

**BUDGET GENERAL 1990-91-CONTD.**

THE LEADER OF THE HOUSE (SHRI M. S. GURUPADASWAMY): With your permission, Madam, I want to make a submission to the House. The General Budget and the Appropriation Bills have to be passed in time today. We are under time constraint....

SHRI SUBRAMANIAN SWAMY (Uttar Pradesh). - What is that time constraint?

SHRI M. S. GURUPADASWAMY: Why are you so impatient? I am telling you. Madam, this has to be passed today. The President is leaving tomorrow in the early morning hours. "Therefore, it has to be done earlier so that we may send it to the President in time. My suggestion is that the Speakers may cooperate with us. They may not speak because enough discussion has taken place. (*Interruptions*). I am not cutting short the debate. That is not my intention at all. Because of the time constraint I am making this suggestion. Let us end the debate and let the reply be made by my colleague Mr. Madhu Dandavate, and pass the Appropriation Bill also. With the consent of the House I think this can be done.

SHRI VISHWA BANDHU GUPTA: Some points have not been made. So, I do not think it is acceptable.

श्री राम अवधेश सिंह : कम ही समय दीजिए । लेकिन हर पार्टी के विचार जरूर सुन लीजिए बजट पर... 12 बजे रात तक हम लोग बैठेंगे इसमें क्या फर्क है... (व्यवधान) मैडम, श्रील पार्टीज को बजट पर सुनेंगी कि नहीं सुनेंगी । 10 मिनट नहीं तो कम से कम 5 मिनट सुनिये लेकिन हर पार्टी को सुनिये ।

THE VICE-CHAIRMAN (SHRI MATI JAYANTHI NATARAJAN): There is a time constraint. He wants your cooperation. I am calling the Finance Minister. (*Interruptions*). You have heard the Leader of the House. He has made a request to kindly cooperate. We have already exceeded the time.

SHRI VISHWA BANDHU GUPTA: You had called my name. I yielded on your suggestion. Kindly permit me to 'speak. I will take not more than two minutes.

AN HON. MEMBER: Only 30 seconds.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): I will request the hon. Member to cooperate. The Congress party has already exceeded its time-limit. After Shri Vishwa Bandhu Gupta I will have to call the hon. Minister. Yes, Mr. Vishwa Bandhu Gupta.

SHRI VISHWA BANDHU GUPTA: Madam, I am very pleased and I feel honoured that the hon. Deputy Prime Minister is also here because I am going to make a plea on behalf of newspapers and since he is a very special friend of the newspapers, I hope that the hon. Finance Minister will draw some inspiration from him and give some relief to the newspapers and help them to print the truth, the whole truth and nothing but the truth.

Madam, the hon. Finance Minister has only made a passing reference and a cosmetic reduction in the price of newsprint. He has reduced it only by Rs. 100, I call it cosmetic because he should have reduced it at least by Rs. 440 which he is charging now. In fact the price of newsprint is very very high. I hope the hon. Finance Minister would consider it and withdraw the entire Rs. 440 which has been added to the price of newsprint.

Madam, he has also not taken into consideration any facilities for technical improvement in the quality of newspapers. Now the Deputy Prime Minister is very keen that the newspapers should have a better quality, better standard etc. because he is a special friend. So I would request the hon. Finance Minister to kindly keep that also in mind and make it possible for newspapers to take care of that necessity.

This will help only Goenkas, Birlas and Ambanis. I am talking about the big press. But nothing has been done by the

[Shri Vishwa Bandhu Gupta]

Finance Minister for the small and medium newspapers. He should have taken into consideration that he is going to give relief to big newspapers and he should have done something for the newspapers which have a circulation of less than one lakh, by offering them some advertisement support... Madam, I have not taken even thirty seconds... I will not take more newspapers have to be taken care of by the Finance Minister.

There are two other small points that I would like to mention. One is about adventure sports. Nothing has been done for the youth with regard to adventure sports. And the most important problem of all, is that he has not taken into consideration at all that 'sufficient funds should be provided for the family planning programme. This should have received the highest priority in the new Government's budget. I hope that particular point would be taken care of by the Finance Minister.

[The Vice-chairman (Dr. Vijaya Mohan Reddy) in the Chair]

Sir, we are living in Delhi. But Delhi does not have even a good transit system. At least the problems of Delhi, which is a model city, must be kept in mind by the Finance Minister. He should try to see that that problem is solved and better facilities are afforded.

Now, regarding the postal rates on newspapers, he has increased these rates. If he wants to have dissemination of information, good information, clear and true information, he should take care of that point also.

Thank you, Sir.

श्री राम अश्वधेश सिंह: माननीय उपसभाध्यक्ष जी, समय कम है यह मैं समझता हूँ। इसलिए ब्रिचनी तैयारी की थी, उस हिसाब से तो नहीं बोल पाऊंगा, लेकिन कम से कम समय में बोलने की कोशिश करूंगा।

महोदया, किसी बजट की अच्छाई के संबंध में कुराई के संबंध में जानने के लिए जो समाज का सब से अंतिम

आदमी है, उसकी प्रतिक्रिया जानना जरूरी है। अगर वह कहता है कि यह बजट ठीक है, तो ठीक समझना चाहिए।

इस बजट के पेश होने के दूसरे दिन से चाय की दुकान पर जब मैं गया, तो उसने चाय का दाम चार आने बढ़ा दिया। उसने कहा कि यह बजट ऐसा आया है कि दाम बढ़ाने पड़े।

राज्य सभा के नोटिस आफिस की एक महिला कर्मचारी ने कहा कि हे भगवान, हमको दूसरे देश में जन्म दो और इस देश में जन्म मत दो। पूछा क्यों तो कहा कि अब तो बजट ऐसा आया है कि कोई भी सरकार आती है, ऐसा ही बजट बनाती है। पहले कांग्रेसी सरकार थी तो वह भी ऐसा ही करती थी। अब ये सरकार आयी है, तो वह भी वैसा ही करती है। यह प्रतिक्रिया थी साधारण तौर पर एक साधारण आदमी की।

मान्यवर, जब साल्वे साहब बोल रहे थे तो मैं उनका भाषण सुन रहा था। वे बहुत जोरदार हमला कर रहे थे और मुझ को हंसी आ रही थी। हंसी इसलिए आ रही थी कि आज बजट की जो स्थिति है, अगर वह यहां रहते जहां कि मधु दण्डवते जी हैं और उन को बजट बनाने को दिया जाता तो जैसा बजट इन्होंने बनाया है, उससे खराब वे बनाते क्योंकि इन लोगों ने अर्थ व्यवस्था को इतना बिगाड़ दिया है...

THE VICE-CHAIRMAN (DR. VIJAYA MOHAN REDDY): Please conclude. There are two more speakers of other parties.

