

MR. DEPUTY CHAIRMAN : The House stands adjourned till 2.00 P.M.

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

2 P.M.

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

THE BUDGET (GENERAL) 1976-77—General Discussion—contd.

SHRI HARSH DEO MALAVIYA (Uttar Pradesh) : Sir, after many years, this year we have a Budget which on the whole has pleased the country and the nation is happy. The poor people have been spared for the first time. For the first time, *supari* and *bidi* and such things have not been taxed. We are grateful to the Finance Minister for this. The middle-class people, both in lower and upper categories, will find life easier. And we have been, I must say, over-generous to the industrialists who are the most affluent section of the society. They never had it so good. I agree with the statements made by Mr. Pranab Mukherjee and Mr. Subramaniam the other day that the concessions which have been given to the capitalists and monopolists have been given in the hope that they are patriotic. They have been shouting all these years that they are too heavily taxed, they cannot invest, and all that. Now, this is an occasion when their *bona fides* will be tested. I am happy that yesterday Shri Subramaniam in the other House has, while on the one hand, he defended the concessions, he also clearly warned the capitalists that if they do not play their part, the Government knows how to deal with them. The people have gained in the Emergency. The value of the rupee has gone up from something like 30 paise in July 1976 by 3.5 paise; it is now about 33.5 paise. The climate in the country has never been so good. The ports are working very efficiently these days. There increased labour productivity. There is no wagon shortage. The railways have never been more efficient than they are today. Power generation is growing up.

Steel, cement and coal are available to - sufficient supplies in abundant supplies, if I may say so.

In the total income of the Government, if you see the break-up given by the Ministry and published in the papers, the contribution made by the rich, affluent classes will be only two paise in the rupee. The rest will come from the customs and other sources. But these rich, fat men of India will contribute only two paise in the rupee to the public exchequer, and this increased efficiency of the railways, etc., etc. are going to benefit them very much. Therefore, again it emphasises that they are expected to do their part. If they do not do it, I think we will have to think next year what should be done.

Sir, to me, the most welcome feature of the Budget is the increase in Plan outlay by 31.5 per cent, to Rs. 862 crores. This increase is without any *penai* type of taxation. The anticipated deficit of Rs. 320 crores—I agree with the Finance Minister—should not cause any alarm; it will not give any inflationary effect to the economy. And ultimately, Rs. 320 crores are a very small part of a total badger. So, it is not going to affect anything much and I am not unhappy that the deficit has been left uncovered.

Now, I would like to point out that a sector which has remained untapped and about which many comments have been made in this country is the new gentleman farmer in the village. I would like Shri Pranab Mukherjee to very kindly take note that agriculture today generates an income of Rs. 10,000 crores at 1960-61 prices. A proper policy for taxation of agricultural income of the upper sections, of course, will give you nearly Rs. 1,000 crores. I hope that Shri Pranab Mukherjee will keep this in view next year in his taxation proposals.

SHRI PRANAB MUKHERJEE : Provided your friends have no objection.

SHRI HARSH DEO MALAVIYA : If the Government places it before us, we will agree.

Then, Sir, the Plan has rightly laid stress on the completion of the on-going projects of agriculture. The Finance Minister has submitted, along with the Budget papers,

[Shri Harsh Dev Malaviya] his paper on 'The strategy for intergrated rural development'. He has vevy rightly emphasised that our agriclutural sector must be encouraged. But the. tragedy of the whole situation is that this is the one sector which we have always been ignoring and neglecting. I can quote the Prime Minister at length, but f have no time. The Prime Minister has been pointing out that our work in the direction of our rural side has been wanting. She has said that it was unfortunate that certain basic policies were still not being implemented in the rural sector.

Now, what is this basic policy ? According to us, and according to the entire history of the Congress National Movement and the devepment of our agraian policy, the policy has been that the surplus land should be taken away and distributed among the landless. We have been tinkering with the problem. After independence, a ceiling was put. I have got the entire figure, according to the census report, here are 70 million operational holdings operating over an aggregate area of 162 million hectares. Of these, 35 million, or one-half, are of a size less than one hectare. They cover only 9.0 per cent of the total cultivated area. A 1953-54 survey had found that 50 pur cent of all holdings with the smallest plot accounted for 10.5 per cent of the total cultivated area. And according to the census, we have holdings of 10 hectares and above with 30 per cent of the cultivated land under them. You see the difference between the two. Cultivated area increased between 1953-54 and 1970-71 from 124 million hectares to 162 million hectares. This amounts to an increase of 31 per cent. But the increase in the number of operational holdings during this period was of the order of 40 per cent. This implies that fragmentation of land holdings has steadily gone on and land has passed out of the hands of small holders, making them smaller still in course of time.

