

[Prof. Sourendra Bhattacharjee]

tion they come forward with these demands and threaten to boycott the examinations, what inference can we and the public draw? It will be as if they are trying to coerce the Government into submitting to whatever they are asking for. This is my humble request to the hon. Minister. He is a great administrator. He has been in charge of Education Ministry for several years. Would he have accepted this type of, should I say, a threat when the examinations are in the offing?

The House then adjourned for lunch at twentythree minutes past one of the clock.

**डा० भाई महावीर :** इसमें त्रिपाठी जी भी आपकी मदद करेंगे ।

**श्री उपसभापति :** अब सदन की कार्यवाही समा दो बजे तक के लिये स्थगित की जाती है ।

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

Reference to the Reported decision by central Hindi Committee to use Hindi in Banks and Public Sector Undertakings.

♦SHRI E. R. KRISHNAN (Tamil Nadu): Mr. Deputy Chairman, it has been reported in the Press that the Central Hindi Committee took a decision on 17-3-1979 providing for exclusive use of Hindi in correspondence by Banks and public sector undertakings in the Hindi speaking States. It was also reported that apart from the Deputy Prime Minis-

♦English translation of the original speech in Tamil.

ter and some Cabinet Ministers the Prime Minister, Mr. Morarji Desai was present at the meeting.

If the report is true, then I have to bring to the attention the gravity of the situation such a step will lead to. Time and again the leaders of the Government have given assurance that there will be no imposition of Hindi. But to the great consternation of the non-Hindi speaking people, we find that Hindi is being rammed down our throats with a vengeance and with impunity.

Have Government considered the consequences of confining correspondence for Banks and public sectors to Hindi only in Hindi speaking States? It would be the grossest betrayal of the thousands of non-Hindi speaking citizens in Hindi speaking States and of the thousands of non Hindi speaking employees in the Banks and Public Sectors. That means imposition of Hindi in its most naked form which was hitherto done by the back door and has now been done by the front door. It is an insult to all the other national languages of India that Hindi has been given the exclusive recognition. It has thrown to the winds all assurances given with great solemnity. We from the non Hindi speaking areas will not tolerate this Hindi imperialism which operates to the disadvantage of non Hindi speaking people. This measure will further aggravate the tension that prevails in the country over the encroachments of Hindi, which are becoming too fast for our liking. The sooner Government withdraws from all such attempts for overt and covert imposition of Hindi the better will it be for the integrity of the country and save it from Balkanisation which will be the ultimate fate if such ill-advised measures continue.

Further, when our non-developmental expenditure is going up, we see

the sad spectacle of money being thrown away on purchase of 10,000 Hindi typewriters, as per reported decision. When our economy is in dire peril, with a high deficit, with people groaning under heavy taxes, it is tragic that valuable money is being thrown away on foisting Hindi. This certainly is not the time for such misguided attempts.

I trust that saner counsels will prevail lest the frustration among non-Hindi speaking people should develop into a powerful force against the unity of the country.

I hope, that at least the advice of President, Shri Sanjeeva Reddy would be heeded to by the saner elements in the Government. I feel, that if the President's warning is not respected, country would be fragmented, and the responsibility will rest on the Janata Government.

**Reference to Demonstration at the  
Boat Club- New Delhi by Agricultural  
Workers**

SHRI INDRADEEP SINHA (Bihar): Mr. Deputy Chairman, Sir, I rise to draw the attention of the Government to the massive demonstration of agricultural labourers that has taken place.....

SHRI E. R. KRISHNAN (Tamil Nadu): Sir, I would like to have a reply from the Deputy Prime Minister.

SHRI PILOO MODY (Gujarat): In what language would you like him to reply?

SHRI G. LAKSHMANAN (Tamil Nadu): In any language. In English or in Hindi or in Tamil. (Interruptions) Sir, in that conference, the Prime Minister and the two Deputy Prime Ministers were present. Against the Constitution, a decision has been taken that in Hindi areas, only in Hindi, every transaction, in regard to life insurance, banking and so on, will be conducted. This is

2233 RS—7

urgent public importance

against the Constitution and against the Language Act. Therefore, I would like to know from the Deputy Prime Minister whether he was also a party to it and whether he did an unconstitutional act by participating in that meeting.