श्री राम अश्वधेश सिंह: पांच मिनट तो बोलने दीजिए। तो हमारी अर्थ व्यवस्था को इन्होंने लंगड़ी कर दिया है। अब लंगड़ी अर्थ व्यवस्था रुपी घोड़ी पर ये बैठे हैं और हमारे वित्त मंत्री

उस पर बैठे हैं तो उन को भी पट्टी बंधी है। हमारी वित्त व्यवस्था अंधी है और वह लंगड़ी अर्थ व्यवस्था के कंधे पर बैठी है। अंधी वित्त व्यवस्था को हम लंगड़ी अर्थ व्यवस्था से चलाना चाहते हैं। ऐसा अगर होता कि अंधे के कंधे पर लंगड़ा होता तब तो चल सकता था। लेकिन यहां तो लंगड़े पर अंधा बैठा हुआ है। अब आप चाहते हैं कि अर्थ व्यवस्था को ठीक कर दिया जाए, प्रगतिशील हो जाय और प्रोफिट ओरिएंटेड हो जाय। यह संभव नहीं है।

महोदय, मैं 1960-61 में अर्थशास्त्र का विद्यार्थी था। उस वक्त कहा जाता था कि तीसरी पंचवर्षीय योजना के खत्म होते-होते भारत की अर्थ व्यवस्था "टेक आफ" स्टेज में चली जाएगी और टेक आफ स्टेज में सेल्फ सस्टेनिंग, सेल्फ जनरेटिंग इकानोमी हो जाएगी। लेकिन 1960 से लगातार सेल्फ सस्टेनिंग, सेल्फ जनरेटिंग इकानोमी की बात तो हम लोग सुनते आ रहे हैं, लेकिन आज कांग्रेस की वित्तीय नीति ने, कांग्रेस की आर्थिक नीति ने, कांग्रेस पार्टी की इंडस्ट्रियल नीति ने, इंडस्ट्रियल पालिसी ने देश की अर्थ व्यवस्था को इतना चौपट बना दिया है कि उसमें इसे बढ़िया कोई बजट नहीं बन सकता था आज की स्थिति में। महोदय, मैं मौजूदा सरकार से और वित्त मंत्री से कहना चाहता हूँ कि आपने यह जो क्लेम किया है कि डेफेसिट फायनेंसिंग का असर कम पड़ेगा और कीमतें नहीं बढ़ाने देंगे, यह इनका दावा झूठा हो सकता है क्योंकि अकेली डेफेसिट फायनेंसिंग कीमतें बढ़ाने के लिए काफी थी। उसमें कोड में खाज का काम करेगी स्टील की जो कीमतें बढ़ेंगी 5 सौ रुपये टन के हिसाब से।

THE VICE-CHAIRMAN (DR. G. VIJAYA MOHAN REDDY): Please conclude. These points have already been covered by others.

श्री राम अवधेश सिंह : महोदय, मैं मुझाब दे रहा हूँ। क्या वित्त मंत्री जी को करना चाहिये जितने पब्लिक सेक्टर ग्रैंडटेकम्स हैं, उसमें रेल, सेल, कोल और तेल — ये चार सेक्टर्स हैं। सेल माने "स्टील अथॉरिटी आफ इंडिया" रेल, कोल और तेल — इन चारों कंपनियों की लूट और चोरी को अगर सरकार रोक सकता है तो फिर घाटे का बजट नहीं बनेगा, मूनाफे का बजट बन सकता है। लेकिन इस में 85,564 करोड़ रुपये की पूंजी लगी है तो कन-से-कम हमको 20 फीसदी तो मुनाफा होना चाहिये था लेकिन इसमें हमको हर साल घाटा लग रहा है। कहीं-कहीं कोई यूनिट जैसे-जिमटी है या कोई छोटे-छोटे यूनिट हैं वह मुनाफा देते हैं, लेकिन स्टील अथॉरिटी आफ इंडिया है या कोल इंडिया है या आयल कंपनी है, आयल कंपनी तो कुछ मुनाफा देती है, अगर इन पर कंट्रोल करें तो मुनाफा होगा। अगर इसमें घाटा लगाएँ और कर्ज निकाल-निकाल कर विदेशों से लाएँगे, सुद देगे और सत्ता के दलाल, बिचौलिए और इंफ्लुएन्स लोग मिलकर लूटेंगे तो उसको मार तो हमारे बाप पर, हमारे दादा पर, हमारे भाई पर, हमारी बहन पर, हमारे गांव पर, किसान पर और मजदूर पर पड़ेगी। इसको रोकना जरूरी है और यह तभी सकेगी, जब कि इन चार पब्लिक सेक्टर, जिनके नाम मैंने अभी लिए, इनको एक साथ लेकर, इन चारों मिनिस्ट्रीज के लोगों को एक साथ बैठाकर बजट बनाने से पहले उनकी राय लेकर संयुक्त रूप से नियंत्रण करेंगे।

मान्यवर, एक बात और कहना चाहता हूँ। ... (व्यवधान) ... मुझको चेयर से कहा जाय, तो मैं कुछ अच्छा सा बोलता।

उपसमाध्यक्ष (डा० जी० विजय मोहन रेड्डी) : नहीं-नहीं please conclude.

श्री राम अवधेश सिंह : अच्छा, जो प्राइवेट कंपनियां हैं, जो छोटे-छोटे शेयर बेचती हैं बाजार में, वह कहती हैं कि हम 21

[श्री राम अवधेश सिंह]

परसेंट डिबीडेण्ड देंगे, 20 परसेंट डिबीडेण्ड देंगे, लेकिन हम जो पूंजी लगाते हैं बाहर से कर्ज लेकर और वह कर्ज एक लाख हजार करोड़ का, सूद देते हैं, 18 परसेंट सूद देना पड़ता है। अर्थ-व्यवस्था का दिवाला निकाल दिया है कांग्रेस की सरकार ने और उस दिवाले निकाली हुई अर्थ-व्यवस्था को सुधारना है।

मान्यवर, मैंने पिछली दफा कहा था कि यह पूंजीपतियों की भूमिका बहुत घातक है। जो मोनोपोली कंट्रोल के लिए कमीशन बना था, उसकी अब सरकार कोई बात नहीं करती। क्या वित्त मंत्री जी इस पर ध्यान देंगे कि मोनोपोली हाऊसेज को कंट्रोल करने के लिए कुछ कदम उठाए जाए। जैसा मैंने कहा था कि टाटा की कर-चोरी बेशुमार है। कर-चोरी कर-चोरी कर-चोरी के बारे में मैंने पिछली सरकार में राजीव गांधी जी को लिखा था और मैंने मौजूदा वित्त मंत्री जी को भी लिखा है कि इसमें यह-यह चोरी की गई है, लेकिन अभी तक उस पर कोई कार्यवाही नहीं हुई है। यह सरकार भी हमको लग रहा है कि घूम-फिर कर टाटा, बिरला के चक्कर में तो नहीं पड़ गई है। स्टील का दाम बढ़ जाएगा तो बिना प्रयास के करोड़ों बन जाएंगे। सौ रुपए टन बढ़ाने के लिए टाटा को पहले एक साल सरकार के चक्कर मारने पड़ते थे और उसमें करोड़ों खर्च होता था और बिना हर्ष-फिटकरी के उसका दाम बढ़ जाता था। टाटा की कर-चोरी को रोकना है। मैं चाहता हूँ कि फाइनेल्स मिनिस्टर साहब इस ओर ध्यान दें ... (समय की घंटी) ...

THE VICE-CHAIRMAN (DR. G. VIJAYA MOHAN REDDY): Please, please. I am calling the hon Finance Minister. I have given you enough time. I think many speakers are forgoing their chance. Everybody is forgoing his chance. You please allow the Finance Minister to reply. After all, everybody agreed on this because of the paucity of time.

