. 7,102 crores in 1989-90. It has now risen to Rs. 13,030 crores, an increase of 85 per cent. Madam, one of the tasks of the Finance Commission was to phase out the deficit. This was because, continuous deficit, continuous growth of deficit, year after year, had been so pernicious, had been so dangerous. It appears that we are not going to come out of the morass into which we have landed ourselves. Therefore, this involves phasing out of the deficit. Of course, the Finance Minister has said 'I will contain the deficit'. Every Finance Minister, year after year,—when the Budget is presented—says that he would contain the deficit. Every Finance Minister promises, he even gives threats, 'I will see that the deficit.'

Madam, what I want to submit is, it is very regrettable that the Budget has not been made in a good manner. The revenue deficit has now gone up, instead of our trying to bring it down. It has now gone up by 85 per cent, as I said. The Finance Commission which had the task of phasing out the deficit in five years' time worked out and gave them a certain revenue account. The Finance Commission worked out the deficit at Rs. 8,520 crores and by 1994-95, the revenue deficit would have gone down to Rs. 3,000 crores. But we have now gone up to Rs. 13,000 crores from the figure of Rs. 8,000 odd crores. My respectful submission is that non-reversal of this trend is a sin against the people of this country and I charge this Government of being guilty of the profligacy of the worst type. Come what may, they should have reduced the non-Plan revenue expenditure.

Madam, not only that the deficit has increased. As far as the trend of collection of non-tax revenue is concerned, that has also come down. There is deceleration in the mobilisation of resources which come from non-tax revenues. There has to be efficient management. This is what we did in the Budget for 1989-90. Even that has been undone. These are things which will push us further down the drain. In 1989-90, there was a reversal of the trend. Earlier, of course, large many things had been done as a result of which we had landed ourselves into serious difficulties.

Mr. Morarka's speech here I read in the papers. He said that this was the first Budget and that we will be needing many more Budgets for restructuring the economy. Madam, it is a very wise argument. It is an extremely prudent argument. But I would like to ask the Finance Minister, what have you done to restructure the economy. What have you done? When I am talking of the economy, I am talking of the fiscal situation. What have you done? We have had growth. We have had growth in the agricultural sector. We have had growth in the industrial sector. In the first four years of the Seventh Five-Year Plan, the industrial growth was in the

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vicinity of 5.9 per cent. Our fiscal position has been extremely disastrous, has been extremely dangerous. For the first time, in 1989-90, attempt was made. Now, this Government comes and reverses it in a big way pushing us down the drain. We will go deep down into a fiscal disaster. What happens to the unbearable interest burden? What about the growth of indebtedness? What have you done?

The revenue deficit is being financed by raising debts. The height of profligacy. There is no reduction in the wages and salaries. There is no reduction in the subsidies. So far as the non-Plan grants to the States are concerned, excluding grants under article 275, this also is increased unnecessarily. Every item in the revenue account, which is extremely important for restoring the fiscal balance, has been put in an extremely distorted manner. Instead of the trends being reversed are being accelerated towards fast disaster.

Madam, what has really shocked me is the discussions on the budget, the comments on the budget. The overall reaction is only on the periphery. Nobody seems to be taking it seriously. A bureaucrat comes on the television and says, for ensuring that there is no tax evasion or avoidance we are shifting the burden of tax from donor to the donee. The other gentleman comes and says that Mr. Chavan had taken the credit for Rs. 2000 crores. Whether that was right or wrong, I have my own views but is that the issue? The basic issue the budget is, what has been done to restore the fiscal imbalance which is in an extremely precarious and dangerous condition has a single step been taken? Let them point out those things. They call very good MPs, unsuspecting, well-meaning MPs but innocent about the real problems. I am not anxious at all to be called on TV. I do not seek that sort of a publicity. Even when the Ministry was under me, I was the last man ever to seek that publicity. But why is that the television which has been calling year after years never called me? They called

me to speak on the Prasar Bharati Bill. They said that I will get three minutes. I agreed with one promise that whatever I say will come. But the last sentence which I wanted to speak did not come ultimately. Is this is the manifestation of a Government which wants openness, which wants more information? And look at the bureaucrats, what they are saying. One of them comes and says, it is anti-inflationary. Let them face someone who will tell them how it can be anti-inflationary.

Therefore, my respectful submission is that budget is extremely disappointing. This budget, as I said, is reeling into pusillanimity, spinelessness and no harsh and strong decisions are taken. If this Minister, Mr. Madhu Dandavate, is not able to take that decision for reasons best known to him, I wonder if there is anyone else in his Cabinet who can take that kind of a decision.

I am not trying to exaggerate the fiscal imbalance. What I said is that we are at a situation where we are sitting on a volcano. Only if you take the bull by the horn, if you are willing to take harsh and strong decisions, if you had stood by the budget which had been presented in 1989-90, things would have been much different today. What they have done today is going to play havoc on the people. Inflation, indebtedness, burgeoning burden of the interest, I will come to them later. I want to submit at this juncture how grim the situation is according to the Finance Ministry itself. I will seek your permission to read from page 15 of the second report of the Ninth Finance Commission. I am glad that this report is before the House. It is a public document and, therefore, I am able to refer to it. For days I have kept it close to my heart and you do not know what burden I carry. Now this will give you an idea of the projections of next five years given by the Finance Ministry to the Ninth Finance Commission, when they were analysed and what conclusions they reached. I do not whether any bureaucrat has pointed

out to Mr. Dandavate what the conclusions are and how they have to be remedied. If he has been told how they should be remedied, why not a single item, not a single suggestion has been implemented. This is what I am reading from para 4.2. I would request Mr. Dandavate, if he has a copy, to read with me.

PROF. MADHU DANDAVATE: Fortunately, I have read that report.

SHRI N. K.P. SALVE: If you have read and understood the report, you will be answerable, why you did not try to remedy this. Instead of simply reading the report, it is the question of trying to comprehend the dangerous situation which the Finance Ministry itself points out. We had requested the Ministry of Finance to furnish the forecast of receipts and expenditure of the Centre under the revenue account for 1990-95. This had not been done by any other Finance Commission. But since we had been asked to look into the totality of revenue account, we said, all right, let us have your own version. They gave us the figures for 1989-90 and then they gave us the forecast for 1990-95. What they said was, during the five years the tax revenues would be Rs. 337344 crores, non-tax revenues would be Rs. 84,44 crores and total revenue receipts would be Rs. 4,27,388 crores. On non-Plan revenue expenditure, they said that the interest payments would Rs. 1,51,255 crores, major subsidies Rs. 58,433 crores, other non-Plan expenditure Rs. 165306 crores, the total non-Plan expenditure would be Rs. 374994 crores. And this is what is very important and I hope Prof. Madhu Danvate will listen to this carefully:

"The details of the forecast contain some very disturbing features. After excluding Railways, Postal and Telecommunication Services, the non-Plan revenue expenditure in 1989-90 (BE) is about 71 per cent of the total revenue receipts. As per the forecast in 1994-95, the expenditure will rise to nearly

97 per cent of total revenue receipts. The percentage of expenditure other than major subsidies and interest payments goes up from about 35 per cent of revenue receipts in 1989-90 to nearly 40 per cent in 1994-95. Major subsidies which account for about 11 per cent in 1989-90 will be nearly 15 per cent of all revenue receipts by 1994-95. But the biggest increase is in interest payments. From the level of Rs. 17,000 crore in 1989-90, it will increase to nearly Rs. 42,200 crore in 1994-95. That will be 42 per cent of all revenue receipts in 1994-95 against 25 per cent in 1989-90. By 1994-95 interest payments will be about 125 per cent of the total proceeds from Union Excise Duties. In 1989-90, it is 75 per cent of excise revenue. As a result of this increasing imbalance between revenue receipts and non-Plan revenue expenditure as per the forecast, the Central Government will have to borrow not only "for meeting its own Plan revenue expenditure and Plan grants to States but also for giving statutory grants to States under Article 275 of the Constitution".

They would hardly be able to meet their own expenses. Nothing would be left for Plan and nothing would be left for payment to the States. This is what happens. Further, it points out:

"We have also attempted a preliminary exercise to assess the likely overall revenue deficit of the Centre based on the forecast and assuming the Finance Commission transfers to States, Plan grants and Central Plan on revenue account broadly at current levels. The revenue deficit for each of the years from 1990-91 to 1994-95 emerges as follows

| | |
|--------------|-------------------|
| 1989-90 (BE) | Rs. 7,012 crore |
| 1990-91 | Rs. 14,500 crore |
| 1991-92 | Rs. 17,700 crore |
| 1992-93 | Rs. 21,700 crore |
| 1993-94 | Rs. 27,600 crore |
| 1994-95 | Rs. 33,900 crore" |

[Shri N. K. P. Salve]

If Prof. Madhu's figures are taken with Rs. 13000 crore revenue deficit, it will reach a deficit of Rs. 50,000 crore by 1993-94. Madam, I want him to reply to this assumption I am making on the basis of the figures given by the Finance Ministry itself, whether on the basis of Rs. 7012 crore deficit, if we are Rs. 33,900 crore in 1984-85, on the basis of your deficit how soon will we be reaching a revenue deficit of Rs. 50,000 crore? We will not take five years to go down the drain. Five years will not be the enough time for us to reach a total collapse of the economy, a total collapse of the fiscal system. It will perhaps now take three years time the way Prof. Madhu Dandavate has accelerated the growth of expenses and decelerated the mobilisation of resources.

SHRI KAMAL MORARKA: If you could yield for a moment. According to the figures that you have read, for 1989-90 the budgeted deficit was Rs. 7012 crore. But the actuals are now in the vicinity of Rs. 11,750 crore. So the imbalance has already occurred in the current year. For the next year, Mr. Dandavate's Budget has set a revenue deficit of Rs. 13,000-odd crores. Even according to Finance Commission's own figures, which you have read, for five years, Rs. 14,000 crores would be the deficit for 1990-91—if I heard you rightly. Is it correct, that the Finance Minister's deficit is less than what the Finance Commission thought it would be?

SHRI N. K. P. SALVE: I was actually going to deal with it. What is happening is this. I am going by budget estimates, with budgetary estimates. Here, the way he has gone, Rs. 13,000 crores will go up to Rs. 20,000 crores. Here it will be Rs. 14,000 crores. I am glad he has asked that question—I was going to deal with it. It will be Rs. 14,500 crores on the basis of Rs. 7,012 crores. Now, he has shown it as a figure of Rs. 13,000 crores. That is what I was saying in 1990-91 it will go up to Rs. 20,000 crores. Take like with like.

I am, therefore, not taking the revised estimate, and that is the first allegation that I make—that you have not lived up to the budget.

SHRI KAMAL MORARKA: Just a minute. Maybe, in the budget revenue deficit and the actuals in the forthcoming year, the variation may not be as wide as it has been in the last five years. Why are you assuming on the same basis that the variation will also be that wide? May be, Rs. 13,000 crores will be more accurate budgeting than what we have been seeing in the last five years.

SHRI N. K. P. SALVE: I would rather go by history than by assumptions, and with my experience of this Ministry and the budgets I have seen for 23 years, I would rather err on the side of safety. I wish I could share your optimism. It is not a political point that I want to make, Mr. Morarka, rest assured. I am deeply concerned about the state of affairs which exists just now. What does this report further say? I mean it is only wishful thinking if you could not confine yourself to Rs. 7,000 crores. Mr. Chavan, my leader, in terms said, "I will contain this deficit." He has raised one more point which Madhu will have to answer.

[The Vice-Chairman (Dr. R. K. Poddar) in the Chair]

He said that quite a sum of expenditure of 1990-91 has been taken in 1989-90. That apart, another thing which he has said and which is very serious is that he doesn't know whether this vote on account which has been taken for 1989-90 was at all contemplated—the supplementary demands. If he did not know, does it mean it happened after you came into power and authority? It is a very serious point I am making. If the Minister says that until the elections in November—Mr. Morarka, hear this in mind—he had no idea, and if thereafter you are going in for a vote on account for supplementary demands,

what does it mean? I had asked him and, let me repeat it on the floor of the House, he told me. When he came back after the elections, he talked to his Expenditure Secretary and the Expenditure Secretary told him, "Sir, we will abide by our budgetary estimates; a marginal difference may come about here and there." But 85 per cent is not a marginal difference. But see what is happening further. Further, the Commission observes:

"It is obvious that with this order of revenue deficit in the Central Budget, the entire system of budgeting and financial management of the Central Government would face a crisis situation during the Eighth Plan period. It is equally clear that such a trend is totally inconsistent with the objective of balancing the revenue account of the Central Government."

In the end, this is the warning I want to read out to you. It is against this background that we have assessed the Centre's forecast. We gave you a revenue account of five years after discussing with the Ministry of Finance, with the best brains in public finance, the best men known in the realm of macro economics, and we said, "All right, this is going to be your revenue account and this is how you are going to phase out the revenue deficit." You must have an economic regime which will conform to that revenue account and not have a regime which will give this type of a revenue account which you have given in the budget. See the warning. Sir, the warning is:

"It is against this background that we have reassessed the Centre's forecast. We are of the definite view that the forecast supplies vivid and unassailable justification to the contention that a determined effort is essential which cannot brook any delay whatsoever. While we do not want to set too optimistic goals in revenue collection or expenditure control, in revising the forecast we do assume on the part of the Central Government a reasonable degree of

effort involving some not-too-soft options."

I would repeat:

"If this were not to be done, the Commission could well terminate its labours without analysing the forecast at all and conclude that the Central Government finances have moved beyond the possibility of corrective action."

Sir, it is essential for me to make one more thing clear. The Report was written when the Rajiv Gandhi Government was in power and authority. So, there is not any political bias, any political colour in this Report.

PROF. MADHU DANDAVATE: Nobody has alleged that.

SHRI N.K. P. SALVE: I am wanting to make one thing clear, absolutely clear. Since I happened to be the Chairman of the Commission, it is likely to be construed that I have written this kind of a portrait, this kind of a picture because now I belong to a party which is not in the Government. That is why I must make it clear that so far as this Report is concerned, days and days of work has gone into it, days and days of consultations have gone into it, days and days of studies have gone into it.

SHRI KAMAL MORARKA: One minute. Even if you were the Chairman, you please don't cast aspersions on the Finance Commission because nobody has cast aspersions on the Finance Commission. He is above party loyalty.

SHRI N. K. P. SALVE: I am not casting aspersions

SHRI KAMAL MORARKA: Even you are not free to cast aspersions on the Finance Commission.

SHRI N. K. P. SALVE: Not at all. I am only saying that in this House whatever say we have, it has a political colour. Even if you accept it, it has a political colour. I am making it clear.

PROF. MADHU DANDAVATE: Just a minute. I will elaborately reply to the argument that you have raised. But I want one thing to be clarified. At the other place—we do not say “in the other House” because the other House is not to be referred to and we are allowed to say “at the other place”—I have already pointed out, making a laudatory reference to the Finance Commission, that it rose above politics and it tried to study in depth the finances and also the prospective finances that are going to be, and we are trying to follow a number of recommendations as far as transfer to the States are concerned and strengthening their allocations are concerned. So, it is not only that nobody has not cast any aspersions but on the contrary we have accepted the bonafides of the Commission and its Chairman and also lauded the contribution it has made. (*Interruptions*)

SHRI N. K. P. SALVE: I would have been surprised if it was anything else with a clean man like Prof. Madhu. He knows how we have worked upon it. I am grateful to him, and I am thankful to him for his laudatory reference. I would have been happier if he had accepted what we have said not merely for the States but also for himself. My grievance is, far from accepting the norms which we have suggested for yourself, you have deviated the other way round. That would have delighted me very much more. The Finance Commission would have felt that its labour is worth its while if the Union Government not merely thinks of discipline being clamped on the States but also brings about a sense of discipline on itself because that alone can take you to a path of rectitude.

