

*The question was proposed.*

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL): The question is:

"That clause 1, as amended stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL): Now the Enacting Formula. There is one amendment.

*Enacting Formula.*

SHRI P. A. SANGMA: I beg to move:

2. "That at page 1, line 1, for the word 'Thirty-seventh' the word 'Thirty-eight' be substituted."

*The question was proposed.*

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

THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL): The question is:

"That the Enacting Formula, as amended, stand part of the Bill."

*The motion was adopted.*

*The Enacting Formula, as amended, was added to the Bill.*

THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL): The question is:

"That the Title stand part of the Bill."

*The motion was adopted.*

*The Title was added to the Bill.*

SHRI P. A. SANGMA: I beg to move:

"That the 'Bill, as amended, be passed."

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL): Now the Budget (General) 1987-88, General Discussion. Shri Nirmal Chatterjee.

(The Vice Chairman (Dr. Bapu Kaldate) in the Chair)

THE BUDGET (GENERAL), 1987-88—  
*General Discussions*

4.00 P.M.

SHRI NIRMAL CHATTERJEE (West Bengal): Mr. Vice-Chairman, Sir, I suppose I should begin. But the Prime Minister is not here.

AN HON. MEMBER: But the Finance Minister is here.

SHRI NIRMAL CHATTERJEE: Yes, he is. Thank you for mentioning it.

Sir, our Government is quite unique in certain respects. Elsewhere, if here is a crisis on the defence front, whether it is the U.K. or the U.S.S.R., the number one man rushes into that sector and takes up that portfolio. In our case, Sir, because the defence crisis has intensified, therefore, the number one man handed over the charge to, I don't know, number two or number three or number four. That is one unique aspect of our Government. The other unique aspect—I think I should draw the attention of the House to that also—is that under conditions of modern military activity it is always considered vital... Sir, should I begin from the beginning since the Prime Minister is here?

THE VICE-CHAIRMAN (DR. BAPU KALDATE): Not necessary . . . (Interruptions)

SHRI NIRMAL CHATTERJEE: Since I made a reference to him, let me make that reference once again and kindly permit me the time thus taken.

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The uniqueness of the Government that I was mentioning, that uniqueness referred to the Prime Minister. I was mentioning that elsewhere, whenever there is a defence crisis, normally the Prime Minister or the number one in the Cabinet or in the country, rushes into that portfolio, whether it is the United Kingdom during the war or it is the U.S.S.R. during the war. In our case our uniqueness....

THE PRIME MINISTER AND MINISTER OF FINANCE (SHRI RAJIV GANDHI): I understand the honourable Member mentioned "during a war."

SHRI NIRMAL CHATTERJEE: I mentioned "defence crisis."

SHRI RAJIV GANDHI: We were not heading for any war.

SHRI NIRMAL CHATTERJEE: Yes, you are absolutely right. Therefore, the generic term is "defence crisis" of which one expression is "war."

SHRI RAJIV GANDHI: I expect some more examples, perhaps a few examples which don't refer to a war.

SHRI NIRMAL CHATTERJEE: I mentioned "defence crisis."

SHRI RAJIV GANDHI: But the examples you gave relate only to a war.

SHRI NIRMAL CHATTERJEE: Even before the war, in the U.S.S.R....

SHRI RAJIV GANDHI: You don't have any such examples. Thank you.

SHRI NIRMAL CHATTERJEE: Even before the war the number one stepped in, anticipating war. And the second uniqueness, as I was going to refer to, was that under modern conditions it is considered very vital that the economy function in a very strong way in order to sustain any defence crisis, in order to combat any defence crisis. In our case, another part of the unique-

ness is, the economy is given only part-time attention underlining, once again, our uniqueness.

Sir, I will not go into the quotations which our Prime Minister has made from Panditji, his maternal grandfather, excepting at the end. But I will begin straight with a particular aspect of the budget. I will come to Panditji's reference later. That particular aspect is the Centre—the Union Government—in relation to the States. Before that, perhaps, you will permit me to thank the Finance Ministry officials. Because I am opening the debate from the Opposition, I should thank them for the very improved presentation of the budget papers, except for the annual Survey about which I will make some reference later. Sir, I know that the Prime Minister is helping us a lot in West Bengal with his periodic visits. That will help us to completely trounce the most demoralised, the most reactionary and the most corrupt political party there. We are welcoming him. Perhaps, I should have said that Mr. Rajiv Gandhi is helping us, I could have said that.

But let us now turn to this part of the Budget. It is claimed, and this is available in the "Budget at a Glance" that the net transfer of resources in this year would be Rs. 23,250 crores. I beg to draw the attention of the Prime Minister as well as the House that it is not a true figure. A deduction should be made of Rs. 3,187 crores which the States are expected to pay back as interest on past loans. This much of correction should be there particularly because I have deep respect for the Finance Ministry officials, I know of their economic capabilities and concern for figures. The net transfer of resources is not this figure. A deduction of Rs. 3,187 crores should be made which the States are to pay as interest on past loans from the Government at the Centre. That is one part.

The second part is that when this figure is mentioned, certain other

figures, certain other inclinations are not mentioned. That is, it is not mentioned that when this is given, how much is not given. I can certainly make a reference to that fact that even in terms of the Finance Commission recommendation first years amount was denied to the States. Let us remind the ruling party Members also because they also govern some States.

Then, I have made a mention of this again and again, and it is a small sum, but all the same the entire sum was expected to go to the States. That is the estate duty which has been abolished and not re-introduced. The entire sum was due to the States. Therefore, it was very easy for the Centre to abolish that from the statute book, to eliminate it from the statute books and to refuse to re-introduce it in the statute book.

I may also make a mention that despite the concurrence from the Finance Ministry, despite the amendment introduced into the Constitution for introduction of the consignment tax, there is no promise in the Budget Speech for the introduction of that consignment tax. The funds collected out of it will entirely flow to the States.

This does not exhaust the first years Finance Commission amount, the estate-duty abolition and the refusal to introduce the consignment tax. I will draw your attention to a surprising fact. You will see that over the last two years accumulation is growing at a faster pace under a certain head compared to the collections in small savings. If you see the figure of collections in small savings which are to be given to the States, it is given as loans against small savings collections. Rs. 2,800 crores is the revised figure and Rs. 3,200 crores is the Budget figure. It is not mentioned here. It is mentioned elsewhere that there is something called special deposit. Shri Jagesh Desai is not hearing, but he knows the problem.

SHRI JAGESH DESAI (Maharashtra): I am hearing.

SHRI NIRMAL CHATTERJEE: Yeah. The denial is up to now. . . . (Interruptions) He will not be a convert. He will agree with me, but vote for you. Don't worry. The net amount anticipated this year is Rs. 2,800 crores. And when it was decreed that the Provident Fund Accounts of the employees in the non-Government sector to the extent of 85 per cent had to be deposited not in small savings, but in the special deposits from out of which funds will not flow to the States, the figure jumped. In 1977-78 the figure was only Rs. 617 crores. As of today, the accumulation is Rs. 11,000 crores. This year's anticipated accretion is Rs. 2,820 crores. It is this amount which is being denied to the States.

SHRI JAGESH DESAI: Now Indira Vikas Patra is there. You are getting on that.

SHRI NIRMAL CHATTERJEE: But Indira Vikas Patra, PF. cannot be invested there 85 per cent of that amount will have to be invested here. You know that. Let me draw the attention of the House that I have the support in this regard because the Chief Minister from his State also has written to the Centre alongwith the Chief Minister of Gujarat and the Chief Minister of West Bengal in order to get an amount from this. So Sir, this is the degree of generosity that the Union Government expresses for the States.

May I add that the interest rates on the loans against small savings which the States are to pay have been increased from 9.75 per cent to 12 per cent imposing an additional burden on the States. Normally I would not have mentioned this, but I am mentioning this because elections are there in four States. Therefore, I began with that. What I want to conclude is that instead of giving more to the States you are depriving them of thousands of crores of rupees.

I now come to other points. It could be part of a discussion on the Finance

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Bill, but since this is a general discussion, some reference may be made here also. The reference is to tax growth. There is a reference in the Annual Survey about the savings rate. There is a marginal increase. It is not the plan projections. The black income which has come out in the course of last two years is now visible as an improvement in the savings rate. That is it not the current savings rate which is improving, but past savings expressing themselves as current savings which indicates that savings rate is on the upswing. In fact, it is the other way round. Because of the budgetary policies and because of the economic policies, consumerism is at a top gear eating into the savings of the economy. Is there any indication of what I say? There is.