Sir, in a country like ours, in an under-developed economy, unless we turn our agriculture, we connot turn our economy. We have a land hungry peasantry. Give them one acre, give them half an acre, but *they will* have the feeling of possession *You* cannot escape that. And once you do hat, then of course, *you* will have to introduce co-operative farming,

you wsss have

to bring them together and give them vari-our aids, power, fertiliser, this and that. But unless you satisfy the land hunger and bring them into co-operative cultivation, which will have to come in this country, you cannot solve all the problems that are besetting us.

Now, Sir, because of lack of time at my disposal, I would just touch certain poin.s First of all. I am happy that our hard currency reserve to-day is in a very happy position. We have about Rs. 1,500 corres of hard currency reserve. Late Shri D.P. Dhar had said that we would bring the net foreign aid to zero. But actually in 1972-73 foreign aid was Rs. 666 crores. If my figures are wrong, the hon. Minister will correct me. And in 1974-75, it had reached the fiure of Rs. 1,846 mores, that is foreign investment. Now, I am sorry to sav that from responsible people at the Ministerial level we very often hear speeches and statements inviting foreign investment. The West German leading businessmen were here recently and they say that they have been given an assurance that in iheir case the Foreign Exchange Regulation Act will be simplified and will not be strictly enforced. I would warn in all sincerity : Beware of these foreign capitalists. Foreign capital has been playing havoc in many countries of the world. They are mostly connected with multinationals or trans-nationals. Once they are allowed in this country, they can play havoc. We know we have already had a lot of trouble last year. We know from where the funds were coming. Even now reports are coming. I would request the Finance Minister and the Finance Ministry to please think twice before giving free entry to foreign capital in our county.

Now, Sir, there are some other points which I would like to emphasise. It is-necessary for us to plug our loopholes. I will give a concrete instance. The other day in this House the question of Kidwai Bhavan was raised. The building constructed at a cost of Rs. 15 crores after 15 years, is crumbling. Cracks have appeared. Now, strangely enough this very Posts and Telegraphs Department is full of such stories. I will give you one. There is a 14-storeyed building of Posts and Telegraphs Department being constructed at 20, Ashoka Road. *J** is still

under construction, but the basement has cracked, and sub-soil water has come up a few days ago. And the contractors are the same who built the Kidwai Bhivan. Again, Sir, in the case of the Idgah Telephone Exchange in Delhi built in 1970, the original contract was for Rs. 20 lakhs. It was completed at a cost of Rs. 34 lakhs. Then in the case of Asia '72 P & T house, the sanction was for Rs. 2.5 lakhs. And the total payment was Rs. 7.02 lakhs. The original contract for the construction of the Foreign Post Office building in Rahadur Shah Zafar Marg was Rs. 13 lakhs. But it was completed in Rs. 21 lakhs. No job was completed in time. The law is that if a contractor fails to fulfil his assignment in time, then he will be fined to the extent of 10 per cent. One never knows whether he has been fined or not. The Government will have to make enquiries. I would also say that this has been the same contractor all along for 20 years. I would like to suggest that his assets may be examined and a thorough enquiry made into the working of the P & T and the guilty persons should be found out and punished.

There is another small point which I want to bring to your notice. In India we have 45 million Indians who are suffering from impaired vision. Over 9 millions, that is, 90 lakhs, are blind. This is equal to the population of Bulgaria. We are allotting Rs. 58 crores for construction of hotels. A big hotel is coming up outside the Dum Dum airport. I do not think anybody will go and stay there except overnight passengers. But we cannot spend Rs. 13 or Rs. 16 crores for a much more useful purpose. The demand of Dr. Agarwal of the National Society for Prevention of Blindness—a report appeared in the press regarding this—wants a small sum of Rs. 16 crores. I would put it in my own words, and I hope this House will agree with me, that this amount should be allotted to him because he is engaged in the good job of preventing blindness in India. If the labour power of the blind people is used, that will alone contribute more to the economy than the tourists who spend a few dollars in this country. (*Time bell rings.*)

There is one more point and it is about the bullock carts. Pandit Jawaharlal

Nehru, our late Prime Minister, in a speech to the National Development Council on January 21, 1956, had referred to this. It is a long quotation. Still, let us listen to him because he was a great leader. He said :

"In this connection, may I say that a natural line of development for us in the development of transport is the improvement of bullock cart. We jump too much to the streamlined railways and automobiles which are necessary no doubt—I do not doubt that—forgetting that probably still, I do not know what percentage of railway transport is used there and what is done by bullock carts. Therefore, we should improve the bullock cart, by that I mean especially rubber tyres of the bullock carts, which would be really a far greater gain, looking at India's position as a whole, than your streamlined wagons and the like."