What is happening is this. We had suggested phasing out of revenue deficit. Page 32 gives what would be the revenue deficits if you were to follow the norms which we have prescribed and if you were to have your own revenue account. Sir, I want to point out that we had for 1990-91 worked out a deficit of Rs. 8,520 crores which

is now Rs. 13,032 crores in the Budget; for 1991-92 deficit of Rs. 7,660 crores; 1992-93, Rs. 6,480 crores; 1993-94, Rs. 4,935 crores; and 1994-95, Rs. 3,103 crores. Can you imagine what would have been the strength and resilience built in the economy of this country if our revenue deficit had come down to this? But how will it come? Rules of economics are extremely ruthless. No platitude and no soft options can ever tame them down. It is only your determined will that is needed. And it is this lack of determined will which has grieved me a very great deal.

2.00 P.M.

Now, may I, at this juncture, refer to the account which we had prepared? They have a Revenue Account. We had prepared a revenue account and we gave it to the Finance Ministry. Now, our Revenue Account partly is given at page 30, but I will come to page 84. In the Revenue Account which we have given at page 84, we pointed out as to how you will come to a deficit of Rs. 8,045 crores. None of these Revenue Accounts which we have given and which we have determined normatively is beyond him. All that was needed was the courage to take harsh decisions. Come what may we will abide by this marginal difference here and there and he would have arrived at it. This is given at page 84 in Annexure VII. 3 Now, what do we find? In this Account that we are giving the total on tax and non-tax revenue is a sum of Rs. 73,376 crores. And what do you have? So far as your tax revenues are concerned, they are so buoyant that our estimates are less by Rs. 2,422 crores. Your budget estimates are more of course, you have indiscriminately taxed. Indirect taxes and direct taxes are extremely indiscriminate. To that I will come a little later and show how there is a buoyancy. What is worse is that you are taxing people. You said yesterday that rich must be taxed. But what is worse is that you forget your wasteful expenditure, your pro-

ductivity, your non-plan expenditure. If it had been for development. I would have all out to support you. You go on collecting more and more taxes on the people raise the petroleum prices, take away the investment allowance, but for what? If it is for a good purpose, one can understand. It is to put a premium on indiscipline; it is to put a premium on wasteful expenditure. Have you or have you not, as a result of tax proposals of Rs. 1700 and odd crores, given a meagre amount of Rs. 3 crores only to States? What a way of dealing with the states! Be that as it may it is the next point that I will be making. When you are doing this, your tax revenues are better than what we had projected. Then what happens to the non-tax revenue? Non-tax revenue *inter alia*, take dividend, take interest and in that they are down by a figure of Rs. 4,183 crores. When the earlier Finance Minister in turn said that he did not know that there would be any revision or revised estimates were required, I thought there was going to be an extremely efficient administration *inter alia* of public sector undertakings and they would let you down as to put you into a deficit of Rs. 4,183 crores as compared to our deficit. But what is worse is that your expenses have been shown as a sum of Rs. 56,571 crores as against Rs. 52,323 crores. I would like you to point out which item of revenue expenditure, which we have included here is something which you could not have adhered to. You have made a total mess of the whole thing by bringing about a further deficit of Rs. 4,348 crores, this Rs. 4,348 crore deficit as compared to the accounts which we have given in the revenue expenditure. Our revenue expenditure was Rs. 52,383 crores on page 84 and your revenue expenditure has come to Rs. 56,671 crores. Now, Rs. 4,183 crores is deceleration in the collection of non-tax revenue and Rs. 4,348 crores is increase of non-plan revenue expenditure. Setting therefrom Rs. 2,422 crores, which is the Budget buoyancy, they are left with a

deficit of Rs. 6,109 crores. Was it not possible for you to follow this norm and avoid this also? But they have not done this because doing this requires tremendous discipline and a sense of urgency. More than anything else, doing this requires certain degree of courage, which this Government, I am afraid, is totally lacking.

SHRI DIPEN GHOSH (West Bengal): What are the heads on which this extra expenditure has been shown?

SHRI N. K. P. SALVE: Various items.

SHRI DIPEN GHOSH: What are the heads? You were saying the Finance Commission's parameter was Rs. 52,000 crores or something like that and his Budget shows Rs. 56,000 crores. You are simply saying the projection of expenditure has become more by Rs. 4,000 crores. What are the heads on which you want harsh options? You please tell us.

SHRI N. K. P. SALVE: Rs. 52,322 crores is interest payment, major subsidies and other non-revenue expenditure. These three items under which it is covered.

PROF. C. LAKSHMANNA (Andhra Pradesh): Mr. Salve, there are four non-plan expenditures as a result of which the deficit is going as you are saying. Now, you please tell me what are the options left—subsidy, interest payments, defence expenditure and services.

SHRI N. K. P. SALVE: No, no. The defence expenditure on revenue account is something different. I will come to it later.

SHRI DIPEN GHOSH: Interest payment, subsidy...

SHRI N. K. P. SALVE: Let me answer Prof. Lakshman's query. Interest payment could be confined to this if we were not going to augment our own interest. We have reckoned

[Shri N. K. P. Salve]

what the indebtedness of the nation should be. We have also given norms of that as to what ought to be the indebtedness. You increase your indebtedness and say "this is my committed expenditure."

SHRI DIPEN GHOSH: Was there any option to reduce the interest payment?

SHRI N. K. P. SALVE: Of course, there was an option.

PROF. C. LAKSHMANNA: Mr. Salve, you kindly tell us what has happened in these three months as a result of which interest payment has been hiked. Whatever the situation it has been inherited. Now, you kindly let us know as to what are those items wherein the present Government has hiked the interest payment, where there could have been hard options. (Interruptions)... Kindly tell us.

SHRI N. K. P. SALVE: I am telling.

PROF. MADHU DANDAVATE: You created a ... (Interruptions)...

SHRI N. K. P. SALVE: No. It is not that. I will tell you.

PROF. MADHU DANDAVATE: Surprising?

SHRI N. K. P. SALVE: The figures which we worked out were on the basis of growth of the indebtedness at a particular rate... (Interruptions). Please bear with me on one point. If you are going to remove the fiscal imbalance, you will have to make sure that all expenses on revenue account conform to certain norms. Therefore, indebtedness also, if you go on increasing indiscriminately, it cannot be allowed to grow indiscriminately. The variation which has come about is in these three items in the aggregate and those three items are: interest payment, major subsidies and other non-plan revenue expenditure.

PROF. C. LAKSHMANNA: You kindly tell us in these three months, what is the contribution of the present Government on interest payment?

SHRI N. K. P. SALVE: This is politics. It makes to me no difference. I am making this allegation against the Government of India.

PROF. C. LAKSHMANNA: But you should not make any... (Interruptions)...

SHRI DIPEN GHOSH: Mr. Salve, please bear with me for a second. I did not hear other speeches but I was hearing your speech with rapt attention because you were the Chairman of the Ninth Finance Commission. So the first budget is coming after the Ninth Finance Commission report was submitted and you have taken a very good point that you have set a parameter, receipt parameter, revenue expenditure parameter. 'You' means the Finance Commission. According to the parameters set up by the Finance Commission, the revenue expenditure was to be within Rs. 52,000 crores whereas this it surpassed the parameter which you suggested as the Chairman of the Finance Commission. I understand this point. Then, you wanted harsh options by the new Finance Minister which means reduction in the expenditure or keep the expenditure below the parameters suggested by the Finance Commission. That means Rs. 4,000 crores less.

SHRI N. K. P. SALVE: I understood your query.

SHRI DIPEN GHOSH: That is why I wanted to know what are the heads of the accounts on which there has been an increase in the revenue expenditure and what were the options and where were the options to reduce those expenses. One is interest payment. Was there any scope for the Finance Minister to reduce the interest payment? Was there any scope on the subsidy could be reduced or by which the expenditure could be slashed down? You please tell us. You enlighten us.

श्री राम चन्द्र विष्णु : (उत्तर प्रदेश) :
उपसभाध्यक्ष महोदय, दो-दो एक साथ
बोल रहे हैं। वह बैठते नहीं, यह खड़े
रहते हैं। दो तो एक साथ खड़े नहीं
हो सकते। यह व्यवस्था का प्रश्न है।
... (व्यवधान) ...

PROF. C. LAKSHMANNA: This is a
very serious matter. (Interruptions).
This is a very serious economic matter.
Salve Ji, just a minute. (Interrup-
tions)....

THE VICE-CHAIRMAN (DR. R.K.
PODDAR): Prof. Lakshmanna, I think,
he has got the point. He will try to
explain it. (Interruption).

PROF. C. LAKSHMANNA: No, no.
I am only facilitating him to explain
that. I am coming to the hard option.
(Interruption).

PROF. MADHU DANDAVATE: He
got the point that our interest pay-
ments are of their making.

PROF. C. LAKSHMANNA: Mr.
Salve, with regard to the interest pay-
ments, there had to be hard option.
Now, one hard option could have been
... (Interruption).

THE VICE-CHAIRMAN (DR. R. K.
PODDAR): You will speak and Mr.
Dipen Ghosh also will speak.

SHRI N.K.P. SALVE: Sir, it is im-
possible. What hard options could be,
what hard options could not be, is a
different thing. It is a point raised by
Shri Dipen Ghosh and I am grateful to
him. I will explain. The norms which
we have followed on the basis of which
we have worked these out, these are
the very norms which we have also
followed for the States and on the
basis of norms ... (Interruption) ... mar-
ginal difference is possible. I did not
say that we worked out a deficit of Rs.
8,520 crores. It could be less than that.
It could be 5 per cent or 10 per cent
this way or that way. So, leaving that
margin, I want to submit to you that
so far as the major subsidy is con-
cerned, there is hardly any difference.
We have taken a debit of Rs. 8,069
crores and here it is Rs. 8,560 crores.

That is not much of a difference. Then
the expenditure of interest payment.
We have taken it at Rs. 19,500 crores
and this is Rs. 20,850. So, Rs. 1,000
crores difference is there. The rest of
the difference is in the other non-Plan
revenue expenditure. But what is
more important is, and it is one of
the cardinal principles of public fin-
ance, that if you do not have income,
you cannot spend more than what the
income is and therefore if your in-
comes had gone down by Rs. 4,000
crores so far as non-tax revenue is
concerned, you should have cut some-
where else. As long as you have
higher revenues... (Interruptions)...

SHRI DIPEN GHOSH: You are a
financial expert. You enlighten us.

SHRI N.K.P. SALVE: I have told
you. I am telling you one thing.

THE VICE-CHAIRMAN (DR. R. K.
PODDAR): No interruption please.
You please conclude. (Interruptions).
You have made your point and he has
understood your point. Let him ex-
plain it as good as he can.

SHRI N. K. P. SALVE: I am will-
ing to sit in a Committee appointed
by the Finance Minister and explain
to them how these norms are those
which are worked out in an extreme-
ly rational and workable basis. These
figures are not prepared on any fancy
notions, Dipen Ghosh, I assure you.
We worked in conjunction with the
Finance Ministry, with the best of
financial experts, with economists and
others and one could have seen a
marginal difference here and there
but it is a very wide deviation and
therefore, all these difficulties have
come about. We had recommended a
few things which have not been cared
for. Nothing has been done. I do not
find anything and this is more impor-
tant. I hope some day you ask the
Government which you are supporting
so ably and so sincerely. I wish their
own behaviour, behaviour of the
party in power was as mature as that
of the BJP and the Communist Party,
who are supporting them. That is a

[Shri N. K. P. Salve]

different thing. Prof. Lakshmana, I will be able to answer each one of your queries but the time is not so much at my disposal. All that I want to point out to you is that these norms are not unreasonable. These norms are not unreachable. These are the norms which we have adopted and for several reasons they have been accepted. Now, I said... (Interruptions).

PROF. MADHU DANDAVATE: At least BJP and CPI (M) are more mature than us.

SHRI N.K.P. SALVE: If there is one person whose sense of humour I cannot match, it is Prof. Madhu Dandavate. His sense of humour I cannot match. I concede that so far as his sense of humour is concerned. But so far as his Budget is concerned, his bureaucrats have taken him for a ride. He is a physicist and I am an accountant. Therefore they did not perhaps tell him what the real state of affairs is because I am sure, if they had explained to him what the real state of affairs is and if they had explained to them the philosophy behind the norms which we had adopted, which have been found to be so acceptable for States his Budget would have been entirely different.

PROF. MADHU DANDAVATE: I applied my scientific mind to your norms.

SHRI N.K.P. SALVE: Yes, because it suits you. And so far as States are concerned, they are fixed. Their deficit is not on actual basis. Their deficit is on normative basis. Is it not that the Finance Commission, in that respect, has been let down very badly? If you had told us that the Central Government is not going to follow our norms, but only the States will be asked to follow our norms, then the apprehensions expressed by Jyoti Basu, Nayanar and others that the Presidential order which said, "You go by the norms",—at that time, my Party was in power—(Interruptions).

SHRI DIPEN GHOSH: You would not have given this speech had Congress-I been in power.

SHRI N.K.P. SALVE: No. No. I must give it in the House.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): Mr. Salve, don't pay heed to them. You conclude.

SHRI N.K.P. SALVE: I must say one thing very clearly. These are norms which can be adhered to only if they are considered sacrosanct and if you bureaucrats are willing to take you away from soft options... (Interruptions).

PROF. MADHU DANDAVATE: Why do you bring in bureaucrats?

SHRI N.K.P. SALVE: I will tell you why I am blaming them. I am blaming them because it is the bureaucrats who are coming on the TV and they are making policy decisions. The bureaucrats have started supporting... (Interruptions).

SHRI DIPEN GHOSH: There were the same bureaucrats last time also. Every year these bureaucrats appear on the TV.

SHRI N.K.P. SALVE: I know bureaucrats are masters in the art of wheedling. They will talk things which suit your ears very much when you are in power. (Interruptions). No. No. Dipen, what I say is, if they came and explained the provision, I can understand. But if they are going to come and try to make a political capital out of the unsuspecting people, what answer do you have? He says anti-inflationary. Has not the price of every little item has gone up?

SHRI DIPEN GHOSH: I know that. But why do you blame bureaucrats? Last time also, year before last year also, bureaucrats appeared on the TV.

SHRI N.K.P. SALVE: You came on a promise to build up institutions. (Interruptions).

THE VICE-CHAIRMAN (DR. R. K. PODDAR): I request Members on this side not to interrupt Mr. Salve and to let him conclude his speech.

SHRI N. K. P. SALVE: Sir, we gave certain criteria, certain norms and in that, the principles were enunciated in para 4.8 of the Budget and on page 16, we have given certain suggestions. They are: (i) The Centre should set an example to the States. (ii) The Centre should improve on its own past performance; (iii) The price rise assumed (5 per cent) should be fully captured in tax buoyancy. The real increase in non-Plan revenue expenditure should be less than the rate of growth of GDP. Prof. Lakshmanan, is there anything wrong in this? This would imply an overall nominal rate of increase of non-Plan revenue expenditure of around 9 per cent. What do you have to say to these calculations? If you adhere to these, then you will come to 9 per cent and if come to 9 per cent, you would have done a wonderful job. The deficit would not be so much. And in that case, the increase in the expenditure would not have been 19 per cent. This is the point I am making, Dipen.

And, in the end, at page 41, we gave some excellent suggestions which we thought were necessary for the Government to implement. We suggested certain specific steps for bringing down the rate of growth of revenue expenditure. And what was that? We said that five per cent of each department's work which is of the lowest priority according to its own evaluation should be given up. Have you done that?

PROF. MADHU DANDAVATE: We are doing it.

SHRI N. K. P. SALVE: We suggested that there should be no increase in employment in the Government sector during the Eighth Plan period and the revenue Plan expenditure of the Eighth Plan should consist only of expenditure on material except in relation to additional

schools and hospitals to be started under the Plan. Have you done this anywhere? We further suggested that special efforts must be made to plug leakages in the departments incurring heavy expenditure on material such as P.W.D., Water Supply, Medical and Public Health. Have you done anything? Is there any effort in your Budget to do this? And then, we further suggested to reduced Budgetary support to public sector enterprises where perennially they are incurring losses. Let them go to the market and borrow. Why do you want to give Budgetary support? Why do you want to make good their losses? Why do you want to give them loans and burden the whole nation? I am all out for public sector.

श्री राम अवधेश सिंह : इसके पहले आप बजटरी सपोर्ट देते रहे हैं कि नहीं, बताइए ... (व्यवधान) ...