श्री राम अवधेश सिंह : एक मिनट तर यह ब्लेकमनी को कंट्रोल करने के लिए अगर सरकार कदम नहीं उठाएगी तो सारा प्रयास बेकार हो जाएगा। जो ब्लेकमनी पर कंट्रोल के लिए मंत्री जी ने एक सुझाव दिया साहसिक कि हम वाल्यूटरी डिस्क्लेजर के लिए आगे बढ़ेंगे, लेकिन उससे ब्लेक मनी नियंत्रण में नहीं आने वाली है क्योंकि हम तो डा० लोहिया के अनुयायी रहे हैं। उन्होंने कहा था कि आमदनी पर सीमा बंधने के साथ खर्च पर सीमा बंधना जरूरी है। खर्च में केवल शादी ही आपने लिया कि शादी की फिजूलखर्ची पर सीमा लगाएंगे ... (समय की घंटी) ...

THE VICE-CHAIRMAN (DR. G. VIJAYA MOHAN REDDY): You please send all those facts in writing to the hon. Finance Minister. All those facts are very important. You please write to him for the consideration of the Government.

श्री राम अवधेश सिंह : मान्यवर, मैं कहना चाहता हूँ कि इन्कम-टैक्स से जो आमदनी होती है, उससे ज्यादा एक्साइज ड्यूटी से आएगी। अगर इन्कम टैक्स को टोटल खत्म कर दिया जाय और यह कहा जाय कि जितनी आमदनी है, उसका पांच परसेंट खर्च करोगे, दो परसेंट खर्च करोगे एक परसेंट खर्च करोगे जैसे इनकम टैक्स बढ़ता जा रहा है उसी तरह से आमदनी बढ़ने से खर्च की भी सीमा बढ़ती जाएगी। जितनी आमदनी लोग करें उसको इनवेस्ट करना चाहिए। जब इनवेस्टमेंट पर कंपलेशन हो जाएगा तब खर्च पर सीमा लग जाएगी और अर्थ-व्यवस्था सुचारू रूप से चलने लगेगी।

SHRI SHABBIR AHMAD SALARIA (Jammu and Kashmir): Sir, I will! take just two minutes.

THE VICE-CHAIRMAN (DR. G. VIJAYA MOHAN REDDY): No. There has been a consensus that the time allotted to this debate is over.

SHRI SHABBIR AHMAD SALARIA: I will finish in just two minutes. If I exceed, you can stop me.

THE VICE-CHAIRMAN (DR. G. VIJAYA MOHAN REDDY): No. There are many other Members, who would also like to say some thing. Kindly co-operate. Mr. Minister.

PROF. MADHU DANDAVATE: Mr. Vice-Chairman, Sir, we had a prolonged debate on the Budget which I had presented on the 19th of this month. The hon. Member, Chavan Ji, initiated the debate here and I think that set the tone for the entire debate.

Knowing him fully well for year; together and also in the House, if he is to be described, I think he can be described as a 'soft spoken hardliner'. That is exactly what he did while initiating the debate here.

While expressing the views, I pleasantly found there was no rancour and there was no acrimony. There was an informed criticism, according to those who spoke. And also, Sir, there were concrete and constructive alternatives and proposals that were made by many Members on both the sides. On specific issues certain changes have been suggested.

As you know very well, according to the Parliamentary convention it is only at the stage of the Finance Bill that we take note of all the concrete suggestions and proposals that have been made. I can assure you that I will take due note of the suggestions that the Members have made in the light of my understanding of their suggestions.

The most important point that was raised—and that is the pivotal point—was the question of inflation. I do not wish to make any exaggerated claims as far as the inflationary situation is concerned, but I must humbly point out to the House that there are two factors that contribute to the increase and enhancement of the inflationary pressure and the consequent rise in prices. One factor is when the prices of certain sensitive commodities are raised, there is a cascading effect of that and that contributes to the inflationary pressure. The cumulative effect of the rise in prices of

certain sensitive commodities, I concede, is that they contribute to the inflationary pressure on the economy. But in the long run a still more important factor is that the deficits reach an alarming stage that also exerts an inflationary pressure on the economy. I do not take an alarmist view. I concede that every deficit financing does not necessarily result into inflationary pressure. If the deficit financing is harnessed for increasing the productive activity, in that case the productive effect actually neutralises the inflationary impact. That does happen. But there is a limit to that.

I find that the situation in which we took over the charge, there were certain ground realities. Eight per cent inflation and fiscal imbalance were represented by deficit. For 1988-89, there was 2.7 per cent deficit of the entire GDP. The Balance of Payments position was precarious. In March 1989, it was Rs. 6,600 crores and by the end of November it came down to Rs. 5,000 crores. The external debt position was extremely bad. I do not want to allege the previous Government for bankruptcy. The very fact that we were never defaulters shows that we were not bankrupt but that does not mean the position was not alarming. By 31st March, 1989, the external loans were of the order of Rs. 83,000 crores and the debt service ratio was 27 per cent and it is expected taking all the extraneous and direct taxes into account by the 31st March, 1990, I will not be surprised if the external borrowings reach Rs. 100,000 crores with debt service ratio more than 30 per cent. That will mean one-third of our external earnings, through our exports will be utilised not for developmental activities but they will be utilised for repayments, for interest payments. I do not want to make any allegation here because that is not the manner in which the debate was conducted. But fortunately or unfortunately, we have inherited a certain legacy. There has been a drag on the foreign borrowings. All that I have said, is when a concrete question was asked in both the Houses of Parliament "Will you go in for fresh IMP loans?",

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I have categorically stated that we have not made any fresh application for IMF loans and we were not at all making any fresh negotiations for the IMF loans. That is the point which we have made clear. One of the reasons is that we do not want to get into the trap of accepting the conditionalities which might violate the basic economic policies of the country and that might be actually degrading and humiliating to the honour of the country and various other factors are there. I have taken that firm position and place it before you.

As far as inflation is concerned, one aspect is the cascading effect of the rise in the prices of essential commodities and secondly the widening deficits. Please give us at least this much credit that there was a certain trend of deficits which we tried to arrest to some extent. As far as the overall deficit is concerned, last year it was Rs. 7, 337 crores and then we find that in the revised estimates, it has gone up to Rs. 11, 750 crores and now in 1990-91, I have projected a deficit of Rs. 7, 206 crores. It was a hard job because there were certain constraints on defence, security environment and there were certain drags on our economy. Mr. Salve referred to that. As far as the revenue deficit is concerned, that is also an important indicator. Therefore, we find in the 1988-89 budget estimate, it was Rs. 7, 012 crores. In 1989-90, it was Rs. 12, 436 crores and I am being told" after all your revenue deficit is Rs. 13, 032 crores. " But without meaning any ill-will to anyone, let me point out to you that when I was sitting I was sitting in the Opposition benches in the last