SHRI INDRADEEP SINHA: Sir, I was referring to the massive demonstration of agricultural labourers that has taken place today and, presently, more than 3 lakhs of agricultural labourers are assembled at the Boat Club. Sir, it is not an easy thing for agricultural labourers to come to the capital of India. They have come from all the States of India. They speak different languages. They do not understand one another. But there is no language controversy among them because they are inspired by the common purpose of fighting against exploitation and improving their living conditions. Sir, during the last 32 years since Independence, their condition has worsened. The number of agricultural labourers which was only 20 million in 1951 has grown to 50 million in 1971 and it may now be approaching 60 million. From where do they come? They are ruined peasants mostly. Their economic condition is such that they are the people who fall below the poverty line in the rural areas. Falling below the poverty line means, they do not have even 2400 calories of food per day. In the recent past atrocities against them have multiplied. According to the figures placed by the Home Ministry of the Government of India, the number of atrocities perpetrated against the Harijans stood at 5969 in 1976, went up to 10,879 in 1977 and the figure was 5952 in the first six months of 1978, that is, the annual figure would be above 11,000. There has been an unprecedented increase in atrocities against the Harijans. We talk of human rights. We have formed an anti-apartheid committee. We are protesting against the denial of human rights in South Africa. But what is happening to our own people,

[Shri Indradeep Sinha]

to our own agricultural labour? They are denied elementary human rights, the right even to walk on common roads, the right to draw water from the common village well, the right to live even because many of them have been just killed, their houses have been burnt, their women have been raped and they are living in the most miserable condition. Only four days back, during the Question Hour the hon. Labour Minister was somewhere here. I mentioned this fact to him that they are coming on the 20th and the Government should tell them what is its stand, what is its policy with regard to their demands. Now their demands are not many. They have not submitted one dozen or two dozen or three dozen demands. They have submitted only five demands. Their demands are:

1. Stop atrocities on the Hari-jans, Adivasis, backward sections and other agricultural workers and the rural poor; wipe out untouchability; and all other social discriminations;
2. Implement radical land reforms;
3. Provide reasonable minimum wages, enact comprehensive agricultural workers' Act;
4. Allot house-sites and grant money to construct houses;
5. Enforce employment guarantee scheme with notified minimum wages; abolish bonded labour, usury and other forms of feudal exploitation.

These are their five demands. Now I am placing these demands before the House and before the Government. I had already informed the Government on the 16th that they will be coming on the 20th and the House will expect a reply from the Government, what they propose to do, what is the policy of the Government with regard to the agricultural labourers. What is the policy of

the Government with regard to those peasants who are on the way to be coming agricultural labourers because the peasants are ruined and they become agricultural labourers? The number of agricultural labourers is growing. Unemployment, misery, poverty, social discrimination are their lot, but there is one hopeful feature. Their coming to the capital itself shows that a new class is coming up in the Indian society. Sir, coming to Delhi for them was not easy. They had to face the lathials of the landlords in the villages and they had to face the lathials of the Government at the railway stations. Many of them are injured, many of them are lying in hospitals. They are lying in various hospitals, from Samastipur to Kanpur. This is based on whatever information I have got. So, after facing all these hazards they have come to Delhi because they have a genuine sense of grievance, they have come to ventilate their grievance and they expect a clear cut answer from the Government, what the Government proposes to do for them, whether the Government proposes to give them minimum protection of life, whether the Government proposes to give them minimum wages. The other day I raised a question. In the 'Food for Work Programme' the minimum wages fixed by the Government were not being paid to them. In the co-operative sugar factories of Maharashtra and Gujarat and in the sugar factories owned by the Government itself the minimum wages were not paid. The minimum wages fixed by the Government are not being paid to the cutters of sugarcane. Such is the situation. The Government itself violates the law. So, if this situation continues; there will be a country-wide agitation, a country-wide flare up among the agricultural workers. They will fight and they have come determined to tell the Government that unless the Government heeded to their grievances they would fight for their demands.