Now I come to tax revenue collections. My hon. friend, Mr. Jha will possibly be able to agree with me that the budget estimates of 1987-88 show a surprising nose-dive in the growth rate compared to what has been achieved in 1986-87. Why is it so? They say partly because the occupant of the Finance Ministry has changed. The amnesty is over. Last year's collection deadline is over. Along with that something else is over which would make people like Mr Salve pay. That is the stick. They say that the private sector was asked to believe that the stick would no longer be that stick. I see their anticipation is correct. I suspect their anticipation is correct, because 1987-88 growth estimates and the revised collections are very, very low. Should I give the figures that the growth rate is low? I need not give, because all these figures consume lot of time. If anybody challenges, then, I have to give these figures. Of the total tax collection, why the growth rate is low? Let us remember the trick. It has been mentioned in the budget speech of the Finance Minister. The trick of Rs. 1700 crores being shown as tax revenue and not as non-tax revenue, Rs. 800 crores as customs and Rs. 900 crores as excise

duties. By a simple trick this Rs. 1700 crores which would have come as non-tax revenue is shown as an addition to tax collection in the year 1987-88. If we take this Rs. 1700 crores, one can see, what the Prime Minister and the Finance Minister is anticipating. Whom he is encouraging in the next year? I will not go into all the details, I will reserve some of the comments for the Finance Bill. Even then if this is one side, there is the other side. What is the other side? I entirely agree with the Prime Minister that it is a record that 63 per cent of the plan provision is being expended in the course of three years. It is being expended because third year will be just on. In real terms? He has not mentioned in real terms. But this real term is 63 per cent. That is an achievement. At no time before in any of our plans has this happened. Why did he stop there? He could have claimed far greater success in another field. He could have claimed some 95 per cent fulfilment of the five year target in real terms. What is that area? That is deficit financing. The total target of deficit financing was Rs. 14,000 crores. Not in terms of current prices, but in terms of 1984-85 prices. They have already crossed that figure in terms of current prices. Did he use that in real terms and say that 63 per cent of the achievement in real terms has been far exceeded? He is very modest in not mentioning that he has been able to achieve 95 per cent in deficit financing. Does it have anything to do with the achievement in terms of plan? I am too busy with the elections. I have noted some of the figures of the consequences of the 63 per cent expenditure in real terms on plan. Is the Government functioning more efficiently? That should be reflected in the physical targets of the Seventh Plan. I was mentioning that the annual survey should be done a little more scientifically so that it is a little more convenient for discussion. Through this year's annual survey, I draw the attention of Mr. Jha through the discussion on industry chapter. It is a tale on how the old industrial index compares with the revised one. Can you find any statement? How

much has been achieved in terms of Seventh Five Year Plan targets? There are physical targets on the basis of this expenditure. How far, have you moved into the targets? We all know, in the course of three years, agriculture and food-grains are stagnating. We know the reasons. As stated in the Economic Survey, look at consumption growth rate of fertilizers. Is it in keeping with the targets of the Seventh Five Year Plan? The capitalists understand, Mr. Birla is not here. They understand everything in terms of money. So does the Prime Minister. He understands plans in terms of monetary expenditure even if expressed in real terms. He has at times, mentioned the physical aspect of planning which began with the Second Five Year Plan. But not a word you will discover in terms of industry.

On another occasion, I did draw his attention that forget about the debate on how to construct an index. All indices are approximation. Even if you utilise one kind of it for the base year, as you progress, they change. Even the year you are trying has changed. It is always to be considered as an approximation. Therefore, in countries where planning is taken some what more seriously than we do, they always try to give concrete physical output figures and try to compare them with their targets apart from giving indices. We do not see that on the industrial chapter in the annual survey, this year, to my regret. In any case, Seventh Five Year Plan targets should be mentioned. In agriculture, I have mentioned. You can always mention in mining. You can also mention the figures. The few figures I could collect in respect of industries, you will be surprised that we are far behind in the achievement of target at the end of two years knowing December figures and anticipating them till March not 40 per cent realisation in those targets.

Sir, this is about the growth. I have mentioned savings rate. This is growth in real physical terms but let me mention another aspect. There has been a clap-net for anti-poverty programme. May I remind

the House that the Seventh Five Year Plan anticipated that the fresh entry into the labour force in the course of the Seventh Five Year Plan period would be how much, how many new persons should be seeking jobs. Do you know the figures? Thirtynine million persons will be seeking jobs in the course of the Seventh Five Year Plan. This is for the third year that we are planning. Can you assume that it will be eight million? The target was that more than thirtynine million jobs would be provided so that the backlog would be reduced. Let us imagine the target is eight million persons multiplied by 300 mandays in a year. How many are you providing jobs for? The achievement in the organised sector—that is given in the Annual Survey—the addition in the organised sector, in industry is, 4.5 lakhs; in the unorganised sector it is, 6 lakhs. They together add up to a little over one million. There is an anti-poverty programme very proudly mentioned by the Prime Minister. He has assumed 100 days work, not 300 days. Add RLEGP and NREP. I say it gives you another million, if you assume 300 days of work...

SHRI G. SWAMINATHAN (Tamil Nadu): May I seek a clarification regarding your figures of unemployment? There are a number of people to be employed. Seventy-five percent of the people coming from agriculture. They are getting employment there. So the total figure consists of agricultural, organised and unorganised sectors. So to argue mainly on the basis of organised and unorganised sectors and to say that the Plan does not provide employment for sufficient number of people, does not seem to be proper. You should also take into account the potential of the agricultural area.

SHRI NIRMAL CHATTERJEE: I think he is 10 per cent right. When I talk of NREP I did not mention this sector; when I talk of RLEGP I refer to the rural sector. That is, the addition mentioned by you don't get anywhere in their figure of employment. Therefore, in the Seventh Plan—Seventh Plan is a published book and I can refer you to it—

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they have specifically mentioned this that additional employment has to be provided through industry, through agriculture, through anti-poverty programme. I submit that even if we do not deduct the newly unemployed vast sick industry, the economy in the course of 1987-88 would not be able to absorb 50 per cent of those eight million, which means we will provide as much employment in the course of 1987-88 as would be the addition to unemployment. This is your anti-poverty programme which we are pin-pointedly reminded of. This time the Prime Minister has not specifically used the expression that the public sector does command the heights. But does it? If it does, then the command is such that you add to unemployment instead of being able to reduce it. Their command to the economy is such that on the other pole karorepaths in the private sector amass fortunes. Either this is the quality of the command that the Government generates or the commanding heights are controlled by somebody else and not by the Prime Minister and the Government. I refer to unemployment. I have mentioned about the growing inequality. I have mentioned the achievements in the context of the Seventh Five Year Plan. We tend to forget and we always feel that, after all, we are growing and we forget to remind ourselves that the pace is that of a snail. I have, in the past, contrasted the condition of our country with that of others. I have got the broad factors that have been mentioned here to show that while we are occupying a position within the first ten industrialised countries, we have receded far down. We have mentioned about our export—this time has been mentioned here also—that we have a share not in order to demonstrate how we have gone down, but to indicate the possibilities of our export growth of 0.5 per cent of the share, and from two per cent it is not mentioned here we have fallen to this figure. But, apart from this, do you want some comparisons? A reference was made some time ago, a mention was made some time back to the number of doctors per bed. It was asked as to how many doctors there were

in the country per bed. I will give you some facts. Apart from the quality of life which partly indicated in the expectation of life, compared to the other countries, everybody knows that the average expectation of life in our country is barely 55 and if you assume that the Members of Parliament and the richer segments of the population live beyond 70, we can imagine that you are not permitting the population at large to live beyond 50. And, Sir, we have got a food surplus; or, you have told us so; Just incidentally I may mention that by producing 150 million tonnes, we are considering that we have got a food surplus because you are not importing. But China last year produced 400 million tonnes with a slightly bigger population than ours and yet they continue to feel that they are short of foodgrains. This is the kind of approach to the people that the anti-poverty programmes have led you to! I will give you another figure. Here I have figures relating to the per capita expenditure on health and these figures are in terms of dollars. The figure for India, the per capita expenditure on health in health in India, is 0.10! But are the others better? Even Pakistan spends 0.60 dollar; Nepal spends 1.10 dollars; and it goes on like this. Do you want to find out how many doctors are there per bed? Do you want to know in terms of doctors per bed and in terms of nurses per bed and do you want to know where we stand compared to other countries? I do not say about Russia or the US or the European countries; no.

AN HON. MEMBER: Not even China?

SHRI NIRMAL CHATTERJEE: You are absolutely right because the Indian figure is about the number of doctors per so many persons. We take pride in having the largest technical population. But for 3000 persons there is one doctor China is having half of that, that is, 1700. But even so even better than China, the European countries are there. One doctor for how many persons there?

SHRI G. SWAMINATHAN: Sir, in China, there are barefoot doctors also and the bare-foot doctor might have been taken into consideration while we not having bare-foot doctors.

THE VICE-CHAIRMAN (DR. BAPU KALDATE): Mr. Swaminathan, kindly allow him to speak.

SHRI NIRMAL CHATTERJEE: Sir, he has got every right to interrupt. (*Interruptions*). I do not mind it, but I welcome it, because I can get an opportunity to clarify the point. This figure excludes the bare-foot doctors.