Lok Sabha, I raised the question of privilege against the then Finance Minister without any personal animosity because I wanted a certain methodology to be accepted for all times to come and my privilege motion against the then Finance Minister was that oil coordination fund surplus of Rs. 2, 300 crores which was in the capital account was transferred to the revenue account and

as a result of that there was an optical illusion\ that revenue deficit was less by Rs. 2, 300 crores. So when you compare my revenue deficit of Rs. 13, 032 crores with the previous revenue deficit of Rs. 12, 436 crores, don't forget that that includes and take credit of Rs. 2, 300 crores which was actually moved from the capital receipts account. If you take back that into account, it is really Rs. 14, 736 crores. But even then I don't derive much satisfaction out of that slight reduction in the revenue deficit, we have to take care of that. And I can assure, it would have been possible for me to do this window dressing but I had decided that I myself as an Opposition Member had raised a certain question as a privilege question and when the Speaker of the former Lok Sabha gave me the ruling "I do not say it is a breach of privilege, because I do not think that the Finance Minister has deliberately done it. There is no element of deliberateness". I also feel that in future only to show better revenue receipts or revenue deficits, performance, it would not be a good practice to transfer such surpluses from the oil coordination fund from the capital to the revenue account. And we will try to avoid this to the best of our ability and I can tell you, you can accept my bonafides. I have not tried to indulge in any exercise which will mean some window-dressing or some tricks because the tricks can be made in the House for some time but within a week or two, it will be become known. Sometimes people repeat the tricks and it becomes a hat-trick. But I do not want to indulge in the very first trick when I am presenting the very first Budget. Then the question will be raised. Even my critics conceded to me in the Lok Sabha the other day that, no doubt, you have brought down the overall deficit but the question posed to me by the critics and the Member of the Opposition was that every Finance Minister says "I will try to restrain the deficit at this level but what guarantee is there that he will succeed?" I will quote My own experience as Railway Minister, I had decided that I should come before

the House twice in a year, before Parliament and warned my administrative machinery that I have to go before Parliament twice a year and will try to tell them what concrete steps we have taken to contain the deficit and I will have to report to Parliament. so, take care month by month. That is a monitoring that will do. I will give a further news. My Prime Minister advised me as the former Finance Minister, "Don't take this exercise only once in six months. Undertake that exercise every four months and go before Parliament and tell them what concrete steps you have taken." I will honestly tell you that I will try to honestly implement that and I will give my experience. Don't take it as an immodest statement of oneself. When I was the Railway Minister, in presenting the Railway Budget, I tried to introduce a new system. While presenting the Railway budget, we generally present the entire receipts for the entire financial year and entire expenditure for the financial year and difference between the two was the surplus. I had projected in my full year Railway Budget Rs. 80 crores of surplus after a long time. But I tried to use a new ingenious method. I knew that all the months in the financial year are not identical. For instance, our Kulkarni Ji will know that the month in which the sugar production is ready, in that month, you will get a better movement on the roads as far as sugar is concerned. When the crops are out, he will be able to get better food movement and taking all the seasons and production patterns into account, we tried to work out month by month what will be the expenditure and what will be the revenue. We fixed the target and every month, T used to so in Seven zones of the Railways, sit with all the officers concerned and T used to take them to task for five hours. This is the food movement. This month's target was this. This is what is achieved. This was the expenditure. This is our expenditure. And once we start doing that monitoring month by month, by the time we reach the end of the financial year, my pleasant experience was that T had projected

a surplus of Rs. 80 crores and at the end of the year, I was able to mop up Rs. 126 crores of surplus. That is what I had achieved. From a surplus of Rs. 80 crores, I was able to mop up to Rs. 126 crores. Gaining from my experience, I want to try in the Finance Ministry whether the same pattern would be repeated and after four months, I will come before both the Houses of Parliament and tell them what are the steps that we have taken to curtail the wasteful expenditure. Shri Salve Ji's Finance Commission Report I have placed in the other House. It is a monumental report. It has given five suggestions. He has told us how you behave with the States and how you behave yourself, how you curtail the expenditure, how you should try to restrain the revenue deficits. All those aspects have been concretely mentioned on pages 40, 41 etc. in para 10. 3 and 10. 4 and all those suggestions we will take into account in relation to the States and also in relation to the fiscal discipline that has to be observed by the Centre itself and probably that will give us the clue as to how to see that we are able to curtail the deficit properly. There is one more aspect to which I would like to draw the attention of House. As far as one major constraint is concerned, I think, the entire House will be one on it. Due to the security environment, the defence expenditure in the Budget has gone up. Originally, it was Rs. 13, 000 crores, revised estimates Rs. 14, 500 crores and this time, we are compelled to increase the expenditure. T mean allocation of Rs. 15, 750 crores. Only if T were able to curtail this expenditure of Rs. 2, 000 crores, probably, if there was the spirit across- our border the spirit of Gorbachev, probably.

I would have been able to curtail 6. 00 P. M tail two thousand or three

thousand crores of rupees together. For instance, if the neighbouring countries, China, India and Pakistan, come together and say, "In our countries, bread is more important and we will not go to war, we will curtail our armament: we curtail our defence expenditure", that

[Prof. Madhu Dandavate] would be the happiest and the glorious moment in my life as a Finance Minister. But unfortunately, the situation is such that because of what is happening across our borders, the threats that are coming from Pakistan, the way they are trying to peep into the internal problems of India in Kashmir, Punjab and elsewhere, we are compelled to keep such a large defence expenditure. And as a result of that also, there are certain limitations on the non-developmental expenditure.

There are certain election promises. Some friends tried to ridicule us. I think in other countries—I have gone round the world in different countries seeing different democratic parties—they do project certain promises. But when promises or assurances are given, the electorates do understand. If 100 promises are given, it is not taken for granted. Even our electorates are not gullible. They might be uneducated. But I think they are sensible. They know. If we are giving a hundred promises, they expect that in the tenure of five years, we have to implement them. Nobody tells us, "you have told us that the right to work will be there. Monday you amend the Constitution and Tuesday we must get the right to work as a fundamental right guaranteed by the Constitution in Part III. So, Monday you pass the Constitution Amendment and Tuesday, if I have no job, I will go to the Supreme Court and tell them, 'Now the right to work has become a fundamental right in Part III of the Constitution. It is a justiciable right. Yesterday Amendment is passed. The President ha? given the assent. I am without a job and therefore tell the Government to either give me job or give me unemployment allowance.' " And therefore I will come to the point what we propose to do later on. But then, we have certain election promises and in our modest way, we have fulfilled' them. We had told that the rural sector would be given the priority, rural development would be given the priority. And I am glad to say that we have made provisions in the Budget where the Budgetary provision has increased from 44 per cent to

49 per cent. And add to that—of course, it is non-Plan expenditure—Rs. 4000 crores for fertilisers and Rs. 1000 crores also for debt relief. So, I think the performance is quite all right. Some people say we have fifty per cent and on the same breath, they say, 'we had 44 per cent and you have made 49 per cent. After all, it is only an increase of five per cent. ' You cannot argue it both ways. And therefore, this one aspect, employment guarantee scheme, we have deliberately taken up in a phased way because ultimately we have to move in the direction of making the right to work a fundamental right. So, first we must build the base for potential of work and therefore, there is no question of directing.. (Interruptions)... Mr. Swamy anyone in the world who asks to make the right to work a fundamental right... (interruption). On Monday they cannot change the Constitution and from Tuesday they cannot expect 80 or 90 per cent of the population to get jobs. And therefore, we will begin it. First create the potential. Therefore, we begin with the guarantee scheme. (Interruption). I will come to that. Don't be impatient. I will satisfy you. Unless I satisfy you, how can I satisfy the House? (Interruptions).