Sir, I am reminded of an observation made by the late Pandit Jawaharlal Nehru long ago in 1933 in his celebrated article "Whither India". There, Pandit Nehru stated that the driving force behind the freedom movement was poverty and starvation. He had further stated that if those conditions continued, then leaders may come and leaders may go, they may falter, they may betray, but the fight will go on because the drill sergeant is hunger. And it is that drill sergeant of hunger that has brought them to Delhi and the Government should heed their voice before it is too late.

—

**MESSAGE FROM THE LOK SABHA  
The Appropriation (Vote on Account) Bill, 1979**

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith the Appropriation (Vote on Account) Bill, 1979, as passed by Lok Sabha at its sitting held on the 19th March, 1979.

The Speaker has certified that this Bill is a Money Bill within the meaning of article 109 of the Constitution of India."

Sir, I lay the Bill on the Table.

**THE BUDGET GENERAL 1979-80 (General Discussion)—contd.**

MR. DEPUTY CHAIRMAN: Hon. Finance Minister and Deputy Prime Minister.

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI CHARAN SINGH): Sir, I must at the

outset express my gratitude to the hon. Members who took the trouble to examine my Budget proposals and offered their comments and suggestions. I am sorry that it was not possible for me to be present here all the time. I have, however, been following the debate keenly and taken note of the suggestions made by the participants in regard to the proposals in the Budget. Some of the criticisms, I suppose, would have been met at least partly by the concessions in excise duty, I announced in the Lok Sabha last Friday. Similarly, a number of points raised by Shri K. C. Pant and others have already been met in my reply to the Lok Sabha debate on March 16. The substantive points which to my mind still call for a reply, I shall deal with presently.

My task has been rendered somewhat easy by the support extended to my proposals by some members on the opposite side, like Shri Kulkarni, who have risen above partisan consideration in examining the Budget proposals on their merits. It is also a matter for satisfaction for me that some aspects of the Budget have found favour with economists like Dr Adisesiah. But, I am afraid, it will not be possible for me to satisfy all. The philosophy of some of the leading members of the opposition is so different from mine that I do not think I can win them over with any argument whatsoever.

Take, for instance, the concern expressed so eloquently by Shri Salve for the difficulty that the rise in petrol prices will cause to parents in taking their children to school in their cars. I can understand when the hon. Member from Nagaland complains about the difficulties "Which people in the far off regions, especially in the hills, might experience as a result of the rise in the duties on motor fuel...

SHRI ALEXANDER WARJRI (Meghalaya): I must correct him. I am from Meghalaya, not from Nagaland.

SHRI CHARAN SINGH: But when Shri Salve pleads for providing cheap petrol to car owners so that they can drive their children to school, I do not know how to react. Quite apart from the fact that with the escalation of prices of oil by the oil exporting countries, a rise in the prices of petrol and diesel and a cut in their consumption is inescapable, may I ask how many persons in India own a car and what proportion they form in the total population? In a country where there are not enough schools for all children, should our endeavour be to provide facilities of private transport to the children of the affluent? I do not think I should be apologetic if my Budget forces rich men's children studying in exclusive schools to travel by school buses. This single observation of Shri Salve exposes him and shows how hollow is his concern for the poor and the underprivileged.

Petroleum is a fast-depleting resource

SHRI KALP NATH RAI (Uttar Pradesh): What about kerosene? (Interruption)

SHRI CHARAN SINGH: I hope hon. Members would listen to me a bit in silence. Petroleum is a fast-depleting resource and it is time we adjusted ourselves to the reality and made a collective effort to reduce our consumption of such scarce resources so that they can be used to meet more urgent needs in conformity with the accepted priorities. This is what my Budget proposals seek to achieve.