SHRI JAGESH DESAI: Mr. Chatterjee, you mention what has happened during the last four or five years, and see whether there has been progress or not. That is the point. (*Interruptions*)

SHRI NIRMAL CHATTERJEE: That is right. Now, what is happening?

SHRI G. SWAMINATHAN: Mr. Vice-Chairman, Sir, we have ayurvedic doctors, homoeopathic doctors and also siddha doctors. He has to take into account not only the MBBS doctors, but also the doctors in the indigenous systems of medicine.

SHRI NIRMAL CHATTERJEE: I have also figures about Homoeopathy and Allopathy beds and others. I may also just make a mention of this in order to draw the attention of the House to the seriousness of the problem. And when he talked of anti-poverty programmes, the dimensions in terms of which he tried to assess our achievements, it is only for the perspective that I am giving you these figures. And tell me, the deficit financing is of the order of Rs. 10,000 crores or Rs. 8,000 crores, and of the deficit in balance of trade, is of the order of Rs. 8,000 crores, how would your anti-poverty programmes stand in terms of prices? Prices are rising, whichever way you calculate. And they are rising despite the fact that we are having some Rs. 9,000 crores of import surplus. (*Interruption*) God willing, God helping if we succeed in exporting or realising our export targets, if we succeed in equalising export and import, can you imagine what would be the pressure on prices even with the amount which has been budgeted as deficit, which every one, I believe, including the Prime Minister, despite his statement that he will not allow the deficit to go up further

than projected, knows? He like King Canute will send the waves back, ordering the sea. Imagine what will happen to your anti-poverty programme if the prices go up. Whatever you are giving will be eaten up through deficit financing. And if you succeed in balancing our foreign trade, this means goods are going out from our country, and there is further pressure on our prices. And that means your anti-poverty programmes are on the run.

I would also like to draw the attention of the House to subsidies, because much is made of that. Have you pondered if the subsidies remain constant over the years? In fact, you are reducing the subsidy per capita, you are reducing the subsidy per unit of grain and per unit of fertilizers. Are you aware? Even if you marginally increase subsidies and if you project that the fertilizers consumption would grow, I have gone into the figures. In terms of the Seventh Five Year Plan target our fertilisers consumption is not going up though our fertilisers consumption is going up. But in terms of subsidies, in any case whatever growth will be there, if the figure is constant, that means you are reducing the subsidies per unit of population, per unit of your consumption.

I will give you a few more figures also. I wanted to mention those figures to show that in agriculture it is stagnant. It is also indicative of the fact that our irrigation target are falling short, both in terms of potential and actual utilisation as accompanied to the Seventh Five Year Plan. Our fertiliser consumption is falling in terms of the Seven Five Year Plan. Therefore, two crucial inputs in agriculture are not available in terms of the Seventh Five Year Plan. Growth in national income is very frequently mentioned. Should I not say that we have a very peculiar way of measuring national income? Is it not known that in the growth of national income, the most honoured cake goes to the service sector and that service sector includes addition to the public expenditure and public administration? That service sector includes additional expenditure in defence services. There is the other method of computing national income. Mr.

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Jha can better enlighten the House. So far as physical output is concerned, growth is measured in those terms. Kindly ponder whether that growth would be as pleasing as when the service sector is included in the growth of national income. I have expressed my doubts about that even earlier. I do not want to repeat them because I was not having answers previously and I don't expect to have them now. *(Time bell rings)* Sir, what is it about?

Sir, I mentioned agriculture particularly because foodgrains are involved, because pulses are involved and oilseeds are also involved. Please see if the growth rates are comparable to what we desire in the Seventh Five Year Plan. Despite this when you say that on the basis of the revised index series, we have achieved the high growth rate in industry, I will beg pardon of you by asking the question whether on the basis of revised weighing diagram how would the target for industrial production look for the Seventh Five Year Plan and would that not require a revision if the new weighing diagram is utilised. That is why I said initially that if you take your targets in terms of individual items, you will discover that you are growing not only in electronics but also in motor vehicles, *(Interruptions)* but not in many others.

I move on to the other point. Now it has been said and as we see there is a step up—I mentioned that as my first reaction—for education. Shri P. V. Narasimha Rao is not here to oblige me. I have a letter with me. He has a very—what should I say—amazing way of projecting things. He puts emphasis that poverty is not a cause of illiteracy, but illiteracy is a cause of poverty. He emphasised that it is education which will have a big influence on poverty. The Finance Minister, in his Budget speech, expresses similarly about it when he mentioned the figure of 800 crores of rupees. Shri P. V. Narasimha Rao taunted me by saying that the Prime Minister is seized of the problem. "Why can't you believe me when I say this", he said. As against the commitment of 10 per cent allocation from the total expenditure, a six per cent allocation is going to be made. What is

this Rs. 800 crores in the total expenditure of Rs. 62,000 crores?

SHRI JAGESH DESAI: More than last year.

SHRI NIRMAL CHATTERJEE: Very much more than last year but very much less than what is necessary. From Rs. 350 crores to Rs. 800 crores, it is absolutely a big jump. And that big jump is a very small one for your purpose. If you are satisfied with that jump alone, let us not forget that our literacy rate has increased from 27 per cent to 31 per cent in the course of 40 years. After all, that is also an improvement. What I want to draw your attention to is that nevertheless this amount of Rs. 800 crores presents no more than 1.3 per cent of the total Central Government expenditure, a very far cry from the 6 per cent expenditure which was proposed at that time. Sir, I have mentioned subsidies; I have mentioned growth rate also. Now, Sir, perhaps, I should conclude.

AN HON. MEMBER: The Prime Minister has left.

SHRI NIRMAL CHATTERJEE: It is time for me to conclude. If he does not respond, what is the point? But I wanted him to be back because now I make a reference to his maternal grandfather. I wanted to make that reference before him. Before that, permit me to just draw the attention of the House to the targets and the actual achievements. I just want make it a little more graphic. Let me quote the figures. Foodgrains target in five years was from 178 million tonnes to 218 million tonnes. Up till now we have reached a figure of 150 million tonnes. The pulses target was 15 to 16 million tonnes. We still hover around the figure of 13 million tonnes. And pulses, as you know, are sometimes expressed as the poor man's protein. This is the same thing about fertilizers and I will not go into that. Prime Minister has quoted Panditji. He emphasised that Panditji said... *(Interruption)* He said that poverty should not be distributed and instead there must be production first and associated



with that equity and justice. I have drawn your attention and I have taken your IRDP and NREP figures and by adding them up I have established that half the population, the additional flow into the labour force would remain unemployed. And apart from that, his claim that 350 million persons would be covered under the IRDP is not a remarkable achievement because in the course of the Sixth Five Year Plan, we have crossed that figure—390 million, etc. Besides that, this individual IRDP figure does not mean additional people and additional number of beneficiaries because the old beneficiaries would also be covered in the current figure. But he says that the output must grow and justice will follow or at best it will associate with that growth. Sir, history tells us that there has been no growth with justice. I make bold to state this. I want Mr. Jha to contradict me. I say that the growth pattern of the USA and the UK was that they grew with injustice. That injustice was reflected in India. That injustice was reflected in the colonies or in the neo-colonialist hold. They could not grow without this injustice without this inequity perpetrated on the rest of the world. I submit, Sir, that growth if it is not to result in injustice and inequity, can only be via equity, via justice. Then it is justice, it is equity. It is poverty, as they say. It is not exactly poverty. They talk of poverty. They use the expression why distribute poverty? What they are afraid of is distribution of the rich, riches of the rich. When we say distribute land, we do not say take away the land, one acre holding and distribute it. You should take away 500 acres and distributing it is not distributing poverty. When we say capture the commanding heights and distribute, you are not distributing poverty. We are asking you to distribute the ownership of Rs. 3,000 crores of assets of the Birlas, and another Rs. 3,000 crores of assets of the Tatas, who started with Rs. 50 crores at the beginning of our independence. By doing this we are not asking you to distribute poverty. It is by distributing these things that we can encourage production. It has been established that these big industrialists, even in terms of exports and imports, for which additional cash assistance, duty drawback has been provided in the Bud-

get, apart from the fact that through MODVAT some Rs. 500 to Rs. 600 crores have been given to this big business sector. The prices won't come down because of the MODVAT, because of the elimination of excise duties at the intermediate stages. The prices will remain constant but the profits will go up. And the position is that while these big industrialists will export to the extent of some Rs. 1,000 crores, they import to the extent of Rs. 2,400 crores. This is the export drive. We know that the foodgrains stock is good. We know that the foreign exchange stock is good. The Prime Minister forgets to mention they are good but they are worsening both the foodgrains stock and the foreign exchange reserves measured more so in terms of dollars and SDRs than in terms of rupees. The situation is worsening and equity is worsening. The alternative path, as I was mentioning is via distribution, of the progressives, when they say distribute land, seize the real commanding heights as was done in the Soviet Union and also in China. It is that path which can lead to growth with justice. There is no other path which history has chalked out where there is growth associated with justice.

