

cadres and employees of the railways we have been able to produce some results. I hope that we will continue to receive this co-operation. Thank you.

श्री उपसभापति : अब सदन को कार्यवाही
ढाई बजे तक के लिये स्थगित की जाती है ।

The House then adjourned
for lunch at forty-six mi-
nutes past one of the clock.

The House reassembled after lunch
at thirty-six minutes past two of the
clock, Mr. Deputy Chairman in the
Chair.

SUPPLEMENTARY DEMANDS FOR GRANTS FOR EXPENDITURE OF THE GOVERNMENT OF PONDICHERRY FOR THE YEAR 1978-79

THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE (SHRI
SATISH AGARWAL): Mr. Deputy
Chairman, Sir, I beg to lay on the
Table a statement (in English and
Hindi) showing the Supplementary
Demands for Grants for Expenditure
of the Government of Pondicherry for
the year 1978-79.

THE BUDGET (PONDICHERRY) 1979-80

THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE
(SHRI SATISH AGARWAL): Sir, I
beg to lay on the Table a statement
(in English and Hindi) of the esti-
mated receipts and expenditure of
the Union Territory of Pondicherry
for the year 1979-80.

SUPPLEMENTARY DEMANDS FOR GRANTS FOR EXPENDITURE OF THE GOVERNMENT OF MIZORAM FOR THE YEAR 1978-79

THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE
(SHRI SATISH AGARWAL): Sir, I
beg to lay on the Table a statement
(in English and Hindi) showing the

Supplementary Demands for Grants
Expenditure of the Government of
Mizoram for the year 1978-79.

THE BUDGET (MIZORAM) 1979-80

THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE
(SHRI SATISH AGARWAL): Sir, I
beg to lay on the Table a statement
(in English and Hindi) of the esti-
mated receipts and expenditure of the
Union Territory of Mizoram for the
year 1979-80.

THE BUDGET (GENERAL) 1979-80 —GENERAL DISCUSSION

MR. DEPUTY CHAIRMAN: Now,
we take up General Discussion on the
Budget (General) 1979-80.

SHRI PRANAB MUKHERJEE
(West Bengal): Mr. Deputy Chair-
man, Sir, after almost a decade, we
have the privilege of having the
Budget proposals from a Deputy
Prime Minister. Sir, I take this op-
portunity of congratulating him for
his elevation and coming back to the
Government, though, I hardly find
anything to congratulate him for the
proposals which he has brought be-
fore Parliament.

Sir, I am amazed to some extent
find a note of optimism, rather, a wind
of optimism blowing in the Ministry
of Finance. Otherwise, a very prag-
matic and astute politician like the
hon. Deputy Prime Minister, perhaps,
would not have chosen the phrases
like—I would quote from para three
of his speech—

“The performance of the Indian
economy during the current year
is a matter for great satisfaction.”

Similarly, Sir, the Economic Survey
for the year under review also starts
in the same superlative degree that
the performance of the Indian eco-
nomy for the current year must be
regarded as most encouraging. Sir, I
fail to find what is most encouraging

(Shri Pranab Mukherjee)

and which provides great satisfaction to the hon. Deputy Prime Minister and Finance Minister. Perhaps, a modest growth rate in the industrial sector to the tune of 7.5 to 8 per cent, record agricultural production, particularly, in foodgrains, of the order of 125.6 million tonnes and a relative price stability to the extent of 0.9 per cent rise over the last year level provoked the planners in the Finance Ministry and the Finance Minister to use such phrases. Sir, I would like to confine myself to a comparative study of the performance of the economy not last year, because all of us know what mess was created in the economy in the year 1977-78. Full figures for the year 1978-79 are not available. Figures up to the period of October, November and a part of December are provided by the Central Statistical Organisation. Therefore, I would like to take the help of the figures which have been published by this Organisation on 8th January, 1979.

Sir, I am prepared to give credit to the Government and to the planners for the success in three areas which I have already mentioned. Now almost all the Ministers are shouting from their house tops that they are going to have a record growth. As I have already conceded, in the agricultural sector there has been a growth to the tune of 11.2 per cent in the year 1977-78 but what about the manufacturing sector? If we leave aside the primary sector, the agricultural sector, what is the progress in the manufacturing sector? I would just like to give comparative figures of the two years, as I have already said that the figures of 1978-79 are not made available to us.

In the construction side the growth rate in 1976-77 was 13.2 per cent. In 1977-78 it came down to 8 per cent. The growth rate in respect of electricity, gas and water supply came down from 13.7 per cent to 3.7 per cent, in respect of transport and communication sector it came down from

7.1 per cent to 4.2 per cent and in respect of railways it came down from 9.2 per cent to 2.1 per cent. The growth rate in respect of banking and insurance as a group came down from 19.2 per cent to 11.1 per cent and in respect of finances and savings as a group it came down from 9.9 per cent to 6.9 per cent.

Sir, I would not deny the credit to the Government that they have shown some improvement in the management of the industrial sector, compared to that of the last year but still it has not been able to arrive at the level of 1976-77, i.e. 9.9 per cent. In the area of savings and deposits, the total domestic savings fell from 17.9 per cent in 1976-77 to 15.6 per cent in 1977-78. And its growth in the year 1978-79 has come down as it has increased only by 3.5 per cent as compared to 7.3 per cent in the corresponding period during the year. It is the conversion of savings into investment which gives the real meaning to savings. There has been a fall in the rate of capital formation also from 17.2 per cent in 1976-77 to 16.6 per cent in 1977-78.

This year's figure is not readily available, but it would not go beyond the level of 1977-78. Aggregate investment in banks which recorded an increase of 26.06 per cent in 1976-77 fell to 23.1 per cent in 1977-78. A nine-month comparison between 1977-78 and 1978-79 figures show a fall of aggregate deposits with the banks from 18.2 per cent to 13.9 per cent. There was a fall in the dominion of the domestic sector also. Sir, the lower savings, the lower investment, the lower rate of capital formation in a developing economy, perhaps do not bring or encourage any optimism in the performance of the economy. Therefore, as I initiated my observations, I fail to understand what provokes the Finance Ministry and the Finance Minister to use such phrases, like "great satisfaction", "most encouraging" etc. etc.

Sir, when I was listening to the Budget proposals of the hon. Minister from the Rajya Sabha Gallery of the Lok Sabha, I would frankly admit that I have never seen such a bold person like him. Usually, Sir, when the Finance Minister comes to the taxation proposals, he stops for a while, takes one or two glasses of water. Sir, I was meticulously looking at the glass of water kept before him on his desk to see how many glasses of water he would take to bring his proposals of leaving uncovered gap to the extent of Rs. 1355 crores with additional doses of taxation to the tune of Rs. 655 crores. I do not exactly remember whether he took any water at all.

AN HON. MEMBER: He has been watered down.

SHRI PRANAB MUKHERJEE: May be. But still the Government is claiming that they have managed the economy in such an excellent way that it would be possible for them to have a very ambitious Plan and, according to the Draft Plan, within a period of ten years, it would be possible for them to do away with unemployment, under-employment etc. etc.

Firstly, coming to the taxation proposals, I do not know whether this is one Government, or they are functioning at cross purposes. You will excuse me if I refer to the speech of the Finance Minister who was his predecessor and successor also—predecessor in the Finance Ministry and successor in the Home Ministry. It is in connection with the Expert Committee appointed during our regime with a view to restructuring the excise and customs duties. Sir, I would like to quote from the speech of the previous Finance Minister. It is on page, 25, para 90—I am quoting. While dealing with the proposals for indirect taxes, referring to the Jha Committee he said:

“Amongst the important recommendations made by the Committee are restructuring of the pattern of central excise and customs duties, measures to assist the small scale sector, the general reorientation of

the tariff to make it income elastic and the desirability of introducing a value added tax so as to avoid the cascading effect of taxes on raw materials and components of finished products”.

Again he said:

“Government has been examining all these recommendations with the care which they deserve. In the last Budget, (1977-78) I had, in fact, accepted and implemented a few of the recommendations which were available to us in the interim report of the Committee. The proposals which I am making today incorporate some of the recommendations made in the final report. Other recommendations which involve a major structuring of the system would require further study?”.

And, Sir, what does the present Finance Minister say about the same Committee. If we go back to page 24 of part 'B' of his speech he says:-

“A major restructuring of the excise tariff has to be ruled out in view of the need for resources and on other pragmatic considerations. Also there is reason to apprehend that a major departure from the present pattern of excise taxation may upset the balance between different sectors of production. However, as part of the follow-up action on the Committee's recommendations I have attempted to restructure the excise duty rates on a wide range of consumer and finished products.”

Here, Sir, I would like to know from the hon. Finance Minister when he arrived at the decision that the acceptance of the recommendations of the Jha Committee to restructure the excise duties is to be completely ruled out. The Jha Committee was not appointed to make a tinkering with the proposals of excise duty taxation or indirect taxation. The entire purpose of setting up this Committee by Mr. C. Subramaniam when he presided over the Finance Ministry was to restructure the indirect taxes.

[Shri Pranab Mukherjee] purpose or a limited objective. The interim report was available to this Government when they came to power. The Government acted partly on the recommendations of the interim report. The final report was before this Government in January 1978 itself. One full year has passed. The Government has never come forward whether before Parliament or before the people that they have no intention to restructure the excise duty.

Sir, the Government is a continuing one. Ministers may come and Ministers may go. And particularly in the Ministry over which he is presiding since independence, if I remember correctly, there has not been a single Finance Minister who has completed a period of five years' term. But there is a continuity in the policy of the Government. Of course, with the change of the political leadership and the political executive there is a new thrust so far as taxation is concerned, or the basic economic instrument is concerned. But we have accepted continuity in the general approach we want planned economic development. And to attain that objective we require resources. Taxation is the most effective instrument to have those resources. Therefore, tax reform cannot vary from person to person or from political ideology to political ideology. Some Finance Minister belonging to the same political ideology and commitment, who wanted to implement the report in full, heartily implemented the report and promised to do so in future. But today the new Finance Minister comes forward and says that the restructuring of the excise duty is completely ruled out because it will upset the pattern of production. If he comes to that conclusion then it is his duty to explain to the House, to the people in what way it will upset the pattern of production, why the complete restructuring of the excise duty is ruled out. He himself has appointed a Committee to look into the public expenditure

with high power. I do not know when the report of that Committee will be available to the Government, whether he will be sitting in the Finance Ministry or another Finance Minister will come forward and say that he would not agree with it and there is not need of going by the report of the Committee or implement the recommendations made by them on the public expenditure. Therefore, Sir, I am afraid I do not know in what direction this Government is going. I understand in the conglomeration which is called the Janata Party, there will be confusion, confused ideas and confused thinking and the entire Budget Speech, the entire Economic Survey is nothing but the embodiment of that confusion. Even there they are taking credit, that there is nothing to be scared about inflation, though the money supply has gone up to the extent of 14.7 per cent though there is uncovered gap of Rs. 1,355 crores, though there is heavy dose of taxation on almost all items across the board. Still there is nothing to be worried; there will be no inflation. Why? Because we have a sufficient cushion of foreign exchange. But may I know from the Finance Minister whether he has applied his mind to the growth rate of the foreign exchange. If he has not, may I provide him with some information?

In 1975-76 the growth was 128 per cent. In 1976-77 the growth was 92 per cent. In 1977-78 the growth was 55 per cent. And in 1978-79 the growth is 12 per cent. Is he not aware of the fact that even in the matter of invisible foreign exchange earning their remittances are going down? Is he not aware of the fact that foreign exchange has been squandered away, has been frittered away?

I would like to quote only a few lines, again, from the speech of the previous Finance Minister. He said last year:—

"We should, therefore, use them wisely to increase our developmen-

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appoint a committee under the chairmanship of Prof. Dantwala, a distinguished economist. When he came forward with a report saying that this institution was not bad, that it was good, that there was no political motivation and that it was doing a commendable service in institutionalising credit in the rural areas, thereafter, the Government started re-opening the Regional Rural Banks and its branches. But one full year was lost. This is the area where you are absolutely lagging perception and concept.

For rural development you are to keep in mind two major aspects—one land reform and another rural credit. And, Sir, I have no hesitation to share the responsibility also when we were in power. Of course, they were longer in power than people like me. We failed to implement the land reforms. The other day, while answering a question on the floor of this very House, the Agriculture Minister said, more than 56 lakh acres of land were surplus, out of those only 40 lakh acres were declared surplus and only 16 lakh acres were distributed. Therefore, land reforms should be given top priority and that can give benefit to the rural sector in the real sense of the term. If you have only the rich peasantry, the middle peasantry and the high income peasantry in your mind, I have nothing to say. But the bulk of the people in the rural areas are landless people, small farmers, marginal farmers. When you talk of the rural sector, I mean these people are so much in your mind. How are you going to benefit them if you do not take care of the problem of rural credit? Till today notionally the cooperative sector covers 95 per cent of the rural area. But still, you will be surprised to know, not more than one-third of the credit requirements in the rural area comes from the institutional arrangement: it may be from the rural branches of the commercial banks, branches of the rural banks, branches of the cooperative societies. But not

more than one-third of their total requirements comes from the institutional arrangement. The rest of the two-thirds is coming from the non-institutional arrangement like the money-lenders. Who are the money-lenders today? Not the licensed, authorised, moneylenders. In every village today there are a large number of moneylenders, those who have surplus, those who have got the benefit of your subsidies in fertilisers, subsidies in food, subsidies in electricity, subsidies in various other forms. They are the money lenders and by lending money they are acquiring land. And you cannot bring them under taxation. So, unless you tackle the problem of rural credit and land reforms, the rural sector will not be uplifted.