I am gratified to note that the major aims of my Budget, namely, reduction of disparities, increasing production, avoiding waste and eliminating unemployment and underemployment have met with general approval. The proposals contained in Budget, it has been alleged, however, are inconsistent with these aims. These allegations are totally unjustified. Each of the proposals contained

in the Budget can be related directly or indirectly to one or more of the said objectives. What, for instance, was the point in suggesting a rise in the wealth tax rates if not to reduce the disparities? Given the fact that the ultimate solution to the problem of poverty lies in the creation of employment and that agriculture and cottage industries alone can provide employment on a scale commensurate with our resources and needs, should not our fiscal policy be geared more to the stimulation of agriculture and the rural economy? If waste is to be avoided and the production pattern is to be oriented by the requirements of mass consumption, should not the tax system give the right signals by taxing inessential consumption? No doubt, some of the proposals are intended to raise resources for the public sector. Where the Government assumes a large responsibility for development, mobilisation of resources for the public sector is unavoidable, and given the objectives of the Plan—removal of unemployment, raising the living standards of the poorer sections and provision of basic needs to the poor—resource mobilisation in the public sector cannot be regarded as an evil. Indeed, I fail to see where the alleged inconsistency lies.

Even while proposing measures to raise resources, Government have taken care to see that the poorer sections are not hit hard. Thus, although the rate of excise duty on items not elsewhere specified has been raised, the duty on bicycles has not been touched. Resource mobilisation of the order envisaged in the Budget coupled with the rise in excise duties, it has been argued, will generate inflationary pressures. The fears expressed about the likely effects of the Budget on prices are, to my mind, highly exaggerated and irrational.

There was nothing dishonest about the estimate of the Budget on the general price index put out by my Ministry. These estimates were based

on a calculation of the direct effect of the Budget proposals on the various commodities. Keeping in view their respective weights in the price index, the weights of the items on "which taxes have been raised in the wholesale price index add up to 18.25 per cent. The weights in the consumer price index, however, come only to 7.6 per cent. The direct impact of the proposed levies has to be assessed in this light. There may, of course, be some indirect effects but in the absence of detailed information regarding the proportion of "inputs used by different industries and I sectors—and these proportions vary not only between industries but also from unit to unit in the same industry—it is not possible to make any estimate of the indirect effects even roughly. In any case, they are unlikely to be much. The review of the Central Budget for 1979-80 by the Centre for Monitoring Indian Economy, an independent organisation of Bombay, also comes to the conclusion that the impact of the indirect taxation on prices may be just about one per cent. It should also be remembered that taxes, whether direct or indirect, serve to reduce the spending power of the private sector and thus have a deflationary influence at an aggregative level. Criticism of commodity taxes often tends to overlook this important role of taxation in the economy. The apprehension that the Budget deficit of Rs. 1355 crores will inevitably set off an inflationary spiral is also not well founded. Past experience shows that there is no such correlation between Budget deficit and inflation. If the prices of some of the articles of basic consumption like foodgrains and edible oils are kept in check, the prices generally remain stable. Given our comfortable position with regard to food stocks and foreign exchange, and with appropriate import and monetary policies, I see no reason why some risks should not be taken for the sake of development. We are quite alive to the dangers of excessive monetary expansion. The measures announced by

the Reserve Bank to check excessive lending by commercial banks should allay the fears of excessive money expansion. I must, however, add that the constant talk of inflation can itself be responsible for starting an inflationary process. It is well known

[ that inflation often feeds on psychological factors. Rumour about price rise, even when they are unfounded, can create a tendency towards . . . (Interruptions)

AN HON. MEMBER: Go to the market.

SHRI CHARAN SINGH: ...speculative hoarding and provide a push to the prices. I would, therefore, urge upon the hon. Members not to ha^p on this theme all the time and create difficulties for ourselves needlessly.