I will now conclude with Panditji's observations. Panditji's grandson does not know. He should know more about Panditji. Panditji tormented himself.

**SHRI GHULAM RASOOL MATTO** (Jammu and Kashmir): Do you admire him?

**SHRI NIRMAL CHATTERJEE:** I am expressing my admiration for Panditji. Panditji was a tormented person. I can quote Panditji himself. He was continuously aware that what he is saying, he is not doing. That was in pre-1947 days. In fact, he wrote under pseudonym, criticising this person called Panditji. His was a tormented soul. When the country was fighting for liberation including the Communist Party in 1942. But life has its own turns, therefore after 1947 when the differences were sharpening, it was the practice which caught hold of his speeches. The pre-independence Panditji, the tormented soul was preaching socialism after coming back from the Soviet Union, suffering all the same while surrendering to Gandhiji also, and after independence, in pursuing the practice of helping the big

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bourgeois... (*Interruptions*). What I have understood is that the Birlas and the Tatas prospered not as much even during the British days as they prospered during Panditji's regime, amassing fortunes.

**SHRI PAWAN KUMAR BANSAL** (Punjab): But you shut your eyes to... (*Interruptions*).

**SHRI NIRMAL CHATTERJEE**: But you kindly keep your eyes open. And after independence he came to the view that socialism does not mean sharing of poverty. Let us try to understand Panditji in its full bloom. Let us pay respect to him though he was tormented. At one time he fought against decline that the economy was showing, the decline which his daughter could not prevent, which his grand-son now claims that he is on the verge of reversing the trend against the direction of Panditji. Thank you.

**SHRI PAWAN KUMAR BANSAL**: His socialism is that he has left no time for his party.

**SHRI VITHALRAO MADHAVRAO JADHAV** (Maharashtra): That is the strategy of Communists.

**SHRI N. K. P. SALVE** (Maharashtra): Mr. Vice-Chairman, unfortunately there is hardly anything in the speech of hon. Shri Nirmal Chatterjee to which I can refer, to which I should feel impelled to reply. Normally, his speech has some material, some content to which we do feel on a serious level that we must reply. But today I do not know, he was extremely below form; I must say it with all humility, and as a result of which there is hardly anything to which I should refer except one aspect of the matter. He referred to certain figures of allocation to States recoveries from States and sarcastically referred to magnitude of generosity being shown to the States. All of us here, including yourself, represent the States and we are here to protect the interests of the States along with national interest which I consider are coextensive. And if that be the position, I do not know if one way

is to evaluate page 21 of the very document he was relying upon, we have a clear picture as compared to last year, I am unable to understand how is the Government here less magnanimous or less generous than it was last year. We can only go by comparison in the Budget; we cannot go by absolute terms much as we would want. Crores and crores are given to States. It is only to be juxtaposed by what was given in the earlier years. And I find on page 21 that net resources which are transferred to States and Union Territories are of the order of Rs. 23,250 crores as against Rs. 21,195 crores last year. The various kinds of assistance given, loans given and the States' share etc. aggregate to a figure of Rs. 13,449 crores and the recovery of loans is Rs. 2605 crores against Rs. 2080 crores last year. If he has grievance against the recovery of loans, I have nothing to say; if he has a grievance against accounting also, I have nothing to say. What I want to submit is, I am willing to go with you that the Centre is not as generous as it should be with the States. All that I want to submit is, within the resources available, I am unable to show any way by which these allocations could have increased without augmenting the deficit. If you want it to be increased, the 5.00 P.M. deficit would have increased.

Therefore, I do not think, the sarcasm was in good taste to say that this is the degree of generosity shown to the States.

Sir, in the submissions that I will be making in this particular debate, I will confine myself to evaluating, determining and assessing the impact of the formulations of the Budget proposals as a whole on the total economy and really seek a verdict thereafter on the track record of the Government, on the performance of the Government, together with its accomplishments and achievements, with facts and figures to some of which I will be adverting a little later, before a judgement can be passed as to how sound and responsive the macro-economic policy environment is, which has been created by this Government. In this context, I was very distressed and anguished at the criticism which has been unleashed, untrained criticism which has been unleash-

ed, on the Budget by the national Press. They have described it in different ways, various ways and condemned us right, left and centre. I shall be pointing out in the submissions that I will be making in this debate that the criticism is most unfortunate, it is very highly prejudiced and, therefore, wholly unjustified.

**PROF. C. LAKSHMANNA** (Andhra Pradesh): I would like to seek one clarification. I would like to refer to the 'Budget at a Glance'.

**SHRI N. K. P. SALVE**: I am referring to page 21.

**PROF. C. LAKSHMANNA**: I would like to refer to the 'Budget at a Glance' of two years. I will show you how the share of the States has been going down.

**SHRI N. K. P. SALVE**: I will submit to Prof. Lakshmanna that if he has any point to make, he can make it when he speaks. But if there is any inaccuracy in the figures which I am quoting...

**PROF. C. LAKSHMANNA**: This is what I am referring to.

**SHRI N. K. P. SALVE**: I am referring to page 21 (*Interruptions*)... I am not yielding.

**SHRI NIRMAL CHATTERJEE**: Mr. Salve, I would like to point out that one year's figures do not tally with the figures of other years. You can see this when you compare it with the Seventh Five Year Plan document. All kinds of complication are there. Somebody may say it is wilful. It may be a genuine mistake also.

**SHRI N. K. P. SALVE**: If the comparisons are not to somebody's liking, it is not my fault. Somebody else will answer that. I am going by the figures taking them *prima facie* to be correct and if my submissions in terms of figures are wrong somewhere, you will have the chance to point out when you speak. Sir, what I was submitting was about the denunciation of the Budget as a whole by the National Press, that it was a wholly worthless Budget. This has distressed and an-

guished me because there is total lack of objectivity in this sort of evaluation. There may be people who naively believed or who were led by the motivated politicians to believe that the Prime Minister, acting as the Finance Minister, would perform miracles through the Budget proposals and give us a sort-cut for zooming economic prosperity and it is very right that such people who naively got themselves into this sort of belief are more disillusioned than disappointed. I have no sympathies for them because the laws of economics are ruthless and are never prone to miracles. These laws are causal by nature. There may be certain causes which may lead to certain consequences and, therefore, if the merits and demerits of the Budget proposals are to be evaluated, it cannot be done by a wishful thinking that we want this or that. It cannot be by a process of what we want should be achieved to reach the twin objectives of economic growth and social justice. We will have to see what are the basic limitations of the economy as a result of which our Budget formulations do stand hedged within the same. It is necessary that to be able to make a fair and proper evaluation of the Budget, one cannot consider it in absolute terms. It will have to be seen, what were the compulsions of the resource constraint on the one side and what were the limitations of resource mobilisation on the other. We will have to see what were the limitations of the non-Plan expenditure and the insurmountable impediments which did not enable us to augment our Plan expenditure. To assess these compulsions and limitations and determine the full potential and constraint of the economy it is absolutely essential, before we are going to sit in judgement over the wholeness of the Budget, let us examine whether anything else could have been done by the Prime Minister than what he has done. I am talking of the aggregate impact of the Budget as such. There are always grey areas, whether it is in the Finance Bill or in the financial proposals, for which one can make submissions, one can agree or disagree. With the levies, imports, one may agree or one may disagree. A submission could have been made that the allocations could

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have been little different than that. These marginal grey areas are bound to be there even with the best budget proposals. What needs to be done and seen is to see whether or not the figures given by the Prime Minister are the best, which proposals are the worst and which are the best in view of the overall economy of the country. Mr. V. P. Singh circulated the resources projections and laid on the Table of the House a document on the 2nd December, 1986. What is the difference between these two projections? It is very very marginal and negligible difference between the two. Mr. V. P. Singh showed receipts in a sum of Rs. 51,150 crores and the Prime Minister's budget shows receipts in a figures of Rs. 57,254 crores. Mr. V. P. Singh's deficit was Rs. 5000 crores and the deficit as per the Prime Minister's budget is Rs. 5688 crores. And the variation, the difference is attributable mainly to the revenue account because the revenue receipts shown by Mr. V. P. Singh were in a figure of Rs. 33,150 crores and the Prime Minister has shown them in a figure of Rs. 33,688. Therefore, Sir, the first thing I want to submit is, we have to look to the proposals within the constraints of the economy. Again I would like to submit, leave the grey areas and the marginal differences over some imports and levies. If there was a possibility of having some sort of a budget which will bring about a miracle or which will bring about a more accelerated growth, would not anyone in the country get up in the last three months or two months and come out with the proposals and say that here are the proposals that I had to suggest, reject the proposals

given by Mr. V. P. Singh, this is the formula I want to give as a result of which you will augment your debt revenue so much, you will augment your non-tax receipt, capital receipt so much, without increasing your indebtedness, or that you can reduce your non-plan expenses and this is how you can augment your Plan expenditure? Sir, the Prime Minister, in the Consultative Committee meeting, as a Finance Minister, said that we have circulated the proposals, and how many Members of Parliament wrote to him, how many people of those who are now waxing eloquent and condemning budget, wrote to the Prime Minister indicating that within these constraints we have a way out, we will show you how budget formulations can be altered, we can give you combinations and permutations which would accelerate the economic growth, or you can have a better and all pervasive social justice? One member wrote. And when it was discussed, it was found that the Indian economy, hedged very seriously within certain limitations of resource crunch, resource mobilisation, could not go beyond certain limit. The resource constraint had to be taken into account. There were imperatives of expenditure, whether by way of defence or by way of subsidies or by way of interest payments. They had to be made. There are other expenses on which the Government had to incur expenses and then there was a balance available for purposes of Plan. If this is the situation... (Interruptions). Sir, all that I want to submit is that basic budget proposals could not have been any different than what they are, whatever nonsense one may talk about it either in the House or outside the House.