**श्री मुहम्मद अमीन अंसारी :** (उत्तर प्रदेश) : आपने पॉलिस्टर, विस्कोस और टेक्स्टाइल पर आपने जो ड्यूटी बढ़ा दिया, बजट में ड्यूटी बढ़ा दिया इससे बहुत मारे करघे बंद हो रहे हैं। इसका सीधा सीधा असर गरीबों पर आता है। (व्यवधान) आप से गुजारिश है आप इसे वापस ले। सूत पर भी तीन रुपये वंडल, दो रुपये किलो ड्यूटी आपने बढ़ा दिया है। मेहरबानी करके इसे भी आप वापस ले लें।

**प्रो. मधु दण्डवते :** आप जब खड़े होते हैं तो कैसे खड़ा रह सकता हूँ (व्यवधान)

**श्री मुहम्मद अमीन अंसारी :** तानाबाना के के बारे में मैं बोलना चाहता हूँ, पावाम्लम, हथ करघा खादी और कारपेट के बारे में भी बोलना चाहता हूँ पर मुझे मौका नहीं मिला। मैं आपकी बीच में टोक रहा हूँ इसलिए आप मेहरबानी करके जरूर इसमें आप राहत दें। (व्यवधान)



PROF. MADHU DANDAVATE: Sir, therefore, I am one among those who praise good things wherever they are. Even while sitting in the Opposition, I had always applauded the employment guarantee scheme that was undertaken by the Maharashtra Government under the Congress regime. We did not worry whether it was a Congress scheme or a non-Congress scheme. But it was patently a good scheme and we expected that ideal schemes should be taken to different parts and we wanted that that should be extended throughout the country. A beginning has to be made. Let us take the drought-prone areas first. Create a potential and then how we increase the industrial potential of labour. And for that, we will have to change the entire model of growth and model of development. Sir, for 40 years, at the initial stage it was necessary—thanks to Pandit Jawaharlal Nehru that he created through planning an infrastructure of development—but as I said at the other place, merely creating an infrastructure of large scale developmental activity is not sufficient. Ultimately through decentralisation, the gains must go further to the grassroot level. And therefore, as I said the other day, I very much like Nehru to be welded with Gandhi—I am referring to the old Gandhi, Sir—and that is, the infrastructure plus decentralisation.

SHRI SUBRAMANIAN SWAMY.  
What about Mrs. Maneka Gandhi?

PROF. MADHU DANDAVATE: I will add all Gandhis together because she has also contributed as far as the environment is concerned. Sir, for 40 years we blindly followed the trickle-down theory of growth and as a Finance Minister I myself ask this question: "Growth, yes; but growth for whom?" We have been following a trickle-down process of growth in which we have the elitist growth for the affluent at the top. It percolated down and men at the grassroot level stood with the begging bowls in their hands to wait for the trickle like beggars. We want to reject this theory, and in this land of Gandhiji, we want decentralisation along with large scale

industries. There must be horizontal development in the country. As one of the former Finance Minister, Shri C. D. Deshmukh had very rightly said in this very Parliament: "Urbanites record their names as unemployed in the rural employment centres but the unemployed villagers cynical and they would say: What is the sense in giving our names? We will only give our names and have the stigma that we are unemployed, but we will not get the jobs. ' So they keep away. " Mr. C. D. Deshmukh said in this very Parliament when he was the Finance Minister, "Unemployment is to be judged by the concealed unemployment of a very great order in the villages and unless you are able to provide them employment, we will not be able to solve the problem. " Therefore, we will have to go in for some sort of reservation. A commodity which can be manufactured in the large-scale sector and if it can be also manufactured in the small-scale sector, it cannot be allowed to be manufactured in the large-scale sector. The time has come to tell them, when new industries are to be started, our Government must have the courage to tell them, that if this commodity can be manufactured in the small-scale sector, we will not allow the large-scale sector to manufacture it and it should go to the villages and the towns and the taluka and district places. Let it be in the small-scale sector and whatever can be manufactured in the large industrial sector, we must not allow it to be manufactured in the small-scale sector. This will be our co-existence without co-destruction. Iron, cement and so many things are there which are to be manufactured in the larger sector and they will have to be there. So, in a phased manner, if this is done, we will be able to develop the potential, even a small matter, in the industrial sector, in the small-scale sector, and, as a result of that, we will be able to create the necessary thing.

I come to the problem of debt relief. So many things are being said and I will place all the cards honestly before the House.

I am asked a question in both {he Houses: How is it that there are varying

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estimates of the amount involved in debt relief? It is because of the various parameters. While the former Finance Minister was speaking here—I still forget sometimes that he is not the Finance Minister and I am not the Opposition leader—when he was initiating; the debate on the Budget here and raised this question, I intervened and tried to explain to him how we have kept this at one thousand crores of rupees and how various estimates have come in, sometimes it is fourteen thousand crores sometimes it is ten thousand and sometimes it is eight thousand crores. Those varying estimates came because there are different concepts and there are varying parameters. Some people were of the opinion that we have said that loans up to ten thousand rupees up to October 1989—since we have promised it in the manifesto—will be valued altogether. Some put the interpretation that if the loans up to ten thousand rupees are to be waived, it means that even if a rich man has taken loan of one lakh or fifty thousand, even that kulak's loan must be abolished or waived. We are not in favour of that. This is a scheme meant to help the poor people. To the rich man who can get one lakh or two lakhs or fifty thousand as loan, we are not interested in saying that this loan should be waived and, therefore, even if he has taken such a loan, his first ten thousand is not going to be abolished and only the loans of those people who have taken loans up to ten thousand rupees and below will be waived and that too up to the 2nd October 1989 and we have announced that it takes away a large slice of the richer section.

Secondly, when loans are taken, there are old dues and there are current dues. We have made it in such a way that the official will be actually seeing to it that the old dues are actually paid so that this takes away the current dues.

Thirdly, we have to identify the beneficiaries. Very cleverly I may do one thing. I might have drawn eight thousand

rupees from one bank, ten thousand from another bank and twenty thousand from the third bank and I might have taken the receipt of the smallest loan and say that my loan should be waived. Very cleverly one may do this. So, we will have to identify the beneficiaries. Only the loans of those whose loans genuinely fall below ten thousand will be waived. Now, there are two types of loans. Now, I come from the rural areas and my constituency is a hundred per cent rural area and I am not coming from Bombay. There are short-term loans and there are long-term loans. We have decided to include both because sometimes not only crop loans are there, but also some other loans. Some poor man may want to dig a well and for that he requires a long-term loan. So, both the loans are to be included. Then one more question arises.

SHRI VITHALRAO MADHAVRAO JADHAV: Is it the basic amount or is it the interest?

PROF. MADHU DANDAVATE: I will satisfy you later, not only Mr. Subramanian Swamy, but also you. Just be patient.