In your Economic Survey you are lamenting that the States are not mopping up their resources; so, how could the Plan size be augmented? You say they should mop up resources to the tune of Rs. 4,000 crores over a period of five years as you have anticipated in your Economic Survey. But what has been the result? I think not more than Rs. 137 crores in a year have been mopped up by the States. On the one hand, you are insisting on Prohibition to be implemented, and on the other, you are insisting that resources have to be mobilised, that efforts have to be made, to mop up resources. All this is just to fulfil your dogmatic approach. I too never drink; in that respect I am a follower of Mr. Desai, I am a hundred per cent teetotaler. But I do not find any justification for pushing the States to a position where even in the initial stages they are going to lose to the tune of Rs. 50 crores on this fantastic policy of prohibition. How will the States mop up resources? Where is the avenue? More and more will they come to you, more and more will they bank on you and your non-Plan expenditure. Whatever restrictions you may impose through the Reserve Bank of India, after seven days they will stop overdrafts etc. but nothing will happen. You know these

growth rate, in a country having more than 600 million people, only 3.6 million people are paying the direct taxes? Have you made any serious effort to bring more people into the tax net? Have you not completely stopped the survey operations which were being conducted by the Income-tax Department earlier so that new people could be brought into the tax net and more revenues could be realised and more resources could be mopped up even without the rates of taxes. We did so in our time and the results are known to you. In your *Economic Survey* you have expected that the public sector will provide you surplus and you too have expected that the public sector is going to provide you 10 per cent return on its investment. I share your concern. Huge amount of money has been invested, more than 12,000 crores of rupees, in the public sector. But what has been the profit in 1976, 1977, 1978? Actually, your performance in 1978-79 is even worse than that of in 1977-78. What happened? A new set of people have come. New independence has come. But how is it that the profit of the public sector undertakings, particularly the commercial undertakings has gone down? And today you are expecting to augment your plan resources partly by surplus from public sector to have an ambitious plan of more than 100,000 crores of rupees. Your *Economic Survey* says that the return on the investment in the public sector will be more than 10 per cent by 1982-83. Even then you have failed to achieve a modest return of 4.8 per cent in the current year. Is it not a fact that because of certain decisions you have taken, you have completely neglected the Bureau of Public Enterprises which is very much under your very nose, very much under the control of your Ministry? Managerial efficiency does not come from heaven. You have to plan for it, and during all these years we built up a public sector culture. The people were brought from various walks of life and professional management was encouraged, and all these things

are now thrown to the winds. And still you are expecting that as 12,800 crores of rupees have been invested, there will be a return at the rate of 10 per cent and that that will give you the surplus to augment your Plan resources. This is unrealistic. Your optimism, and your good phrases like 'great satisfaction' and 'most encouraging' do not find any room in the reality.

You have given concessions in the agriculture sector to the tune of 200 crores of rupees. I would not mind it. But have you ever considered the problem of rural credit? I have voiced it last year also. We established a new institution known as the Regional Rural Bank. And you will be surprised to know that a new phrase was coined by the then Finance Minister. It was that he would like to 'depoliticalise' the banking system. I do not know what depoliticalisation means. Today if I understand correctly from the newspaper report, the present Finance Minister is going to have some control over the appointment of directors and auditors even in the private sector banks, and I welcome his decision if he can implement it because many of the private sector banks' deposits today have crossed more than 100 crores of rupees. When the banks were nationalised, then only those Banks whose total deposit was of the order of Rs. 50 crores or more were taken over and that was the criteria for nationalisation. Therefore, an institution having a deposit to the tune of 100 crores of rupees or more should be controlled. If he want to have some direct control because he is responsible to the people, he is responsible to Parliament and he will have to account for it to the people through Parliament, if the Government and if the Ministry has some control over it, I would welcome it. But what happened in the name of depoliticalisation? The entire expansion of the Regional Rural Bank was stopped as if the Rural Bank was a political institution and the Government had to

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as some of them changed their hearts by touching the feet of Jayaprakashji, 3 P.M.

The Finance Minister has said that you will have to mop up the resources; you will have to mobilise the resources and there is no alternative but to go in for a heavy dose of taxation. May I request the Finance Minister to look into that is the actual realisation? So far as the revenues are concerned, actual realisation has gone down for two consecutive years. You are talking only of this year in your Budget speech. But in 1977-78, the realisation was less by Rs. 36 crores so far as income and corporate taxes are concerned. So far as the Central Excise is concerned, it was Rs. 144 crores. In 1978-79, Rs. 102 crores on income-tax and corporate tax; Rs. 105 crores so far as the Central Excise is concerned. What have you done? By clubbing them together, when your import has gone high, the customs duty will naturally go high, you are making a jugglery of figures in saying that in the indirect taxes there has been an improvement of realisation. But can you give me a single year, Mr. Finance Minister, when the actual realisation has been less than the budgeted target before these two years? You have promised that you are going to take action against the tax-offenders. But is it not a fact that the moment you came to power at the Centre you stopped all raids and searches as if all the tax-dodgers and tax-evaders like smugglers have become saints and have given up the malpractice? The Economic Survey says that there is no indication to what extent black money is generated I fail to understand... (*Time bell rings*) Sir, I will take some more time, if you permit. How much time have I taken?

MR. DEUTY CHAIRMAN: Twenty five minutes.

SHRI PRANAB MUKHERJEE: Then give me ten minutes more. Is not the Government aware of the fact that by the stroke of one decision, one

scheme, black money amounting to Rs. 1600 crores was unearthed? The Wanchoo Commission Report is there. The figure may be fantastic. It may not be Rs. 7,000 crores. But is it not a fact that to a considerable extent tax evasion and tax avoidance are taking place? May I ask the Finance Minister, since the Janata Party took over the power—he might have come to the Finance Ministry just a couple of weeks back, but a Finance Minister was there, junior Ministers were there—since 24th March, 1977 till today, how many income-tax raids you have conducted during these two years? Is it not a fact that you are not conducting the raids? For political vindictiveness you are conducting raids. You could conduct a raid at the farm house of the ex-Prime Minister of this country who ruled this country for long 11 years on a very flimsy evidence. But how many big business houses you have raided during these years? How many income-tax raids have taken place during the period? You simply feel that just as you have come to power, because Mr. Charan Singh is the Finance Minister or Mr. Morarji Desai is the Prime Minister, all the tax-dodgers and tax-evaders will change their hearts as the smugglers are alleged to have changed their hearts.

Sir, he has raised the taxes. I do mind if the rates of taxes go high. But what is the rationality behind it? Sir, what has he done so far as the wealth tax is concerned? To what extent, has he gone? At one time, the rate was 9 per cent in wealth tax, at one time there was 97 per cent rate of tax at one time there was a rate of tax at a certain level of income when for every hundred rupees of income, one had to pay Rs. 105 as tax. You have not gone to that extent. To what extent have you gone and what is the rationality behind it? How much are you going to have in exchequer? How many people have you brought into the tax net? Have you ever made an exercise on this point that in a country with a modest

tal potential and not fritter them away."

How is he going to utilise the foreign exchange? How is he going to utilise it? He gave the assurance to the House that he is not going to fritter it away. What has he done? Is it not a fact, Mr. Finance Minister, that you have invested more than 770 million dollars in United States securities? At what rate of interest? Only at the rate of six per cent interest. In other steady currencies including British sterling pound, you could have obtained a rate of interest anything between 11 and 12 per cent. But you have invested 770 million U.S. dollars in United States securities and you have made custodial arrangements to the tune of 240 million U.S. dollars with the United States Bank with no interest. That is why, Sir, we are placed in a very peculiar position. A poor country like India is investing in United States securities at a much lower rate of interest, only at a rate of 6 per cent, when your borrowing rate is 10 per cent. It is not transfer of resources from a poor country to a rich country?? Is it wise utilisation of foreign exchange?

When your growth rate of foreign exchange is rapidly coming down, still you are shouting from house tops that there is no need to be scared; we have sufficient foreign exchange reserves. To what extent have you spent your foreign exchange resources on the import of consumer goods?

One can understand your importing cement when there is a shortage of cement or import of edible oil when there is a shortage of edible oil. But what is the justification or rationale behind enhancing the baggage allowance? What economic purpose is it going to serve or to what extent it is going to give relief to the so-called rural sector, to the poor rural population? Who is going abroad and for whom is the benefit of enhanced baggage allowance meant? Therefore, Sir, I am absolutely at a loss to understand what is the rationale behind the planning of foreign exchange

so far as the Finance Ministry is concerned.

Sir, this is a question of basic policy. It is not a question of the policy of Mr. Charan Singh or the policy of Mr. H. M. Patel. These points are not unknown to the Ministry of Finance. Repeatedly we have said it on the floor of this House and on the floor of the other House. Take the classical case of gold, for example. Even the other day, the hon. Minister of State for Finance has said that there has been no bungling in gold auctions. Till today I am unable to understand the rationale of gold selling. What benefit has the Government actually got? The solemn assurance was given by the Finance Minister, "We are going to curb goldsmuggling." And there too he said, "We have to resort to an economic solution of the problem." What is the economic solution? If gold is released from the Government stocks, it will meet a part of the demand and there will be less incentive for smuggling. Can he tell the House today that gold smuggling has gone down, whether the price of gold has come down and what economic benefit actually the Government has got? If it was just to convert the gold into rupees, was it very difficult for this Government when they are having a deficit to the tune of Rs. 1,355 crores and when the actual deficit in the current year went up to Rs. 1,976 crores? Was it just to add Rs. 100 crores? And how much have they got? Only Rs. 88 crores by disposing of gold. This one simple, foolish action of the Government has enhanced the price of gold. And I do not know the position about gold smuggling. Nowadays we do not hear about smugglers because on the 24th of March, 1977 a new era dawned in India and, Sir, with the installation of the Janata party in power at the Centre—perhaps, a pack of chosen people anointed by God to rule this country—all the smugglers became saints, all of them became pure and all of them were released overnight by one stroke of pen

things. You may lay down anything in your policy, but you can never implement your policy, just as you have never been able to do away with sales tax. In your euphoria you stated in your Janata Party election manifesto, "We shall do away with sales tax". In the first Budget the Finance Minister was bold enough to say, what you could not have done, we will do it. In the second Budget also he reiterated his promise. But fortunately in the third Budget of the Janata Party Finance Minister, you have not mentioned anything about it, because Rs. 2,500 crores come from the sales tax and no State will be in a position to do away with this large, expanding, source of revenue. After all, they will also have to thrive . . .

SHRI KALYAN ROY (West Bengal): In Maharashtra they have increased the sales tax.

SHRI PRANAB MUKHERJEE: I fail to understand in what respect this Budget is helpful from the point of view of resource mobilisation? Has the Government any will to mop up resources, to realise revenue. I have my doubts. Again the Finance Minister, either it may be Choudhury Charan Singh or, may be, somebody else will come forward next year and say because there has been a flood, the realisation of corporate taxes has become less. Is it a reason? What is the justification? Every year your revenue is going down. You are not realising it. You are not even reaching your Budgeted figures. You are only thinking in terms of not displeasing or not dissatisfying the tax-evader, in terms of not taking any action against the tax-evader. During our time income tax raids were conducted vigorously. I do not rule out the possibility that there may have been some excesses here and there. But as a result of that you got the benefit; your Government got the benefit; your Ministry got the benefit. Till today you are drawing credit out of the scheme of voluntary disclosures. If there had been no massive raids in the order of two/three thou-

sands a year, if there had been no income-tax raids you could not have realised amounts to the tune of Rs. 1,600 crores through the scheme. You are only holding the carrot but no stick forgetting that if you do not apply the policy of carrot and stick you will not get the revenue. Your bank deposits are going down. What is the rationale behind it? You say, "No. no. Interest rates have to be curbed." But if the interest rates are to be curbed, then where is the incentive to deposit? Again you are selling from the gold from the Government stocks and you expect the people to comply with your tax laws and with the tax requirements. It is impossible. You are only inviting the people to hoard gold and you are only inviting the people not to save money in Banks through the authorised channels, but through the unauthorised channels. In every area, in every village, you will find that wealth is being concentrated in the hands of a few. Transfers of lands are taking place through the surplus income and they have been taking place during the last thirty years. Many more people are becoming landless because there is no institutional arrangement to provide them with credit at lower rates of interest. That was the reason why it was thought that at certain points of time even the banking institutions should go to the extent of giving consumption credit to these people to meet their social requirements and save them from money-lenders but you have not spoken a single word about it. Simply you thought that you could save the rural sector by doing away with the excise duties in certain items and by providing heavy doses of subsidy in certain other areas and you thought that in that way you could improve the rural sector. And you have done that only. But, if you really want to improve the rural sector, if any single problem has to be tackled with all seriousness, then, Mr. Finance Minister, I would request you, through the Deputy Chairman, to take care of the pro-

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blem of rural credit and to try to institutionalise it and to take the institutional credit arrangements to them and then you will find that whatever facilities we have been able to create for them during all these years they are in a position to utilise them. We could provide them, with all these facilities along with credit facilities then you will find that only then it will be possible for them to sustain themselves economically.

Mr. Deputy Chairman, Sir, before I conclude, I would just like to quote the last and concluding paragraph of the Finance Minister's speech. He has said:

"The elimination of the kind of poverty which is existing in our country cannot be achieved overnight. It is a long process which involves a large investment through the mobilisation of surplus resources, wherever they exist in society, better organisation and development, and transfer of appropriate knowledge to the millions of the small persons engaged in agriculture and allied occupations, village industries, throughout the country. The ultimate object is not merely to raise the standard of living of the poor, but to build a society of men and women, with skill, resources imagination and, above all, hope."

SHRI L. R. NAIK (Karnataka): Hope is not there.

SHRI PRANAB MUKHERJEE: Sir, everything he has provided in the Budget except these things and he has said everything except where he wants to go. Everything he has provided except hope. There is no hope for growth, for savings, for investment, for anything.

SHRI L. R. NAIK: Yes.

SHRI PRANAB MUKHERJEE: Sir, as I have already mentioned, he is a very courageous man and he can fight to get his point ultimately vindicated. But, at the same time, Sir, I would like to ask as to what hope he has

provided in his Budget proposals to any section of the community. It is not a question of curbing the urban elite consumption. He may have the satisfaction that he has tried to penalise the urban elite for their consumption. But has he forgotten what he has said? He has said that he has no sympathy for the industrial sector which produces goods which are consumed by the relatively better off people. It is not a question of having any sympathy for any section of the people. But the question, Mr. Finance Minister, is that you have invested the scarce resources of the country in industries and if you are to take any remedial measures, corrective measures, then it is not by your taxation policy, but by your licensing policy. But today you are enhancing excise duties on air-conditioners, refrigerators, electrical appliances, domestic goods, etc. because you say that these are not being used by the rural population, but by the urban middle class, I do not mind taxing them. But have you ever looked into the question as to how many licences your Government or your Industry Ministry, has issued for these industries? Then, when do you take the required corrective measures? After the resources of the country are invested? After these scarce resources are wasted? Thereafter, you will come and say: "No. I would like to put a stop to the elite consumption and, therefore, I am putting heavy doses of taxation and I have tried to curb that consumption." But, if you want to stop this production you will have to stop at the licensing stage itself. Do not license these industries and do not allow these industries to come up and do not allow any credit to be deployed in these industries. But if you once utilise your resources, your scarce resources, and then come forward and say that you are going to curb the urban elite consumption, and cripple the industries then, it is not correct. That is not the proper way to do it. If you want to take remedial measures at the proper stage, then it is at the licensing stage only

that you can do that and not when your Industry Ministry has given licences freely and not after the Capital Goods Committee has given licences for the creation of capital goods. And giving import licences also. I would like to say that even banks are giving credit. If you do not like to have growth in this particular sector you should stop it at a very early stage. After all, we are considering the resources of the community as a whole. It is not the question whether the money is coming from banks or from the individuals' savings. After all, it is the resources of the community, and the total resources of the community are to be channelised in the priority sector. If you have your own priority sector, you utilise the resources in that priority sector and do not bungle with the thing. But once the capacity is created please try to utilise it.