If they had any suggestions to make as a result of which it would make a drastic alteration either in making dents of social justice more pervasive, if they had some suggestions as a result of which we could really augment our tax revenues, or break through the crunch of the resources or resource constraint, certainly they could have written to the Government. They had two months. It is very easy after the Budget is made, you pick up an item here or an item there, or you pick up a section here or a subsection there and say this is all nonsense, this is all counter-productive and therefore the Budget is bad. A distinguished economist has said in his speech that the Budget is "insidious". This is the word he has used. I was very much distressed. I respect the economist tremendously. Why was it so? Because he was not in agreement with a section or two sub-sections provided in the Finance Bill. I have many reservations. Because he was not in agreement with the allocation which we have made for poverty alleviation programme, so he seems to think that the entire allocation which we are making for the poverty alleviation programme is a big waste and a big farce. That is entirely a political matter between him and us. We think this sort of allotment by us is redeeming the pledge, it is an article of faith with us, and we will continue to do it. That the productivity of this type of allocation has to be optimised is a different aspect of the matter. But as far as the philosophy as such is concerned, we are bound by it. But just because you don't agree with this or you don't agree with two sub-sections or sections of the Finance Bill, the entire Budget becomes insidious! This is very unfortunate.

**SHRI NIRMAL CHATTERJEE:** He consider Palkhivala to be the best solution.

**SHRI N. K. P. SALVE:** I am not making mention of any name, nor am I making irreverential references to the gentleman concerned. But this was the approach. Why he alone, take any newspaper from anywhere. What about the *Times of India*? Lacklustre Budget. Insipid budget. It is calling it so by just

enumerating three, four or five items. Certainly we have something to say so far as deficit for 1986-87 is concerned. That is a grey area. There are bound to be grey areas in any budget of any developing country. If you are going to take a dynamic approach, if you want any strides to be taken for alleviation of poverty and if you are really keen on bringing about an accelerated growth of your economy, there are bound to be problems, there are bound to be grey areas. There is a grey area undoubtedly in the 1986-87 Budget. But then the totality of the Budget which could not have been any different than what it is, it becomes insidious, it becomes lacklustre, it becomes devoid of any meaning, it becomes unimaginative! When you had the opportunity to tell them how to make it imaginative, how to add lustre, how to make it spectacular, how to make it miraculous, not a single person comes forward in the whole country! I really hope, because I am this time criticising the media and the national press, that they should just not purely take a negative attitude of criticising a few items here or there, a few financial proposals here or there but take the totality of the budget and say, to give a new direction, to give a higher degree thrust to the development of the economy, this is what should have been done and that has not been done by the Government. Then we will certainly bow down our head to it. But that is what has not been done. I must submit that the jump in deficit finance from Rs. 3703 crores to Rs. 8285, and after deducting Rs. 1200 which is transferred purely in connection with the storage of the foodgrains, it will come to about 7000 crores, is a matter which does cause us concern. I do not want this to happen because this sort of thing erodes completely the credibility of the figures. People sitting there have to be very careful. When you are coming before Parliament, there has to be a certain degree of importance attached because the credibility is gone and the Government is considered as one who does not know what figures it has presented to Parliament. We do not want this Government which is so meticulous about things to be ever accused of this sort of thing; that

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erodes the credibility and it also shows a lack of discipline. I wish the Prime Minister were here. I would have complained to him that this sort of a thing does show a lack of discipline in the Government expenditure. We must cut our coat according to the cloth and if the monies are not there, then we are not going to increase our expenditure. That is what the Prime Minister promised this time. The Ministries must learn to live within what is given to them and they cannot go on indiscriminately spending money.

Finally, Sir, the large deficits, if they are not accompanied by growth, they are likely to be inflationary and this distortion is something which we do not want to come in our economy.

Therefore Sir, as I see this budget in its totality, in the context of the various difficulties, various constraints, various limitations, various imperatives, that I have enumerated, I do feel that these budget proposals indeed are mature, the budget proposals are prudent and the budget is a cautious budget. It was very necessary for this budget to be cautious because, if not anything else—and I challenge anybody with the facts and figures which I will be giving—these budget proposals have imparted a very great degree of stability to the Indian economy. It will enable us to consolidate the gains of accelerated growth which we have achieved in the eighties. Secondly, Sir it will help deepen and strengthen the resilience which our economy has attained. See the tremendous difficulties with which we have been working on the agricultural front. It is because of the resilience of the economy that we have not allowed the inflation to touch double digits. Have a look at the other developing economies especially the Latin American countries and then you will realize what a boon it is for us to be living in this country with inflation very much under control. More than anything else, for what I want to thank the Prime Minister is for his to Parliament that he will ensure financial discipline in the working of the different Ministries and

ensure that the ultimate deficit figures at the end will not be any different than what the figures have been given out to be. In that case, it will be ensuring financial discipline and the positive merits are stability, strengthening resilience in the economy and ensuring financial discipline.

Sir, you want to examine our track record? How much material do you want us to lead before you, how many figures you want to come before you? Are not the achievements of this Government in the development and building of the nation's economy a clear manifestation of a sound and responsive macro-economic policy? Firstly, I will start with the higher economic growth. In the eighties, the average economic growth rate has been five per cent. This is what has put the Indian economy on what is described, as a "new growth path." Whether or not it is a "new growth path", did we not stagnate, so far as the growth of the economy was concerned, at what was described as "Hindu growth rate" by Professor...

**SHRI NIRMAL CHATTERJEE:** In the service sector, yes.

**SHRI N. K. P. SALVE:** There is a growth and a higher rate of growth which is a very commendable performance in the eighties. There is a strong industrial growth on the revised index of production—basis 1980-81. In 1984-85 and 1985-86 the growth rate is eight to nine per cent year and April to October 1986 it is anticipated to be between seven and eight per cent. It is an excellent performance in any developing economy anywhere in the world. In fact, it is a very creditable performance even in a developed economy where they go up to 11 per cent, maximum. Recently no one has been going up to that figure. Resilience of the Indian agriculture is a matter of which we are so proud. Due to extremely unpredictable monsoon, the kharif production did not decline as such, but in rabi production there was a slight improvement and, therefore, the food production is likely to be in the vicinity of 151.5 million tonnes and massive stocks of 23.6 million tonnes. Sir, as to the achievement of this country in the field of agriculture, it is a saga which

will be some day written as a miracle. I was there in the days when, past mid-sixties, in the days of Mrs. Gandhi, we were living in this country entirely on the American Milo which they use for feeding their pedigreed horses. We were living on that, Sir. At that time, I remember one day Jagjivan Babu telling us in the Lok Sabha—then I was a Member of the Lok Sabha—“What are you talking of? Sending so many thousands of tonnes of foodgrains from one State to another?” We are living from steamer to jetty and from jetty to wagon and from wagon to the railway station and from the railway station straight to the consumer. We are not having time to take it to the godown what they were giving us, milo, at that time. From that position at that time, Sir, today this country has a massive bumper crop of 23.6 million tonnes. Is that no achievement for this country? Has any credit been given for the fact that in evolving this agricultural revolution it was the policies of Mrs. Gandhi and thereafter Mr. Rajiv Gandhi which have been entirely responsible, despite the extremely unfortunate period of three years from 1977 to 1980. We were able to undo the most pernicious ramifications of that period.