श्री एन० के० पी० ला० वे : अगर इसी बात की चर्चा करनी है कि हमने क्या किया और आपने क्या किया तो बाहर हो बैठकर चर्चा कर लें। अगर इस बात की चर्चा करनी है कि बजट में जो कुछ कहा गया है, मुल्क के लिए कंस्ट्रक्टिव बातें हैं, आपके ख्याल में हमारी गवर्नमेंट ने खिलाफ लिखी तो बताइए। हमने यह भी लिखा है कि 1989-90 में एक नई दिशा होगी, तो उसकी आपने उठाकर उल्ट कर दिया। ... (व्यवधान) ...

श्री राम अवधेश सिंह : इधर से उधर जाने पर समझ में बात आई है। आप अर्थशास्त्री हैं ... (व्यवधान)

श्री एन० के० पी० ला० वे : आप भी उधर चले गए हो, समझदारी की बात करें तो बड़ा अच्छा होगा ... (व्यवधान) ...

THE VICE-CHAIRMAN (SHRI R. K. PODDAR): Mr. Salve, please don't pay only attention to interruptions but conclude.

SHRI N. K. P. SALVE: Therefore, none of these suggestions has been properly implemented. We could have accepted a deficit of Rs. 10,000 crores instead of Rs. 8,200 crores and the situa-

[Shri N. K. P. Salve]

tion could have been as bad as it is. What has happened, it leaves me extremely dismayed and leaves me with plenty of pessimism.

I will come to the next point, Sir. It is this. You have accepted the Finance Commission's Report. So far as our recommendations of grants-in-aid are concerned, you have accepted our recommendations about the devolution of taxes. Now the Finance Minister knows better than anybody else. We had been asked to give norms to the States and the States, Sir, were extremely apprehensive. They were not willing to cooperate with us. What did they tell us? They told: "We will not give you a normative approach at all, because what has been done in the Presidential Order is palpably to enforce discipline, fiscal discipline on the States at the cost of the States, and so far as Centre is concerned, it is never going to improve upon it." Sir, what happened? The States were required to submit memorandum and forecast of receipts and expenditure by the 31st October, but none was received within the time. It would not be out of place to refer to the apprehensions entertained initially in the States on the form and content of the terms of reference. A serious view was taken of the use of the word "shall" in paragraph 4 of the Presidential Order. And they said, the Chief Ministers said: "You will go normatively so far as we are concerned, and so far as the Centre is concerned, merrily it will carry on with its own indisciplined manner; it will not give any discipline to itself." Therefore, it was nothing but an exercise to curtail the grants-in-aid of the deficit States by giving grants-in-aid on the basis of norms and not the actual deficit. Whereas the Centre will have its actual deficit being financed either from RBI or with borrowed money, so far as the States are concerned they are left high and dry. There are, the Chief Ministers of Kerala wrote to the Chairman articulating misgivings and apprehensions to dispel these. The Chairman replied to him on 18 November, 1987 and subsequently wrote to the Chief Minister on 10th December,

1987 setting out the Commission's perception. He mentioned that it was the Commission's prerogative to adopt such approach and methods as it considered fit and appropriate on subsidies a and b. In view of the Presidential notification, however, he clarified that the Commission would consider *inter alia* adopting a normative approach wherever appropriate both for the Centre and the States in the interest of sound finance, but in doing so, the Commission would apply uniform, just and equitable yardstick both to the Centre and the States. Now with this yardstick, the poor Centre has been beaten. And that is where Mr. Dandavate, if you are going to give this Budget, kindly make a further proposal of Rs. 2,000 crores by grants-in-aid to the deficit States. You will have to answer: Is there one good reason you have that you ask the Finance Commission to say that you should apply norms to us and not to them. But the Presidential Order speaks of norms to both. I am adding the Presidential Order, Sir:

"In making recommendations to the Commission, adopt a normative approach in assessing the receipts and expenditure on the Revenue Accounts of the States and the Centre.

Now, what is the requirement in the Presidential Order? "Keeping in view the objective, not only to balance the expenditure and receipts on Revenue Accounts of both the States and the Centre, but also to generate surpluses for capital investment." Therefore, we have adopted such a normative method and it is not only to balance surplus against expenditure, but also to generate surpluses—we should generate surpluses for capital investment. We did it sincerely so far as the States are concerned and we did it with equal sincerity for the Centre. But what has the Centre done? It has let us down very badly. Their deficits are much higher. Now, what will happen to a State like Kashmir or to West Bengal or Kerala or even UP or Bihar where the deficits are much higher? But if he can keep content saying that the Commission has given them so much, then that is the

end of the matter. But, so far as our norms are concerned, none of them has been complied with. Is this fair? Is this proper? Is it commensurate with the certain morality which is implicit and inherent in a *quasi* federal polity? Sir, I must submit that if they are not going to compensate properly the States, I will be the first man along with the States to join and go in for an agitation against them. Now, you must understand that you cannot cheat—I am sorry for using the word—or play a fraud on the States like this. You ask us to determine normatively for the Centre and we determine normatively. You ask us to determine normatively for the States and we determine normatively for the States. But you flout all the norms. And what does it mean? It means that you expect only the States to be disciplined. I can tell you one thing more in this context.

It is essential for me to mention the correspondence that came to us and most of the Chief Ministers including my very esteemed friend, Mr. Jyoti Basu, talked to me and said, "What are you doing? The Centre will go on merrily indulging in profligacy and indiscipline and you will keep the rod only for us." I came and talked to the Prime Minister and I told him of the very serious repercussions of this kind of a Presidential Order was going to be and, Sir, it was as a result of that—I am not divulging any secret—that in the 1989-90 Budget we tried to reduce the expenditure to 10.2 per cent.

SHRI DIPEN GHOSH: Even the Eighth Finance Commission had said this and it was turned down by Mr. Pranab Mukherjee.

SHRI N. K. P. SALVE: That is a different thing and that is irrelevant now and I am not on it now. The Eighth Finance Commission and the earlier Commissions never went out, they did not go all out for a normative approach as we did go. I think I must concede on the floor of this House that I have done a very great injustice, the Finance Commission, I

charge, has done a very great injustice, to the States in determining the share of the Centre normatively and denying to them the actual deficits on account of which they are anguishing whereas the Centre has flouted all the norms which we have given to them.

Now, what about the share in the levies? If you look at it, you will know in what way injustice is done. I do not know what is happening to the journalists and I do not know what is happening to the Opposition parties. Sir, by way of direct and indirect taxes, the Finance Minister is raising Rs. 1,790 crores. And how much is given to the States as their share? What is the share of the States? A princely sum of Rs. 3 crores! Is not this being done deliberately and wilfully? What is happening now? You raised the Corporation Tax and you reduced the Income-tax whereby the deficit is being transferred to the States and 85 per cent is going to the States. And then you keep the Union Excise Duty to the barest *minimum*.

Then I come to the question of administered prices. In his speech, Sir,—this is very interesting; this is in para 161 of Part B of the Budget Speech—he has said—this is about the petroleum prices—that among the selected items whose prices were being raised with effect from the midnight of the Budget day are motor spirit, high-speed diesel and aviation turbine fuel for domestic users and he has further said that while the price of motor spirit is being raised by Rs. 1.25 per litre ex-storage, the price of high-speed diesel would go up by 54 paise per litre. "The price of aviation turbine fuel will increase by Rs. 1320.45 per kilolitre. The increase in retail prices will vary from State to State depending on transportation charges and the incidence of local taxes and levies. I propose to mop up a part of the gain accruing to the oil companies as a result of the price revision. The import duty on crude oil is being increased from Rs. 1060 to Rs. 1500 per tonne."

[Shri N.K.P. Salve]

What has happened is this. If your whole idea is to have some physical control, because of the disconcerting balance of payments position, you cannot afford to have so much import of petrol. Good, I have nothing to say on that. If you are going to raise the prices, the administered prices, it is not fair that you devour the whole thing yourself. Firstly our own Commission recommended, the Sarkaria Commission recommended, everyone recommended, that the States feel embittered. Where they are making large, massive, profits, they return through administered prices and the Centre alone takes the benefit. In this case what has happened? He raises the administered prices, augments the profits of the importing agencies and he does not recover by way of excise. What he does is he recovers by way of excise. What he does is he recovers that by way of customs and the States have no say in customs. Is this a fair way of formulating the proposals flouting what the Sarkaria Commission recommended, what the Finance Commission recommended? On crucial issue you don't know how embittered States feel, how the Congress-I, when the Congress-I was in power, was in authority, complained. This is extremely unfair, extremely unjust. At least, if in no other matter, in this matter I would request you, don't raise these prices, keep them back where they were. If you want, you can levy, you raise the prices but increase the excise as a result of which the States will get a fair share, at least partly compensate them for having cheated them on the deficit basis.

Now about inflation proposals, I will take inflation of both direct and indirect taxes. I regret very much the manner in which you have withdrawn the investment allowance. You have withdrawn the investment allowance and the investment deposit account by deleting Sections 32A and 32AB of the Income-Tax of 1961. The profanity, the disrespect, with which you have treated what you say—while getting rid of the investment allowance you say "the escape route of the corporate

sector to go out of the tax net has been plugged". I am sure your people have never told you the extremely healthy and salubrious effect this investment allowance had on the economy of the country. I wonder if you have ever gone through the study by the National Institute of Public Finance and Policy on Investment Monies by Sharma and H. K. Soni. Please read this....

PROF. MADHU DANDAVATE:

Others have criticised it.

SHRI N. K. P. SALVE: I will tell you, you are not the only country. There are a large many countries. What has this brought about there? This has brought about a colossal amount of growth of revenue. So, you are killing not the golden egg but the golden goose; you are killing the golden goose once and for all. This was the method by which you were accelerating the industrial growth and with acceleration of industrial growth you brought increases of revenue and you are collecting large amounts of tax in Australia, Canada, Federal Republic of Germany, Japan; Japan gives 7 per cent deduction of the value of plant and machinery from the tax. If your machinery is worth a lark of rupees, Rs. 7000/- will be reduced from the tax itself. Take Kenya, Republic of Korea, Malaysia, New Zealand, the United Kingdom, the United States of America. If you study this book you will find out what has been, how has been, the accelerated growth of industries and how that has augmented your revenues and how that has augmented your collections. And all that you say 'escape route for taxation'! Such irreverential and disrespectful approach could only be taken by you if you had not know anything about the subject; otherwise you were not one who would do it. How the bureaucrats...

PROF. MADHU DANDAVATE: Are you referring to the book by the Institute of Public Finance? I will refer to that book. In that book point out to me—you have quoted instances of various countries—point out how in those countries these investment allowances and other facilities

became the instrument of completely going out of the tax net and giving zero tax. Please point out. (*Interruptions*)

SHRI N. K. P. SALVE: Mr. Dandavate, I only marvel at the tutoring which the bureaucrats have done. Each are the countries. This book clearly brings out the augmentation of the profit and the revenues.

PROF. MADHU DANDAVATE: Please avoid this; which bureaucrats have taught. I do not get tutored by bureaucrats. I have been in public life for 40 years, and I have learnt my Economics neither from the University nor from the bureaucrats. I have learnt it outside the University and outside bureaucrats.

SHRI N. K. P. SALVE: I am sorry if I have said something which has provoked. I apologize. Your question impels me to consider that in each one of these countries these incentives have been given for accelerating the industrial growth. And by withdrawing this if you were to think that you want your orientation towards employment-oriented industries and not capital intensive industries, then why are you withdrawing? Totality of industrial development. I am one who feels that all these exemptions and all these deductions, artificial deductions, are a tremendous drain on the revenue. They complicate the law unnecessarily. They only help the tax lawyers and the Chartered Accountants. Please get rid of them as soon as you can. But one thing I have been pleading incessantly: Please keep the accelerated depreciation. I suggest, consider. Withdraw this if you want to. But if you do not want to give any time and are just going to withdraw, allow the accelerated depreciation. Allow 40 per cent each year for three years so that people will get 120 per cent depreciation in three years. Thereafter you don't allow any other depreciation whatsoever, because the moneys are needed for industries in the initial years. Please consider what I am suggesting. This is not a political view I am taking. This view I am taking based on my own

experience of several decades in the world of taxation. And whereas various provisions of creating reserves and other things have created some complications, I maintain that anything which complicates the law should be taken away. And if you take them away, I have nothing to say. But please do not do it in haste in which you seem to be doing. Please bear with me. What you are doing to other sections also, you are getting rid of other sections without giving them any notice to the people concerned. You are amending section HH. You are amending section HHA. And your HH is deduction of 20 per cent profits of new industrial undertakings. Section 80HH is entitling deduction of 20 per cent of the profits derived from small-scale industries. There was a gentleman who was here telling me that in the backward areas industries are in the conduit pipes; those who have made investments they have yet to earn profit, they have yet to go into the line. They will be denied of this. At least give them three years' notice.

SHRI G. SWAMINATHAN (Tamil Nadu): For industries which are in the pipe line for five years, for seven years—is it going to be continued for them or is it only for the new industries? This is a very major thing. (*Time bell rings*)

SHRI N. K. P. SALVE: Please allow him to conclude.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): Mr. Salve, please be brief.

SHRI N. K. P. SALVE: Now I will be very brief, Sir. Please consider what I have suggested: Give them three years, if you want to withdraw, so that the people who are in the pipeline are not adversely hit. I have always maintained with this kind of legislation; hits at the root, of the credibility and morality of taxation; credibility of the Government, morality of taxation. If you are not going to be honest with the taxpayers, you have no business to pontificate on them, about tax evasion and things like that.

[Shri N. K. P. Salve]

So far as indirect taxes are concerned, you have raised the prices of petrol, high-speed diesel, railway freight, tyres, telephones and all that you call anti-inflationary. Sir, I am referring here to the evaluation made by one of the most eminent economists, Mr. Brahmanand Dandavate's Budget ducks major issues. What does she say? Implicit in the Budget you have built is inflation of 6 to 7 per cent. This is not what I am saying. Kindly read it. Let your Secretary who goes and says that it is anti-inflationary deal with this kind of thing rather than talking to people who are innocent about the entire finance matters who are innocent about accounts. You have taxed petrol. You see the history of inflation. The history of inflation in this country is the history of indiscriminate price rise in the cost of petroleum. It had the most vulnerable and cascading effect. Mr. V. P. Singh did it once and he had it in his neck. You have done it this time and you see what it is going to be. I have no doubt in my mind that in three months' time you will be reaching the double-digit inflation. Freight rates have been increased. Every item will be hit by it. In six months' time you will be hitting double-digit inflation and before we have reached the end of the financial year—I hope your Government is still there and you are still there as the Finance Minister—you will have the proud privilege of having an inflation between 12-1/2 to 15 per cent. Please write it down somewhere.

Now indebtedness. 2,60,000 crores of rupees. What are we doing to ourselves? And you are borrowing indefinitely. I refer to the suggestion of the Finance Commission which I urge upon him to accept. It is contained at page 41. Please bear with me. This is very important. I am reading para 10.9.

"The overdraft bottom lines:—The overdraft facilities which the Reserve Bank of India gives to the State Governments have already been strictly

limited. So far as against this, the fact that the Union Government has virtually unlimited overdraft facilities with the Reserve Bank of India means that it can incur additional debt to finance expenditure in excess of norms without raising additional revenue resource of its own. We have earlier urged that the Central and the State Governments should be treated in a similar manner with regard to fiscal discipline. We recommend that a convention should, therefore, be developed limiting the extent of deficit-financing by the Central Government in any given year to an amount to be determined in consultation with the Governor of the Reserve Bank of India on the basis of certain objective economic criteria to be clearly laid down in advance. We would urge that suitable guidelines and criteria for determining the permissible amount of net R.B.I. credit to the Government be devised jointly by the Union Ministry of Finance and the Reserve Bank of India. It will also be necessary to pre-determine the permissible peak level of R.B.I. credit to Central Government at any point of time in the course of the year."

I would want you to react to it if you are so sincere about phasing out and checking the deficit and if you are so sincere about ensuring that you don't go beyond your deficit, decide in advance on objective criteria what is going to be the deficit in consultation with the Reserve Bank of India and stick to it.