There is a very important thing which is ridiculed. We have said that those who are wilful defaulters should not be allowed to take advantage of this. Who are the wilful defaulters? That is the main issue. The banks have the records. There are certain rich men who have the good capacity to pay, getting one good crop or two crops or three crops, and they have got good assets. Even then they want to cheat the banks and they have become professional defaulters? in payment of their debts. They are the wilful defaulters and we will not allow them to take advantage of a scheme that is being prepared for the poor and the banks will not leave it to the officers. The banks have the lists, they maintain the lists, showing who the people are who have the capacity to pay because the people have to declare what their assets are, what their properties are and then they take loans. Therefore, those who are

in a position to pay, those who have assets, whose crops are good, will not be allowed to take advantage of this. Even when they have one good crop two crops or three crops, good crops three times, they have deliberately defaulted and we will not allow these wilful defaulters to take advantage of this and we will not give the powers to the bank officers and we will not give room for corruption and that will not be there and that will be excluded.

[The Deputy Chairman in the Chair]

There might be some technical difficulties. The rich cheats will try to cheat the banks will not be allowed to come into the picture. Let me tell you, friends—there are no friends here, there are only honourable Members—and let me state very clearly that we have to see that the entire scheme is pushed in such a manner that the credibility of the banking system is not allowed to be eroded. And, if it is eroded, what happens?

Some people were waiting for the Budget and they were saying that Mr. Dandavate might modify this and more amount will be allowed to be waived and they were waiting for two or three months. I hope Mr. S. B. Chavan will agree with me when I say that in Maharashtra recovery has already stopped! And, if recovery stops, what happens? Those who deposit their money in the banks will develop a feeling that these banks are losing their credibility and if they develop this sort of feeling, either the deposit mobilisation will suffer or the people will start withdrawing their deposits from the banks. And, if the credibility of the banking system suffers, what will happen? The poor kisans will be hit the most and they will go to the private money-lenders and we will leave the kisans to the tender mercies of the private money-lenders. I do not want that to happen and, therefore, we have this restricted scheme. And, for that, what is the total quantum?

Mr. Salve, you have rightly hit the figure. We have calculated and we have made all possible permutations and combinations. If we do for the current how much it will be, if we do not have restrictions even above 10,000 how much it will be, if we take all possible parameters it will be more than 10,000. But subject to the restrictions which are maintained it comes to Rs. 2028 crores. And for which loans? For loans taken from public sector banks, loans taken from regional rural banks, loans taken from cooperative banks under the aegis of the State Governments. As a first step we have decided that in all the credit institutions within our jurisdiction, viz. national public sector banks and regional rural banks, at one stroke we will try with the help of this thousand crores. If more is required we will try and wipe out all those debts. I have already written a letter to all the Chief Ministers saying we request that a similar scheme may be implemented in their respective States. Some of the non-Congress States have said with our resources we will implement it. And if some States say we have not got the resources, in my Budget Speech I have myself stated that we will negotiate with the Chief Ministers concerned, we will negotiate with those States, and we will try to see they are able to implement it. Even in the State level cooperative institutions of banking we will try and implement a similar formula with some assistance given by the Centre. That is how we will try to implement it. There are some difficulties. There are no plans and programmes which are not without difficulty. That is how we will try to solve the problem.

Then in this context I refer to the small scale industries. We have been trying to see that special features are built up for small scale industries. Fifteen per cent Central investment subsidy for small scale industries which was earlier abolished, as you said, we have restored it. Exemption limit for excise duties raised from Rs. 15 lakhs to Rs. 20 lakhs. Limits on composite loans, that has been raised. Tax rates of part-

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nership firms are reduced. Many people were raising this question in the debate that the tax rates of partnership firms have been reduced. In place of trickling down model of growth and development we will try to follow the pattern of development which I have indicated. The entire approach in our Budget, by and large, is to try and get the resources from the affluent and try to spend it for developmental activities for the poor. Relief to lower income-tax payers by restructuring exemptions. I will come to that. Higher tax revenue from corporate sector. We are getting 800 crores—almost nil last time, leave aside the surcharge. Additional taxation on elitist consumption. Increase in cigarettes. The other day I was asked in the other place: Why do you increase on ice-cream and airconditioning? I told them I am more interested in seeing how a poor man gets two meals a day- I am not worried whether anybody gets two icecreams a day; that is not significant. Therefore, elitist consumption- has to be taxed and I have done that. Increase in cigarette leaves, 15 paise for cheaper and 75 paise for costlier ones; the middle have been excluded. Excise duties on textiles restructured to lower the incidence on cheaper fabrics. Prices of naphtha used for fertilizer, kerosene used by the housewife, gas, LPG, low speed diesel, furnace oil used for machines, all have been kept out of the purview of a very unpopular measure of increasing the prices of petroleum products which we have not increased for a long time. Relief on medicines, especially life saving drugs. And I have seen a question: Why don't you touch liquor? I have told them as far as liquor is concerned, it is within the jurisdiction of the State, if at all it is put in the Central jurisdiction, it would be the first commodity which I would highly tax. That we have not done.

Then direct and indirect taxes. No doubt our friend said that the ratio ought to have been improved. But there is a proceuss and we have begun the pro-

I cess. I would like to tell our colleagues here in this House: What were the additional resource mobilisations from direct taxes on the corporate sector? Leave aside that minimum because that is also removed some years back it was not there. But removing that zero taxation was there. No tax was collected. This year 800 crores were collected.

Capital intensive companies with huge profits are brought into the tax net by abolishing investment allowance and investment account deposit. When you try one strategy there are hazards for others- I do agree with Salveji and there is substance in that. He quoted a booklet which he assumed I had not read. I have read it. It is true in a number of countries. You need not concede to me, Mr. Salve, my fundamental right of ignorance as if it is guaranteed by the Constitution. *(Interruptions)*

SHRI N. K. P. SALVE. That right I have always conceded to every Finance Minister! *(Interruptions)*

PROF. MADHU DANDAVATE: I believe that you never become the Finance Minister! *(Interruptions)*

Sir, this is a very important aspect. If you go to the high profit-making companies in the country, now, physically you say that the number has gone down from 50 per cent to 40 per cent. But many capitalists met me. They saw your trick. Apparently they say that you have brought it down from 50 to 40 but we understand what we have done. There are capital intensive companies in the country till the minimum tax they were paying 'zero' tax. Why? Because investment companies, investment account deposit—through that they got the rebate—and they escaped the tax net. As a result, the most profit-making companies in the country were paying 'zero' tax. I said: if you play politics, I must play politics with you. And I removed those allowances and brought them into the tax net. Those who were paying 'zero'

tax will be paying 40 per cent tax. -They have been brought into the tax net. Others may complain. Somebody in the other place said that trading? Investment companies must suffer. But they have got other expenses which are there. Salveji knows that because he has been a good Accountant. These are the aspects. Again, small companies benefit from deduction in the tax rate of partnership firms. Many friends have forgotten that that has been done.

As far as the additional resource mobilisation is concerned, corporate tax Rs. 800 crores, income-tax—of course, Rs. 100 or 250 crores less, Excise duty Rs. 390 crores, Customs duties Rs. 835 crores, and Others Rs. 15 crores. This resource mobilization itself is Rs. 1790 crores.

Now, I come to a very controversial point. It need not be controversial. I may be permitted, Madam, to narrate a very interesting experience...

THE DEPUTY CHAIRMAN: Where?