Sir, let us have a look at the next figure. That is, Sir, the infrastructure performance. In the three consecutive years the growth in the infrastructure performance has been 9 to 10 per cent. Sir, in the national press, in the media, in the private sector the experts have been waxing eloquent, long, very erudite and very scholarly speeches are given by the economists. None of them are challenging the figures which have been given in the Economic Survey of India. All these figures are there. They accept these figures and still damn the Government as worthless. It is very unfair, very unjust for people who are in the realm of academics. They should at least look at these figures a little more objectively. I can understand politicians reading these figures and coming out with their inferences to suit their politics. The hon. Member referred to the fact that the Prime Minister is worried about what is happening in Calcutta, that he is worrying about what is going to happen

to our party in Calcutta or what is going to happen in Bengal. He is Prime Minister. He is the leader of the Lok Sabha in which the Opposition was never in such microscopic minority as it is now. What is he threatening him, what is he threatening about? Politically these matters, I can understand. But they are unjustified. What has distressed me is that knowledgeable people, people who are capable of objective assessment and evaluation, people who are capable of being honest in what they have to say, while accepting these figures of growth, while accepting these figures of very sound economy of our country, been finding fault with the track record and performance of this Government. Sir, let us have a look. When I am talking of the infrastructure performance, particularly I must make a reference to the performance under the realm of electricity, coal and rail transport. These are the three key industries, these are the three areas in which any development and any improvement has helped clear the bottleneck of the entire economy as such. If these three areas do perform well, I think, a very substantial part of our problem for accelerating the pace of economic development in the country would stand resolved.

What about the capital market? Is it ever known that in this country Rs. 5,500 crores were invested through stock exchanges? Has even such buoyancy been seen in the capital investment, and is that not a manifestation of the incentive to the savings of the people? Without savings, can there be this short of investment? Savings, investment, the totality of the growth of the economy, growth of the infrastructure, growth of the industrial sector the solid position and resilience of agriculture—all these are the factors, which have to be looked into.

What about such a buoyancy in tax revenue?

SHRI NIRMAL CHATTERJEE: They say it is speculation.

SHRI N. K. P. SALVE: I am referring to certain facts and figures, on the basis of which I want to submit to this House

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the track record of the performance of the Government not only commendable but is something which is unheard of in the annals of the history of this country. If that is true, the facts and figures bear out what we have to submit about the State of the economy. I really do not know what it is that they have found fault with the Rajiv Government's policy. I really do not know what it is that they found fault with in the implementation of this policy. I really do not know what it is that they have found fault with in the Budget formulations and the Budget proposals. What are they talking of? Sir, I am willing to take anybody on this.

What about the tax buoyancy, Sir? How much were we content? When the Budget for 1985 was being presented Sir, all of us here were so jubilant. We were so happy that at long last the Government has broken through the populist approach in the entire matter of financial and fiscal policy. And now with the policy which is going to bring about great buoyancy we are going to have much larger collection. The era of high rates of taxation and low collections has gone. Now it will be rational tax rates and high collections. At that time I remember. . .

**SHRI NIRMAL CHATTERJEE:** Now the collections are coming down once again.

**SHRI N. K. P. SALVE:** First you admit that the prophets of doom in 1985-86 have proved themselves absolutely wrong lock, stock and barrel. It has turned out that they have no knowledge of economics and less knowledge of taxation and no knowledge whatsoever of how the taxes are collected. You super-impose your political philosophy and try to threaten the Finance Minister; oh, you have reduced the rates of taxation; make it reasonable. It is a total sell out by this Government to the rich. Was it not the criticism? And now what is the criticism today when we have had buoyancy in two years? Now your criticism is that the buoyancy is not the same. When the people have started paying a substantial amount of taxes, will you not reach a plateau? It is an elemen-

tary principle of economics that certain amount of income will come in as a result of growth. It is only on growth that you will be able to collect. Earlier unrelated to growth the taxes were not being paid honestly by the people. They are far more honest today. There is a far more better compliance today and entirely as a result of the courageous policy followed by this Government in terms of which they just blew to smithereens the criticism which was being levelled years in years out for two or three decades which prevented this Government from making a pragmatic tax policy which prevented them from rationalising taxation. Rajiv Ji took courage in his hands and Vishwanath Pratap Singh brought about the requisite changes and this is what has come about. What answer do they have to give to buoyancy and larger tax collections? It was 22 per cent last year; it is 17 per cent now. It cannot continue for all times to come, because it was a shift by the people at a particular time from no compliance at all to voluntary compliance, to better compliance.

Some joke was made about what is the achievement in the physical targets so far as the Seventh Five-Year plan is concerned. I entirely agree that we cannot achieve the goal by the amount we spend on Plans unless we also achieve the physical targets. But, however important the physical targets may be, something absolutely unprecedented has happened in real terms. Sixty per cent of the moneys have been found in these three years. Is this not an indication of the very wholesome approach and the wholesome manner in which the country has been handled? And if this is so, not to speak of the higher exports by 15 per cent, the balance of payments position is something which is causing us very grave concern. The hon. Member did not refer to it but we know if we go on the way we went with the massive deficit in the balance of payments position by the end of the Seventh Five-Year Plan, we will be left to the situation where our foreign indebtedness is likely to be much more than what we can afford. We do not want this foreign indebtedness ever to increase whatsoever and even I think we have reached a saturation point in this. But the question arises, are the



increased exports, which certainly is not satisfactory and I hope the Government will not be complacent about it, manifestation of the success in the efforts the Government policies have achieved as a result of boost in incentives that they have given to exports? I ardently hope that we need to increase our exports very much more and we are not complacent about the decrease in the balance of payments position this year because that is also on account of the decrease in oil prices. The oil prices internationally are likely to go up. In such a situation the real problem which the economy is likely to face is the balance of payments position. That is what I think. Our position is comfortable with foreign exchange, but the remittances from the expatriates are going down. We need more foreign exchange because borrowing money abroad is absolutely no substitute to having your own money in the matter. That is one area. Let us all apply our mind and tell the Government what we think should be done to boost our exports. I really do not know why our exports do not grow. A beautiful silk shirt which I buy here for Rs. 150 or Rs. 160 is sold for £100 in the Harra, £100 is equivalent to Rs. 2,000. It is just because these developed economies do not want our goods to come in on the pretext that there is no quality and uniformity. I think the Government needs to do something to establish marketing agencies in the foreign countries. These agencies will be able to market our goods and handicrafts and other products which we could have sold easily. Undoubtedly we have shifted on to high cost economy. Even today with the high cost economy, with the purchasing power of the rupee having become so cheap—it is much cheaper than what it would be in any other country—the quality of our goods needs to be monitored very carefully. As long as we can have measures for quality control, there is no reason why we cannot have massive increase in our exports and take care of balance of payments position. (*Time bell rings*) These are the aspects of the matter. I want to submit that this performance and these accomplishments clearly, conclusively and finally give a clean chit to the track record and performance of this Government in the last two years.

Sir, I have just a few points to make, then, I am done. I want to refer to the defence expenditure which is increasing at a fast pace. A country which wants to accelerate its economy cannot afford this amount in defence expenditure. What has happened to the defence expenditure all these years? It has been treated as a sacred cow. But fortunately or unfortunately the methods of collecting information have become so modern and so sophisticated and so effective that whatever is happening in this Secretariat is known to Islamabad, is known to Washington, is known to London and is known to everybody. The only people to whom this information is not known are Members of Parliament. What is the use of secrecy if there is no secrecy for those for whom it is meant and it becomes secrecy for those to whom you need to divulge? This aspect of the matter—unfortunately the Prime Minister is not here—otherwise I would have put this to him. At least thereafter we would be able to examine that the total inefficiency and the total private humour of military leaders does not pass away as something which is necessary for the security of the borders of the country. However, inviolate or whatever may be sanctity of keeping the border intact, there is also sanctity attached in ensuring that your expenses if they are incurred give you the best productivity, give you the best results; specially when massive amounts are being spent, then we need to examine and scrutinise the validity of this amount and expenditure which is being incurred and imposed on the people. Sir, this secrecy has no meaning, because Islamabad seems to know everything that is happening here. Similarly, Washington knows. Therefore, I submit that it should no longer be treated as a sacred cow.

Sir, I will just make a brief reference to two or three provisions of the Finance Bill; then I am done. One is the reference to new section 194E. I submit that now a new liability in a much wider range is sought to be fastened on a payer to deduct the tax at source of the payee for fees for professional services, commission and supply of goods by public sector undertakings have to deduct money. There is a misprint. I gathered from the discussions I had with the officials of the Ministry that

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this provision is not applicable to any company as such which is buying or selling goods. It is applicable only to public sector companies which is buying and selling. Why is this milestone being fastened on the neck of the payer and the payee? There is an elaborate provision for collection of tax quarter-wise from every recipient or from every assessee who has income. If there is a shortfall in the payment of his kind of tax there is not only prosecution, but he is under the proposed law likely to be passed with a very very, penal and very highly punitive liability of 2 per cent per month on the shortfall. When there is such an elaborate provision for the collection of the tax from the payee there is no need for this section. One suggestion was made to me that this is for better policing power. If you want better policings power, all that is needed in a purchase or a sale beyond Rs. 10,000 or Rs. 5,000, the invoice must give the public account's number or the permanent account number. I think that was the suggestion also made by our distinguished Member of this House, Mr. Jha in the party meeting today. Once you write a permanent account number of the payee, the person who is receiving payment, your policing power is completely finished. Therefore, Sir, this is a section which is wholly unwarranted. Another Section is 115(J). Now, in terms of the total income of a company, if it is less than 30 per cent of the book profits, then the total income upto the extent of 30 per cent can be taxed. I do not see anything wrong in this provision in principle except one thing, that is, if you were to take the book profit on the one side and the total income on the other side then the legitimate brought forward of loss and the legitimate deduction of an absorbed depreciation and current depreciation would also be denied. Therefore, my suggestion is—keep this principle, a very wholesome principle but the law must be based on honest principle that after deducting the income in respect of brought forward losses, if any, in respect of current depreciation if any, in respect of absorbed depreciation, if any, the income would be reduced and such

adjusted total income as compared to the total income is less than 30 per cent, then you leave the tax.