So far as indebtedness is concerned, where are we landing ourselves? It is a terrible situation. And they have taken additional liability of writing off the debts of the agriculturists. That also they are not taking up very sincerely. A figure of Rs. 2841 crores has been worked out. How do you get Rs. 2842 crores? It is impossible. Please don't play with the people. If you can implement it, implement it. If you can't implement it without taking the country into liquidation, go out to the people and tell them frankly.

You are going to make 'Right to Work' a Fundamental Right. Do you know what that involves? It is enforceable in a court of law. And if that is ever done, do you know what is likely to be the liability? There are about 6 crores of registered unemployed in 850 Employment Exchanges. I reckon unemployed people to be somewhere near 10 crores of people. If you give each one of them Rs. 150/-, it will mean Rs. 18000 crores. Where is the money? You make reckless promises, unimplementable promises during the elections which cannot be implemented without taking the country down the drain. Perhaps you never expected to be sitting there. But now that you are sitting there, be honest about at least one thing. Either tell the people that you cannot do it or if you can do it or if you mean to do it, please tell us the ways and means of doing it. Don't tell us about Rs. 2842 crores. Will you please lay on the Table of the House the detailed calculations of Rs. 2842 crores which is, according to you, enough to write off the debts? If it is so, I will be very happy because Rs. 2842 crores is something which we can phase out. But again out of that if half is to be met by the States, it is a total impossibility. In the meanwhile, the Finance Minister knows better than any of us that there is a terrible erosion in the collection of loans. Whatever decision you have to take, please take them in good time. Please do not incur heavier expenses. As a result of heavier expenses, please do not increase your borrowing. Our indebtedness has reached a point where the 'Washington Post' has observed—I am reading what has appeared in the 'Washington Post' and reproduced in the 'Hindustan Times' of 26-3-1990. This is not a Congress paper. Here it is said:

"Buried in borrowings and short of hard cash, India may become the world's next victim of the debt crisis that already has crippled developing economies in Africa and Latin America, says the Washington Post."

SHRI KAMAL MORARKA: Is it not the Congress' doing?

SHRI N. K. P. SALVE: Mr. Morarka, I will tell you...

SHRI KAMAL MORARKA: We have come to power only now.

SHRI N. K. P. SALVE: ...we were bad. But does it mean that you should prove worse?

SHRI KAMAL MORARKA: Judge us after one year.

SHRI N. K. P. SALVE: If the revenue account is going the way it is...

SHRI DIPEN GHOSH: With the passage of time, they have become wiser. And you are also becoming wiser.

SHRI N. K. P. SALVE: No question of becoming wiser. I stand by 1989-90 Budget, Mr. Morarka. My answer is that we have started a trend for the first time. And you have undone the whole damn thing. This is what...

THE VICE-CHAIRMAN (DR. R. K. PODDAR): You conclude now.

SHRI N. K. P. SALVE: I am concluding.

Here it is further said:

"But planners and international financiers are beginning to worry that without politically painful reforms, India's economic bubble could burst during the early 1990s; with devastating consequences for the country's impoverished and rapidly expanding population, the paper adds."

And in the end, the paper says:

"These complex and difficult problems loom at a time when India is being led by a minority Government backed by an unusual array of political parties. Prime Minister V. P. Singh is regarded as an informed economic thinker, but his Cabinet includes a potpourri of agricultural populists, unbending socialists and political opportunists."

SHRI KAMAL MORARKA: These are all American slogans...

SHRI N. K. P. SALVE: What you need to be worried...

THE VICE-CHAIRMAN (DR. R. K. PODDAR): Have you concluded?

SHRI N. K. P. SALVE: Two sentences and I am done. What worries me...

PROF. MADHU DANDAVATE: We do not want American thinking...

SHRI N.K.P. SALVE: You do not want. No one will be more allergic to American thinking than I am. But some right things they have said. And if you are going to ignore that also, you will be doing it at your own peril. There is only one point which I must make clear. We had realised the mistakes we had committed, and we were dead bent on correcting them. And that is why the 1989-90 Budget. That is the difference between us and you. If it was a mistake, it was a mistake and we were going to correct them. But do not forget that at least we gave a growth, we gave a growth of 5.9 per cent. It was only on the Budgetary side that we had not fared properly. It was on the budgetary side that the corrective measures were needed. What have you done? Far from following the trends of those corrective measures, you have taken a reverse turn. I am sure, if this trend remains and if this Budgetary trend remains and we continue in this manner in the next three years time, the fiscal imbalance which reached such a situation will bring about a total collapse. I warn you, warn you. Thank you, Sir.

PROF. C. LAKSHMANNA: Mr Vice-Chairman, Sir...

SHRI DIPEN GHOSH: Next time, we will be criticising his Budget.

PROF. C. LAKSHMANNA: ...we had a very interesting but confessing statement about the state of affairs which this present Government had to inherit, for which I am thankful to Mr. Salve. Mr. Salve could not have laid at the door of the present Government the ills that have been bequeathed to us. But none-the-less, will go into only these four points which

have been earlier pointed out by Mr. S. B. Chavan, the former Finance Minister and also by Mr. Salve, and we will see whether in these four points which have been pointed out in the third paragraph of the Finance Minister's Budget Speech, as the starting point, there had been a right direction set by the new Government or not. I am sure in 100 days with one Budget, it is not possible to correct the ills that have been brought over a period of ten years or even more. Now, one is about deficit. When Mr. Salve, while he was speaking, talked about the Ninth Finance Commission's recommendations in regard to the revenue deficit. He also referred to the non-Plan expenditure of Rs. 52,000 odd crores and the estimate of the expenditure by the present Budget at Rs. 56,000 odd crores. In that context, I asked him the ways in which this deficit could have been reduced. Mr. Salve mentioned three items in which the Government could have had options. Now, let us examine whether this Government has exercised those options or not.

The first one is in regard to the interest payments. I hope Mr. Salve will bear me out. Last year, when we were talking about the internal as well as the external debt and the interest payments, the figures which were given included a certain item which they were not prepared to accept at that time but now they are prepared to accept. If this grows, what are the hard options left? One hard option could have been—in the case of external debts—to say 'We will not pay', as it was done by one or two Latin American countries. That was one hardest option that was available. The second was, to offset the deficit, going in for further borrowings from the International Monetary Fund, etc., with the conditions they would have laid down, with the strings they would have attached.

SHRI N.K.P. SALVE: Mr. Lakshmanna, what I said was this. You are borrowing Rs. 8,000 crores to finance revenue expenditure. What worries me exceedingly, when I see the Economic Survey, is this. With further borrowings, the debt burden will increase. All that I am saying is that committed liability has to

be met. It must be understood that no further loans should be incurred.

PROF. C. LAKSHMANNA: This is precisely what I am saying. The point is, we had to take the hardest option, the Government had to take the hardest option, of not going in for loans which would have added to the existing liability in the years to come, but trying to meet the situation within the framework available. Therefore, this was the second hard option.

Now, Mr. Salve will bear me out. We have the expenditure on services. As you know, in this very Budget, the Finance Minister had to take a very hard decision and say that he is providing only Rs. 100 crores to meet the expenditure on additional DA instalments in the year to come. It means, if he tries to maintain this, he would not be falling into some of the pitfalls into which the previous Government had fallen. In fact, two or three years back, when Mr. Rajiv Gandhi presented the Budget and, subsequently, when Mr. N. D. Tiwari presented his Budget, the then Government claimed that they would not allow the deficit to grow and I had to refer to the example of King Canute. It is not possible for the tides to be tied down. What has been done is to curtail the possibility of any more loans and increased interest payments in the years to come. A beginning has been made.

Then, the other non-Plan expenditure. It has become a little burdensome this year. I am referring to the allocation for defence. It was Rs. 13,000 crores this year. The revised estimate is about Rs. 14,000 crores. The provision for the coming year is Rs. 15,000 odd crores. This means, compared to the revised estimate, it will be Rs. 1,000 crores more in the coming year. Sir, I was one of those who had been very critical about the defence expenditure. I had been advocating that there were ways in which the defence expenditure could be reduced. But we are having, for the first time, except the three war periods, three war years, a Government there which, though democratic, is a

weak Government. It has been speaking in terms of war as vocally as the previous Governments had done. The only thing is that Mr. Zulfikar Ali Bhutto was reading a page or two more than Mrs. Benazir Bhutto. Therefore, when a hostile situation is developing, when such a situation is confronting us, is it possible for us to make any compromise on this? If it is not possible for us to make any compromise on this, there will be no alternative but to escalate, to some extent; the Defence budget. Therefore, Rs. 1000 and odd crores has been the amount which has to be accounted for towards defending the borders of this great country. We have been talking of the unity and integrity of the country. This had been the slogan on which the previous Government tried to live and win. Therefore, to uphold that very slogan there is no other alternative but to increase the defence budget, though it is not a very happy situation. I do look forward to the coming years when we are in a position to reduce our liability and expenditure on defence so that we could divert that amount for other purposes.

About subsidies, the present Minister has made an indication to the subsidies which could be reduced and the type of subsidies which had to be continued. Even the previous Prime Minister, when he was talking of subsidies, had said that out of one rupee only 16 paise were reaching the people. If we take that yardstick, then a lot of things have to be done. Therefore, we have to look at the entire deficit. Deficit has been really frightening. When the previous budget was presented there was a jugglery of figures, as a result of which with the transfer of oil fund etc. they were able to show a deficit which was in the vicinity of what they continued to claim, but when the next budget was presented, by the time this Government inherited the reins of powers on 1st December, the deficit had reached Rs. 13000 crores. I think it is only Rs. 11000 and odd crores today and this goes to the credit of this Government.

SHRI N.K.P. SALVE: Could you yield for half a second? It is all right.

[Shri N. K. P. SALVE]

you say that there was a juggling on the receipts side, but what about the expenditure side? Was not the growth confined to 10.6 per cent which is much less than 17 per cent of long-term growth of non-Plan revenue expenditure?

PROF. C. LAKSHMANNA: I will come to that a little later.

So, Sir, we have to look at the deficit from this point of view. Therefore, the present Finance Minister has made strenuous efforts to be realistic to put the deficit at a rate of Rs. 7000 and odd crores.

Coming to the balance of payments position, there was a question today with regard to the export promotion zones, etc. and the efforts that have been made by this Government. The previous Government over the period of three to four years had failed, continuously, year after year it had not been able to meet the requirement of export and we have not been able to contain import. The present Government had to inherit a very bad situation with regard to edible oil. There is a talk about the edible oil technology mission. I do not want to go into the whole ethos of this technology mission for the present, but I would like to say that in spite of the edible oil technology mission, the edible oil position was bad. Even the position for rice and some other commodities was bad. After a long time, if my information is correct, we were to import Burma rice through Thailand. Therefore, we have to look at the ways in which we could bring about a better balance in the balance of payments position. For that, there has to be a concerted effort to reduce imports and increase exports. I think a small effort in that direction has been made by this Government in this present budget. I am not saying that everything will be all right, but at least the trend has been reversed.

Then comes the question of foreign exchange reserves, a point which has been raised by Mr. Chavan himself. I think this year had been the lowest with regard to the foreign exchange reserves. In the

history of the all the years since India became independent this period has been the lowest. We have also to look at the NRI investments in this country. The NRIs, who are our own people living outside, who are having all sorts of facilities, who have a claim on us, take away a large part of foreign exchange as and when they get angry with us. If they have to do it, the position will be much worse. Therefore, this is the third item in the present Budget on which an attempt has been made to preserve valuable foreign exchange.

3.00 P.M.

Then comes the fourth item—i.e. foodgrains. Now last year was supposed to be a bumper year when we had produced about 172 million tonnes of foodgrains. This has been the highest, as per the estimates. In that year, the procurement was the lowest. It was about 8 million tonnes or so, if I remember correctly, as on 1st of February of the previous year. This the present Government could bring up to something like 11 million tonnes or so. Therefore we have to look at the position as to how is it that in a year when we had a bumper production, we were not able to do it. On the other hand, the indications are that the stock position has improved much more and it will be up to the norms that have been set for foodgrains. Is this not a hard decision, a hard option which this Government exercised, while the previous Government squandered away in a year of the highest foodgrains production?

Therefore, looked at from these points of view, it is very obvious that this Government had a very difficult situation to tackle. They inherited a very difficult position and they have been trying to retrieve it to the extent possible. I do realise that 100 days is not a sufficient period. It is not a thousand days, it is not ten thousand days which have been responsible for the position which has been inherited by this Government and it would be a miracle to correct it in 100 days. In Economics we cannot have miracles. Even in West Germany,

which is supposed to have done a miracle, it did not come in one or two years; it took a number of years. The direction has, of course, been reversed, as I have already indicated to you.

The second aspect of this Budget is that the National Front Government is committed to the poor, the weaker sections and it is committed to socialism in the real sense. There is no question of retracing our steps on that. If we look at that, what is the way in which it has been done? We have to look at certain categories of people with whom the present Government had to deal with in this Budget. One is the farmers. Much has been said about the waiving of loans upto Rs. 10,000. I think the Finance Minister in his reply will have the occasion to tell you how he has arrived at the figure of Rs. 2842 crores. The Government says that they have arrived at this figure taking into account the small, marginal farmers and all those artisans and agricultural labourers who had taken loans upto Rs. 10,000. If those loans are waived, there will be a commitment of Rs. 2842 crores, out of which about Rs. 1100-1200 crores will be through the nationalised public sector banks and also regional rural banks and the rest of the amount has to be through the co-operative sector. Now we are not taking into account the loans which perhaps are there from other agencies—i.e. from non-banking systems, the money-lending system etc. We are not taking that into account. We are at present concerned with those loans which are becoming a heavy burden on the people and which have been taken from the banks—either from the nationalised banks or the regional rural banks or the co-operative banks. Now the Finance Minister has categorically stated that the Central Government will consider suggestions for helping the State Governments in implementing the debt relief scheme. What else can you expect? The Finance Minister is prepared to listen to the suggestions from the State Governments, from the economists, from

the political friends sitting this side or that side and then try to implement that scheme and then try to implement that scheme so that the debt relief which has been promised by this National Front Government through its manifesto will be fulfilled.

Then, they also made much about the so-called "wilful defaulters." In fact, there has been some misunderstanding with regard to this. But if you carefully look at the sentence used by the Finance Minister, it clearly says, "However, wilful defaulters who, in the past, did not repay loans despite their capacity to do so will be excluded." So there has been a question as to how to define a "wilful defaulter." Even I myself, at one point of time—because I did not carefully look into the budget—thought about this question. Now, it clearly makes out two or three things. One is about people who has the capacity but did not repay—which can be a yardstick easily understandable. Therefore, if we take these people as wilful defaulters and if we also take the nationalized banks, regional banks and co-operative banks and if the estimate is about Rs. 2,842 crores—I think the Finance Minister will explain it in course of time—then, I think keeping Rs. 1,000 crores to start with is not an unreasonable proposition because the Government expects that it will not be more than Rs. 1,100 to Rs. 1,200 crores. So, Rs. 1,000 crores is good enough and a marginal adjustment can always be there.

Then, if we carefully look into the budget, there are certain other facilities which are accruing to the farmers. Yes, this Government will, perhaps may be in a year or two or three to come, have to think in terms of two things. One, of course, is the resolve of this Government to put the Land Reform Acts, as passed by the different States, in the Ninth Schedule. Once that is done, even if there is some default, it will avoid some of the unnecessary litigations into which the State Governments have to enter now. Therefore, once the Land Reforms Acts are implemented sincerely, as it

[Prof C. Lakshmanna]

is the wont of this particular Government—as the sentence here shows that we are going to put it in the Ninth Schedule—I am pretty sure that the whole talk of kulaks, big landlords and so on will be a thing of the past in the next few years to come. This is number one. I think this will be put in the Ninth Schedule and, once it is put in the Ninth Schedule, it will give the opportunity to implement land reforms effectively and bring about fair distribution of the land wealth available in this country among those who have now been denied that through litigation, etc.