Shri Pranab Mukherjee has talked at some length on the potentialities of the proliferation of black money. Raids to unearth black money, he has alleged, have been given up; and so also the search for new tax-payers. These allegations are incorrect. If anything, the income-tax raids" have been intensified during the current year as compared to the previous year. The number of raids carried out during the year 1978-79 up to January was 965 as against 717 in 1977-78. The survey operations of the Income-tax Department too are being carried out vigorously and nearly a lakh new assesseees have been added on to the register during the current year up to November, 1978. I would not, however, attach much importance to numbers, v matters more is the success in bringing the evaders to book, whether through raids or through diligent collection of information and scrutiny of accounts. A large number of unsuccessful raids can be of no avail in deterring tax evasion. Rather they tend to degenerate into an instrument of political black-mail, as they did during the Emergency. My

[Shri Charan Singh]

endeavour, therefore, would be to see that evasion is countered through all means available of enforcing the tax laws and not merely through raids. I have already indicated in the Budget speech that the Government proposes to intensify the drive against black money; and I can assure the House that it shall not hesitate to take any harsh steps that may be necessary to fight this evil.

The argument that the rise in the income-tax rates would lead to a large-scale evasion is also misconceived. The rise in the income-tax rates through the enhancement of the surcharge from 15 to 20 per cent proposed in the Budget cannot surely be an excuse for evading income-tax. Care has been taken to see that the tax-payers whose income exceeds the exemption limit by a narrow margin are not put to undue hardship. The argument that even a slight rise in the income-tax rates would provide an impetus for a large-scale evasion, if carried to its logical conclusion, would result in the abolition of all taxes, for it is only when there are no taxes that there will be no evasion.

Shri Mukherjee has alleged that our foreign exchange reserves are being frittered away through such measures as liberal imports and liberalisation of baggage allowance. We have re-oriented our import policy to strengthen our production base by relieving shortages of critical inputs and to keep prices stable. The increase in the domestic consumption of cement and steel during the years 1977-78 and 1978-79, which is a good index of investment activity in the economy, would scarcely have been possible but for the liberal imports of these two items. The import of edible oils was also necessary in the interest of price stability. There is nothing to get alarmed about our trade deficit. Our foreign exchange reserves are still large and growing and the overall balance of

payments position is comfortable inspite of large imports.

As far as the liberal baggage allowance is concerned, the decision to liberalise the baggage rules was taken on the recommendation of an expert committee. The revised baggage rules are intended not only to liberalise the allowances but also to rationalise them. Persons who contribute to the growth of our foreign exchange reserves, especially all those workers who have gone to work in the oil-producing countries, perhaps deserve somewhat liberal treatment. In any case, they are subject to the usual import duties which go up to even 120 \* per cent. Liberal imports have contributed to rise in revenue from customs which is a significant trend in the growth of revenues in the last one year.

Shri Mukherjee has also alleged that investment of our foreign exchange reserves in the US has been unwise as the rate of return is low. I cannot divulge in public interest the currency composition of our external resources. I would only like to mention that investment of the foreign pxchange reserves is made on considerations of not only the rate of return but also liquidity and security. Shri Mukherjee should also know that a number of countries with strong currencies such as the Federal Republic of Germany and Japan restrict holdings of their currencies by Central banks of other countries. This normally restricts our options. However, I can assure the House that the Reserve Bank and the Ministry of Finance are constantly reviewing the deployment of our reserves so as to yield optimum results consistent with reasonable regard for liquidity and security.

It is not correct that we borrow at rates of interest much higher than what we receive on our reserves. Shri Mukherjee should know that much of assistance we receive is at extremely concessional terms.

Attention has been drawn by Shri Sankar Ghose and others to the decline in the revenue from income-tax and central excise. May I point out that there has been no decline in the revenue from personal income-tax and the corporate tax taken together during this year 1977\*-78 as compared to the earlier years. The revised figure for revenue for income-tax and excise during 1978-79 is no doubt less than what was budgeted for. This is due to a variety of factors such as floods and the consequential dislocation of economic activity and the reduction of the excise duty on sugar and various reliefs provided to the industries in difficult times. I should, however, like to point out that this is not the first time that actual realisation has been less than budget estimates.