PROF. MADHU DANDAVATE: At the other place, but not an undesirable place, Madam! *(Interruptions)*. When I read out my Budget, some Members in a quick reaction said: we have been let down because the exemption limit which was only Rs. 18, 000 has been increased to Rs. 22, 000. While going I told them, "If it is increased further you have no objection? Go home and read my speech." And some of these very people who constitute themselves into an action committee came next day to my place. I thought that they had come for a demonstration; they came with garlands! They said: we issued the statement first and then read your speech. And then they realised how far is the exemption limit. Members of Parliament, I would like to tell you why I did not take the strait-jacket path of taking the exemption limit from Rs. 18, 000 to Rs. 25, 000 or Rs. 30, 000. Please remember that the exemption limit, if it is increased by Rs. 1000, per Rs. 1000 increase we lose Rs. 105 crores. Twenty thousand? Two hundred and ten crores. Like that it will be

a multiple of 105. Twenty-five thousand? That means increase of seven thousand. So seven multiplied by 105—this much would have been lost. Therefore, I used a certain mechanism. And in this I was not tutored by any bureaucrat. My mathematics helped me. *(Interruptions)* Sometimes being a Professor of Physics also helps you, though you are not Professor of Economics. *(Interruptions)*. There I followed some methodology. You could see that the loss is avoided and at the same time in physical terms the exemption limit is increased.

I will give a simple instance. This is really more useful for the salaried people. As far as the business people are concerned, even if there is Rs. 25000 or Rs. 30, 000, who pays? For the salaried people the recovery of income-tax is at source itself. And there what did I do? Take for instance a man with a monthly income of Rs. 3500 or annual income of Rs. 42, 000. No. 1, there is a Standard Deduction of Rs. 12, 000; 42, 000—12, 000—30, 000. There is a physical limitation of exemption up to Rs. 22, 000; so 30, 000—22, 000—8, 000. On 8000 we have got 20 per cent tax; so tax is 1600. And if we have got annual saving of Rs. 8000 Provident Fund is compulsory, and if you have got one policy of LIC or NSS certificate, and if your annual saving is Rs. 8000—in that case 20 per cent of that, again that is 1600 rebate, so 1600 tax and 1600 rebate cancel each other. So, Rs. 1600]- rebate and Rs. 1600]- tax. This is how they cancel each other. Therefore, upto Rs. 42000]- annual income, you will have zero tax. If you don't have anything else, no Lic policy, and you have only Provident Fund which is compulsory, even then it will be about Rs. 35, 000]- or Rs. 36, 000]-. Really speaking, for the salaried people the exemption limit has been extended to Rs. 35000]- or Rs. 36000]- and to Rs. 42000]- if they are saving Rs. 8000]-. *(Interruptions)*

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As far as this is concerned, whatever be the income-tax limitation, it will go. Only the corporate tax. Some say that you deliberately tried to tax the corporate sector because you wanted to trouble the States. Please don't attribute that motivation. In taxing the rich and the corporate sector, my intention was not to rob the States. I did not do it as a mischief. When you ask what is your socialist orientation, I would say that my orientation is to take money from the rich and spend it on the poor. That is what is socialism. Even the connotations of socialism are changing from East to West. Therefore, yet me say that this is the motivation that was there.

Then I would like to point out to petroleum products. The consumption is growing rapidly and alarmingly. The growth rate of consumption in 1987-88 was 6.3 per cent. In 1988-89, it was 7.2 per cent. It was 7.8 per cent in 1989-90. And what is the growth rate of domestic crude oil production? Unfortunately, it is 0.4 per cent minus. In 1988-89 it was 5.5 per cent and in 1989-90, 6.9 per cent. That compels us to import heavily. The import bill for petroleum products in terms of rupees has doubled since 1986-87 and increased our vulnerability to supply disruptions. The prices of DOL products have not been revised since 1986 in the case of diesel and since 1988 in the case of motor spirit. Therefore, this is the unpopular step that I had to take because I found that I had to curtail the deficit. I cannot curtail defence. I cannot curtail other things. Therefore, I was forced to have the additional resource mobilisation and that is what we did.

Then I come to resource transfers to the States. I am happy that Salveji is here. In fact, he has provoked us to see that we stick to the formula that he has suggested. He insisted that 85 per cent of the personal income-tax must go to the States and 45 per cent of the excise duty must so. And on railway passenger also a formula has been worked

out. I will give all that. I would like to tell Salveji that the States' share of taxes and duties was Rs. 12438 crores in the budget estimates of 1989-90 and the revised estimates were Rs. 13,232 crores. I am happy to report that in 1990-91 it is 14426 crores of rupees.

SHRI N. K. P. SALVE: The percentage is the same.

PROF. MADHU DANDAVATE: As far as the States are concerned, they are more interested in getting the absolute amounts. The grants in lieu of tax on railway passenger fair, to which you have referred, is Rs. 95 crores in the budget estimates for 1989-90. In the budget estimates for 1990-91, it is Rs. 150 crores. Then grants-in-aid under Article 275 of the Constitution to which you have referred in your report, is Rs. 1707 crores.

SHRI N. K. P. SALVE: In fairness, there is one thing the Finance Minister must make clear. The Commission was exceedingly particular that it must not cause undue burden on the Union Government because of the precarious position in which you were in. Percentages have not been changed. If you collect more, more has gone to them. Percentages of excise and percentages of income-tax remain the same. The only increase is in railways.

PROF. MADHU DANDAVATE: Concede to us this that we have better resource mobilisation and, therefore, the States could get more. That is the point that I am trying to make. It was Rs. 1707 crores and in 1990-91 we will be able to transfer to the States Rs. 2396 crores. Of course, the debt relief has also been there.

Salveji's speech gave us an impression that—and he was alarmed by that—deficit for 1990-91 rose worse than the deficit presented to the Finance Commission on 16.10.1989. I have taken that date of 16.10.1989 from you. I am referring to the revenue deficit, deficit at current prices. And if you just calculate it in terms of the current prices,

for 1990-91, the deficit would have been Rs. 14, 994 crores. Actually it is Rs. 13, 032 crores. And we have mentioned this point when we appeared before you. I am not happy about this picture. But, Mr. Salve, there is nothing so much to be worried and to be alarmed. We are worried about the fiscal discipline. We will keep in mind your speech. It will be a constant reminder to us that fiscal discipline has to be maintained, and we try our best. So, it is not so. This is in spite of the fact that the tax share to States assumed at Rs. 13, 350 crores went up to Rs. 14, 426 crores. And the actual expenditure on Plan account earlier asserted at Rs. 12, 943 crores has gone up to Rs. 14, 299 crores. And now we have to take four-monthly review. While taking that review and adopting various methods, we will keep in mind the warning signal that you have given in your Report and try to maintain the fiscal discipline. There have been constraints on the deficit. I tell you there is the Defence. An increase of Rs. 2, 650 crores related to 1989-90 Budget Estimates, and an increase of Defence expenditure of Rs. 1, 250 crores related to Revised Estimates. These are the increases. Then, interest burdens. Again, I do not want to blame you or anyone else because I have made up my mind that while functioning as the Finance Minister for how long shall we go on saying that everything was done by the past Government. People are not interested in who did it. They want results. And I shall not harp on this theme that you are responsible for it. I have to take the responsibility of improving the results, and I shall end that sorry chapter of having the Commissions and Enquiries to find out what you have done. Enough of Commission and enough of Inquiries.