Secondly, I have a small suggestion for the Finance Minister. What is happening now is, agricultural income is not taxable because of the vagaries of nature, uncertainty of production and unremunerative prices. In fact, for the first time there has been a definition of “remunerative price.” In fact, the Finance Minister has given a methodology by which remunerative prices could be given to the farmers. It is there in the budget. That is one point. Now, because of the non-remunerative prices that were being given to the farmers over a period of time by the previous Government and so forth, there has been some problem with regard to assessability of agricultural income. But once we are able to quantify it, I think a stage may have to come—it is only a suggestion to the Finance Minister and, in the years to come, perhaps, next year—he will have to think in terms of taxing the rich among the agricultural community and make them contribute to the development process. Now, this is also necessary because, what is happening is that since agricultural income is not taxable very often we find that corporate houses, industrial cartels, have built up subsidiary agricultural occupations and are trying to show the profits if they come, or losses, if they are accruing, on to agriculture either way and ultimately trying to evade tax. Therefore, at least a beginning has to be made to

delink this type of operation and secondly, to bring in some semblance of agricultural taxation on the rich who have to contribute to the development process. I think with the increased irrigational facilities, greater power supply, modernization of agriculture and the agricultural research, which are contributing through the States, the Government and the people are contributing to agricultural production, the benefit of which is accruing in a larger measure to the people who belong to the higher brackets in the agricultural sector. Therefore, they have a moral responsibility they have an obligation to contribute to the development process. I do hope that the Finance Minister in the years to come, not immediately, will think in terms of breaking the ground. I think that is a hard option which perhaps this Government as to take.

SHRI M. PALANIYANDI (Tamil Nadu): Where is and reform?

PROF C. LAKSHMANNA: I think I made very clear as to what the land reform is, what the intention is and what the direction is in which the entire system has to move which has been made clear the National Front Government by its intention of putting the land reform Acts in different States in the Ninth Scheduled of the Constitution, thereby avoiding litigations which the State Governments and the people would have otherwise to get into. That is what I was mentioning.

The next thing is about agricultural labour, artisans etc. I think, for the first time an attempt is being made apart from the Jawahar Rozgar Yojana which is being continued. That means there will be an assessment of it, and it will continue. Apart from that, no thrust was made in the previous budgets towards these people. I think, in this Budget an attempt has been made to arm these people with better fiscal resources, fiscal possibilities so that they can in turn contribute to the saving process and also the development process. About textiles, I

think, it is good that it is not the cone yarn but it is the hank yarn which will be taxed. I think it will go to some extent to help the handloom weavers who are in a large number in this country, who are not merely artisans but more than that. They are artistic artisans. They have brought name and fame. The handloom weavers of this country have brought fame and name to this country. Their arts, their skills and their professions have to be safeguarded. Therefore, a beginning has been made. I think it would have been perhaps better. There used to be a rebate, handloom rebate given earlier which was discontinued two years back. I do not know how much financial involvement is there. But that will psychologically given an incentive for the handloom workers. That is why perhaps that rebate was there. I would only suggest to the hon. Finance Minister kindly to look into it.

Then, about the income-tax, I think, while replying to the debate on the Budget in the other House the Finance Minister tried to explain how it is not Rs. 22,000 but it is actually Rs. 35,000. A person who earns up to this much of income, has not to pay income-tax. He has given an example of it, and he has given an explanation to it. If that is the case, this will be at least a small bit of help to the middle-class income group. There have been varying opinions that it could be Rs. 25,000, Rs. 30,000, and people expected it to be Rs. 30,00 for some reason or the other.

Financial constraints about which I had also talked and even Mr. Salve and Mr. Chavan also earlier spoke, have been responsible for his not scaling it up to Rs. 25,000 or Rs. 30,000 per annum. A higher limit would have been better. But none the less a beginning has been made to relieve the pressure on the middle-income group, and a small attempt has also been made to increase the tax net to make it a little higher for the higher income group in this present Budget.

If this succeeds, perhaps the Government may have to consider next year to make it more rational so that those who are in a position to contribute, can contribute more effectively.

Then, another thing which needs to be considered is black money. We have been continuously worried about black money. There are two or three types of studies made with regard to black money. I think the Government in course of time has to take a decision. Unless the role of black money and its impact on development is removed, the country will not be able to reap the fruits that are due to it. One suggestion which has been again and again made and which has been also implemented earlier, but there are differing opinions on whether it has really netted the result or not, is demonetisation. If it is demonetisation, of what value? If it is demonetisation, to what extent? Those details may have to be worked out. But I think a serious exercise has to be done to work out the detail with regard to demonetisation.

Secondly, we have to perhaps—though I am very hesitant in making this particular suggestion—make a change in our attitude towards those who have got black money. The present trend is to treat them as criminals because they have done a crime against the society. There is no doubt about it. But then especially one who is in a powerful position, one who is in a position to dictate terms, would not like to be called criminal. Perhaps we have to change the terminology and treat them, instead of criminals, as errants and give them an opportunity to come forward.

SHRI G. SWAMINATHAN: You want them to be treated softly.

PROF. C. LAKSHMANNA: For this purpose the Government has given them options in the form of some schemes which are not very attractive. They have said this money can be invested in slum clearance, construction of houses for middle and lower income

[Prof C. Lakshmanna]

groups and setting up agro-based industries. These are the three suggestions. I have been one of those who firmly stood and will continue to stand for the commanding heights of the public sector. There is no doubt about it. But then defining the areas in which the public sector investment has to be increased, its role has to be increased, may have to be probably gone into. The question whether there are some sectors which do not necessarily offset this development process, but which are more attractive to these people to invest, may be gone into. This is a suggestion. I think you will have to look into that so that investment, if they make, will not merely be a social commitment, but will also be a kind of incentive for them to invest. I think in that sense we have to think of newer areas for investment possibilities for those who possess black money. I think, if that is gone, there may be some small beginning made to suck those who are now in possession of black money and who have been playing havoc with the economy. The Finance Minister has stated in his Budget speech how instead of bringing in black money, they actually may put the white money into black. So, we have to be very careful about it. But nonetheless concerted efforts have to be made in order to bring this black money into regular plane.

Having said this I will have to talk about some of the items on which prices have been hiked. I think it is one point where I am likely to agree with Mr. Salve that here will be a cascading effect. Apparently when you increase price of petrol, diesel and if you exclude tractors or in the case of tyres and tubes, if you say you are imposing duty upon truck, bus, car and jeep and not on tractor, apparently a distinction has been made. But unfortunately they are not just confining to themselves. There is no agency which will bear the price hike in petrol on itself without passing it on to the common man, the consumer. Therefore, there is a cascading effect as a

result. I do not know whether we will end up in double digit inflation or not, but there is definitely a tendency for pushing up prices. I think we are already experiencing it. We don't need any economic wizard to tell up. We are going through it if we get into an auto-rickshaw, if we get into a taxi, if we get into a bus. I think after sometime if we purchase things in the market, the prices would have been pushed up. Therefore, once the prices are pushed up, there is bound to be an inflationary effect. So to that extent we have to really think in terms of the cascading effect and the possible inflationary tendency which the hiking of prices of petrol, diesel, steel, iron, rubber, tyres and tubes will lead to.

Therefore, these may have to be examined in order that the possibility of inflationary tendency may be stopped because that will have...

THE VICE-CHAIRMAN (DR. R.K. PODDAR): Prof. Lakshmanna, you have used up the time allotted to you. I would request you to kindly conclude.

PROF. C. LAKSHMANNA: I am myself going to conclude. Even if you want me to continue, I will not be able to continue.

SHRI DIPEN GHOSH: This is his valedictory speech.

PROF. C. LAKSHMANNA: My farewell speech. Though I want to snatch some more time, if possible tomorrow... (Interruptions)...

Then, similarly, the postcard, inland letter and envelopes. These are the three items which are more used by the people belonging to the middle and lower categories of people because others use phone. Though there has been an increase in the tariffs, telephone tariff, I am not coming on to that because at least to a limited extent it is used by middle and upper classes and also they go in for courier services and so forth, etc., those who can afford it, and we are not worried

about them. But the prices of post-cards, inland letters and envelopes have also been increased. To that extent it will be a small burden on the consumers, on the middle class and lower class of people. I think, this may also have to be considered and even if a token difference is made, that will be better. Mr. Vice-Chairman, on the whole this budget is one which is attempting to set the trend that has been set earlier in the reverse gear and take the country towards a better economy, towards better development and towards equality of opportunities and, therefore, socialism. Thank you.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): Thank you, professor. Dr. Jain.

DR. JINENDRA KUMAR JAIN (Madhya Pradesh): Honourable Vice-Chairman, at the outset...

श्री राज चंद्र बिरुज: उपसभापति जी, एक उधर से एक उधर से बुलवाइये। दोनों उधर से हो गये। (व्यवधान)

उपसभाध्यक्ष (डा० आर०के० पोट्टार): ठीक है।

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): There is a tradition of calling one Member from the ruling party and one from the Opposition party. Now both belong to the ruling party.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): He does not belong to the ruling party.

SHRI VITHALRAO MADHAVRAO JADHAV: But they are supporting. Supporting means as good as a Member of the ruling party.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): He does not belong to the ruling party, okay. Dr. Jain.

DR. JINENDRA KUMAR JAIN: At the outset, Sir, I would like to make

a plain statement that we are not happy with the budget but we do not entirely blame the present Government for the state of affairs. We appreciate the problems of the present Finance Minister. He inherited a bad economy and I give him that margin. There was provision for a deficit of only Rs. 14,000 crores in the Seventh Five Year Plan but the previous Government naturally indulged in over-spending resulting in a deficit of Rs. 35,000 crores. The national debt has mounted to Rs. 260,000 crores out of which foreign debt itself is to the tune of Rs. 100,000 crores. It is an alarming situation indeed but the Government is continuing to borrow more and more. Unemployment problem has not been contained. An estimated number of unemployed today is touching a hundred million mark. In spite of that, certain good steps have been taken by the Finance Minister and we welcome the waiving of farmers loans to the tune of 1,000 crores. We welcome the abolition of the Gold Control Act and we welcome the provision of 15 per cent subsidy to set up industries in backward areas. However, we would like to recommend to him that he should do some more things which are absolutely relevant. The exemption limit for personal income tax raised from Rs. 18,000 to Rs. 22,000 should be further raised to Rs. 30,000 and for salaried people, DA, HRA and CCA should be exempted from the income tax. Tax rate for the big companies has been reduced from 50 per cent to 40 per cent. This benefit should also be given to small companies.

[The Vice-Chairman (Shrimati Jayanthi Natarajan in the Chair)]

I plead, Madam Vice-Chairman, that this benefit should also be given to small companies, partnership firms and other private limited companies and other entities engaged in industry and business. I would like to give an example of the United Kingdom. Large companies there have the tax rate of 35 per cent and small companies are taxed at the rate of 23 per cent. Almost similar is the picture in the rest

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of the world engaged in industry and business. Afterall, what should be the rationale? The rationale should be that the money should be available for growth, growth of the people, of the concerns who are making money. Now, the large companies have other ways to mobilise the capital. They can raise resources from the market but the small companies cannot do that. The only benefit available to them is the saving in taxes and there is no rationale in taxing them more than the large companies.

Then there is another anomaly that I wish to point out. There is a ban on new posts and it has been in force for the last five years. It is adding to our unemployment problem. It should go right away. We have our genuine fears on the Government's ability to control the price line. Petrol prices have been hiked, postal prices have been hiked and total taxes to the tune of Rs. 2,283 crores have been raised. If we include the figure of railway taxes, the figure will go to the tune of Rs. 3,200 crores. This burden of taxation is going to affect the price line and we are concerned about it. I want to make a special mention on the failure of the Finance Minister between his intentions and his actions. In terms of giving excise relief to the film production houses, he has given them a relief from the excise duty and the argument he has taken is that it will curb the video piracy. I am not opposed to the relief being given to the creative people like film-makers. But this objective of the Finance Ministry to prevent the video piracy has been defeated by an excise levy on the video cassettes and on the audio cassettes. The Finance Ministry officials should understand who are the video pirates. Video pirates are the people in the illegal business. They pay no taxes and whereas this excise levy is going to hit the genuine people who are the genuine video production houses. So, this action of the Government by putting excise levy on video and

audio cassettes is going to encourage the video piracy and not going to curb it. It is high time they revised it.

Then, we have been listening and the Government has been talking about the right to work. Where is the money they have provided in the Budget for making the right to work. The Government has been talking of the simplification of tax laws. I want to give a specific example. Taxation on cigarettes. Every time there is a Budget and there is a new measurement of cigarettes. How many centimetres, inches or feet I do not understand. But it is evident that the maximum number of tax disputes are pending in a number of courts in the matter of cigarettes. A lot of money is not being paid by the cigarette companies to the Government in matters of excise. Why can't we simplify the tax laws? Instead of having the excise duty in terms of length, why should we not consider excise ad valorem? I believe that a Committee of Parliament went into the question and there was a recommendation of that Parliamentary Committee to this effect. Is it not time that the Minister looked into the recommendations of the Committee and tried to simplify the tax laws?

I also wish to make a point here for consumers. Now, we know that in our country there is an Agricultural Prices Commission. But is there an Industrial Product Prices Commission? There is none. Consumers suffer and who are the beneficiaries? The big industrialists. Do you know that a piece of soap which costs one rupee is sold for five rupees? Do we know that a kilo of sugar the cost of production of which is four rupees is sold in the market for nine rupees? The cost of production of a tooth brush is one rupee and why it is sold for four rupees? It would be in the interests of consumers and ordinary citizens that we set up an Industrial Product Prices Commission which goes into the pricing of all the consumer items and protect the interests of consumers.

Madam Vice-Chairman, I also wish to take this opportunity to touch in brief upon the philosophical aspects of economy. We have heard of capitalistic economy, communistic economy and mixed economy. And our Finance Minister is a socialist, a Gandhian socialist. Gandhian socialism is also the policy and creed of our party. But in addition, we also believe in the philosophy of integral humanism as was propounded by late Pt. Deendayal Upadhyay. It is a humanistic economy. In the brief time here, it is not possible for me to explain all its aspects. But it speaks of production by masses in place of mass production. After all, we have to be guided by humanistic considerations. What is India? India is not just a piece of land which constitutes the territory of this nation. India is a country of 800 million people. If we analyse the characteristics of these 800 million people, 600 million of them are very poor and they have lack of basic minimum needs that any human being requires, the problem of *roti, kapda aur makan*. And I would like to know what is being done for these people. Another 200 million people are the ones who are participating in the economy actually. Most of the Budget addresses to the concerns of these 200 million people. They are the middle class and the lower middle class people. They are participating in the economy of this nation. But out of this, there is a small percentage of people for whom everything is available. The Budget does not touch them. You increase airline fares by 200 per cent they will still be able to afford it. You increase rates of five-star hotels ten times, they will still be able to afford it. So, we are living in a country where there are two or three countries existing economically within one country. There is a Switzerland living in India; there is an America existing within India, but the philosophy which I referred to, is that integral humanism refers to the humanistic approach to the economy. I recommend here and I make a demand here that this is the time when we are a party supporting this Government and we deserve this consider-

ation by the ruling party—they should set up a working group, a study group in the Ministry of Finance to study the implications and the philosophy of integral humanism. I am seeing that the hon. Finance Minister is not present right now, but I have read a book in which he has written the preface and himself has written the similarities between the economic policies as propounded by Mahatma Gandhi, Dr. Ram Manohar Lohia and Pandit Deen Dayal Upadhyay. We would like to see that some of these great Indians and some of the ideas of their thinking are reflected in the functioning and the financial management of our great country. I want to ask a question. We have been listening to the slogans of fight against poverty, but after all, 43 years have passed and there are a number of villages which do not have even the basic minimum need of drinking water. Are we in a position to decide collectively—the Government and the House—and to say: “O.K. we will set the target”? I am not bothered if we can say that we have very good airports; I am not bothered if we can say that we have very good army and we can send missiles. I would not be pleased even to hear that we have the capability to send a man to the Moon or to the Mars. I will be happy if I am told that by that year or by that date, every citizen of this country will be able to have potable water, drinking water. For whom, after all we are trying to achieve fast technological progress of the country? We should not forget that we are not talking of the progress of a few only, but of the people who have been left behind. Let us determine, let the House determine what are the minimum things that they also need.