Sir, with these words, though as a Member of this House we have nothing to do with the budget proposals, except expressing our views, I thank you for giving me an opportunity to make my observations and resume my seat. Thank you.

MR. DEPUTY CHAIRMAN: Mr. Sankar Ghose. Fifteen minutes, please.

SHRI SANKAR GHOSE (West Bengal): Sir, when Shri Charan Singh became Finance Minister, a lot of hopes and expectations were aroused because it was expected that he would give a new thrust in the Budget to help the weaker sections of the society, and also because he has the reputation of being a strong man and it was expected that he would be able to implement the policy of his.

Sir, he has set out three goals in his Budget speech removal of poverty, removal of unemployment and eradication of disparities. These are the three essential goals, by which any Budget is to be judged. But I am sorry to say, Sir, that though these

three goals are the touchstone by which a Budget is to be judged, the implementation and the Budget proposals do not reflect these goals. The massive taxation, which is indirect taxation, will have a repressive effect and will increase disparities.

PROF. N. G. RANGA (Andhra Pradesh): No Cabinet Minister is present.

SHRI SANKAR GHOSE: The massive deficit financing will have an incalculable inflationary effect. And strangely and paradoxically, this massive and yawning deficit, record deficit, though it is combined with a record heavy dose of taxation, has led to a very serious pruning in the rate of growth of the Plan.

Sir, the Finance Minister has spoken of sacrifices to be made. The country would have been prepared to make sacrifices if the Budget were to increase the size of the Plan and to give a boost to the developmental expenditure. But with this massive dose of taxation and this yawning budgetary deficit, the rate of growth has been slashed down at a record level. When the Janata Party Government took over, the rate of growth in Plan expenditure was 32 per cent. This Budget represents a rate of growth of only 7 per cent. Even last year of growth was reduced to 17 per cent. And this time it is 7 per cent. Sir, the sacrifices could have been made if it was to increase the rate of growth. But, Sir, what do we find? We find that in the two previous Budgets which were presented by Shri H. M. Patel massive concessions were given to the supporters of the Janata Party. Sir, large-scale concessions for closely held companies were given in those two Budgets. The third Budget that has been presented now, if it had been a Budget to help the rural sector, it would have been welcomed. But the concessions that have been given are not given to the rural poor. The concessions that have been given are to

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the dominant sections of the BLD Party; the concession that have been given are to the beneficiaries of the green revolution; the concessions that have been given are to the rich farmers with market surplus.

Sir, out of a Budget of about Rs. 18,000 crores, only Rs. 205 crores are given for the rural development programmes. Sir, for the 'Food for Work' programme, Rs. 100 crores were allocated last year and this year, it has been slashed down to Rs. 50 crores. The Finance Minister says that later he will increase it.

Sir, the most disquieting and the most disheartening feature of this Budget is that when the momentum for development could be built up with the massive food and foreign exchange reserves, they have reduced the tempo of development. The reason is this. "The reason is total and complete inability to manage the economy. And your fiscal mismanagement has reflected a tal-tale evidence in all the Budget documents that have been presented. Sir, for the first time after the Janata Party came to power, we are finding that our net collections from taxes which are always larger in the revised estimates, in the final figures, have fallen from the budgetary figures. Last time, it fell by Rs. 130 crores in income-tax, corporate tax and excise duties and this time, it has fallen by Rs. 205 crores. Previously there was always an increase. Now, it is the financial laxity, it is the fiscal mismanagement which has increased the budgetary deficit, which has led to a dose of taxation, a massive taxation ever, not only in peace time but even in war time, a taxation which has been directed against every segment, against the middle-class, the lower middle-class, the working class, the rural poor and every housewife. The only section that have been left untouched are the Swatantra Party supporters of the previous Finance Minister, and the only section left untouched are the dominant BLD sup-

porters of the present Finance Minister.

Sir, as soon as the Budget proposals were out, the news in the financial newspapers was that the industrial class was happy. The massive dose of taxation is not direct taxation, not progressive taxation, not on the corporate sector. The massive dose of taxation is regressive, and it is through indirect taxation. Out of about Rs. 665 crores, Rs. 606 crores are by indirect taxation. And the newspapers carried the news that the industrial section is happy. And the share prices also went up.

Sir, it is because of the fiscal mismanagement, it is because of financial laxity, it is because of the inability to collect taxes, it is because of the concessions given to the tax evaders, smugglers, hoarders and blackmarketeers that our collections have fallen. And it is because of this financial laxity that our foreign exchange remittances have fallen by a half. Last year, when the foreign exchange remittances for the first ten months were about Rs. 1,000 crores, this year, in the first ten months, they have come down to Rs. 500 crores. Therefore, Sir, it is because of this financial mismanagement, a total incapacity to take firm action against hoarders, blackmarketeers and smugglers that this yawning deficit is therefor which this indiscriminate taxation has been imposed.

Sir, it appears that about Rs. 1000 crores of tax arrears are there. Sir, the Finance Minister has not indicated what steps are being taken to collect those tax arrears. Even if fifty per cent of these tax arrears were collected, Rs. 500 crores would have been collected and then this massive dose of taxation would not have been there and this massive reduction and lashing in plan expenditure would not have been there.

Sir, we are finding that the plan size is being reduced. We are finding, moreover, that the plan size is being reduced from 32 per cent to 17 per cent when they took over last year and this year it is being reduced

to 7 per cent. Last year, out of the funds allocated towards the plan expenses, more than Rs. 200 crores remained unspent. All this evidence appears from the Budget papers. Is it any wonder that unemployment is increasing? The Prime Minister had promised that unemployment would go away in ten years. Mr. George Fernandes, with his usual one-upmanship, had said that unemployment will go away in three years. Sir, the rate of unemployment is increasing. In the last two years the rate of unemployment increased, so far as the organised sector, for which the figures from the 'Economic Survey' are available, is concerned by more than ten per cent last year and this year's 'Economic Survey' shows that the rate of increase in unemployment in the organised sector is 14.1 per cent.

Sir, Mr. Raj Krishna, one of the Members of the Planning Commission, has written two articles wherein he has said that the rate of increase in unemployment is alarming. Sir, if the plan size is reduced, if in tax collection effort there is laxity, if plan funds are not spent and there is no proper management of the economy, then the rate of unemployment will increase. Therefore, Sir, what we are finding is a situation in which a massive dose of taxation has been imposed, a taxation, which is regressive a taxation, which is indirect taxation, a taxation, which taxes the poor. Sir, out of these Rs. 606 crores on commodity taxation, indirect taxation, Rs. 279 crores is on petrol alone. That increases bus fares, that increases the cost of all transport, that increases the price of vegetables, that affects every one including the rural poor.

Sir, if this Budget had been against the urban sector and in favour of the rural section, in favour of the rural poor, we would have supported the Budget. But this Budget is an onslaught on the rural poor, the terms of trade will be against the rural poor as a result of this Budget. Sir, it is said that Mr. Charan Singh has given expression to the anti-urban bias.

Sir, that is confusing the issue. He has given expression to the bias whether of his or of the Government against all sections, except those sections which were benefited by the last two Swatantra budgets of Shri H. M. Patel and against the richer affluent farmers who have benefited by this Budget.

Sir, there is nothing about land reforms in this Budget. Fifty per cent of our farmers are marginal farmers. Nineteen per cent of our farmers are small farmers. Sixty-nine per cent of our farmers are either small or marginal farmers. Land reforms are vital for them. Sir the 'Economic Survey' says that 46 lakh acres were declared surplus, out of which only about 36 lakh acres were taken possession of and out of which only 16 lakh acres were distributed. Sir, in this way can you fight unemployment, can you remove poverty, can you remove disparity? Unless there are land reform measures, unless there are institutional structural changes, not merely technological changes by a capitalist form of farming, this country cannot go forward. It is through the family type of farming that this country can go forward. So far as land reforms are concerned, there is nothing in the Budget. So far as the taxation is concerned, Sir, the taxation is against the poor, against the rural poor, against the urban poor and the Finance Minister has taxed also all healthy and clean habits, the soap, the detergents, the toothpaste, the tooth-powder. He has gone with a vengeance against all cleaning habits and he has gone with a vengeance against the simple pleasure of a child in the International Year of the Child, against the biscuits against soft drinks, the chewing gum and the chocolates. He has got a sadistic pleasure against them. Sir, he has gone with a vengeance against all commodities by these tax measures. He has again gone with a vengeance against the Choksi Committee on personal taxation; he has gone with a vengeance against the Jha Committee about indirect taxation which wanted

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them to rationalise the tax structure. He has gone with a vengeance against all the Committees which the Janata Party Government set up.

So far as this taxation proposal is concerned, it is counter-productive and it has a tremendous inflationary potential. Sir, if this Budget had increased our planning effort and had helped the rural poor, we would have supported it but this Budget has not only an incalculable inflationary potential, it is regressive and it will increase the disparities.

Sir, Mr. Hanumant Rao, an economist, has said that it will increase rural disparities and it will hurt the rural poor. Sir, it will also bring about a stagnation in our growth activities because by reducing the size of the Plan, by reducing the effective demand, it will only result in that and result in building up the inflationary potential.

In the 'Economic Survey' it is claimed that there has been a price stability but if these documents are any proof, it is given here that in the whole-sale price, the price rise is one per cent but in the consumer price index, the price rise is more than that. According to them, last year, the price rise was 4.4 per cent; in the case of oils and pulses, it is 10 per cent. Sir, we do not consume the whole-sale price index; we do not even consume the consumer price index. We consume commodities and there, the price rise has been the maximum. One of the most disquieting features of the development is this. If you look at the document, you will find that the prices of primary products, the prices which the farmers are getting, are falling. Yet, Sir, the ultimate price which the consumer is paying, is rising. Therefore, the primary producers, the farmers are not benefited and the traders are taking away the entire benefit. Therefore, so far as the Janata Party Government is concerned, they have, by taking soft action and not firm action

against the smugglers, the hoarders and the black-marketeers, deprived the farmers. Sir, concessions have been given. But what has happened? Sufficient concession has not been given in the agricultural sector because sufficient allocation has not been made in the agricultural sector; sufficient allocation could not be made, because the plan size has been reduced, and now practically they will roll away the Plan. From 32 per cent rate of increase in the Plan size, if it comes down to 7 per cent, then the Plan will practically disappear. Even in foreign exchange and in exports what they are trying to create is employment in foreign countries and unemployment in our country. There is 21 per cent increase in the rate of imports. And previously, when during the last three years, the rate of increase in exports was 27 per cent, last year it came down to 4 per cent and this year it has come down still further. How can the problem of unemployment be solved if you are allowing foreign multinationals to come in through an open arm policy and through liberal export policy? Sir, in the Sixth Plan document itself they are clearly proclaiming that those indigenous industries which cannot stand up to limited foreign competition, will have to close down. Therefore, when we are finding that there was a 14 per cent increase in unemployment in the organised sector and 10 per cent increase in unemployment in the organised sector in the year before last, that is because you are opening up the Indian economy to foreign multinationals. If the Budget was to help agriculture, to help the weaker sections to help the small and cottage industries effectively and operationally by increasing the size of the Plan, we would have welcomed it. But what is happening? By reducing the size of the Plan and in the organised sector by allowing only massive imports you are creating giving employment to persons in foreign countries and reducing employment in our country, the economy will ultimately be faced with a

situation of stagnation. Therefore, Sir, we would have welcomed this Budget if there was a vision and a boldness. We would have welcomed this Budget if there had been a thrust to enable it to go forward and to give a boost to the economy. We would have welcomed this Budget if it had given concessions to the weaker sections. But this is decelerating the planning endeavour and this is creating a distrust in the State. This is a Budget which combines a new class alliance with the Swatantra Party class alliance, which we have noticed in the two previous Budgets of Mr. H. M. Patel. If the peasants were helped, we would have welcomed this Budget. But the allocation for agriculture has been reduced. The most disquieting feature is this. This year, the agricultural production will practically be the same as last year. There is no growth in the agricultural sector. The 'Economic Survey' says that there may be a marginal increase. Sir, India cannot prosper unless agriculture is supported. India cannot prosper unless irrigation, credit and marketing facilities are given to the agriculturists. What is happening so far as the rural banking system is concerned? Practically, they have stopped the growth of the rural banking system. So far as agricultural credit is concerned, the direct credit is not more than 12 per cent of the credit given. This is so far as the public sector banks are concerned. Sir, unless you give more support to the agricultural sector through credit, through marketing, through irrigation and so on, the agricultural production will not increase. Sir, so far as the Janata Party Government is concerned, they have talked of peasants. But we find a year, this year, where there is no growth in agriculture. We find a year, Sir, where the prices of primary products have fallen and there is no support to the public distribution system. The 'Economic Survey' says that the releases from the public distribution system have decreased. If there is a distrust of the public distribution system, if there is a dis-

trust of the State, if there is a distrust of planning and if there is full trust in opening up the Indian economy to foreign multinationals through liberalisation of the import policy and through clear statements that Indian industries which cannot stand up to limited foreign competition will have to close down, we shall not be able to create employment in the organised sector. Now, in the organised sector, so far as sickness is concerned, what is the position? The economic document shows that every month, two million mandays are lost. Nothing is provided for this. Therefore, so far as this Budget is concerned; this Government had a tremendous opportunity because, for the first time, the constraints of growth were not there. When the Janata Party Government came to power, the Congress Government left behind them a heavy buffer stock of foodgrains and foreign exchange reserves which were the constraints of growth in the past. The 'Economic Survey' of last year mentions this. These constraints are not there. In spite of these constraints not being there, the Finance Minister has fallen between two stools of having a massive deficit financing with the highest dose of taxation, but with the lowest rate of growth.