And Nehruji further says : Once you improve bullock carts, you will improve your efficiency by 100 to 200 per cent.

I would concretely suggest and request the Ministry to kindly examine this proposal and appoint a Board for the Development of Bullock Carts (*Tims, bell rings*).

I have more or less finished. I have to be within the time limit. Lastly, I would say that I heard with great respect the speech of Shri Goray. I do not agree with many of the points he has made out. But he did say that this is an urban-oriented budget. I think I would be inclined to agree with them.

SHRI N. G. GORAY: Thank you.

SHRI HARSH DEO MALAVIYA Unless we give our attention to the rural side and unless our investments in fertiliser, in generation of electric power and good seeds etc. are increased and unless our Indian economy takes a turn towards the villages and unless the purchasing power of the rural power is increased we cannot face the challenge. By this process alone their demands will grow and industries will produce more to meet those increased demands, and this cycle will go on. Before I conclude, I would say that we have reduced the prices of T.V. sets, refrigerators and cars. But, Sir, can't we reduce the price of tractors ? Our peasants are using tractors.

SHRI DEORAO PATIL : Price of cycles also should be reduced.

SHRI HARSH DEO MALAVIYA : Sir, I must say that during this period of emergency this Budget has come and I think this Budget is a very good result of the emergency. But still, Sir, we have to be firm in our resolve to improve the lot of the millions in India and we are not to be urban-oriented. Of course, it may be said that we must give the rich men them also a chance so that they will also improve. But I have my own doubts about it. These private industry people keep profit above everything else and to them their class interests are more important than the national interests. Therefore, Sir, I would say that this Budget should be amended to this extent that the Finance Minister is able to give more facilities to our -peasants. For example, I said that there should be a reduction in the price of tractors. Unless we make our Budget a really rural-oriented Budget, it may not achieve all the results that are expected of it. Thank you, Sir.

SHRI N. G. GORAY : Let us form a farmers' lobby here, Mr. Malaviya.

SHRIMATI SUMITRA G. KULKARNI (Gujarat) : Sir, I would like to congratulate through you the honourable Finance Minister for this very soothing Budget that he has presented.

Sir, after a number of years, almost for the first time, we may say, that a sum of Rs. 7,852 crores has been allocated for the Plan Budget and that, in his own words, works out to 31.6 per cent increase over the last year's Budget allocation. This is a new trend and it is a very welcome trend] and it is an allotment which will generate much more production and which will increase employment. Therefore, Sir, this huge amount for the Plan Budget is a very welcome idea. However, in this context, I cannot help commenting that as against the increase of 31.6 per cent in the national Budget, in the Gujarat Budget, Sir, the increase is a mere 13 per cent. Sir, where is 31.6 per cent and where is 13 per cent ? In the case of the Gujarat Budget, it is a mere 13 per cent and that too after excluding the money spent on scarcity schemes and drought and famine relief work. If that amount is added to the

present figure of Rs. 193 crores, it will become a minus budget and we will not have any improvement in the Plan Budget at all. Now that Gujarat has come under the President's Rule, now that it has come within the mainstream of national affairs, it is my earnest request to the honourable Finance Minister that something must be done to increase this amount and pull out Gujarat from this 13 per cent. Tamil Nadu, was also like this. But, since the President's Rule has been imposed there, its allocation has been increased by an extra budgetary amount of Rs. 37 crores. Sir, in the country now there is a momentum so far as the 20-point programme of the Prime Minister is concerned. Gujarat did not have that kind of a momentum for various reasons which this House knows. But, now that there is the President's Rule, I would like to tell the honourable Finance Minister that if we want to generate this kind of a momentum in Gujarat for the 20-point programme, it is essential that an extra allocation is made and additional finances are allocated to Gujarat.

Sir, the second thing that occurs to me now is that in this country we are starving for want of fuel. Even this morning we were talking about coal. We are in need of oil and we are not getting as much of oil as we need from abroad because we cannot afford the prices that are charged. We are trying our level best and we are trying to the maximum extent possible to produce as much crude as we can here. Now, Sir, the workers of the Oil and Natural Gas Commission are working day and night irrespective of what the weather is and they face a lot of difficulties and risks and they have to face death also at times. But there are many anomalies in the pay scales of these workers for the last fifteen years or so and there are many workers who have not had a single change of work and they do not have any promotional opportunities and for a couple of years their pay revision case has been pending with the Ministry of Finance and it has not yet been cleared. Sir, we demand and we need more oil in this country and unless oil is there in plenty, we cannot develop our industries and, therefore, Sir, it is very necessary to respect the sentiments of the workers of the Oil and Natural Gas Commission and their

pay revision case should be finalised without any further delay. Sir, it is very highly demoralising that a man puts in his best, works in a place away from his family, risking even death, either on the hills or, on the high seas, and works day and night and yet his pay structure cannot be rationalised. Therefore, Sir, it is my earnest request to the honourable Finance Minister that he must pay attention to this aspect of pay revision of the workers of the Oil and Natural Gas Commission.