Sir, all I want to submit in the end is about the investment allowance. This is one area in which a promise had been given statutorily that when it is to be withdrawn, the Central Government, if it considers necessary or expedient so to do, may by notification, in the official gazette, direct that the deduction allowable under this section shall not be allowed in respect of any ship or aircraft acquired or in respect of plant and machinery installed after such date, as may be specified therein and the Central Government shall give notice of at least three years. Sir, three years notice has not been given. This is a moral responsibility of every Government to abide by statutory commitment it has made and therefore, the investment allowance must continue on the totality. Sir, whatever differences I may have on provisions having minor implications whether in the Finance Bill or in the Budget, the Budget on the whole, is highly commendable. It is wholesome. It has been very imaginatively devised and I congratulate the Prime Minister. Thank you.

MISS JAYALALITHA JAYARAM (Tamil Nadu): Mr. Vice Chairman, Sir, I rise to congratulate our young and dynamic Prime Minister, Shri Rajiv Gandhi for having forcefully reiterated his commitment to socialism through his General Budget for 1987-88 which he has presented to Parliament exactly 33 days after he took over as Finance Minister. Following the precedent set by his illustrious grand-father, our first Prime Minister, Pandit Jawaharlal Nehru and his equally eminent mother, our Prime Minister, Smt. Indira Gandhi. Chanakya, the great philosopher and statesman also known as Kautilya was renowned for his political acumen and mastery of statecraft. Kautilya says:—

Anu Raktha Prakruthi Sasahaayath-  
vaath Alpenaapya Nugraheha Kaarya  
Saadhayathi.

This means a ruler with loyal people accomplish his task even with a little help because of the peoples' cooperation. It is in such a spirit of cooperation that

our Chief Minister of Tamil Nadu, Dr. M.G.R. has hailed the maiden Budget, presented by our youthful Prime Minister, Shri Rajiv Gandhi as a reflection of the policies pursued by Pandit Ji, and has also extended the wholehearted support of the State Government and the people of Tamil Nadu to our Prime Minister, in his endeavour to establish a more egalitarian society. In his Budget, the Prime Minister has laid stress on four major policies giving them topmost priority and importance namely, anti-poverty programmes, various measures for the welfare and introduction of workers, provision of shelter and housing for the homeless on a vast scale and increased importance given to education with a massive hike in the outlay for education from Rs. 352 crores in the current year to Rs. 800 crores. Before the presentation of the Budget, there was widespread speculation that the Prime Minister's Budget would be pro-rich with a heavy slant in favour of capitalist growth. In anticipation that generous concessions would be given to big industries, prices of industrial equities in the share markets had actually begun rising prior to the Budget presentation. But our Prime Minister did the unexpected. Shri Rajiv Gandhi decided to reduce the shareholding period from 33 months to 12 months; and also imposed a 30 per cent tax on the book profits of companies. As a result, most of the shares which attained peak levels before the announcement of the tax proposals, came crashing down as soon as the Budget proposals were made known.

Over the past two years there was mounting criticism that the Rajiv Gandhi Government was becoming pro-rich. By his timely action and commendable approach the Prime Minister. I am happy to say, has erased that impression; and I am dutybound to warmly congratulate him for this. Our Prime Minister has deftly managed to strike a delicate balance in keeping with the needs of a mixed economy. His Budget is not anti-rich. None of the major concessions already given to big industry have been snatched away. At the same time the major thrust of the new Budget proposals, is most definitely pro-poor. Extra attention has been lavished on the upliftment of the economically

weaker sections. There is definitely a heavy slant in the right direction, in the direction of the poor, which is as it should be.

In a vast country like India which is in reality a sub-continent, nothing is simple. Everything is complex. There can be no simplistic solutions to problems, because there are no simple problems. Everything in India is complex. Its problems are also complex. Most of them defy solution. And it must be remembered by everyone that most of the problems our youthful Prime Minister is facing are inherited problems and not those of his own creation. I dare say that perhaps the most formidable, the most difficult and the toughest assignment any administrator in the world could be asked to tackle is the administration of a country like India. No other single homogenous nation in the world has such a mindboggling, stupefying conglomeration of diversities and complexities as India does. Under the circumstances, our youthful Prime Minister is tackling this most challenging and daunting task valiantly, with singular zeal. Once again I compliment him sincerely on managing to strike a dexterous, rational balance in his Budget proposals, in accordance with the diverse needs and varied aspirations of such a complex nation as India.

Of course, there has been some disappointment in certain areas. The salaried middle class has expressed dismay over the Prime Minister not having raised the income-tax exemption limit from Rs. 18,000 to Rs. 25,000 which was widely expected. The fixed income-group feels cheated. At the same time, the Prime Minister has shown consideration to Government employees by deciding to increase the minimum pension and minimum family pension to Rs. 375 per month. Exemption from tax has been extended to payments made under voluntary retirement schemes for public sector employees. These measures deserve our warmest appreciation and praise.

There were even suggestions and expectations before the Budget that personal income-tax should be or would be abolished altogether. Abolition of personal in-

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come-tax altogether would not benefit the States in any way since 85 per cent of the total revenue from personal income-tax is distributed among the States and the Centre takes only 15 per cent. Therefore, it must be borne in mind that by lowering the rate of personal income-tax or by removing it altogether or doing away with it altogether the Central Government gains nothing and loses nothing of significance. In fact, it is the States which would lose a major portion of revenue if personal income-tax were to be abolished altogether.

Unhappiness has also been expressed by the middle class at the increased costs of aerated drinks and cigarettes. In this context again I wish to quote one of Chanakya's famous maxims on financial policy:

*Thrupyenna Rajaa Dhanasuncheyana  
Na Saagaro Bhoori Jalagamena  
Na Panditha Saadhu Subhaashithena  
Thrupyenna Chakshu Priyadarshanena.*

This means, the ruler is never satisfied with revenue collection, as the ocean with incoming waters, the scholar with good sayings, and the eye with the sight of the beloved.

Having said this, Kautilya or Chanakya also goes on to justify the ruler's predilection for collecting revenue. He says in this context:

*Asamarthaa Prakurvanthi Munayopyartha Sanchayam*

*Kim Na Kurvanthi Bhoopaalaa Yeshaam  
Koshayashaa Prajaa.*

This means that even inept ascetics store up riches; why not rulers whose people are dependent entirely on the treasury? Indeed, we may ask, why not? It is perfectly justified, because again in Kautilya's own words:

*Anaatheenaam Daridraanaam Baalavrut-  
ddha Thapasvinaam  
Anyaya Paribhoothaanam Sarvesham  
Paarthivo Gathi.*

This means: The ruler is the refuge for all: the orphaned, the poor, the infant,

the old, the recluse, the wronged and the humiliated. Seeing the massive mandate that our Prime Minister received in the last parliamentary election, it is quite clear that all sections of the people do in truth look upon Shri Rajiv Gandhi as a refuge for all.

Coming to TV sets, our Prime Minister has often expressed his intention to take India into the 21st Century as a fully developed nation in every sphere, especially as a scientifically and technologically advanced nation. As such, the dramatic hike in the excise duty on colour and black and white TV sets has evoked a widespread reaction of consternation and dismay among the general public. An excise duty of Rs. 600 on colour TV sets and Rs. 150 on black and white TV sets means that the Government will now earn Rs. 3,200 per colour set. It is the general opinion that the consumer will suffer. It is estimated that the retail price of each TV set will go up by at least Rs. 1,000 and, as a result, manufacturers too will be affected adversely because the buying power will be restricted. Middle and low-income groups will not be able now to afford to switch over to colour TV sets.

Sir, television cannot be viewed and treated as a luxury in these modern times. Today, I would assert that television is a necessity and not a luxury. It is not merely a medium of entertainment. It is a vital medium for information on practically every subject including science, art, culture, economic matters and day-to-day events of importance. Today, Sir, television is quite essential and is indispensable as a means of educating the masses for the rapid development and progress of the nation, if we look at it from a holistic point of view. Therefore, I earnestly request the Prime Minister in his capacity as the Finance Minister to kindly reconsider this particular Budget proposal and to scrap this additional hike in excise levy on television sets. I feel that this is a reasonable request, especially because the price of TV sets had been hiked only last year.