PROF. RAMLAL PARIKH (Gujarat): Mr. Deputy Chairman, Sir, first of all. I must say that this Budget which has been presented to Parliament is not a sudden development which has taken place in this year itself. This is, in a sense, a culmination and a climax of the policies which were initiated two years back. Sir, what has happened and what seems to have disturbed some people is that they find a sudden sharpening of these policies in terms of their implementation. They find that these policies are now almost leading to the realities of implementation. This perhaps seems to have disturbed some people. Yet I must say that my friends on the other side who commented on the Budget have also in a sense spoken in justification of the

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policy rather than opposing it and this in a sense indicates, Sir that there is now a certain common minimum consensus about the development policy and the economic policy to which we have reached. It has fallen on the Deputy Prime Minister and Finance Minister, Chaudhury Charan Singh, to translate this policy into action with his robust common sense. And this is what he has attempted in a forthright manner, without having any tricks of making people believe something and have something. He has done the job in a forthright robust way and this is why I welcome this Budget.

Sir, I too have some comments on the Budget, where I differ in certain respects, but that is a different matter. Fundamentally speaking, basically speaking, as I said, the Budget has set a clear direction to economic policies of our country. This direction to the policies is unequivocal, it is unambiguous, there can be no doubt about it.

Now, Sir, I would like to trace a little bit of how we started as the Janata Government. It was in the Janata Party's election manifesto that we had stated something very clearly. The economic charter that was incorporated in the manifesto stated, I quote: "Stress up Gandhian values of austerity, Antyodaya and a decentralised economy, this would be the goal of the new economic policy." There are 13 points but I am quoting only a few points for the sake of our discussion that is relevant just now. It has also been said in the same economic charter, I quote:

"New planning priorities, notably in the field of according primacy to agriculture, agrarian reforms and higher allocations for the rural sector." It has still further expressed emphasis on wage goods, production for mass consumption, statutory reservation of spheres of production for small-scale and cottage industries. The last point in the economic charter

is about the environmental care, which is mostly intended for improvement of environmental aspects of urban life because thereof is in a rather bad condition. With this we started two years back and we did not just sit quiet on it. The Opposition has been criticising time and again that the Janata Government or the Janata Party does not have a direction, and a programme. When we came out with a direction they said where is the programme? Then we formulated an economic policy statement which is a historic document and let us see what it has to say. In this document certain categorical commitments were made for giving a further direction, a sharper direction to the economic policy, to the development policy, to the process of planning. The first thing that we said here, I quote: "A technique of production, not only generates certain incomes, but it also determines the pattern of distribution." Therefore, fundamentally, the Finance Minister and Deputy Prime Minister this time had this job of finding out and determining a pattern and technique of such production that will generate distribution as well. And this is what he has kept in his mind while framing the Budget. Further, the same policy document has also said:

"Dynamics of change: The dynamics for the change-over to such a society of economy would be provided by the elevation of agriculture to the predominant position and finally by a mass-oriented industrialisation and also by the utmost decentralisation of the process of planning."

The economic policy goes further in a more specific way:

"It is the firm conviction of the Janata Party that in a predominantly agrarian economy like India, massive problems of poverty, unemployment and under-employment can be solved only if the development of agriculture and rural areas truly receives the topmost

priority in our planning processes".

These were the directions already set when the Deputy Prime Minister stated this work of framing the Budget. It was also stated further in the same economic policy document:

"The party therefore recommends that the Government take steps progressively to reduce excise duties so that duties on fertilisers, pesticides and woodicides are completely abolished in the next three years".

Can anybody say that the Budget is not moving in this direction, or that this is not being implemented? I think there is a determined effort to implement the directions given in the economic policy of the Party. And, Sir, in terms of small and cottage industries also, the party had laid down the direction:

"The Janata Party believes that the development of small scale industries and optimum utilisation of labour-intensive techniques of production should be given all possible encouragement. In areas reserved for small scale industry future capacity should not be permitted in the large scale sector".

Well, these are some of the things clearly spelt out. I would not like to go into greater details on other points. The direction was clearly laid down by the Party and what the Deputy Prime Minister has tried and sincerely endeavoured to reflect in his speech the policy direction which Janata Party had already decided.

After that comes the 'Economic Survey'. The 'Economic Survey' has brought out categorically some of the encouraging trends. I do not know why one should object to the words "encouraging trends" when they are really encouraging. The 'Economic Survey' has been prepared by experts. It is not a political document; it is an economic document. It has the sanction of the expertise of the professional economists.

PROF. N. G. RANGA: Biased one.

PROF. RAMLAL PARIKH: The point is that the 'Economic' Survey brought out very clearly that there were really encouraging trend which needed to be picked up, which needed to be supported, further accelerated and augmented. And I think the Budget has done a very good job in augmenting and accelerating those encouraging trends which the 'Economic Survey' has very categorically pointed out. What has been stated in the first sentence of this document has been reflected in the Budget. One should not perhaps feel unhappy about it but rather feel proud about it. After all we may have difference of opinion on the economic policy. That does not matter. But if there is good progress, if there is something on record which is worthwhile, we should appreciate it. The Survey states:

"A remarkable aspect of the performance of the economy in the current year is the relative price stability. Although the money supply rose substantially during this period a restrictive monetary and credit policy and skilful supply management have prevented the emergence of inflationary pressures."

There are many things like that in it. I would not like to go into that document as a whole. But what I wish to point out is that the Budget is in line with what has been going on for the last two years and all that it has done is that it has helped us to come out boldly and more courageously. In the first two years we had perhaps to consider things a little bit cautiously one when it was established beyond doubt that the policies the Janata Party Government is following are in the true direction. Chowdhury Sahib has used his robust common sense to clinch the issue. This is what he has done. And I think, on that count whatever may be the differences about the details of the Budget here and there, the important thing is that this is the most welcome thing which one must appreciate.

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The new trend of giving higher priority and higher allocations to rural development, agricultural development, and to the rural sectors as a whole, was started a year ago or even before that, and this year also the process continues.

[The Vice-Chairman (Shri Arvind Ganesh Kulkarni) in the Chair.]

The process is continuing in a rather clearer way, in a sharper way. And what we find is that this Budget now unfolds the whole carpet of the new economic policy in which we are now able to see how it is going to reflect such sector, where and in what manner. The basic philosophy governing the economic policy of the party is the Gandhian economic policy. And two things are very crucial to the economic policy in our country. One is: How do we protect our small and cottage industries? And this Budget has made a very honest effort in this direction. Of course, it does not solve everything in this year, nobody can expect such miracle in the field of economics. But it certainly has made a very remarkable effort in this direction. Gandhian ideas were always with us and Gandhiji always advocated the decentralisation of economic power and emphasised a positive, purposeful and straight forward encouragement to small and cottage industries with labour intensive devices as the only way to cure our economic ills. But for three decades this advice of Gandhiji was not heard. For the last two years it is being honestly followed, and this year, I think, it has created a landmark in following this advice.

This basic philosophy of Mahatma Gandhi has been now justified not only by the social scientists and economists of India, but the world over. When Prof. Schumacher wrote his outstanding book, "Small is Beautiful", then everybody in India started praising the decentralisation

of economic policy, appropriate technology, and such other things. These are matters which we require in our economic policy in order to make it more dynamic. But Gandhiji was saying it ever since he wrote "Hind Swaraj" in 1909. A person like me, therefore, feels that this Budget does commit our economic policy to some of the basic and fundamental ideas of Gandhiji—Gandhian ideas and Gandhian ideology. To that extent it is a most welcome step.

On the question of using the fiscal instruments in bringing about these ideals and bringing about these changes, I think, never in the history of post-independent India has there been such a bold attempt to support agriculture, small industry, handloom, rural services, improvement of urban slums, regulation and control of public expenditure. 5,000 new post offices are being opened in villages. These are several areas which the Finance Minister has stated in his Budget Speech. I need not recapitulate them because all of us have a copy of his speech with us.

These are the very clear 4 P.M. examples of a sincere effort to implement the ideals and objectives set forth by the Janata Party. In his speech itself the Finance Minister has said—I think it was quoted by my honourable friend, Shri Pranab Mukherjee—while concluding, and rightly so, that the ultimate objective is not merely to raise the standard of living of the poor, but to build a society of men and women with skills, resources, imagination and, above all, hope. I think it is unquestionable that the Budget has created new hopes for the smaller men, for the smaller industries and for the smaller sectors and for everything that goes with the decentralised economy. It might have disturbed the big economy and it may have disturbed the traditional pattern of production and, if it has disturbed them, this Budget was meant to do that.

SHRI GIAN CHAND TOTU (Himachal Pradesh): What about the small farmers and the marginal farmers?

PROF. RAMLAL PARIKH: Yes, it is for them also. So, the point is that an unquestionable effort has been made and there are many areas in which several innovations also have been made—the whole idea of skilled training for the village youth concentrating some resources on the training of skills, in whatever limited way the effort has begun. This, I think, is a radical departure for reorganising the new economy. I feel that the Budget must, therefore, be viewed from these basic considerations, these main and fundamental considerations of the objectives and directions of the Janata Party's economic policy and should not be viewed from the standpoint of the tax measures picked up here and there.

Now, if we go through the Finance Minister's Budget speech, there are some features which I would like to highlight very briefly. For example, the encouragement of the consumer co-operative societies is a good thing. We all know that the consumer co-operative societies are in the urban areas mostly and this Government intends to spread them in the rural areas also. Some people say that this Budget is anti-urban. I am surprised at this and I do not know how it can be taken as anti-urban. There is no question of its being pro-urban or pro-rural or anti-urban or anti-rural areas. The Budget is definitely for the smaller men in urban and rural society both and this Government is moving towards smaller economy and this Government is moving towards people at the bottom and at the grass-roots. This is the most important thing. Therefore, this cannot be categorised as anti-urban Budget. They do not know that the benefits of all these measures are bound to reach very quickly and very rapidly to the rural poor. The Finance Minister has said:

"The objective of eradicating poverty and unemployment is basic to our new development strategy. This needs a radical restructuring of our priorities in our Plan. Agriculture and rural development have, therefore, been accorded a pride of place in our Plan. But the Government recognises the fact that the requisite degree of reorientation of development plans can only be achieved over a period of time. We propose, however, to accelerate the pace and thrust of those programmes which have a material bearing on agricultural growth and promotion of employment."

I think this is a categorical statement and I think that at least the intentions of the Budget should be acceptable to all.

Now, coming to the Plan as such, coming to the question of development, I find that a further step has been taken, that a further effort has been made, although one could say that it should have gone still further. Now, we have also to see that we control inflation on the one side and, at the same time, step up our developmental effort. Therefore, we have to work under certain constraints. This Budget will step up the developmental efforts, but it will not create any inflationary effects. Some friends have questioned this. But, during the last two years, the Janata Government has proved that in spite of a large dose of deficit financing, it can control the inflationary pressures by higher production in agriculture and it is now an undeniable fact world over, that agricultural production determines the inflationary pressures on the economy. If the agricultural production is good, then we are definitely in a position to control the inflationary pressures which may sometimes arise because of deficit financing. So I think that that issue is not one which should cause so much worry. The Central Plan allocation has been raised; no doubt about it. And a clarification has also been made. From

Rs. 1139 crores in 1978-79, it has been raised to Rs. 1251 crores now. The Finance Minister clarified that we have to take into account Rs. 835 crores which have been transferred to the committed expenditure in the non-Plan sector. With this, I feel, this Budget at least gives a very truthful picture of economy. This committed expenditure is also indicated. The document itself is a very self-explanatory document. In rural development it has been raised from Rs. 754 crores to Rs. 1811 crores. In electricity it has been raised. In irrigation it has been raised. It has been raised in all sectors, it has been raised for urban areas also. For the improvement of slums, against a total expenditure of Rs. 40 crores, in 1978-79, it has been raised now to Rs. 170 crores. From this it is clear that there is no effort either to penalise the urban areas or to give favours to one sector at the cost of another. The whole effort has been to see that the poor sections, whether in rural or in urban areas, get the benefit of the economic development, which they have been denied all these years. Here is an effort to have a breakthrough. When you create a breakthrough, there is some disturbance which is understandable and appreciable. One must recognise that this is a disturbance which is for good.

There are many good schemes in the Budget. In the Central Plan, there is a provision of Rs. 80 crores for the acceleration of rural water supply programme against Rs. 60 crores last year. I was surprised and amazed to hear when my friend complained that the rural development programme is not being stepped up and that instead it is being slowed down. How can one close one's eyes to these figures that against Rs. 60 crores it is raised to Rs. 80 crores and against 18,000 villages in 1978-79, now 27,000 villages will be supplied water. These are some concrete examples on which we can easily build our assumption that the Budget is moving in a very right direction and is for the benefit of the small man and poor men who are

working with their own hand and feet, men who are producing wage goods in our country. There is a certain concern about manufactured goods, and that is understandable.

Now, having recognised the merits of the Budget, I would also like to make brief comments on other side of the Budget. While, these efforts are admirable so far as the rural electrification, water supply, etc. are concerned... (Time bell rings) I will take five minutes. The Government must also concern itself now with the alternative sources of energy for which, I am surprised, the Budget has not showed any concern. If we are for ever going to depend on electrification and traditional sources of energy, with the rapid development and with the rising standard of living, we will be faced with the energy problem very seriously. Even today, the rural electrification, in spite of whatever has been done for the last thirty years, does not work properly in the villages. It works well in the organised sector. But it does not work easily in what we call disorganised sectors or unorganised sector or rural labour. So, we must find some ways of providing incentives, providing encouragement to those who can produce energy on their own, like gohar gas plants, etc., through indigenous resources. And I am really surprised how this point has been ignored here.

Sir, my next criticism would be that while a very bold effort has been made to move towards small sector, small industries and cottage industries, it is not adequate. I hope the Government is aware and particularly the Finance Ministry is aware that if an effort to organise the small and cottage industries on a large-scale and to give them statutory protection is not made simultaneously, we might run into trouble. It must be ensured right in this Budget session itself that the legislation is passed for protecting the small industries. You cannot wait till the next session, having released these new forces, having given this very

(Prof. Ram Lal Parikh
clear and categorical direction to the economic policies towards the small and cottage industries. And when the agricultural land is becoming scarcer and scarcer and the pressure on land is increasing more and more, we need more avenues of employment which can be generated along with agriculture only through small and cottage industries. And, here we need not wait for electrification also. There is sufficient research in this field, to show that hand-power, pedal power etc. can be as effective as electric energy, as sophisticated as electric energy and also as convenient as electric energy. And the Government must turn its face to promote this kind of a research, and to facilitate its application.