I also want to make one or two very small points before I conclude. I say that there should be a complete departure from some of the bad practices of the past Government. The past Government and, is on record everywhere—was interfering with some of the things of the business people. Now, I would like to say that it is not the

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business of the Government to take sides in business, and it is not the business of the Government to take sides in the corporate war and this should be stopped for all times to come. This Government must also stop the use of the enforcement agencies for political purposes. The nexus between politicians and big business, which has been prevalent and which has been a regular practice of the past Government must come to an end immediately. Freedom is the essence and ours is a democratic polity, and when we have a democratic polity, there will be partisanship practised by the people who are in business. Let the people in business not be the victims of the political changes in the country. This would improve our political functioning, would help us in building up our business institutions and would make our democratic institution mature.

I would also like to say that the fight against poverty is not done at the Central level alone. The State Governments also are engaged in that fight and they need resources for that. My colleagues have pointed out the disparities and the resource crunch that the States are facing. I have been recently elected and sent here by the State of Madhya Pradesh. A new Government has come there recently and it is working very hard. But one of its important problems is that of the resource crunch. Now, there are certain inequalities in respect of what the Central Government is doing to the States. I can cite only one example and it is only an illustration and not an exhaustive list of the cases of unequal treatment that the Centre is meeting out to the States.

The amount of royalty to be paid to the State of Madhya Pradesh for iron ore and coal is not the same as the royalty that the Centre is paying to the States of West Bengal and Bihar. Now, if this single thing is corrected, then the Government of Madhya Pradesh would be able to get a minimum

of Rs. 300 crores of revenue which they can spend for the benefit of the rural poor... (Time bell rings)... I am being asked to stop and, before I stop, I just want to make one statement here.

The task of building the nation is the task of every one of us. Business people and entrepreneurs or industrialists should not be treated as adversaries of the people of this country. After all, it is these people who have made it possible for this country to be counted as one of the top ten industrialised countries in the world. These people also should be heard and listened to while formulating policies which directly affect them. Thank you.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Now, Mr. Vikal. Mr. Vikal, you have got five minutes only. The Congress(I) Party has very little time because it has 15 speakers more to speak.

श्री राम चन्द्र विक्रम : उपसभाध्यक्ष महोदया, वजट पर बोलने से पहले मैं वित्त मंत्री जी से एक बात कहना चाहूंगा। मैं किसान हूँ और गांव से आता हूँ। एक किसान की कहानी बिल्कुल आज के वजट पर और इस सरकार पर घटित होती है। किसान की गाय खो गयी, बाप-बेटे उसको ढूँढ़ने चले। एक मन्दिर मिला, धोक दिया कि देवता महाराज मैं गाय पा जाऊंगा तो 5 सौ रुपये का प्रसाद आप पा जायेंगे। फिर आगे एक मस्जिद मिली, वहाँ भी दुआ मांगी और 5 सौ रुपये का प्रसाद चढ़ा दिया। गुरुद्वारे पर भी प्रसाद चढ़ा दिया और किन्हीं और देवताओं पर भी चढ़ा दिया। जब ढाई हजार का प्रसाद चढ़ा दिया तो लड़के ने कहा पिताजी लोट चलो। क्योंकि गाय ढूँढ़ने से कोई फायदा नहीं है? गाय की कीमत मुश्किल से एक हजार रुपये होगी और ढाई हजार का प्रसाद है, यह तो धाटे का सौदा है, आप गाय को मत ढूँढ़ें तो किसान ने कहा कि एक दफा गाय का रम्सा हाथ में आ जाने दो, देवताओं को बाद में देख लेंगे। वही हाथ हमारी सरकार का हुग है। चुनाव से पहले इन्होंने किसानों से वायदा किया कि किसान देवता

हमको सत्ता में ला दोगे तो तुम्हारा कर्जा माफ, बेरोजगारों को जवानों को कहा कि जवानों हमें सत्ता में ला दोगे तो बेरोजगारी भत्ता, मजदूरों को कहा कि मजदूर भाइयो हमें सत्ता में ला दोगे तो तुम्हें उद्योगों में भागीदारी और बूढ़ों को कहा कि बूढ़ भाइयो हमारी सत्ता ला दोगे तो तुम्हारी पेंशन लग जायेगी। इसी तरह से इन्होंने बैंकवाड़ कलासेज को कहा कि मंडल आयोग लगा दोगे, हमें सत्ता में लाओ। जनता से कहा कि महंगाई कम कर दोगे। कोई वर्ग नहीं छोड़ा कि यह आश्वासन न दिया कि तुम्हारे सारे संकट दूर कर दोगे। अब इनको सत्ता की कुर्सी तो हाथ आ गयी पर वित्त मंत्री जी बड़ी मुश्किल में पड़े हुए हैं, किस किस का वादा पूरा करें। अब मुश्किल में पड़ गये हैं... (व्यवधान)... अब कहते हैं किसानों में छोटे बड़े को देखेंगे, कर्जा देने लायक कौन है, माफ करने वाला कौन है। पहले यह कभी नहीं बोले। पहले तो आम किसान के लिए कह दिया।

प्रो० मधु दण्डवतः : मैंने बोला था।

श्री राम चन्द्र धिकर : कभी नहीं बोला। आपने अकेले कहीं महाराष्ट्र में बोल दिया होगा, देशव्यापी किसी ने नहीं सुना। अब थोड़ा ना दिक्कत में पड़े हैं।

महोदया, मैं बहुत बड़ा अर्थशास्त्री नहीं हूँ। हमारे यहां तो साल्वे जी हैं, चव्हाण साहब हैं, उधर आपके मोरारका भाई तो आंकड़े ही आंकड़े पेश करते हैं। वे शायद किसी को बोलने नहीं देते, टोकते रहते हैं। मैं आंकड़े वगैरह बहुत कम जानता हूँ। पर एक बात जानता हूँ। वित्त मंत्री जी परसों का नवभारत टाइम्स पढ़ा है? दिल्ली में पानी मंहगा हो गया और तो और आपने तो मंहगाई रोकने की बात कही थी ना चुनाव के पहले कि मंहगाई रोक देंगे।

उपसभाध्यक्ष महोदया, मैं दिल्ली की बात बताना चाहता हूँ कि दिल्ली में पानी मंहगा है। एक नाई खोखे में हजारत बनाता है—किस तरह से पेट्रोल का असर जनसाधारण पर पड़ा है, केवल गाड़ी वालों पर ही नहीं पड़ा, हरेक पर पेट्रोल और डीजल का

असर पड़ा है। नाई ने तीन रुपये बाल काटने को जगह पर पांच रुपये कर दिये। जब पांच रुपये किये तो जब कोई मजदूर गाहक आया, तो उसने पूछा कि भाई तीन रुपये में मेरे बाल काटता था, पांच क्यों कर दिये? नाई ने कहा कि धी-व्हीलर में बैठकर आता हूँ, श्री-व्हीलर का किराया बढ़ गया, इसलिए मैंने तुम पर बढ़ा दिया। मैं क्या करूँ। तो किस तरह से डाइरेक्ट-इनडाइरेक्ट आपके बजट का असर आम जनता पर पड़ा और खास करके गरीब पर पड़ा है। गरीब हर तरफ से परेशान है।

अब डीजल की कीमत जो आपने बढ़ाई है, किसान ट्रैक्टर और ट्रैलर भी चलाता है। किसान के एक तरफ आप करजे माफ करने जा रहे हैं और इनडाइरेक्टली किसान के ऊपर इतने टैक्स लगा दिये हैं कि किसान परेशान, मजदूर परेशान, गरीब परेशान और किसानों की मांगवादी, समाजवादी बजट आया है, सारे देश का रीएक्शन तो वित्त मंत्री जी पढ़ते होंगे रोजाना, जितनी जल्दी मंहगाई का असर इस सरकार के आने पर और इस बजट के आने पर देश के आम लोगों पर पड़ा है, शायद इससे पहले कभी नहीं पड़ा होगा। आप चाहे लाइब्रेरी से पुरानी अखबार निकाल कर देख लीजिए।

बजट आने के बाद तीन दिन में ही जो देशव्यापी मंहगाई हुई है, उससे हर क्षेत्र में छोटा गरीब मजदूर और किसान कराह रहा है।

इस तरह के बजट से मैं कहना चाहता हूँ कि समाजवाद की धक्का लगा है। मैं यह स्पष्ट कहना चाहता हूँ कि इस बजट पर पुनर्विचार करें। माननीय वित्त मंत्री जी, आपको कई बातों पर पुनर्विचार करना होगा और उसके लिए आप कोई एक कमेटी बनायें, संसदीय कमेटी बनायें, चाहे अपने दल की कमेटी बनायें, लेकिन यह पुनर्विचार के लायक हैं। अभी लिफाफे और कार्ड जिसकी चर्चा लक्ष्मन्ना जी कर रहे थे, यह क्या अभीरो पर टैक्स लगा है?

इस तरह से छोटी-छोटी बातों के लिए मेरे पास समय नहीं है। आपने मुझे पांच मिनट की इजाजत दी है। तो इस बजट पर

[श्री राम चन्द्र विकल]

पुनर्विचार किया जाए और मैं तो यह कह सकता हूँ कि सत्ता में आने के लिये जो आसान नारे दिये थे आप लोगों ने, वह आपको कठिनाई में डालेंगे। हमें इससे कोई मतलब नहीं है।

उपसभाध्यक्ष महोदया, जब यहाँ पर शपथ समारोह हुआ, तो मैं सच्चाई के साथ कहना चाहता हूँ कि इस सदन में अखबार वालों ने, जिस समय मैं शपथ समारोह में गया, तो मुझसे पूछने लगे कि यह सरकार कब तक चलेगी?

मैंने अखबार वालों को साफ-साफ कहा कि यह तो चलाने वालों से पूछिये, हमसे कोई मतलब नहीं है। यह सच्चाई की बात मैं आज भी बोलता हूँ। (समय की घंटी) यह आप चलाने वाले जानें कि वह सरकार को कैसे चलायेंगे। उन्होंने फिर पूछा कि यह गिरेगी कब तक?

मैंने कहा कि यह गिरने वालों से पूछो। वह दोनों सबाल तुमसे मुतलिक हैं। इनका हमसे कोई मतलब नहीं है। आप इस देश को चलाइये। देश की हालत हर तरह से खराब है।

उपसभाध्यक्ष महोदया, अब मैं जूरा कश्मीर का हवाला देना चाहूंगा कि कश्मीर जिस संकट से गुजर रहा है, उसको मैं कहना नहीं चाहता। केवल वार्डर पर चार-पांच सौ आदमी केरन से जबरदस्ती हथियारबंद आदमी बल-परसों के बीच में घुसे हैं। केरन एक वार्डर है आजाद कश्मीर का जो वैली में लगता है। अब तक जम्मू, आर०एस० पुरा, और पुंछ के इलाके से वह लोग घुसे थे, लेकिन जो वैली का इलाका है उसकी तरफ से हथियारबंद लोग घुसे हैं... (व्यवधान) मैं यह बतलाने जा रहा हूँ कि यह पुंछ और आर०एस० पुरा से पहली दफा घुसे हैं।

आज के हिन्दुस्तान टाइम्स को आप पढ़ें। वहाँ के गजलों को हर तरह से कोशिश की है कि वह काबू में आ जायें, पर वह नहीं आए। सो मजबूर होकर टेरोरिस्ट्स

ने जब यह पाया कि यह हथियार स्मॉलिंग नहीं करने देते और वहाँ वार्डर पर रोकते हैं, तब उन्होंने सांप्रदायिक झगड़े फैलाने की कोशिश का एक षडयंत्र रचा है। यह आतंकवादियों की एक नई स्ट्रेटेजी है। जम्मू का एक इलाका है जानीपुरा, वहाँ पर मंदिर में गाय का गोشت फँकवाया गया, गाय का तिल सड़क पर रखा गया। जब वह वच्चा पकड़ा गया और उससे पूछा गया, तो उसने कहा कि एक पीर ने मुझे बताया था कि तुम्हारी मुरादे इस तरह पूरी होंगी। इस तरह से सांप्रदायिक षडयंत्र जम्मू के इलाके में फैलाने की एक बड़ी गंभीर कोशिश हो रही है।

मैं सरकार को सावधान करना चाहता हूँ कि कश्मीर आज आपके हाथ में नहीं है। बारह टेरोरिस्ट्स जिस तरह से वहाँ छूटे-छूटे नहीं हैं, मेरी जानकारी में, उपसभाध्यक्ष जी, सरकारी अधिकारियों ने भी उनके सामने सरेंडर कर दिया और डर कर उनको छोड़ना पड़ा है। इस तरह की भयावह स्थिति में आज कश्मीर देश से निकलने जा रहा है और सरकार चिंतित नहीं है। मैंने कई बार कहा है कि देशभक्त गुजर मरते रहे हैं, फौजों से आगे सिबलियन, इनको गैड्डूड ट्राइब्स में कर दो, इन्हें हथियार दे दो। पंजाब में तो हथियारों की सहायित दी है। उनको हथियार दे दो, वार्डर सेक्युरिटी फोर्स में कर दो तो कश्मीर में यह सब नहीं हो सकता। मैं यह दावे के साथ कह सकता हूँ। इसलिए मैं वित्त मंत्री जी से कहना चाहता हूँ, मैं ने रक्षा मंत्री और प्रधान मंत्री को भी कहा है, गृह मंत्री को कहा, विदेश मंत्री को लिखित में भी दे रखा है कि इन की देशभक्ति पर शक नहीं किया जा सकता है। वहाँ जितने मुसलमान संगठन बने हुए हैं एक भी मेंबर आज तक नहीं है। उन देशभक्त लोगों की सहायता लीजिए। हमारी फौजें जानती हैं उनकी कुर्बानियों को कि वे किस तरह से मरे हैं। लेकिन आज उनकी कुर्बानियों की उपेक्षा हो रही है। उनकी जान के लाले पड़ रहे हैं। पद्मश्री मोहम्मदीन और गुलामदीन दुबके फिर रहे हैं। टेरोरिस्ट्स और पाकिस्तान की सारी एजेंसीज उन गजलों के खिलाफ हैं...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Kindly conclude.

श्री राम चन्द्र विक्रम : लिहाजा मैं यह कहना चाहता हूँ कि काश्मीर को यदि बचाना चाहते हो तो उन भक्त गुजरों की कुर्बानियों को कम-से-कम जुबान से तो बोलो। शाबासी भी नहीं बोलना चाहते? आप नाम भी नहीं लेना चाहते। उसे भी गुनाह सगझने हो। वे किस तरह से सीमाओं पर मर रहे हैं। अगर आपको काश्मीर को बचाना है और देश को बचाना है तो आज आप को सोचना पड़ेगा। इस कार्य के लिए सारा देश आप के साथ है। अगर आप काश्मीर को नहीं बचा पाये अगर काश्मीर को खो दिया तो देश की जनता हमारे बारे में क्या सोचेगी? इसलिए मैं गंभीरता के साथ कहना चाहता हूँ कि काश्मीर का सवाल आज भयावह सवाल हो गया है। वहाँ मिसेज भुट्टो का टेलिविजन पर आधे-आधे घंटे प्रचार किया जाता है। पाकिस्तान का प्रचार वहाँ के टेलिविजन और रेडियो पर हो रहा है। काश्मीर में अफसरों पर कंट्रोल नहीं रहा है, टी.वी. और रेडियो पर सरकार का कंट्रोल नहीं रहा है। इसलिए इन षड्यंत्रों में सरकार सावधान रहे। मैं षड्यंत्र की परिभाषा कर के दो मिनट में समाप्त करना चाहता हूँ...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Kindly conclude.

श्री राम चन्द्र विक्रम : उपसभाध्यक्ष महोदय, आपने मुझे 5 मिनट का समय दिया, मैं एक मिनट और लूंगा। षड्यंत्र उसे कहते हैं, जोकि समझ में न आए और गहरा षड्यंत्र वह होता है जो समझते हुए भी पता न चले। और गहरा षड्यंत्र वह है जिसमें कि बेगाने अपने नजर आये और अपने बेगाने नजर आये...

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): There is no time now. You have taken ten

minutes already. Please conclude now. Otherwise other people will not get a chance.