Sir, in our State of Tamil Nadu, the State Government has provided facilities for the people living in villages and even

in remote rural areas throughout the State for viewing T.V programmes. Since this is the most effective medium of education and information which reaches the people at home, in the larger interest of the overall development and awakening and enlightenment of the last rural population of India, once again I beseech the honourable Prime Minister to please reconsider this particular proposal and to do away with the additional excise levy on television sets. I am very hopeful that the honourable Prime Minister will favourably consider this request in the larger interest of the nation's development and progress.

Several consumer items including footwear, drugs, Sowbhagyavathi saris, stationery, fluorescent tubes, bio-gas appliances, polyester wool-blended yarn, Janata soaps, etc. will now cost much less due to the reliefs provided by way of either reducing or doing away with the excise duty on such items. This is indeed a boon to the common man, and, on behalf of all my less fortunate brothers and sisters, I express my heartfelt gratitude to our Prime Minister for providing these welcome reliefs at a time when they were sorely needed. This is most definitely a Budget for the poor.

The new Budget proposals such as the income-tax concession for housing, covering stamp duty, registration fee and other expenses, the setting up of a National Apex Housing Bank with an equity capital of Rs. 100 crores, are most praiseworthy. It shows that great minds think alike. I say this because, in our State of Tamil Nadu. Our Chief Minister, Dr. MGR, has launched a scheme, a massive scheme of housing, which aims at providing thirty lakh houses in the next three years for the poor.

The extension of MODVAT from 38 chapters of the excise tariff to cover all products is a welcome feature. All these are, indeed, milestones in the history of Budgets presented so far to the country. The measures for the welfare of workers to counter anti-labour malpractices deserve the highest praise. In cases where the employers do not credit their own

to the Provident Fund and the State Insurance Fund and in cases where a separate fund is not being kept by employers in respect of gratuity of workers, it has been proposed by the Prime Minister to penalise such delinquent employers by providing that the contributions of the employees to these funds will be taxed as the income of the employer and allowed as a deduction only when they are made over to the separate accounts relating to these funds within the time allowed under the statute. This clearly shows the great concern and compassion our Prime Minister has for the working class, which constitutes the true backbone of the nation; and it is no exaggeration to say that no praise is too high for the measures proposed for the protection and welfare of workers.

Coming to Defence, the Ministry of Defence has received the highest allocation of Rs. 12,512 crores for 1987-88, and this marks an increase of Rs. 2318.45 crores over the revised estimates of Rs. 10,193.55 crores for the outgoing year, which means a 22 per cent increase in the total allocation.

I beg to differ with those who feel that the allocation for defence is excessive. Under the present circumstances, with hostilities threatening to erupt on our borders, and faced with the ever present possibility of armed conflict with our neighbouring countries on all sides, though we would definitely prefer to avoid any armed conflict with our neighbours I feel that in the prevailing atmosphere of tension today, the increased expenditure on defence is inevitable and 100 per cent justified.

I wish to draw the attention of the Prime Minister and this august House to certain remarks made by three retired Army officers—a retired Brigadier, a retired Colonel and a retired Major. The remarks made by these retired officers deserve to be voiced in the august forum of Parliament. That is why I am expressing the same:

"It is a fact (sad but true) that a

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list of any young man in the country. There are some, even in the Army, who think that recruits they are getting now are better educated but this is because of the higher curriculum standards. Again, with the increasing unemployment in the country, there would certainly be a substantial number of young men appearing for the various examinations leading to a career in the Army. However, such candidates do not include any from the top 30 per cent of those who pass the Central or State Board examinations which could be taken as a rough guide to the calibre of a young man. If there is an alumni, not to speak of a ranked student, from any of the well-known colleges entering the Army, it must be a freak case."

"The educational background of the intake in the lower ranks in the Army is steadily increasing and with the progressively downward trend in the calibre in the officer cadre, the gap is getting narrowed (between those who lead and those who are led). The underlying principle in leadership is that the leader must be and perceived to be well above the led. Hence the problem of the Army not attracting high calibre young men has far reaching implications.

"There are some well-known factors such as frequent postings, including non-family areas, leading to long separation, problems of children's education, etc. But to me it appears that the basic inhibiting factor is 'lack of growth'. All young men have clear concept of the growth factor in every profession. While there are Sectors of Government service with in-built guaranteed growth, ambitious young men in private and public sector organisations are able to switch jobs climbing the ladder quite fast indeed."

"The Army does not allow room for this. Conceptually it is like this, at the macro level, the country is developing and growing in all spheres of nation-building activities, while the Army has to remain more or less stationary. After all any disproportionate resource allocation

to an unproductive, insurance type of sector like the Armed Forces will result in reduced national growth. If the Defence budget is seen to be increasing, it is mainly due to increased cost of equipment procurement, maintenance and inflation. In any non-growing organisation there can be very little growth of a person. Not all Captains and Majors become Brigadiers or Major-Generals, and this stage can be reached after a comparatively long period. When an Army Officer makes a laboured ascent, say, to the level of a Lt. Col. or Colonel he finds that his counterpart in every other walk of life has gone far above him..."

The gap widens progressively and one fine morning our Lt. Col. or Colonel in his early fifties finds himself on the retired list while those in other walks of life are progressing still further. He is too old for any second career and too young to sit at home. Harsh economic realities of growing inflation force him to seek and accept demanding jobs. I know of retired Lt. Cols. and qualified technical personnel who work as supervisors or errand boys. Any number of examples of the glaring disparities of promotion and growth opportunities could be cited. There are cases of officers commissioned for short service for the IAS/IFS and far outstripping their colleagues selected on permanent commission. Then there are the released (i.e. not found fit for permanent commission) Emergency Commissioned officers, joining paramilitary organisation and rising to dizzy heights.

Most of those who retire from Central Government services find themselves working well into their sixties. There are any number of excise, customs and income tax consultants working overtime for years beyond their retirement. Retired bankmen seem to be greatly in demand on the Boards of numerous new undertakings. Technical and administrative personnel (after leaving Government service) find themselves in the U.N. and other such exotic assignments. The poor Army officer after having to retire at a comparatively young age cannot join any of these categories.

any ostensible experience for such jobs and of course his cloistered service environment of Kinga-La or such places does not provide him with much opportunity to project himself suitably beyond retirement. Any such environment which causes a lowering of one's ego or self-esteem cannot be wished away by philosophical pronouncements that it cannot be helped. I have mentioned the way things are. It is a psychological truism that growth as perceived by an individual is an essential ingredient of motivation. The new emerging field of Human Resource Development is based on the fact that every human being wants to grow in stature. Unless this problem is seen in the correct perspective, it is not possible to evolve appropriate long-term solutions. Some kind of a framework for a solution can emerge only if the basic malaise is identified. It is essential to cater to the psychologically fulfilling growth factor and this cannot be given to a non-growing sector. The obvious answer is to effect lateral transfer to the growing sectors of the country. For instance it could be proposed that if an entrant puts in say 15 years of service in the Army, he can be deemed to have given his due share to the national cause. Thereafter, there should be a lateral induction in all Central Government services and public sector undertakings. Such induction would go on from the ages of 35 or 40 years or so. With leadership and human relations skills developed over the years of service in the Army, it should be possible for any service officer to fit into a similar role in the civilian sector. Even after allowing a year or so of induction training and re-orientation, he still has a considerable number of years of service.

How do we gauge what is the criterion for the desirability of any profession or

career? The answer to this is very simple. It is only when a person is reasonably satisfied with his profession taking all pros and cons into consideration, that he initiates his children into it. Thus in the more attractive professions such as politics, civil service, private sector, medicine and so on, the parents prepares his progeny for the same. I would like to ask how many Army officer we find who induct their children and their sons into the Army. I am afraid the answer would be very few. In the case of politics, civil service, private sector and medicine, the parents send their children for the same. But military stands out as most unpopular among such professions. Few of the children of top ranking service officers take to their father's vocation. If there are exceptions it can be assumed that they come under the category of "last forlorn" choices.

AN HON. MEMBER: She can continue tomorrow.

MISS JAYALALITHA JAYARAM: I can complete with a few more minutes.

THE VICE-CHAIRMAN (DR. BAPU KALDATE): Not more than five minutes.

MISS JAYALALITHA JAYARAM: Then, Sir, I would request that I be allowed to continue tomorrow.

THE VICE-CHAIRMAN (DR. BAPU KALDHTE): We will continue the debate tomorrow. The House now stands adjourned till 11 A.M. tomorrow.

The House then adjourned at one minute past six of the clock till eleven of the clock on Tuesday, the 10th March, 1987.