Sir, the third thing that I would like to stress is the encouragement to appropriate technology process which is going on partially in some institutions who are doing voluntarily themselves and in some of our National laboratories. But this is a very small effort. And I think it needs to be stepped up.

Sir, I am also very happy that the Finance Minister has also provided a larger sum for adult education and also expressed his positive support for mass education because, Sir, without adult education and without the elimination of illiteracy, whatever we can do within the shortest possible time towards development will not be of any use, and all the development effort would be wasted because all the new benefits that you generate through development will go to the educated people only. And the large masses who are uneducated, though the benefit is at their door, cannot make use of it. The National Adult Education Programme is not a literacy programme alone, but is a part of the development process, to make people aware and to assert their rights of using the benefits of the new development effort for which they are shedding their blood and sweat, for which they are the foundation and on whose labour and on whose sweat

and blood, we are all enjoying the benefits of development. Therefore, adult education is not an educational programme but it is an economic development programme. Even the World Bank has recently recognised that adult education is an economic component of development. This is an important aspect to be kept in view.

Lastly, Sir, because the Budget proposals have to be responsive to public opinion, I cannot conceive that the Deputy Prime Minister and the Finance Minister can be unresponsive to the public opinion, and the hardship if any proposal has brought about. I think, the duty on kerosene should be reconsidered. Whatever may be the intention—perhaps, the intention was best—it has created a very great inconvenience to the poor people. Therefore, kerosene duty is something which I would say must be reconsidered and withdrawn.

I would also like to refer to the criticism of some my friends on prohibition. I feel that the criticism was not based on facts. Now, prohibition is a policy to which the Government is committed under the Constitution, under the Directive Principles. Has this Government, to earn revenue by exploiting people, by encouraging drinking, by always keeping them vulnerable to this kind of worst exploitation through sale of liquor and claiming that this is the land of Mahatma Gandhi? Can we not think of prohibition in Mahatma Gandhi's land even after thirty years after independence? What is this? Therefore, instead of Rs. 50 crores provided in the budget for prohibition, Rs. 100 crores should have been provided for prohibition. Prohibition is not merely a social reform, it is also an economic reform. It is also to liberate the smaller sections, the weaker sections and the poorer sections from the vulnerability which leads to exploitation.

(Time bell rings)

Finally, Sir, I commend the Budget and I thank you for giving me the time to speak.

DR. MALCOLM S. ADISESHIAH (Nominated): Mr. Vice-Chairman, Sir, this is an occasion for the Rajya Sabha to review the revised estimates presented for 1978-79 and to comment on the 1979-80 Budget estimates in the light of the information and evaluation about our economy set forth in the Economic Survey for 1978-79.

I begin first with reminding the House that the main purpose of any Budget, which is always an unpleasant task and, therefore, is always open to criticism on the part of every one, including those who support it, is to raise resources, in line with the policies of the Government concerned, its objectives and aims. But its main purpose is to raise resources. In the Budget presented to us it is proposed to raise Rs. 19.7 thousand crores in the revised estimates for 1978-79 and Rs. 18.5 thousand crores for the coming year 1979-80. Now, this is a large sum. It represents 24 per cent of our national income, using the table No. 1.1 given in the Economy Survey. If this year's revised expenditure of Rs. 19.7 thousand is added to Rs. 15 thousand crores which is aggregate of the State Budgets for 1978-79 set forth in the Reserve Bank of India's September Bulletin, then you will get a total of Rs. 34 thousand crores of public expenditure out of Rs. 78 thousand crores of our national income. That is to say, whereas the Union Budget takes about 24 per cent of our national income, the Union and State Budget, together take something over 43 per cent of our total national income. This is rather a large slice. One of the largest slices in peacetime in any economy in the world and therefore, is an area which requires special attention on the part of our legislators.

Now, Sir, my second comment is that this level of expenditure, very high level of expenditure, proposed in the revised estimates for this year and in the estimates for the next year, is justified. It is inescapable if you take into account the development needs of the economy which we

have broadly approved in the draft Five Year Plan, this Rs. 65 thousand crores Draft Plan which, unfortunately, has not yet been debated in Parliament, as I understand, certainly not in Rajya Sabha, and I hope that we will have an opportunity of expressing our views on it. But it has been approved by the Cabinet. It has been approved by our Chief Ministers and the National Development Council. Therefore, we can take it that there is a broad consensus on it. If you take Rs. 65 thousand crores as the aggregate outlay in the Five Year Plan, then the provision of Rs. 12.5 thousand crores for the developmental plan expenditure for 1979-80 follows. We have a small financial gimmick this year. And that is, there is this year the sum of Rs. 895 crores which appears as committed expenditure which normally should appear as Plan expenditure. It is a gimmick because the present year was the last year of the Fifth Plan but is also the first year of the Sixth Plan and the NDC agreed to this expenditure spilling over as committed expenditure so that the developmental expenditure should be put at Rs. 12.5 thousand crores plus Rs. 895 crores for committed expenditure for 1979-80 of the Five Year Plan which we have approved and on which there is a consensus demand. To that, we should add defence expenditure which is over Rs. 3,000 crores. Again that it is a must because without security, without defence, there can be no economy and there cannot be a United India and so we add to the 12,000 and odd crores of rupees of developmental expenditure, this Rs. 3,00 crores for defence. Then there is the administration, the non plan expenditure and the overall overheads of this vast country which is bigger than Europe, which is in the sum of Rs. 8,000 crores. Therefore, my second point is that the level of expenditure proposed in the revised Budget and that proposed in the coming Budget is justified on any objective economic criterion that we could use. I use these three points and classifications: developmental, defence and continuing overheads.

My third comment is in line with what I believe my colleague Prof. Ramlal Parikh said. The main strength of this Budget is that we have passed from rhetorics about fighting poverty to, perhaps, a very hard-hitting Budget where we the well-to-do classes, the middle classes, the urban well-off are going to have to finance in a large measure this level of expenditure. The funds proposed here are to be raised broadly from the urban well-to-do classes, the middle classes, a little lower middle classes and upper classes through the surcharge on income-tax, through the higher wealth tax, through continuation of Compulsory Deposit Scheme and through income-tax on the corporate sector. These are the main direct taxes proposed and the progression in indirect taxes proposed together with fresh taxes on what the Government has classed as luxury and semi-luxury goods. I think that it is going to hit us very hard—all of us in Parliament—and the middle classes everywhere. I think this is inescapable. In line with our objective, we have to raise this level of funds. This must be raised either from the poor or from the rich or the mixture of both, and by and large, the new taxes proposed here are the taxes which are on those who have relatively the ability to pay. And from that point of view, I think, I welcome the Budget as being an attempt in so far as the Budget can attempt it, to give effect to raising the levies on those who can afford to pay and not from the poor.

My third comment is that I also welcome the increased plan for the States which now would amount for the coming year to Rs. 6,000 crores which I think is the highest in recent years and given the liberal recommendations made by the 7th Finance Commission, it is my hope that the State plans which are now coming out with the Budgets being presented to their Legislatures, will show a sizeable increase, an increase over and above that of the Central Plan contained in the Budget that is before us.

But here, I must make two comments. This is really addressed to both the States and the Union Government. Firstly, I believe, there is need for the States to do a little more in regard to mobilisation of resources along lines on what the Union Government has proposed in this hard-hitting Budget. So far, six States Budgets have been announced which I have studied. At least one I have studied at length because I had the original documents and five Budgets I have studied from newspaper accounts. But I see no indication that the States are making anything comparable to the tax effort that is being proposed here by the Union Parliament. If this is so, I believe, our developmental effort will suffer, as in the end, the development plans are not Central Plans. They are State Plans. Agriculture, irrigation, education, health and so on are all State subjects. List II subjects, and, in this connection, the ambivalent attitude of the States in regard to mobilisation of resources is a matter for concern.

Secondly, the Union Government, the Cabinet, along with the NDC, needs to go into, a little more in detail, the reasons for the enormous deficit which has been included in the revised estimates for 1978-79 amounting to Rs. 595 crores, which was written off by the Central Government as loans which were given to the States as of March 31 or April, 1978. Now, you know what a loan means. It will be scheduled, rescheduled and postponed and it will impose a burden not on the Union Government but it will really impose a further burden on the people of India because the Union Government represents the people. What is it that caused this enormous deficit of Rs. 595 crores which had to be written off? I believe, when Mr. C. Subramaniam was there as Minister in the previous Government, he had made the same effort in 1974 when he started the

[Dr. Malcolm S. Adiseshiah] states with a clean slate. How has this enormous deficit of Rs. 595 crores arisen? I think, the Government go into this. This will not be simply a study which would be useful for the archives, but this will be a study of reach an agreement in the NDC as to what the State Governments should do and should not do in allowing such deficits, which effect the people of the country so seriously.

Now, I next welcome this is my fourth comment the indication in the Budget in raising the resources to give priority to the agrarian and the rural sector. We have the concessions which have been given in regard to fertilisers, a fifty per cent reduction in the excise duties which has resulted in a reduction of Rs. 100 in the price of urea, the concession given in regard to the diesel oil being used by the agricultural pump-sets, the concession given to power tillers in the agricultural sector and so on. I think, this, together with the various exemptions which have been given in relation to production in the cottage industries, tiny industries and small industries, as a means of promoting further the development of the agro-rural sector, is one which is to be welcomed. I hope that this will result in some increased employment. I think, the Economic Survey has made, what I believe to be, an understatement of the year in regard to the employment situation. It says; on page 56,

"Although the overall performance of the economy can be regarded as satisfactory, its impact on the basic problem of unemployment is not perceptible."

Our unemployment problem is serious and growing.

I think, with the impact of the agricultural concessions and the farming concessions and the concessions given in the area of tiny industries, cottage industries, co-operatives and so on, there will be a sizable effect on employment, reduction of unemployment. It is very much my hope that the Government would soon set up machinery

to be able to answer the question that we have been asking here in Parliament as to what has happened in the last two years in the field of rural employment. We do not have the answer. The NSS cannot give the information. We do not have the machinery. I think we can create the machinery—we have very able people, we have economists, research institutes and the universities—who can help mobilise this information.

The fifth point, that I want to welcome as a fiscal measure is the proposal to abolish the excise duty on raw tobacco. Though it is put in as a concession to the agricultural sector, I do not believe it is a concession to the agricultural sector, it is an improved fiscal instrumentality. Here I recall the Pranab Mukherjee Tobacco Excise Committee chaired by the then Minister of State, which made a finding and a recommendation in 1975. The first was a shocking finding that something like 20 per cent to 60 per cent of the excise duty in raw tobacco was being evaded. This was based on expert objective opinion. Who are the people who pay the tax? It is not the farmers of the Andhra Pradesh who are raising virginia tobacco or the poor farmers of Gujarat who are raising bidi tobacco, it is the wholesalers, it is the traders who are meant to these taxes and these are the people who are evading the taxes. The main recommendation of the Committee was to abolish the excise duty on raw tobacco and instead to levy an *ad valorem* tax on the manufactured products. When it comes to application, they said that this cannot be done overnight in one year. So, as a transitional measure they recommended to have both taxes as the best of both the worlds, have a little tax on raw tobacco and have a bigger tax on manufactured tobacco. Now, I congratulate the Government that they have taken up the Pranab Mukherjee Committee's recommendation and have fashioned, I believe, a sane fiscal instrument, that instead of hav-

ing a tax which is not being paid by 20 per cent to 60 per cent of those who have to pay it, to levy it on the final product manufacturers. Therefore, Mr. Vice-Chairman, I think this is a fiscal measure of sanity that we should welcome.

Finally, I also as an economist welcome the recommendation in the Budget by the Minister to set up an Expert Committee to study the impact of tax concessions. My plea with this Government and the previous Governments has been for a comprehensive review of the entire system of tax, concessions, customs concessions, subsidies, incentives that range through our whole economic system, leaving aside the essential price support for agriculture, farmers and subsidies for consumers. The whole economy has become a subsidised economy, everything is being subsidised and I think it is time that we had a good look at it. I see there is no proposal for that, but at least there is a start at looking at the impact of the tax concessions. I welcome that.

Those are the six positive comments that I have made and Mr. Vice-Chairman, I will finish with some questions I have on the budget. My first question is, that there is a real possibility of inflation built into this Budget. It is Rs. 1355 crores. Mr. Vice-Chairman, may I say that we are dealing with a budget this year which has the estimated deficit of the order of Rs. 1071 crores? And now in the Revised Estimates for 1978-79 it has become Rs. 1590 crores and the RBI estimates that States' deficits amount to Rs. 595 crores for this year. For the coming Fiscal year, we are budgeting for Rs. 1355 crores. And I have a very great fear about what the poor Finance Minister is going to say to us next February when he presents us with the Revised Estimates for 1979-80. I notice the Finance Minister ends in speech with a prayer and a hope with which I

want to associate myself completely. His third last paragraph says:—

"I have assessed carefully the inflationary potential of a deficit of this size. The large food output of the current year, the large stocks of food and other commodities that we have, the large volume of foreign exchange reserves and a continuation of the current supply management and restrictionist monetary policies give me confidence that we shall be able to maintain reasonable price stability in the coming year."

Mr. Vice-Chairman, this sentence for me is like a curate's egg. It is good in parts. The part that is good is a continuation of the current supply management, the public distribution system and continuation of restrictionist monetary policies. Those are absolutely essential. But about the prayer and hope—with which I associated myself—that we have large stocks of food and other commodities, that we have a large volume of foreign exchange—I think that this represents at this moment no more than whistling in the dark, because the same Government has in the Economic Survey presented, what I believe, a more realistic position. It says there:

"The success of the monetary policy has been partly due to a lack of inflationary expectations, brought about by adequate stocks of food-grains and sugar and sizeable imports of edible oils, cotton and artificial fibres. Should there be a change in this situation due to a relatively poor harvest, or an inability to maintain the level of imports allowed in the past two years, the liquidity in the system can easily lead to an inflationary situation. It is therefore, necessary to continue the restrictive credit policy pursued so far."

Then comes the sentence that I feel is my own hesitation:—

"It is even more important to ensure that a fiscal policy which

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results in large deficits which add greatly to the liquidity in the system, is not pursued."