As for the tax arrears, a sizeable part of it cannot be regarded as effective inasmuch as they are locked up for various reasons such as stay granted by the concerned authorities including courts, amounts covered by instalments granted and so on. The problem of tax arrears is, however, not a recent one, and every effort is being made to bring them down. Indications are that the arrears as a proportion of the demand raised from year to year are not growing, rather they seem to be declining.

An impression has been created that scant regard has been paid to the recommendations of the Jha Committee and the Choksi Committee. I am afraid this impression is based on incorrect appreciation of the observations I made in the Budget speech in this context. It is not as if the recommendations of the Jha Committee have all been rejected. In fact, quite a few of them have been put into effect, and a certain amount of rationalisation of the tax-structure has been attempted, as a result of which the rate categories in Central excise has been brought down from 28 to 16. Reduction in the import duties on capital goods in the last two years also is in line with the recommenda-

tions of the Jha Committee. Similarly, the decision to discontinue the rebate for excess production over the base period is also in conformity with the recommendations of the Jha Committee. The Jha Committee did not forbid us to increase the rate of duty on final products which are considered to be items of luxury consumption. As for reducing the level of duties on inputs through some form of value added tax, the Committee had said that this should be achieved by wider use of set of procedures and controls in Central excise. Credit facilities are already available in respect of excise duty paid on inputs used in the manufacture of a number of finished products. As indicated in my Budget speech^ these facilities have been extended to some of the products of engineering industry where the incidence of duty on inputs is appreciable. And further extension of the scheme will depend upon the results of this experience.

Tax reform is a continuing process, and since we cannot begin with a clean slate, the reform has to be carried out in stages. The Jha Committee, too, did not envisage a complete restructuring of the indirect tax system within a short period. As for the recommendations of the Choksi Committee, its report is still under consideration. Some of the recommendations of the committee have, however, been implemented, for instance, the recommendation for expediting settlement of income-tax cases.

A recurring theme of the criticisms levelled against my Budget is that it is regressive, for, firstly it relies heavily on indirect taxation and secondly, it provides relief in excise duty on some agricultural inputs which would benefit only the rural rich. The assumption that indirect taxation is necessarily regressive is not borne out by facts. Studies on the incidence of indirect taxation show that the incidence of commodity taxes in India between different expenditure groups is progressive. Shri Sankar Ghose and Shri Pranab Mukherjee will be



surprised to learn that this is the finding of the Jha Committee itself. Additional taxation proposed in this years Budget should, if anything, strengthen this trait.

Regarding the allegation that the reduction in fertiliser duty would benefit only the rural sector and that, too, the rich farmers, I would draw attention to the numerous explicit and implicit subsidies enjoyed by industry. Export promotion and market development alone would, next year, receive an assistance of Rs. 332 crores. Let us also not forget that the benefit of food subsidy of Rs. 560 crores accrues 68 per cent to the industrial workers and residents of urban areas. Cheapening of agricultural inputs is an important ingredient of our policy to stimulate agricultural production and stabilise prices. As Dr. Adiseshiah has pointed out^ it is not the rich farmers as such who will benefit from the relief but the progressive farmers, whether they are big or small. Evidence shows that in recent years, small farmers have taken to use of fertilisers with great avidity. Although the proportion of area cultivated with fertilisers to the total cropped area in 10 States out of 17, for which statistics are available, increases with the size of the holdings, that is it is less in the case of small farmers than for the larger ones, in the remaining seven States, West Bengal, Andhra Pradesh, Karnataka, Tamil Nadu, Jammu and Kashmir, Gujarat and Maharashtra, it is more in the case of small farmers than for the larger ones. It is also worth noting that among households using fertiliser, the fertiliser intensity per hectare is often much higher in the case of small farmers than with the large ones. This shows that given proper assistance of credit, extension services and reasonable prices of inputs and remunerative prices of output, the small farmers, too, can raise their productivity, and they would thus benefit from the reduction in fertiliser duty. The excise duty reduction for fertiliser should, therefore, be viewed as part of a comprehensive policy of raising the productivity of small and

marginal farmers by making it possible for them to avail more of the modern inputs like fertiliser.