इसलिए इस षड्यंत्र से सावधान हो कर काश्मीर को बचाइये, देश को बचाइये। इसमें देश की सारी जनता का आप सहयोग लाजिए वरना आज देश बहुत ही भयावह स्थिति से गुजर रहा है। मैं मानता हूँ कि कांग्रेस ने कुछ खराब किया है, लेकिन आप भी इस लांछन से बच नहीं सकते। मैं कहना चाहता हूँ कि हमारी भी कुछ खराबियाँ रहीं होंगी, मगर आपकी खराबियाँ हम से ज्यादा हैं, सौ दिन ज्यादा हो गयी हैं। पंजाब के मामले में, काश्मीर के मामले में आपकी खराबियें ज्यादा हैं। इन समस्याओं को आप सुलझाइए और देश को बचाइये यहाँ मुझे कहना है।

SHRI GURUDAS DAS GUPTA (West Bengal): Madam, this is a Government that has come to power, promising a change. Therefore, a change was expected of this Government and the change should have been reflected in the Budget. But since the Budget was prepared in a hurry, within a very short space of time, it is quite likely that change is not there in the direction the people expected. But it must be noted that there has been no increase in the pre-administered prices as was the general feature previously. All that was done was to give Budget a presentable look. The Government says that it will bring about a change in the perspective and the outlook of the Plan. If it is done, it is quite good. Its emphasis on agriculture and employment generation and lessening of dependence on foreign loans is also quite interesting. Its decision to bring about decentralisation in planning cannot but be a matter of welcome for us. Some people say that it is a good Budget in a bad time. Actually what is being referred to is the legacy of the past, the accumulated problems of the previous regime. But for the Government to bring about a change, the Government needs to move more rapidly, because it is only in that way it can meet the aspirations of the people. Madam, coming to the Budget,

[Shri Gurudas Das Gupta]

it appears to me that it is not an unconventional budget. Nor does the Budget give a new direction. This is not a Janata Budget, nor is this a budget for the big industrial houses because there is no promise that no imposition of taxes would be made during a long period as was done by the previous Government. Therefore, according to my estimate this is a budget which I call a middle-of-the-road exercise with retrograde features. The taxing of oil, that is petrol and diesel, in the background of increase in railway fare and freight is going to affect seriously the cost and price relationship and that is bound to affect adversely the already existing inflationary situation in the country.

In this background, the claim of the Finance Minister to hold the budgetary gap around 7000 crores of rupees appears to me to be a tall claim. The growing inflationary situation is bound to affect the programmes of austerity that the Government has claimed to have undertaken. Madam, the Government, according to me, is not aware to the extent it should have been of the serious internal and external indebtedness. At the same time, I believe that the impact of the debt servicing on the economy has also been severely underestimated. If the balance of payment situation can improve, that will be of marginal help to the economy.

Madam, the colossal accumulation of black money and the parallel economy that it runs seems to be absolutely unaffected by the provisions of the Budget. It may kindly be remembered while replying to a question Prof. Dandavate had suggested that he was having something up his sleeves. But it appears that the provisions of the Budget are not going to touch even the fringe of the black money and the parallel economy. The taxation policy has been cast in such a way that it gives to the States the minimum. The increase in the allotment of agriculture, I do not believe will trickle down automatically to the

impoverished poor because the power structure in the rural areas remains largely unaffected. Land reform has not been carried out nor is there a promise to carry out land reform. Mere computation of agricultural price taking into consideration the minimum wage to be paid to the agricultural workers does not automatically mean that the minimum wage will be paid to the agricultural workers. There is no firm commitment from the Government till now that there are going to be legislative measures for protecting the rights of the agricultural workers.

Madam, the ratio between direct and indirect taxes is just 1:5. This is the dangerous feature that the Budget is having at the moment. There is, at this moment of time, a quarrel going between the so-called lobby of the agriculturists and the lobby of the industry. I do not know to which lobby the maker of the Budget belongs. (Time bell rings). But it is quite true and certain that the problem of industry, the modernisation of the Indian industry, the expansion of the public sector, the updating of the technology should have been taken into consideration by those who have framed the Budget. In order to increase the ex-

ports, the Indian goods must improve their quality and
4.00 P.M. the cost has to come down.
That is also connected with
the problem of improvement

of the balance of payments position. Therefore, this Budget, at least as it appears to me, is not that attentive towards the problem of industry, particularly the public sector with reference to modernisation and expansion. A time has come when the Government must think of finding alternative avenues for raising of revenues. The conventional method of raising of revenues cannot meet the social and natural needs. In this respect, may I suggest, Madam, that the Government should seriously consider taking steps for mopping up of black money in the country? Secondly, why is the rich in the agricultural sector should

be left out of any form of taxation? Thirdly, the Government should seriously consider the question of re-investment of profit up to a particular percentage in that industry and in that particular area.

Madam, while coming to the conclusion, let me state as to what was the effect of the Budget on the population of India. The very next day or on the same day of the presentation of the Budget, there was feverish activity in the share market, that is, the corporate sector and the industrialists had expected a much tighter Budget and a greater degree of stringent measures. The Government had not done that. On the other hand, there has been disappointment to a greater degree among the organised masses of the country. If we take these two features into consideration, then there is reason not for complacency, but there is reason for concern because the people who wanted a change brought this Government into existence. It may be that the change could not have been initiated because the time at their disposal was too short. But it also has to be taken into consideration that the patience of the people cannot be taxed too much. Therefore, in the coming days, the Government will have to go in for more drastic changes, more radical changes. Of course, I know that this is a Government which stands on the support of Left forces as well as a group of people who belong to the other side. We do not expect this Government to carry out our Leftist programmes. But at the same time we do not want this Government to take steps which are not consistent with the national needs. Therefore. . .

PROF. CHANDRESH P. THAKUR
(Bihar): Which is the other side?

SHRI GURUDAS DAS GUPTA: The other side is well-known.

PROF. CHANDRESH P. THAKUR:
Identify.

SHRI GURUDAS DAS GUPTA: It is the fundamentalism. (*Interruptions.*) It is the BJP and the category of Hindu fundamentalism. But at the same time it should not also be forgotten that Hindu fundamentalism also finds its place in the party that was swept out of power. That is also a matter of truth and reality. And it has to be taken in consideration that the last Prime Minister had started his election campaign from Ayodhya, and it was the last Home Minister who had made a compromise with the Vishwa Hindu Parishad and it was the last Government which had given an opportunity to Muslim fundamentalism to consolidate. Therefore, there can be no question of satisfaction to say which side is the fundamentalism, which side the fundamentalism resides. Within the Congress also there is fundamentalism.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): Please conclude now.

SHRI GURUDAS DAS GUPTA: Therefore, while coming to the conclusion, I urge upon the Government to kindly remember the mood of the masses, the mood of the people, the mood of the Indians who believe that more than 40 years of India's freedom has not meant many things to the people who work and toil. If this Government is a Government of social justice, it has to be translated into action. Not by promise. There is a gap between the promise and the performance. There has been a breach of promise by the previous Government. Therefore, it is for the present Government to see that the promise gets translated into performance. Thank you.

SHRI SANTOSH BAGRODIA
(Rajasthan): Madam Vice-Chairman, when I was listening to the Budget speech of our hon. Finance Minister, I thought that true to his name, he would put some 'madhu' in the Budget. But I am very sorry to say that there is only 'dand' and 'dand'. No cheers. Only tears, tears and tears.

[Shri Santosh Bagrodia]

I would like to refer, in brief to what they had promised and what they have achieved. They promised 50 per cent for the rural sector. They have allocated 49 per cent. This is also only because of juggling around with the definition of 'rural sector expenditure'. This has gone up, even with the juggling around, only by 5 per cent. The waiver of farmers' loans. Everybody has spoken about it. Only Rs. 1,000 crores have been provided for. This shows that they are only trying to fool the people. Dependence on indirect taxes to be reduced. This promise has also been broken. It has been stood on its head. Indirect taxes continue to be the major source of Government revenue contributing more than Rs. 46,000 crores in 1990-91. Dependence on foreign borrowings to be reduced. On the contrary, foreign borrowing continue to rise. Inflation will be strictly checked I wish it is so. But what do we see?

The taxi and the scooter fares have been doubled in Delhi itself. With the increase in the price of petrol and diesel coupled with the increase in the railway passenger and freight rates as well the postal rates, I do not know how inflation is going to be checked.

Deficit financing will be checked. The Finance Minister say is that he has reduced the deficit to Rs. 7,200 odd crores. But this he has done by drawing Rs. 1400 crores from the Oil Pool Account. He has provided only Rs. 100 crores towards dearness allowance whereas it was Rs. 900 crores last year. This is nothing but juggling around with figures. The public sector will be strengthened. I do not see any scope for strengthening of the public sector when budgetary allocations have been cut and they have been asked to depend even more on the market resources

Non-Plan expenditure will be slashed. In fact, the reverse is taking place. Non-Plan expenditure is slated to rise by 18 per cent in 1990-91 as against 13 per cent last year. Well, this is what

they have promised before the elections and this is what they have achieved after the elections.

The basic objective of the economic policy is to ensure the economic upliftment of the country. The Budget should be a means to achieve this and not merely a means to collect revenue for Government expenditure. In the long run, citizens should be benefited only by right policies and not by populist policies. I would request the hon. Finance Minister to introduce a 'low-cost-high quality economy', rather than a high-cost-low-quality economy'. Mr. Finance Minister, you have not formulated any precise economic priorities because the Government is vague and because you are scared as to what you would say if you fail to achieve the results.

The last Government was absolutely strict about the economic strategy. Sir, you being a socialist, we thought that you would put luxury consumption on the chopping block. What have you done? The total amount that you are going to get from the tax on the luxury goods that you have so meticulously spelt out is a sum of Rs. 20 crores. The demand for consumer durables is decreasing every day. Here, I would like to refer to what Charles De Gaulle said when he became the first President of France. He said 'For the purpose of planning, let me keep the economic theoretics out; they will only talk about theories and not the reality.

As a layman with business background I do not find anything wrong in borrowings, provided the money is used for either long-term or short-term productive purposes and not used for direct consumption of any kind. Such kind of unproductive debts are definitely going to destroy the health of the economy of any country. During the last five year, whatever borrowings and the deficit was there but it was used for productive purposes with which is going to be helpful to the country for years and years to come.

Agricultural production during the last five years was on top, industrial production has been well established and the country had the highest credit worthiness. During the same period of five years least mandays were lost.

While talking to the newsmen your Finance Secretary has stated that there will be no further levies after half yearly review even if the projected deficit exceeded. I wish it is proved true, but this creates a kind of suspicion in the mind of an ordinary man that deficit is going to increase beyond the targeted figures. He has also mentioned that allocation for payment of DA had been deliberately kept low to effect economy in administration. This only makes us feel that actually this payment will be much more and in the process increase the deficit.

I do not believe money can solve all problems, but there are very few problems which money cannot solve. It is the question of finding resources. We need money to solve the problem of education, of building roads, for agricultural productivity, etc., but how do you get resources for all these? Without creating wealth, one cannot solve any social problem. It is, therefore, suggested that you not only need reward those who create wealth but also create a better climate for creation of more wealth.

One of the greatest and most important problems the world is facing today is about the black money and black economy to which my predecessor has also made a mention. Our hon. Finance Minister has also mentioned that there are Rs. 40 thousand crores of black money in the country, another Rs. 100,000 crore in Swiss Banks. I am not going into the details of these figures because whatever black money is there it is there and nobody knows about these figures exactly, but have we been planning anything how we are going to get this

black money out? Is there any way by which we can reduce the generation of black money any further? Let us go into the details of one simple thing. Our hon. Finance Minister has also mentioned about marriages. Again there is no *madhu* in it, only *dand* is there. The young couple will be checked and asked, have you received a lakh of rupees? If you have received more than that, please pay tax. Who is going to verify? These are all impracticable laws. You are going to destroy the solemn occasion of the marriages. Are you going to put an inspector in every marriage taking place in the country? One of your own officers in Madras has said that this is a very very embarrassing statement. While I welcome strict enforcement of the economy laws, Gift Tax Act is not going to help because a donor can now donate in kind and not in cash. On the other hand, it might create more black money. The second point is, your Finance Secretary has also stated about strengthening the economic intelligence bureau, which is nothing but increasing more harassment to the innocent tax payers. You might increase tax rates and seizures. If you go into details you will find that in the last four years you have realised only Rs. 480 crores, making average of Rs. 120 crores per year against the total budget of about Rs. 92,000 crores. This is less than .01 per cent. (*Time bell rings.*) I am just trying to make points only.

Is it right to harass innumerable innocent citizens and ordinary citizens of the country just to catch a few tax evaders? I would request you to please refer to Unstarred Question No. 1146 and 1147 replied by you on 22nd March in this House. I also request you to please refer to a news item that there was a FERA raid on a jute baron. It was said that Rs. 35 crores were lying in Swiss Bank accounts. I wish you could get a single copper out of these Rs. 35 crores, Mr. Finance Minister, because I will be the happiest person if you can get it. But please do not advertise only on

[Shri Santosh Bagrodia]

the basis of some information and finally forget about the case. We will never know what happened to the case finally. This is what is happening in seizures. People who are trying to raid the places, their pockets are full, they get their share of the loot without any problem.

At this point, I refer to the joint minute of dissent given by the present hon. Ministers, Shri P. Upendra and Shri K. P. Unnikrishnan and the hon. M.Ps., Shri Advani and Shri Jaipal Reddy, to the Joint Parliamentary Committee on the Lokpal Bill in 1985. I quote:

"We agree with the view that Lokpal's jurisdiction should not be restricted to examine only those complaints which involve alleged corruption but should also cover complaints about abuse of power, gross misconduct, maladministration causing harassment to citizens".

The same situation arises in this matter also. It has been noticed that the raiding parties plant letters and documents just to terrorise innocent citizens and when a complaint is made to the senior officers, they avoid taking any steps on the pretext that it will demoralise the staff. Mr. Finance Minister, do you have the right to harass ordinary citizens just to avoid demoralisation of the staff? I am not going into details, Madam. I am just covering the pages quickly. I will just take two minutes more.

Coming to exports, I had explained personally to you, Mr. Finance Minister, recently, but probably you have done this without knowing it. You have no right to tax from 1974. You have given a clarification by which exports will stop and if the exporters will have to pay tax on the different benefits like CCS, then it will be impossible to continue with the exports. Instead of giving any benefits, you are only trying to reduce their benefits.

On sports, you have allocated less than what was allocated last year. Last year, it was Rs. 68.67 crores. This year, it is just Rs. 68.67 crores.

I would also like to mention that you have withdrawn the development rebate to the tea industry. Tea is already high priced. Tea is an industry which is considered to be agro-based. In spite of that, if you want to destroy the tea industry, then please continue to withdraw this development rebate on the expansion of tea industry.

Similarly, on jute, you have given some benefit which is not going to help. You have to find a way whereby jute goods are at par with the HDP. If you increase the rate, the jute industry will not bother. You have to find out a way whereby the cost of production in jute goes down.

I am on my last page now, Madam. I just want to ask a few questions from the Finance Minister. What are your exact plans and steps to be taken—(a) for increase in exports, both in value and quantity; (b) for development without increase in money supply; (c) for development without upgrading technology; and (d) how are you going to strike a balance between the ideology of your CPI(M) friends on public sector and your BJP friends on private sector, or you are going to confuse the whole issue?

Plywood industry, is in the backward areas. There at least, if you can make the excise duty on specific basis and make it irrespective of quality, size and price instead of ad valorem, it will help the industry.

Madam, I am really grateful to you that in spite of my taking a little longer, you have allowed me. I humbly request you, Mr. Finance Minister, to please find out ways so that people can live more peacefully and inflation does not really go up. Thank you.

SHRI G. SWAMINATHAN: Madam Vice-Chairman, within the short duration of time available to me, I will try

to take up a few points without any elaboration.

THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN): You have ten minutes.