Well, we are pursuing it. That is my submission. We are pursuing fiscal policy in this Budget which starts with an uncovered deficit of Rs. 1355 crores.

There is another aspect of the inflationary potential to which I want to call attention. And this is contained on page 3 of the Economic Survey, of which my hon. friend, Prof. Ramlal Parikh, only quoted a portion. I want to read the whole of it.

"The stability of the Wholesale Price Index is in contract with the movements in the Consumer Price Index. The later has risen from 321 in March, 1978 to 340 in November, 1978 before declining to 335 in December, showing an increase of 4.4 per cent as against the 1.0 per cent increase in wholesale prices."

Now I believe official explanation given in the next sentence "To a certain extent this divergence arises from differences in the base of the two indices and their coverage" is not very relevant to inflation shown in the Price Index.

The difference between the wholesale Price and the Consumer Price Indices represents the margin of profits which are being made by the retailers and by the distributors from the consumers and producers. The Government should take this factor seriously. It is a social and economic factor and not due to difference in the base of the indices on which I have done some work.

(Time bell rings)

Since you have rung the bell, may I briefly refer to some points in a telegraphic style. My second concern is that the concessions given to the farming sector are concessions which should reach the small and marginal farmers and landless labourers. The studies that I have made as the Director of the Institute of

Development Studies over the last ten years in my State show that the concessions which have been given so far have always gone to the progressive farmers and by some curious definition, the progressive farmer is always the large farmer and the middle farmer. And so I hope that the concessions given with regard to fertilisers, with regard to rural pump sets, power tillers and so on power tillers never reach the poor farmer and marginal farmer—will not this time go again to the so-called progressive farmers who are large and middle peasants.

My next point relates to the point mentioned earlier about the account given on page 35 of the Economic Survey. A more detailed account cannot be given of the very poor performance of the public sector which is letting down the people and Government in this difficult but essential task of trying to raise resources. The efficiency and income earning curve is going down and down. There is something like over Rs. 300 crores of losses which are attributed to undertakings. I think here it is the Government, not the Ministry of Finance, which has to be blamed for the losses. In the case of coal, for instance, the question of rice needs to be looked into, otherwise the loss of over Rs. hundred crores from coal alone will continue. In the present year, I think, the loss will be ever higher. I think these loss-producing policies that we are following need to be corrected, otherwise the Ministry of Finance will have further uncovered losses to deal with. I believe there will be no uncoverable deficit or very small uncovered deficit if the public sector were giving anything like half of what the private sector is doing in the way of profit in relation to the capital invested.

Lastly, Mr. Vice-Chairman, I think I should express my disquiet at the continued escape of the rural well-to-do in this Budget. The urban well-to-do are being made to pay the taxes.

I have worked on a related question but I have no time to give you the details. When it comes to the terms of trade between the rural and urban sector a kind of generalisation is made. The terms of trade are in favour of the urban industrial sector against the rural sector, it is said. If we are talking in disagreed terms, if we are taking the large mass of small marginal farmer and the agricultural labourer, this statement is true. If we take the rural rich and the urban rich and compute their terms of trade, you will find that the terms of trade have moved in favour of the rural rich.

PROF. N. G. RANGA: No.

DR. MALCOLM S. ADISESHIAH: We might discuss it, Mr. Ranga. But all that I want to say is that I feel that once more our Budget for over thirty years—this is not a matter of today alone—continues a policy of letting off the rural rich which means that their share of taxes is being paid by the urban rich.

SHRI GIAN CHAND TOTU: Mr. Vice-Chairman, Sir, the economic situation facing the country today is depressing because of inept handling by the Central Janata Government in spite of bumper agriculture production. The rate of growth of gross national product will be much lower than 7.2 per cent, achieved in 1977-78. The growth in foreign exchange in the first ten months of this year would be only Rs. 532 crores against Rs. 1,096 crores in the last year because of large scale imports, large scale increase in smuggling of consumer goods and reversion of transmission of money from foreign countries through unauthorised sources. The Government has completely failed in maintaining the curbs on unauthorised transmission of money through black channels and heavy smuggling of smuggled goods as against firm action taken by the previous Government headed by Mrs. Indira Gandhi.

This country has been very fortunate for adequate rainfall in the last two years. Because of stress on hybrid seeds, production of fertilisers, increased facilities for irrigation and production of more power by the previous regime there has been spurt in agricultural production. But it is unfortunate that the present Government has totally failed to keep the same momentum and we do not expect a higher agricultural production for the current year than last year's production of 125.6 million tonnes. By and large, agricultural production in the current year is not going to exceed the agricultural production in the last year. Farmers had to resort to large scale burning of sugarcane fields in view of no demand and potato growers had to face difficulties in disposing of their produce at remunerative prices.

Sir, the growth rate during 1977-78 had come down to 3.9 per cent as against 9.5 per cent achieved in 1976-77 and the major factors listed by the Economic Survey are power shortage, industrial unrest and demand constraints for certain industries. It is intriguing to find that while on the one hand the Janata Government wants to take credit for more generation of power during its regime, at the same time the Government attributes low production to shortage of power. The fact remains that there was no increase in power generation in the first half of 1977-78 and the increase in the second half was also as low as 3.4 per cent while at the same time there has been decline in coal production. The present Government's policies are directly responsible for industrial unrest as it gives the impression that there is no effective Government. Sir, during 1977-78, 2.3 million mandays per month on the average have been lost and it is very disappointing that there is going to be no improvement in this respect in the current year as per the Economic Survey. The Government, by indiscriminately allowing imports, have created demand constraints for

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 Indian manufactured goods. Steel ingots and saleable steel would also be lower by six per cent as against an increase of 30 per cent in the last year. As a matter of fact, hydel power has only increased due to good rainfall while thermal power generation in the current year capacity utilisation is below that of last year. The production and results of public sector undertakings are also very disappointing. As on 1st April, 1978 there was investment of 12,851 crores in 153 undertakings of which paid-up capital accounted for 6,785 crores and long-term loans of 6,066 crores. This is in spite of the fact that some of the public undertakings have monopoly in vital fields of industry and trade. It may also please be noted that the long-term loans of Rs. 6,066 crores attract an interest of six to seven per cent as against their counterparts getting the same at an average of 10 to 12 per cent. And what are the results with monopoly and low rates of interest? There would be a net loss of Rs. 14.42 crores after paying income tax on some of the concerns running into profits. The total profits of public undertakings have come down to Rs. 236 crores in 1977-78 as against Rs. 476 crores in the previous year. The picture in the current year is not going to be any better as per the Finance Minister's speech. It is unfortunate that while 60 per cent of the people in this country are under poverty line and large areas and sections of society are deprived of the basic needs of roads, drinking water and power and their condition cannot be improved unless there is generation of wealth by agricultural and industrial production. But Rs. 12,000 crores invested in public sector undertakings are not generating any funds and if the same situation continues from where funds are going to generate for the under-privileged? The philosophy of public undertakings does not mean that these undertakings may become a model for inefficient and incapable business executives drawing fat salaries and perquisites which even the Great Mughals did

not enjoy. The second impression that the function of these public undertakings is only the welfare of their employees also needs to be reconsidered. We have to apply our minds and change our methods because we have management skills in this country but somehow our procedures and methods stand in our way. Sickness in the industry is rising because of many factors, some of which are the creation of the Government. While at the end of 1977 there were 2,896 units with blocked credit of Rs. 859 crores, there has been another increase of 48 sick units in one year where more than one crore of rupees is blocked in one unit. Majority of the sickness, apart from mismanagement, is due to high interest rates, labour troubles, constraint of demands due to huge imports and squandering of funds on high style living. Small-scale sector is no better. There are 8,000 sick units with Rs. 2,000 crores blocked in these units. While the sickness cannot altogether be removed, it can certainly be reduced to a great extent if the Government takes prompt and timely action.

The Janata Government had pledged to remove unemployment from the country in the next ten years, out of which two years have already passed. There has been an increase of only 3.3 per cent in employment in the organised sector, while there has been no increase in the unorganised sector. The number of educated unemployed and uneducated unemployed as well as unemployed skilled and non-skilled labour is increasing. We would, therefore, like to know from the Finance Minister in concrete terms their programme of removing unemployment and how that is to be matched by the funds to be invested.

Sir, in the year 1976-77, there was a decline in imports. However, with the advent of the Janata Government, there has been an increase in imports in spite of the fact that due to bumper agricultural production the sizeable imports of foodgrains are no longer required. In the year 1977-78, we have imported goods, worth

we have imported goods worth Rs. 6,066 crores, while there has been a decline in exports, particularly of fish and fish preparations, sugar, oil cakes, leather and leather manufactures, cotton fabrics and garments and iron and steel. The position remains as bad in the current year. We would be importing goods worth Rs. 4,624 crores against the export of Rs. 3,910 crores. One could appreciate if there had been greater import of basic raw material and machinery, but mostly consumer items and manufactured goods have been imported. Had the same attention been given to expedite manufacture of these consumer goods in India, it would have generated more employment apart from adding to the tax revenue of the State.

Unfortunately, in our country, all influential sections of society want to have special privileges while 60 per cent of the population continues to be below the poverty-line. While lakhs of people have only urban streets to sleep on, while millions of children do not get two square meals a day, influential sections continue to get visible and invisible subsidies. Such subsidies also have increased during the present regime. In one single year only, from 1976-77 to 1977-78, the visible subsidies have increased to 24 per cent, i.e., from Rs. 947 crores to Rs. 1,172 crores. The position would not be better in the current year and the provision made in this respect is inadequate. The visible subsidies do not include invisible subsidies such as the one to the Indian Airlines. Today, the Indian Airlines is incurring a loss of Rs. 7.53 crores on 70 of its services and it is being absorbed by air services on other sectors. Ninety per cent of the people who travel on these airlines and who get the benefit of subsidised travel on expensive class belong to upper classes. As a matter of fact, the income-tax rates are so high in this country that hardly anybody can travel by air on his own. Only the highest strata of society tra-

vels by air. Then why subsidise these services? Transport services of ITDC having 107 luxury imported cars are getting into losses for the last so many years and even last year there was a loss of Rs. 12 lakhs. These are invisible subsidies only for the highest strata of society. There is no dearth of such invisible subsidies in each Ministry of the Government of India. And if you include such subsidies, the total cost of subsidies would be more than Rs. 3,000 crores in a single year. It is unfortunate that the Government shirks to take hard decisions and has postponed a decision on the subsidies issue also. There is a school of thought that there should be no subsidy except on food and standard cloth.

Sir, the hon. Finance Minister has rightly mentioned his concern for the rising Government expenditure. While in 1960-61 it was 21.9 per cent of the total budget and while it should have decreased in subsequent years because of rise in the Budget, the administrative expenditure has risen to 31.9 per cent in the year 1977-78. It has been estimated that a Class IV employee works on an average for 12 minutes a day and a typist types on an average of 100 words a day, i.e. three minutes job. Sixty per cent of the Budget is spent on 5 per cent of the top employees. Eighty per cent of the the air-conditioning installation in India today has been consumed by the Central and the State Governments and the public sector undertakings alone. Fifty per cent of the cars are being purchased by such agencies alone while 60 per cent of the total consumption of petrol is also by these agencies alone. The Government and the public undertakings today are customers for the majority accommodation in the five-star hotels and the Airlines. Not only this, there is duplication between the Planning Commission and the Government of India, the Government of India and the State Governments and the State Governments and the Development Depart-

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 ments of the States. The same type of studies and the same type of survey are being undertaken by more than one agency at the same time. In the name of research we are spending crores of rupees on old out-dated research but our non-research expenditure in these undertakings is increasing frightfully. I can enumerate scores of examples, but I would limit to only one. The Social Welfare Board has been constituted to give assistance to the voluntary organisations and particularly to serve the cause of the women, the children and the handicapped. Twenty-four years of its existence and that of its counterparts in all the States have only resulted in aggravating these problems instead of reducing the same. The latest figures I have got only for the year 1976-77. And it may please be noted that in that year, against the administrative expenditure of Rs. 67 lakhs, the total amount of grants distributed was Rs. 41 lakhs. That shows that the administrative expenditure was 110 per cent. Against the distribution of Rs. 41 lakhs, there was the total administrative expenditure of Rs. 67 lakhs. And then this is in addition to the expenditure included in the Plan expenditure, which is Rs. 6 lakhs, an additional expenditure on the vehicles. The Board does not have sufficient funds even for one activity to cover the whole of India to create any impact. Yet it has initiated a lot of schemes such as the Mahila Mandal Programme, the Holiday Camp for the Children, the Small Industry Limits, the Condensed Course of Education for the Adult Women, the Vocational Training Courses, the Welfare Extension Projects the Hostel for the Working Women, the Special Type Welfare Programme, the Foster Care Units, the Balwadis in the erstwhile Integrated Child Welfare Demonstration Projects and the like.

I do not want to take much time. They have hundreds of schemes, while they do not have sufficient funds even for one scheme to cover the whole of

India. It not only brings corruption, but it also bring favouritism. As you have seen, the administrative expenditure of the Government is going very high. Any amount of taxation and any amount of increasing the Plan would be meaningless in India. For the last 30 years we are having planning. We have economic experts. But at the same time, it is again a tragic and sorry state of affairs that these experts are completely unmindful of the realities of the situation. If today this situation has come that the establishment cost of the Government of India has gone up to 40 per cent and that of some of the Departments has gone up to 80 per cent, who are responsible? Is the Planning Commission responsible? Or are the experts responsible? They have brought these schemes; they have brought this Plan. And it is shameful, Sir, when you go in the evening in the Chandni Chowk, thousands of children you will find begging for two square meals every day. But we boast of the Plans; we boast of creating thousands of crores of schemes. And I am very sorry, while the Janata Government on the one hand says that it wants to reduce the unproductive expenditure, on the other it is 5 P.M. increasing it. I have also been a Minister of Industries in a State and I know how the industries centres work and what their impact is. Our immature Industry Minister has brought a new scheme of district industries centres, and he has provided Rs. 27.30 crores. In one year the scheme will give about Rs. 4 lakhs to every centre in India towards its recurring expenditure. The only result of creating these industries centres will be creating one more level for the people who want to set up either small industries or rural industries. The other day the honourable Minister of Railways—he is a competent man—mentioned that he was going to appoint public relations officers at the main railway stations. This year he will bring a public relations officer, next year he will bring a stenographer, a clerk and

the next year he will bring some peons. What is the public relations job when you have to pay Rs. 10, Rs. 20 or Rs. 30 for reserving your seat, when the trains are overcrowded, when the stations are dirty? Why not divert such fund which you want to spend on public relations, for improving your own services?