It should also be noted that the benefit of the use of fertiliser cannot remain confined only to land owners or to rural areas alone. Increase in food production and extension of irrigation will provide opportunities for more employment in the rural areas.

An important measure intended to benefit the poor is the 'Food for Work' programme. As indicated in my Budget speech, whatever amount is needed for the extension of this programme will be provided. Such a measure would not have been feasible without a substantial increase in food production in recent years. The reduction of duties on agricultural inputs by accelerating the tempo of agricultural production should help us to undertake such programmes on a still larger scale. Stability of food prices and other agricultural products^ it should be remembered, also depends vitally on the growth of agricultural production. No one can possibly take exception to the proposition that a viable strategy for removal of poverty in this country should have rural development as its main plank. Those who criticise my Budget as soft on the rural rich and hard on the urban population tend to forget that the Budget will affect the rich equally whether in the rural or in the urban areas, for articles like airconditioners, cars, refrigerators and other costly items are now used by the affluent both in the rural as well as in the urban sectors. It may be noted that in selecting the various commodities for taxing at a relatively high rate I have chosen either the luxuries to ensure inessential consumption of the machine-made good to afford a measure of protection to the more labour-intensive decentralised sector. If the taxes on the rich affect the urban sector more it is not because of any inherent bias against the urban sector in the Budget proposals as was alleged

by Shri K. C. Pant and others, but simply because of the reality that the proportion of the rich in the population is more in the urban than in the rural areas. -

Shri Mukerjee has also alleged that nothing has been done in the field of agricultural credit and that the policy of regional rural banks has been given up on political considerations. He has referred in this connection to the report of the Dantawalla Committee. The fact is that the recommendations of the Committee for the establishment of more regional rural banks has been accepted by the Reserve Bank and a few new regional banks have now been established. The number of these banks has now gone up from 48 earlier to 51. Nine more are to be added in the near future. Measures to step up the flow of credit for agriculture are also being pursued earnestly. The policy for agricultural credit during the present Five-Year Plan aims at progressive institutionalisation and earmarking of a larger share for the weaker sections. . .

SHRI ARVIND GANESH KULKARNI (Maharashtra): Sir, we should be allowed to seek clarifications after the Finance Minister's speech.

SHRI CHARAN SINGH: Commercial banks have been advised by the Reserve Bank to ensure that 50 per cent of their agricultural credit goes to the small and marginal farmers by the end of the current Five-Year Plan.

The amendment proposed in the Income-Tax Act to grant a deduction in respect of provisions made for bad and doubtful debts by scheduled commercial banks relating to advances made by their rural branches is also intended to promote rural banking. I wonder how Shri Mukerjee came to the conclusion that rural credit has been neglected. In any case the Government is asking the Reserve Bank of India to undertake on a priority basis a fresh review of the existing arrangements for rural credit. We

shall take whatever additional steps are necessary to streamline and modify appropriately the present arrangements in the interests of both faster growth and greater social justice.

Shri Sankar Ghose alleged that we are pursuing an unduly liberal import policy and also opening up our economy to multinationals. I am afraid, this allegation is not based on facts. If our import policy has been liberalised, it has been done in order to make the domestic industries cost conscious and competitive. We have made every effort to ensure that additional imports supplement rather than supplant domestic production. Due care has been taken so that import liberalisation becomes effective only in those cases where there are shortages of critical inputs or of vital mass consumption goods like vegetable oils.

Shri Sankar Ghose's memory again seems to be failing him. The concessions to the multinationals he has talked about, relate more to the period when his party was in power than during the last two years. May I remind the honourable Member that it is the present Government which decided to enforce the FERA guidelines seriously a measure on which the previous Government was dithering?

3 P.M.

SHRI SITARAM KESRI (Bihar): At that time your colleague was also there.

श्री चरण सिंह : आप बोल सकते हैं  
यह मुझको मालूम है ।

Most of the dilution of foreign equities has taken place only after the new Government took office. It is only the present Government which had the courage to take effective action in the case of multinationals like IBM and Coca Cola.

The performance of the public enterprises has come in for some sharp