SHRI G. SWAMINATHAN: Thank you. It has been said by the various Members who spoke before me that the Finance Minister has been working under certain constraints and whatever constraints he has been working under were a legacy of the previous Government. They also elaborated what are all the constraints under which the Finance Minister had to work for the formulation of this budget. They enumerated them as deficit financing, balance of payments, excess of expenditure, black money, growth of subsidies, price rise, inflation, leakage of public expenditure, resource expense gap and unemployment. Madam, politically I am supporting the previous Government and the previous ruling party but, still, taking the stand as I do on economic issues, I would like to say that these are all constraints which have not been created by the new Government. Within three months they have not got into all these problems. These are all problems which have grown with the Indian economy over a period of nearly 42 years. In between, for about two years the Janata Government was there, but the broad policies which had brought about the confusion in the economy of the country had been due to the policy that had been followed over a period of years—which nobody can dispute—and the constraints cannot be removed within a period of three months.

But I cannot agree with my friend, Mr. Das Gupta, who has said that most probably the Finance Minister did not have the time. The Finance Minister took his own time, about one to one-and-a-half months. Most probably it was not sufficient, yet he took his own time to formulate this budget.

I am also one who expected much from this budget but I am also very

much disillusioned and disappointed. I can really say that these constraints have been a legacy of the previous Government and the previous policies followed too and, consequent to that, the per capita income of India has not risen over a period of years. Here I can also quote from the World Bank report. It has been very clearly stated that over the period between 1965-1985, when we take the per capita income of our country in 1985, it is 270 US dollars while Japan's is 11,300 US dollars. Nearly the per capita of income of 42 Indians is equal to one Japanese per capita income. As we all know, the economy of Japan also, after the Second World War, started like ours, but it has grown. Compared to the various other countries, between 1971-1985, I roughly calculated the per capita income of our country. The figures may not be exact, but may convey the point I would like to say that between 1971 and 1987, over a period of eight years the per capita income of our country has grown only to the tune of Rs. 800. Somewhere from Rs. 2,000 our per capita income has gone up to somewhere near Rs. 2800 or Rs. 2,900. And if you take today's prices, may be it goes to Rs. 3,800 or Rs. 4,000. If you take the average per year, it may be above Rs. 300. That is the only growth of our per capita income.

According to the World Bank report, our growth rate is only 1.7 per cent over the period of 1965-1985. In a period of about 21 years, that has been our growth rate. It was argued in the other House—I was also able to see it in the papers—that whatever may be the rate of inflation, it has not been much when compared to other countries and our rate of growth also, when compared to some other countries, has also, been good. Somebody was saying that it was 5.5 per cent or 6.5 per cent and so on, though the World Bank report says otherwise. But what I would say is that the growth rate of the Japanese per capita, may be it is 4 per cent on Rs. 1.5 lakhs, may be something different.

[Shri G. Swaminathan]

comparing the per capita of ours of about Rs. 3,000, at growth rate of even 6 per cent. It will not equal to their actual growth. So, ultimately, unless we grow faster, we will not be able to solve our problems for a number of years. I do not know how the Finance Minister is going to do it.

It has been said by my friends that the Finance Minister has been a socialist and they were expecting a socialist budget. Somebody said private sector, public sector, etc., I would only like to mention a quote of Deng from China. He said, "I am not worried whether it is public sector or private sector. Whether it is a black cat or a white cat, I only want the cat to catch the mice." Ultimately, whether it is the private sector or the public sector, we are not very much concerned about it. But what we are very much concerned nowadays is, whatever kind of economy you formulate, whether it will give much better growth and better amenities.

Sir, coming to the public sector, I would wish to say, I do not want a public sector plane to fall down and 80 persons to die. I would like to prefer a private sector plane by which I can be safe. That is what I think. Perhaps, my friend, Mr. Dipen Ghosh may have a different opinion on this matter. Perhaps 85 or 90 persons died in the public sector plane recently. I do not know the susceptibility of our hon. Finance Minister. But what I want to really say is that I want a safe plane. I am not interested whether it is a public sector plane or a private sector plane.

The other day, you might have read in the newspapers, a lady came from Los Angeles. She was a pregnant lady, and she had two children with her. She came all the way from Los Angeles and landed in Bangalore in the morning. She wanted to go by another flight. But she was not accommodated in any flight. Late in the night she was arguing with the person concerned, "I am

finding it very difficult. You at least put me in the night flight." She was promised. But by about 9 o'clock or 10 o'clock—I did not get the cutting nor do I have the time—she was told, "I cannot give you accommodation in the night flight. You go in the morning." This lady from Los Angeles got so irritated that she slapped the person in charge of the airport. This is the functioning of the public sector. I do not know why you are talking about public sector. (Interruptions). That lady who had the difficulty, was not concerned about the public sector or private sector.

You want a phone. Do you want a private sector working telephone or you want a public telephone which is not working? That is what I do not understand. In Delhi we are given a telephone, and we are given a number. We are able to make trunk calls. You come to Madras, the place where I stay. Your phone does not work. And the people do not register your trunk calls. For STD they are charging phenomenally nowadays. Even for my own Delhi and constituency phones I got a bill for Rs. 47,000. I made complaints, but nobody heard about it. I had to pay the amount. That is the kind of situation. So, the STD system being such. You would like to book trunk calls. But nobody registers it, like a policeman who never wants to register a case because once he registers the case he has to follow the case. So, also, nowadays what is happening in the public sector telephone is that nobody wants to register a trunk call because once you register it, you have to follow it up. You cannot get 180, or 181. After booking a call, after two, three hours if you want to cancel that call, you cannot cancel it also. Due to sheer inability to cancel your call, you have to continue with it. This is the kind of situation we are in, and we are talking about the public sector.

I do not know what kind of socialism you are talking about. Nowadays people are afraid of talking against socialism. But now a lot of changes have come in many countries all over

the world. About the same socialist policies, the same public sector we are following. You take many countries the world over. What is happening? I do not know what is socialism because socialism has got a different meaning in different countries. Russia has got its own socialism. China has got its own socialism. East Germany has got its own socialism. So, every country has got its own socialism. I do not know what kind of socialism we are talking about. But if this socialism does not deliver the goods of whatever it is to the people, I want you to reconsider all about socialism, pragmatism, private sector and public sector, please think about the matter, how you can improve the economy without dogmas.

With three more points, and I will conclude.

Regarding employment, you say that you want to create employment. I do not know how the Government can create jobs and employment. The Government cannot create employment. Again industries have to create employment. You have to give incentives to them and also in agriculture for the same. Unless you have free movement and the minimum support prices are more, it will not be possible to create jobs in industry and agriculture.

Coming to SSI, one point which has been mentioned by my colleague, hon. Member Shri Salve I wish to stress. We are very happy that you have revived 15 per cent subsidy for the small-scale industries, and factoring services you are going to give are a very important matter for revival of small-scale industries because for want of 115 J, 80 EH benefit accruals, many lakhs have been lost by small-scale industries. It was promised and it was taken away because of 30 per cent ceiling of 115 J. You have rightly removed it. I want extension from 8 to 10 years should be for those industries also which are in the pipeline. There are industries which are in existence for three or four years. Secondly, if you say it will be extended only from next year, the industries which were started

earlier will be disappointed. So, I would request you to give them also this benefit.

Coming to tax on donations and gift tax, for a genuine gift the limit of it can be raised from Rs. 20,000 to Rs. 50,000 or Rs. 40,000. Here I will give you an instance about a person who told me about the gift tax. If you have a grand daughter, both the grandfather and the grandmother can donate a gift of Rs. 20,000 each. This is a gift where both the people want to donate. Because they are grand parents they want to donate. In these cases, what may happen is if grand father gives, the grandmother cannot give because there will be again a tax of Rs. 4,000/- on the donee. So, I would like you to see what can be done in this matter.

There are many things to say, yet I would like to say only one thing regarding the debt trap which has been referred to by an hon. Member. It is a very serious matter. As Salve Ji said it is agitating the mind of the people. If you continue the same policy which had been followed over a period of several years, most probably in another three or five years we will be like the Latin American countries. So, please adopt a different policy and have a different economic orientation. I have been disappointed because the new Government and the new Minister have not taken a new direction. I hope at least from the next Budget, you may follow a different direction. It may then give us some hope that the Indian economy can be revived.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN):
Mr. V. B. Gupta. Kindly be brief.

SHRI VISHWA RANDHU GUPTA (Delhi): I would like to make the shortest speech on the Budget.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): I am sorry Mr. Gupta, I will call Mr. Ghosh and then call you.

SHRI DIPEN GHOSH: I am sorry since morning everything is being messed up—the order and everything.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): I am calling according to the order.

SHRI DIPEN GHOSH: I am not blaming you, Madam. I cannot, because you are in the Chair. I hope you would not ring the bell because this will be my maiden speech while you are in the Chair.

I will not take much of your time because many speakers have already spoken. I would have been happy if Mr. Salve was present here. I do not know whether of late they have developed a method of reaching some persons through agents. So, I may have to reach Mr. Salve through an agent because other Members are there.

Anyway, it is good that Mr. Salve has realised what disservice his Government has done to the nation and the country's economy. When he was talking about the Centre to observe discipline in the economic field, as the States were called upon, in fact, by that he admitted the previous regime's misdeeds, because ills and maladies that now afflict our economy stem from one point. I hope the hon. Finance Minister will share with me that over-centralisation of resources or sources of mobilising the resources at the hands of the Centre while asking the States to carry on the developmental work imposing certain normative discipline was the policy pursued by the previous Government. That way it is good that Mr. Salve, as Chairman of the Ninth Finance Commission had suggested certain normative discipline with which he tried to examine the present Budget and found the Central Government on the wrong foot. But anyway that is for Prof. Madhu Dandavate to reply. But, Madam, what I want to point out is that the previous Government before the budget used to declare increases in the administered prices and by that they had not only reduced the budget exercises into a farce but they had also developed

a good mechanism or method to deny the States their shares. This time at least I would rather praise the present Government that they have not taken recourse to that deceptive method of denying the due shares to the States.

Madam, last time also during the previous regime they had shifted non-governmental organisations' contributory provident fund to the special deposit scheme to the tune of Rs. 7000 crores. Though it was a small saving the previous Government had denied the States their shares under small savings scheme. So from this point of view, I look at the budget from the rightful share of the States. Then, this budget has promised additional transferable resources to the tune of Rs. 3,300 crores over and above. I must give thanks to the Finance Minister that he has in his speech admitted the fact that the Constitution was amended empowering levy of consignment tax on goods where such consignment tax takes place in the case of inter-State trade or commerce. He had very kindly promised that he would take steps so that whatever differences are there between some States or among some State Governments, that will be sorted out and it will be done. If this consignment tax for which the Constitution amendment was made, if it is done, then, at least the States would get their share. I know that Mr. S. B. Chavan when he was the Chief Minister of Maharashtra, had taken a firm stand in the National Development Council meeting but only the next year when he became the Union Finance Minister, he forgot the role he had played as the Chief Minister of Maharashtra in the NDC. But anyway I hope that our Finance Minister, as promised in his speech about consignment tax, will take action in the matter. But what I want to point out is that through the Finance Minister has promised additional transferable resources to the tune of Rs. 3600 crores, by not taking recourse to the administered prices, etc., not denying the rights to the States, in effect what is happening is that act-

usually this hike on high speed diesel will bring extra burden to the tune of almost around Rs. 1000 crores because with the rise in the prices of high speed diesel the transport operations cost will rise and in most of the States, the State Governments run the State Transport Corporations. The State Transport Corporations which are run by the State Governments will face this impact or fall-out of the rise in prices of high speed diesel and for that matter, the State Governments will have to increase the subsidies to be given to the State Transport Corporations. So it will increase the burden of the State Governments to the tune of Rs. 1,000 crores. The interest burden will also be increased.

As regards farmers' debt relief—I am not talking about its justification—the Central Government has promised Rs. 1,000 crores in so far as the Nationalised Banks are concerned. But in so far as the small debt taken by the farmers from the Cooperative Banks is concerned, the amount comes to Rs. 1,500 crores and from where the State Governments will get this money unless the Central Government comes to their rescue? Although there is a transfer of additional resources to the tune of Rs. 3,300 crores if we calculate the other side, the extra burden which will fall on the shoulders of the State Governments will simply wipe out whatever the additional transferable resources the Finance Minister has promised in this Budget. So, that is why, I would suggest to find out ways by which at least the hike in high speed diesel is reduced or rather the proposed impost on the high speed diesel through custom duty which is not shareable, which is not divisible is reduced if not withdrawn completely. The Finance Minister should try to find out other methods to mobilise that amount of resources through other means. I can suggest one source. Although the Finance Minister has taken a new direction in certain aspect when the previous Government had devised that surcharge

on income-tax for the corporate sector, they had devised is only to deny the States their share because the amount received through surcharge did not go to the divisible pool. That surcharge on income-tax comes here which was meant to deny the State Governments their share and to concentrate all the resources in the hands of the Central Government. So, I would like that the Finance Minister would see that the old concept of denying the State Governments their share should go and instead the additional transferable resources to the States are genuinely increased not by giving the same in one way and taking away by another way. If the impost on high speed diesel has to be reduced or withdrawn—I know whatever arguments they have put forward—even the officers also said on the TV that it will help increase the deficit but in the case of corporate tax, though the Finance Minister has taken recourse to some ingenuity, still 50 per cent of corporate tax comes from the public sector undertakings in whatsoever way some of our Members may attack the public sector units.

Actually, whether it is excise duty or customs duty or income-tax or corporate tax, the majority share comes from the public sector. Fifty per cent of corporate tax comes from the public sector and this public sector does not get the advantage of deductions. But the private sector gets the advantage of deductions. Though he has taken some recourse to reduce the deductions, still there is scope to withdraw some of the deductions allowed to the private sector in respect of corporate tax and mobilise some resources thereby. And in that place, the proposed impost on high speed diesel can be withdrawn and that can be matched. And then the question of non-plan expenditure. I was confronting Mr. Salve although he avoided. Here there is one thing. This is a little ominous to me. Our Finance Minister would surely not mind if I use that word. In his speech, in Part I, at page 16, in paragraph 76, about dearness allowance, he has said:

[Shri Dipen Ghosh]

"Government are alive to the important issue of checking proliferation of Government expenditure especially in non-priority and non-developmental areas. I am requesting all the Ministries and Departments to absorb the liabilities on account of additional instalments of D.A. which will be payable next year from within the budget provisions made for them by effecting economies and eliminating non-essential expenditure. I am, therefore, including only a nominal provision of Rs. 100 crores in the next year's budget as lump sum provision for D.A. This is mainly to meet the possible requirements of small Departments with limited budgets who may not find it possible to absorb D.A. increases to the full extent."

In other words, the administrative departments are being asked to manage themselves in such a way that they can pay the D.A. which will accrue to the employees of these departments. Wasteful expenditure.... (Interruption). Madam, I would be happy if the Finance Ministry could identify the areas of wasteful expenditure of those Ministries because otherwise. I am afraid, when the question of cutting down wasteful expenditure comes, when the question of cutting down non-Plan expenditure comes, there is only one whipping boy. And that whipping boy is the employees. Employees are entitled to their wage rights, their dearness allowance. They are genuine entitlements. Madam, you will surely agree

with me that employees are entitled to dearness allowance because of the price rise which is effected due to certain other factors over which the employees have no control. First price rise takes place and then the employees become entitled to dearness allowance. The employees are not responsible for the higher D.A. entitlement. It is because of Governmental policies and policy-induced price rises, cost of living index rises, etc. These make the employees entitled to dearness allowance. I would rather expect the Finance Minister to take care that certain authorities do not get the escape route of not paying the dearness allowance to their employees, by this statement.

Madam, I would like to conclude with these words. What a shambles our country was reduced to by the previous Government is proved by the fact that even a good-intentioned Finance Minister like Prof. Madhu Dandavate could not present a better Budget than what he has presented. But any way, I would expect the Minister to see that the burden of the State Governments is not increased, rather the additional transferable resources are genuinely increased for the States. I would also expect him to see that this hike in the prices of petrol and diesel is withdrawn. Instead of increasing the petrol or the diesel prices, I would like him to see that certain deductions which are still allowed to the private sector in respect of corporate taxes are withdrawn so that the money can be mopped up from the private sector and the corporate sector.