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): You are asking for generation of employment. And why are you then objecting where more employment is being generated?

SHRI GIAN CHAND TOTU: But there has been unproductive employment. This is my charge, that there has been unproductive employment in this country. That is why I said that 80 per cent of the administrative costs are only an unproductive expenditure. It is the unproductive employment that I am objecting to. My learned friend, Mr. Parikh, was taking credit that they are spending about Rs. 100 crores for mass education. He does not know that Rs. 3 crores have been provided this year for buying 100 jeeps. That is the way these funds would be diverted for mass education; that is the way our Government spends this money and that is the way it defeats the purpose for which those funds are created. The Finance Minister has increased the income-tax. On the one hand he wants to curb black money, he wants to check tax evasion; on the other hand he is creating conditions for more and more of tax evasion. Mr. Pranab Mukherjee said that the direct taxes have gone up in this country to 98 per cent. The more you increase the direct taxes, the larger is going to be the evasion. You pay your inspectors Rs. 500 to Rs. 600; you pay your income-tax officers Rs. 1,000 or Rs. 1,500. Today a car-owning person has to spend Rs. 2,000 per month. There are so many attractions for them. Therefore, by increasing the direct taxes you would only increase the evasion; therefore, it is much better to cover more people and re-

duce the taxes. Likewise, duties have been increased on electrical goods. Now the present duties are 40 per cent; add to them 4 per cent Central sales tax and 10 per cent local sales tax; the Government tax and excise duty alone would amount to 60 per cent of the cost of the goods. There are going to be large-scale transactions out of books. It must be understood that it is very easy to make laws, it is very easy to increase these taxes. But where is the agency through which you can enforce your laws? In your enforcement agencies there is as much corruption as there is in public life. I therefore request the Finance Minister to give a second look to the increases he has made. And he has made these increases ostensibly for helping the rural people; he has reduced about Rs. 100 on fertiliser, but he has increased the same on diesel oil. The cost of diesel oil is going to affect every farmer; the farmers are not going to be benefited by the reduction of Rs. 100 when the cost of diesel oil for running their tractors, for transporting their goods, has been increased. But, unfortunately, it is a sad thing that there cannot be any drastic change unless they change the present administrative structure. Sir, today, they have targets only in financial terms, that is, they have only financial targets and they worry about whether this department has spent one crore of rupees or whether that department has spent ten crores of rupees. They should change this and they should talk in terms of physical targets like how many miles of road they have built or how many schools they have opened and so on. So, unless they change the present system of administration or the administrative structure and unless they think in terms of physical targets instead of financial targets and unless they avoid the duplication of agencies, however big the Plan may be the common man, the poor man, whether he is in the rural areas or whether he is in the urban areas, is not going to be benefited at all and only the

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influential sections of the society are going to be benefited. Thank you, Sir.

DR. RAFIQ ZAKARIA (Maharashtra): Mr. Vice-Chairman, Sir, this is a political Budget and I think Choudhury Charan Singh has done a good job from that point of view.

The Prime Minister, when the quarrel between him and the then Home Minister was going on and the then Home Minister had to resign, made it a point that the Home portfolio would not be given to Choudhury Charan Singh and that point of dispute between the two dragged on for so long that India was without a Home Minister for seven months. But, ultimately, they patched up and what was the result of that patch-up? The result was that instead of the Home portfolio, Choudhury Charan Singh got the Finance portfolio. I do not know who really is the winner in this, the Prime Minister or the Home Minister.

PROF. N. G. RANGA: Both are the losers.

DR. RAFIQ ZAKARIA: I don't agree. I think the winner is Choudhury Charan Singh because, at the Centre, the Home portfolio has certainly not got that significance as the Finance portfolio has got. Home is basically a State subject and, therefore, by getting this tremendous weapon of the Finance portfolio in his hands, which, I think, is the most potent, most powerful and the most important weapon in the hands of any one at the Centre, Choudhury Charan Singh has managed to create the type of impact of his leadership on the people that he wanted to. But, in these political rivalries that had bedevilled the Janata Party. I am afraid Sir, the nation has suffered because, the Budget that Choudhury Charan Singh has presented, though ostensibly a rural-oriented Budget and that is what his primary purpose

seems to have been, he has hit in reality the poor both in the urban areas and in the rural areas. It is because of the reliefs that he has announced with such gusto and such enthusiasm that he managed it. I was present in the Rajya Sabha gallery in the Lok Sabha when he was presenting his Budget proposals on that fateful day. He was looking this side and that and even the Janata members felt really elated when one after another concessions for the rural areas were announced until, on a deeper analysis, the Janata Party itself realised that what Choudhury Charan Singh had done was to play his own game only and that only the "haves" in the rural areas have benefited and not the "have nots". Again, I understand that many of the commitments made by the Janata Party, including the doing away with the Compulsory Deposit Scheme, has been given a go-bye in this budget. And if that is the position, what we have to understand is whether such a political budget where politics is having precedence over economics, will not damage the already shattering basis of our national economy.

Sir, Chaudhury Saheb these days is more lucky than we realise, in more ways than one, because he has so utilised this weapon of the Finance portfolio that he has created an impression in the rural areas that he has come as their redeemer. In fact, some of them told me that after Sardar Patel the only man who has really cared for them is Chaudhury Charan Singh. But what is really the analysis of the reliefs that he has given—in fertilizers, in chemicals, in power tillers, in pump-sets, etc? Are they really going to touch the lives of the common people in the agricultural sector, of which he is very fond or in the rural areas about which he is talking with such eloquence and even a sense of loyalty? Are these reliefs going really to affect a small holder? Are these reliefs really going to affect the landless labourers? Are they really going to give any kind of relief to a non-irrigated land holder in the rural

areas? Somebody has worked it out for me. The total reliefs come on an average to about Rs 170. But the various tax burdens that he has cast, though seemingly it may look as if they are going to affect the urban areas, are going to equally adversely affect the rural areas, and particularly the rural poor. Kerosene is as much a 'must' for the urban poor as for the rural poor, so are match sticks. And so are refined and other edible oils. The type of life that Chaudhury Charan Singh feels the villagers is leading in this age is long past, whatever he might have to say about our performance in the past. I do not want to create any kind of confrontation between the rural areas and the urban areas though the study made by the Gokhale Institute of Politics and Economics, Poona, has shown that in the last twenty years the urban poor has really become much poorer than even the rural poor. This is their study. But, as I said, I have no intention of either exploiting that or creating this kind of confrontation. It is a question of degrees. The poor is poorer whether he is in the urban area or in the rural area. If one gets Rs. 5 more and another gets Rs. 5 less, to my mind, it makes no distinction. The biggest problem which the Budget should have tackled is how to give relief to the poor, to the "have nots". And from that point of view, this effort that Chaudhury Charan Singh has made is not going to affect in any way the rural poor. There seems to be a tremendous prejudice against the urban areas in his mind. God knows, why. And when we talk of the urban areas, let us please do not forget that whether it is Bombay, whether it is Calcutta, whether it is Madras or any of other big cities, they have really grown as a result of the migration of the rural people in search of employment. And what you see there is nothing but poverty, poverty in the shape of hutment dwellers, slum dwellers, poverty in the shape of what the working classes have to face from the rise in prices. Therefore, this kind of a confrontation that is

sought to be created through the instrumentality of a weapon like the Budget is something which is certainly regrettable.

Sir, the Finance Minister has said that of the two aims of the Budget, one aim has to be the reduction of disparities in incomes. Now, Sir, has he really brought about that? By taking a little bite here and a little bite there, by putting a little more burden on the wealth-tax payers and raising the personal income-tax to some extent, is he achieving the purpose, or is it again just a political gimmick? But when I said that Chaudhury Charan Singh has admirably succeeded, why did I say that? It is because he has certainly created a certain impact. He has created an impact in the rural areas that, "Oh, so much of rebate has been given to us." In the net result, what will happen? When the calculations are made, you will find that if a rebate of Rs. 170 per year has been given, a tax burden of Rs. 500/- has been cast on them by the Government in this budget. So, really speaking, you pay, out of the Rs. 500 burden Rs. 330 more in the rural areas, and Rs. 500 in the urban areas. It is not as if Chaudhury Saheb has not touched the rural areas. But he has created the impression that he has favoured the urban areas.

Then, Sir, there is another point that has to be borne in mind. And there also he has succeeded. And I am surprised at that; it is the impact that he has created on the industrialists and the business people which is also tremendous. They are all happy. This is because the corporate sector has been conveniently left out? And how many wealth-tax payers are there? You can count them on your finger tips. Instead of taking Rs. one lakh, even if you take Rs. 10 lakhs, it cannot add upto more than Rs. 2 or 3 crores in a Budget of thousands of crores of rupees. What difference does it make? But an impact has been

[Shri Rafiq Zakaria]
 created. And you don't want to really go to the bottom of it and try to find out which are the resources which could really be harnessed, which are the resources which will give you the necessary wherewithals with which you can really re-organise your national economy. That Chaudhury Charan Singh, being a bourgeois that he is, being a leader who has been steeped in all those environmental factors in which other Finance Ministers were also steeped in, a show had to be made, and he has done—I repeat—a good job of it. But at what cost? That is why we have to understand as to why this kind of a situation has arisen where both the rural rich and the urban rich are happy. And who is the one who has suffered in this process? It is the poor middle class and the professional class, the fixed-salary class because the moment you put these burdens on them they are almost crippled. Let us not forget that it is the middle and the urban class which is really the backbone of our stability, the backbone of the progress of our nation. Chaudhury Saheb thinks that a man who gets Rs. 4,000 a month is a rich man. But has he calculated as to how much of that remains will remain in his hand, how much will he take home out of this amount of Rs. 4,000? It cannot be more than Rs. 1,400 to Rs. 1,500 after all those taxes—direct and indirect taxes and the compulsory deposits—and all those other various burdens that he has to bear. And, what can a man with Rs. 1,400 or Rs. 1,500 do in a place like Bombay or Poona or Nagpur or Delhi or Kanpur or Lucknow or Madras or any other place like that? Has Chaudhury Sahib applied his mind to these realities of the situation? Does he know that under his benign dispensation one cannot get even two rooms in Bombay for a rent of Rs. 500 or Rs. 600? Out of Rs. 1,500 that might come into his hands, one-third goes away towards rent. Then he has his wife and children to look after. Can reducing his income result in the curtailment of disparities of incomes. If

you want to remove disparities in incomes you must look to those big houses, to that corporate sector, which create these disparities, and not your middle or professional class, which, as it is, is finding it difficult to make the two ends meet, and that is why I say, when you have again introduced this compulsory deposit scheme, not that it is not a good scheme, but he has hardly anything to spare, he has hardly anything to save. That is the situation that has been created as a result of all these tax burdens.

Then, Sir, there is this tremendous gap of Rs. 1500 crores. Which is going to generate more and more black money. This will be another handle for not removing disparities of income but widening the disparities. In the whole Budget there is no mention of black money, there is no effort in that direction when a parallel economy is feverishly going on. Let me tell Chaudhury Saheb through my good friend, Mr. Satish Agarwal—I want him to make a note of it—that what will happen as a result of this gap with all the unbridled avenues that this budget has opened, is that there will be greater and greater generation of black money; the black money which, during the emergency, was, to a great extent, curtailed and curbed. I am not talking of the other aspects of emergency but the black money was certainly curbed. I am just broadly making a reference to it and let me say this to the credit of the former Finance Minister Mr. H. M. Patel, that with his sound financial background he saw to it that that process was continued. When I asked to industrialist in Bombay what was the difference between the Budget presented by Mr. H. M. Patel last year and the one presented by Chaudhuri Charan Singh this year, he said, the difference was that Mr. Patel had made it a little difficult for them to make black money, and Chaudhury Charan Singh had made the task easier. This is a thing which any economist, to whom you may talk to, will say.

(Time bell rings)

The danger, as a result of this Budget, is that prices have already start-

ed rising. In the Cabinet itself there is a difference of opinion. I know that the Commerce Minister is unhappy because the prices of oil and other basic essential commodities have started rising. The manner in which the proposals have been made this rise is inevitable.

Then there is the capital gains tax. After considerable deliberations a committee was appointed and after taking into consideration the views of the various economists and bankers in this regard, it recommended that this should not be taxed but invested in certain securities. Chaudhury Sahib's withdrawal of this exemption is going to give him revenue this year and Rs. 14 crores next year. These investments of capital gains gave to the national exchequer Rs. 200 crores every year—If which Chaudhury Sahib was interested he could earmark them—for rural development. I could have understood his saying that it will be utilised for agricultural finance or for rural electrification. But no; probably according to him, all these fellows with capital gains have to be taught a lesson. Like the Chinese he was only interested in teaching lessons to certain classes of people. But at what cost? Only the time will show. (Time bill rings). Sir, I will just take a couple of minutes more.

There are many other aspects of the Budget which are irritating. But I want to know as to why in giving the exemption of 25 per cent to the authors of books and encyclopaedias and others, English has been excluded. Does he realise that it is this kind of Hindi chauvinism, which frowns on English which has created a divide between the north and the south? English is the associate language. English authors who are writing text-books and other books are as poor and as much struggling as the Hindi authors or the authors in other languages. Why are you making this distinction then? If you give a concession, it should be a concession which should cover not only the na-

tional language but also the associate language, specially because we know that the people in the south are very sensitive about it. Thank you.

DR. M. M. S. SIDDHU (Uttar Pradesh): Mr. Vice-Chairman Sir, this Budget has been described as a *kulaks* Budget, as a political Budget, as a Budget for the rural rich etc. I would like to take another aspect of it, and that is what this budget means to a house-wife, to an unemployed, to the sick and to those who are below the poverty line. First of all, let me take those persons who are sick.

[Mr. Deputy Chairman in the Chair].