SHRI GURUDAS DAS GUPTA; Bofors.

AN HON. MEMBER. Oh!...

PROF. MADHU DANDAVATE: You need not say, oh. That does not mean

we will put a blanket on the scandals. We ourselves will do it departmentally and we will try to find out through our machinery because if we spend all the time in the Commissions, all the five years will be wasted in Commissions and ultimately we will have only omission. I do not want to do that. *(Interruption)* We will learn from our mistakes and your mistakes also. Our Commissions and your Kunal Commission were of the same story.

SHRI V. NARAYANASAMY (Pondicherry); Tell your Prime Minister also about the Commissions.

PROF. MADHU DANDAVATE - All right. Then about Article 292, I do not know whether the House will agree with me. We will debate that point later on. I do not know whether the Finance Commission applied its mind to that. But, I think, the time has come when one particular Article of the Constitution Article 292—which has remained on the statute book right from 1950 but has never been implemented, has to be looked into. It says that the Parliament will have the enabling power to have the legislations to fix the ceiling on the borrowings. I think, Mr. Salve, the warning and the signal that you have given makes it obligatory to discuss in this very House whether we should invoke Article 295 of the Constitution and fix up the ceiling on the borrowings so that we will not try to find out the short cuts to solve the problems.

Mr. Dipen Ghosh has raised a very pertinent point, and that is correct. And as one coming from the working class movement, I think, I am accountable to the Parliament. Many Members have said that We have assigned only Rs. 100 crores for Dearness Allowance. This does not include the provision that is made for Defence. So, that also goes out of this, excluding Rs. 100 crores. And I was asked the question that you have said that the Ministries will have to make the adjustment. I can assure you that these adjustments will not mean freezing the

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wages of the working class, but it will mean avoiding the wasteful expenditure of the administration. That is what we will try to do. And let us start with the Minister himself. We will try to do that. If anything is to be frozen, let us be frozen, not the workers and the kisans, not completely frozen, part of us. Some may be happy about that.

Then, I come to the problem of black money. Some experiments have been tried in the past. There can be demonetisation. But unless you come to hundred rupee note, it will not be of much help. Demonetising the hundred rupee note, which is in currency, is impracticable. It may disrupt the economy. This does not seem to be very feasible. When Venkataramanji was the Finance Minister, he issued the 'bearer bonds' to bring out black money. I was a critic of that. I told Venkataramanji, 'These bearer bonds would fetch Rs. 900—Rs. 1, 000 crores. But we have such geniuses in the country, there are such people in the country, who will sell everything. They will sell these bearer bonds also. Not only they will sell these bearer bonds in the black market. But you will be shocked and surprised to know, Dr. Swamy, that some of them gave them on rent. Those who had black money said 'Give us these bonds for few days so that we can show them when the raids take place'.

SHRI SUBRAMANIAN SWAMY:  
This is your socialism. (*Interruptions*)

PROF. MADHU DANDAVATE: This has nothing to do with socialism. Socialism is not black. It is red... (*Interruptions*)

Then, there is the amendment to the Gift-tax Act. We have now said that it is the donee who will be taxed and not the donor. I am not worried how much revenue I will be getting. I want to create a social climate I was inspired to propose this, gift tax on the

donee, after my experience in Bombay. Some diamond merchants held some I wedding reception. The entire Wankhede Stadium was booked for four days. They admitted to the enforcement authorities that they had spent Rs. 40 crores and they said that this would help them in exporting more. This made me come forward with this amendment. The point is, when any particular section of the population indulges in vulgar display of wealth, this creates a feeling of jealousy among the poor which, in turn, creates tensions, social tensions, in the society. We want to remove those tensions. I am, therefore, not very much worried how much revenue I will be getting from this proposal, tax on the donee. As I said, I want to create a climate. I would give an example here. When Vinobhaji started the Bhoodan movement, he said 'I am not worried how much land I will get; I want to create a climate that land belongs to the tiller'. He also said that he got inspiration from the Communist movement in Telengana. People were very much surprised that he was inspired by the Communist movement. People asked him. He said 'Yes'. He said 'When there was a violent outburst in Telengana giving expression to the people's hunger for land, I understood that hunger and I said to myself 'they do it with revolver; let me do it with a change of heart'. Therefore, I want to create a climate. We want to create a climate. We want to see that these anti-socials who spend so much and indulge in a pompous demonstration of money power and wealth are taxed. When black money is found, they say that some 10, 000 people came to the wedding reception and they gave. Therefore, one cannot tax it.

Then, in regard to simplification of tax laws, I have already enumerated them.

Then, there is the question of electoral reforms which we want to bring in. Many of us are part and parcel of a system which has helped in the generation of black money. I would



prefer the West German system, namely, the List System, plus the individual system, if we go in only for the List System, elections will be dehumanised. None of us who are elected under the List System will be responsible to the electorate. If Madhu Dandavate is elected and he does not go to his constituency for the next five years, nothing can be **done** by the electorate. They would say that because of the List System, our candidate did not come. That is why I want that there should be a combination of the List System and what we have in our country. Then, this should also be linked with the State funding of parties and we should also take into account the percentage of votes secured in the previous election. If we do that, the small splinter groups will have a stake, they will have a vested interest, in joining the big parties, thereby coming into the mainstream of the electoral process. The fragmentation of votes will be reduced and those who depend upon division of votes and fragmentation of votes will suffer and the others will gain. This is one thing.

Then, there is also another suggestion that if some unaccounted money is there and people are prepared to give it so that it can be utilised for things like slum clearance, housing for the middle-class people etc., there is another way in which it can be done. Madam, I do not want to take the time of the House.

As you know, the Lok Sabha is waiting for the return of the Appropriation Bills from this House. Rashtriatiji is going abroad tomorrow. They have to be sent to him. Therefore, I want the Appropriation Bills to be taken up as early as possible.

SHRI SUBRAMANIAN SWAMY. I am also waiting for the next Bill.

PROF. MADHU DANDAVATE: That is right. I consider this debate as dialogue. I do not call it a confrontation. I would like to tell all, from the Member from our side who initiated the debate to the Chairman of the

Ninth Finance Commission. If, **with** a sense of humour, **i** had a **dig here** and there, it is because that **come** naturally to me. I did **not** do **it with** any intention. But I would like to assure the House that we will do **our best** to see that the small-scale sector is protected, the **poor** is **protected** and the peasants are **protected**. And we will try to put **the curb on the rich** of the country and use the **resources** of the affluent to build strategy and strength of the poor. In this context I present the Budget and I commend this Budget to the acceptance of **the House** unanimously.

THE DEPUTY CHAIRMAN; Mr. Minister, now you move the Appropriation (Vote on Account) Bill.

#### APPROPRIATION (VOTE ON ACCOUNT) BILL, 1990.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE); Let me drink water. My only desire is that water does not become a **luxury commodity**. Madam, I **move**:

"That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of **a part of** the financial year 1990-91, as **passed** by the Lok Sabha, be **taken into** consideration."

*The question was put and the motion was adopted.*

THE DEPUTY CHAIRMAN; We shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 4 and the Schedule were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill*

PROF. MADHU DANDAVATE: Madam, I move:

"That the Bill be returned."

*The question was put and the motion was adopted*