The Finance Minister was very much concerned about the health of the people and in his wisdom he showed certain mercies on those who take life-saving drugs. I do not talk of the drugs which go by the name of drugs in general terms. But what are those life-saving drugs and to whom do they cater? What effect will it have on a sick man? We take one disease tuberculosis. Let us see how many persons in our country suffer from this disease and what this Budget has left as a ray of hope for them. You will be surprised to know, Sir, that in our country about 4 lakhs of people die every year due to this disease. The worst victims are in U. P. who suffer from this disease numbering 20 lakhs who were said to be on the sick list last year, followed by Maharashtra with 7½ lakhs, and Bengal, Tamil Nadu, Andhra Pradesh and Punjab with 2 lakhs each and also Haryana. In all, about one crore of people suffer from this disease. One drug Rifampicin which is beyond the reach of the common man because the cost is very high, is among those drugs where the Excise Duty has been exempted. Now, with these one crore of people suffering from this disease, what is the Budget for the health? What is he going to do? These people who are suffering from the disease are not allowed to die because they somehow or other take drugs off and on that is within their means and they develop resis-

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tance and then they spread the disease. What is the result? The result is, we are not able to wipe out this disease. But before chemotherapy or the drug came in, this disease was wiped out from Europe. How? By raising the standard of living of the people, by isolation, by raising their nutrition level and by better housing. Sir, health is not a problem of the doctors. It is a socio-economic problem and if somebody wants to tackle the health of the people, he has to tackle the nutrition, the housing, the water supply and the environment, changes that will be conducive to the health of the individual. But is there any ray of hope for such persons? I see none.

Then, again, he was solicitous about the health of the people. I would have admired him if tobacco cultivation had been stopped because it is known that tobacco and lung cancer go hand in glove. Is he only to remove the excise duty from one place and to levy it at another place? If he was solicitous about the health of the people, the better thing would have been for him to say that tobacco would not be grown. They may be given some subsidy to grow some other crop so that they would not grow tobacco at all. In other countries, specially in Scandinavian countries, with the increase in tobacco, smoking, the lung cancer cases have increased to such an extent that they find it difficult to meet the cost of the treatment of lung cancer within the Budget allocation in relation to health.

Is it the way to look after the health of the people? Then, we come to the nutrition of the people. What has been done for the nutrition of the child? Is there anything? Is there anything? Is there anything for these persons who are below the poverty line, who are unemployed, for the working class and so on? Is the money value the same? Those persons who go in for social security and who invest their money in provident fund, what do they get in the end? Whatever money they give as their contribution, with the fall in money value and the

buying power, they get only their contribution and the Government, the employer's, contribution, is nullified. The better thing would have been to raise the buying power and the money value.

Then, another aspect is, what is going to happen to the unemployed? If a political party cannot remove unemployment, if it does not show results but only promises, it will not be able to survive because youth will not listen to it. Today, we are having what? Mass copying in Northern India as a whole. In West Bengal, we had had the MBBS examination after three years, a gap of two and a half years. These boys lost two precious years. Now, all the time, we have been talking of medical education being the costliest education and we say that the State spends so much money on it. What is happening to the examination in the Meerut University? I need not mention it here. Why is mass copying going on? For two years, we have been thinking of radical changes in the examination system. The UGC had had so many commissions and enquiry committees. Why is it not being put into practice? The only threat which worked was that of the Medical Council of India. When unfair means were used in one of the States, the Medical Council of India said that they would not recognise the MBBS Degree. Will the U.G.C. or the State Governments or the Government of India arm themselves with such a legislation that wherever mass copying is done, that degree will not be recognised. Only that will have the salutary effect. Otherwise, with the type of mass copying, with the attempted murder of invigilators, with the persons being admitted at the fag end of the academic year when examinations are to be held after a week or two, if the student is not going to copy what else is he going to do? If a boy is going to be admitted in February and the examinations are to be held in March, what type of genius boy he will be that he will write out everything without copying.

All the more when out of 160 days not more than 40 days or 50 days or 60 days teaching goes on, do you expect or does anybody expect that mass copying will not be held and the standard will not be lowered? Over and above that, due to political interference the marks are raised, sometimes by 10, sometimes by 20, as grace marks, in order to pass them. With this state of affairs of those persons who are unemployed, why not detach qualification from employment? Why do we need a graduate or a post-graduate for being a clerk? If we do need it, then this has to be the state of affairs. If we were to read the report of the UPSC, we find that the first-class students, the students who have obtained first divisions, are not able to qualify in the examinations. What type of first divisioners from any recognised university you have that they are not able to qualify while the second and third divisioners are able to do so. Then the only conclusion that can be drawn is that we are not caring for the human resources, we are only thinking in terms of material resources at one time or the other.

Then, Sir, this Budget, as a whole, does not have any real hope for those who are unemployed, for those who are landless, for those who are workers. Then, who are the gainers? As the previous speaker has said, if the share market is an indication, the corporate sector is the one which has welcomed it. It is the rich, in spite of the protests, that has welcomed it. It is the rural rich, it is the urban rich who have welcomed it. It is the middle class it is the house-wife, it is the commuters who have been using the public transport, they are the one who have suffered. You may raise the price of petrol. The diesel price may be raised. I have no quarrel with that, but what is the state of the State transport or the public transport? Are you able to assure proper public transport? Only after you are able to assure adequate public transport, the satellite towns

will grow the health of the people will grow, the people coming from a distance will be able to have a better life.

Then, Sir, much has been said about chocolates, biscuits, etc. I think, most of the hon. Members, as fathers they know it, as parents they know it, that children somehow or other do not like milk. You have to put something to it so that they get used to it. Most of them like drinking milk with chocolate. You put some flavour to taste it. Somehow or other, in the days when we ourselves take tea and coffee. It is difficult to convince the child that milk is good for him and tea is good for us. Therefore, these little mercies he was having and you have deprived him of the same thinking that they are going to touch the rich or the urban ones. I do not know what type of mentality or what type of mental attitude one person can have. As far as the farmer is concerned, the best thing that can happen in the rural areas is to have effective land reforms. As long as land reforms are not acted upon in the right spirit, no talk of tax exemptions, no talk of doing good to the rural areas will have any meaning. Unfortunately, for so many years we have talked about land reforms while the pace of land reforms' implementation has been such that it has been very disappointing and the people have lost faith.

Last of all, what is the position today. Each person thinks that the Government will not listen unless there is a strike. I was more touched when the officers of the judiciary were forced to take casual leave. The courts were closed. It is not that it has no meaning. After all there have been cases of casual leaves by other workers, by other employees. But what is the result of this? A class of people who do not like agitation, who do not like to take any other recourse are forced to adopt this approach. It is not a healthy sign for a democracy. It is not a healthy sign

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for a civilised behaviour. Can't we get into a dialogue with those persons who are the arbiters of disputes of others? When they get into a dispute, we force them to go to the streets. Is this our attitude towards the judiciary? Any Government will not be judged by the statistics of crime that are doled out day in and day out, but will be judged by its quality and by the impression that it creates on the people. We are not concerned if a few die; but we will be concerned with what is the effect on the minds of the people of the Government of the day. Therefore, this sort of thing which has forced the judiciary to go to the streets is a very unhealthy, sad sign. Similarly, the teachers are forced to go on strike. And when do the teachers go on strike? Whenever the examinations are near, so that it can be said that the boys' examinations are there and so many years will be lost. So the people choose the day of the strike or of going off the work when they like. It is good that the number of man-days lost in the industrial sector has been less than in the earlier years, but I do feel that a permanent machinery should be evolved so that these classes of people are not given the impression that force or agitational approach is the only thing that the Government understands. Thank you.

SHRI KHYOMO LOTHIA (Nagaland): Mr. Deputy Chairman, Sir, I rise to speak on this Budget proposal for the year 1979-80. We have heard from many hon. Members about the merits and demerits of this Budget. I feel that it looks good on the whole. But then we have to see as to how far the benefit envisaged in this Budget will reach the rural people. We have talked much about the rural people, the Scheduled Castes and the Backward classes. And we are all, at every stage speaking for the upliftment and welfare of these people. But as we talk on this Budget, we who come from rural areas cannot be happy if the people in the urban areas

are deprived for the sake of the rural people. The distribution has to be fair but the share of the rural people should be given to them. At the same time the needs of the urban people, the middle class cannot be ignored. In many cases we find that the rural people, the Scheduled Castes and the Backward Classes are always made the scape-goats. In the name of rural people and rural development the benefit goes to others. Sir, I know how in 1976 the Congress session was held at Gauhati in all splendour. It was what a very big gathering. Where did the money come from for this session? I was told later that the tribal rural development fund in Assam was used for this Congress session.

In the same way there are many funds allocated for the tribal welfare and for backward classes. But this money is not really going for their development. I am saying with all sincerity and with full knowledge because I come from a very far off, undeveloped area. I am happy to see that the fund allocation for the North-Eastern region has been increased, especially for the North-Eastern Council. In this there is an increase of Rs. 911 crores for 1979-80. But when it comes to sharing the funds, a State like Nagaland is not given its due share and the lion's share of all this fund goes to the bigger State of Assam. Therefore, even if the allocation is made for these tribal people, whether it is the North-East or in other States like Madhya Pradesh, Bihar or Orissa, for tribal development we have to see that these funds reach the poorest.

Sir, while we talk about development and the concessions given to the farmers we are at the same time imposing certain taxes. But, from Delhi it is very difficult to view the problems of the North-East region. The price of petrol has been raised. The price of kerosene has been raised. Rise in the price of petrol may not be felt by others, but we know where the shoe pinches. For we who come from

a hilly State much depends on petrol.

DR. M. M. S. SIDDHU: I said, public transport should be cheaper.

SHRI KHYOMO LOTHIA: Even public transport for us in the hill States, not only Nagaland or other north-eastern States but all hill States, depends more on petrol. So, the rise in the cost of petrol is definitely going to hit very hard the economy of the people there. All the essential commodities have to be transported to the rural people through vehicles run on petrol. And kerosene is used not only for light but for cooking purposes also. All these are going to affect the rural poor.

Sir, when we talk of benefits of the rural people, we find that all the farmers are having school-going children—two, three or four of them. All these school going children, whether in the school, college or university, do not earn anything but they are spending in the cities and towns as much as any earning member of any family does. So, the lot of the farmer who is having children in school is in no way better and the increase in indirect taxes on the essential commodities which is affecting the middle class is also affecting the children of the farmer. So, we cannot really say that the farmers are beneficiaries of all these concessions.

Sir, I come from a very backward State. In 1972 when for the first time sales tax was to be imposed in the State of Nagaland, I had organized a demonstration and opposed it. At that time I was threatened with arrest and yet we demonstrated and presented a memorandum to the then Chief Minister, opposing the imposition of sales tax. That was in 1972 in a small State like Nagaland. What has happened here? The Janata Party in its election manifesto had assured the people that sales tax would be abolished but, I am sorry to say, there is no indication of it now. Rather we have more of indirect taxes, thereby going back on our own word, our assurance to the people that sales tax

would be abolished. Therefore, Sir, while on the one hand I am happy that more funds have been allocated for tribal development, for rural development in the north-eastern region, we have to see how really these schemes will be implemented and how these funds reach the poorest. On the one hand you are giving but on the other hand you are taking. So it is a give and take policy.

Sir, immediately after this Budget was presented here in Delhi, the Assam Government had to raise the dearness allowance of their Government servants. The effect in the neighbouring States of Nagaland, Manipur and Meghalaya, I am quite sure, would be that the Government servants there also must be agitating and they will have to demand more to meet all this rise in prices. What would happen to the smaller States with meagre revenue and resources?

It is true, Sir, that prices have risen and here in Delhi itself the businessmen are trying to exploit their customers. Only the other day I went to buy a small toy for my son because his birthday is very near. I went to one Maya Toy Shop in Janpath and they charged me Rs. 75. I had to buy it because there was no choice; my son wanted that particular type of toy. As I was going round the shops, I saw a similar thing in another shop and when I asked about its price, they said it was only Rs. 54/-. So I went back to the previous shop and charged them by saying that this is nothing but exploitation. In many shops, they are doing this thing. Our appearance unfortunately or fortunately differs and they always mistake us for the Embassy people and would like to exploit us. I think this is very unfair. In Delhi, you have foreign people coming from other countries or even from our country having different features and these people are being exploited. I think this is very unfortunate.

Sir, I will not take much time. I feel on the whole the Budget looks good, but it remains to be seen how

[Shri Khyomo Lotha]

things are implemented. I do not feel really comfortable with the taxes that have been imposed. I would only request the Government to review and revise the whole thing and see that while giving anything, they do not take away another thing. Only last night some students came and asked me: Why are we called backward? I said that educationally perhaps we are not that backward now because the percentage of our literacy is going up rapidly, but economically we are really poor because we have no purchasing power. Here the people are having television, good furniture, good food, beautiful crockery and every household thing. People in Delhi are having cars or scooters. But what do we have? If you go to our State, what do the people have? Simply a roof to give them shelter from the rain and from the sun and the cold winds. But when you get inside, what do you find? There is hardly anything there. We have no purchasing power to go in for a radio set. Television has not yet come there. Perhaps it will take years. How many cars and scooters do we have? We have no purchasing power. That is why we are economically backward. And to improve this, the only thing is to have better communications because basically the tribal people are agriculturists. Although they may not become very rich, the people will not be economically that backward if communications are really developed, because then they can take their agricultural produce to the market. In this alone lies the salvation of our poor farmers. They are only dragging on somehow so far as the communications are concerned.

I have also seen that for rural electrification there is more allocation of funds. But in reality these funds will go only to bigger States like Assam.

Nagaland today is buying electricity from Assam by paying the highest rate—I have been told that it is the highest rate in India; it may be the highest in the world. I have not got the statistics with me. But we are paying too much. We have simply been exploited by the Assam Government. In spite of our request, the Central Government has not come to our aid. I do not know how many years the Government will take to come to our aid. So this is not really going to benefit us.

6 P.M.

Then I would like to say something about drinking water. We have more than 800 villages in Nagaland. And how many villages have drinking water after 30 years of independence? We have hardly 200 to 300 such villages and the rest are yet to be covered, and even these 200 to 300 villages are not having proper water connections. Therefore, when we talk of rural development. We have really to see that the benefit reaches the poor people and that the fund that is allocated really goes for rural development because, as I have said earlier, we are not getting our due share. Therefore, I would only request that all these things should be reviewed and revised. The taxes on kerosene and other essential commodities should be revised. And I have read the other day about another hike in the price of petrol. It really makes us nervous, I hope this will not come. With these words, I conclude my speech.

श्री उपसभापति : मदन की कार्यवाही कल 11 बजे तक के लिये स्थगित की जाती है।

The House then adjourned at two minutes past six of the clock till eleven of the clock on Tuesday, the 13th March, 1979.