Now, Sir, I will come to indirect taxes, excise duties and price reduction. First of all, it is a matter of great satisfaction—and I would like to congratulate them—that in spite of the fact that the Budget was in the offing, the price line was held and things were available in the market in plenty. All consumer goods were available. But as we know, and time and again since morning we have been hearing, agricultural prices have fallen. As against that, the industrial and manufactured goods prices are continuing to be high. This is a very serious anomaly. On the one hand, the agriculturists have spent so much of money in producing this bumper crop; on the other, the prices have crashed, and they cannot have any purchasing power left with them for purchasing these industrial goods which are available in the market. Now, that is what is happening. On the one hand, production is going up. Godowns are overflowing with things. On the other hand, 80 per cent, the agricultural class, which is the mainstay of this country and the real purchasing people of this country—they do not have the ability to purchase these things which are available. Now, unless we protect the purchasing power of our agriculturists, we cannot sustain our economy. Therefore, it is very essential that the prices of manufactured goods should be brought down. Cotton prices have totally crashed down. So much effort has gone into the cotton crop. But its prices have crashed down. But the price of cloth that we purchase continues to be high. Similarly, jute prices have declined, but the prices of jute goods and of finished goods of jute are still reigning very high. This anomaly has to be removed. The Government should pay thought in this direction and find out how to increase the

purchasing power of agriculturists and how to peg down the industrial goods prices, so that they are within the reach of their purchasing power. If this is done, there will be a greater demand for industrial goods. There will be greater production, and this, in turn, will sustain our economy. At this juncture, with the greatest difficulty, we have contained inflation and we have held the price line. Therefore, if we want to continue the benefits of these goods economic measures, it is essential that we go to the rescue of agriculturists of this country. If we do not do so, they are likely to be demoralised, and by next year* their incentive to produce more might be reduced and we may be facing the same difficulties which we have been experiencing in the past. Therefore, it is very essential that we go to the rescue of agriculturists.

Then, Sir, just now on the floor of this House it was suggested that the prices of tractors may be cut down. I would say that the cycle is the common man's vehicle. One dream of every villager is to own a cycle. So, why can't we reduce the prices of cycles? The price of car if being reduced. The prices of TV and fridge are being reduced. Even the scooter is in great demand, but its supply is so small that its price is still in the black market range. There should be no difficulty in reducing the price of cycle, and having this consideration for lower middle class and peasants of this country. It is necessary to bring down the prices of electric motors and other forms of implements. Unless this is done, our farmers will be in a serious danger of demoralisation, and then once again we will be in square. No. 1, as far as economic development is concerned. So, it is my suggestion that agricultural prices should be supported and industrial goods prices should be brought down. Without much greater effort, this can be done in this Budget.

Now, Sir, I come back to direct taxes as proposed in this Budget. Sir, I think this is a very good step in the right direction. After all, such a high percentage of taxation was not bringing in the revenue that was anticipated or expected. We were unnecessarily wasting time. There was a tremendous temptation for evasion.

[Shrimati Sumitra G. Kulkarni] Now, by reducing it by 10 per cent, as the hon. Finance Minister has said, we have reduced that temptation for evasion. This is a very good step which will generate capital and will also create investment. There will be bank deposits and more savings, and this, in turn, will increase production and that might bring down the prices.

But, Sir, I would like to submit that the lowest figure of exemption limit of income-tax is Rs. 8,000. Last time also, Sir, in this very House I had suggested that in these days a sum of Rs. 8,000 is practically nothing. Children are to be educated. Men and women have got innumerable other liabilities. This exemption limit is very low. The Government and the hon. Minister should have the courage to raise it to Rs. 12,000/-. The loss to the exchequer will not be more than Rs. 20 crores or 25 crores and even that loss will be made up by savings on the administrative expenditure. On 10,000 rupees, our taxation is Rs. 330/- and the Income-tax Department has to spend nearly Rs. 1,000/- on each file. It is a highly uneconomical proposition. We should have the courage to change it from Rs. 8,000/- to Rs. 10,000/- at least. That will save us a lot of administrative difficulties and our officers will have greater time and energy left for concentrating on much more important cases where more revenue can be brought in and evasion can be discovered. Sir, if we go through these figures, where is the anomaly existing? We have no taxation up to Rs. 8,000/-. Up to Rs. 10,000/-, the rate of taxation has been brought down from 17 per cent to 15 per cent that is only 2 per cent relief. From Rs. 15,000/- to Rs. 20,000/-, the rate of taxation has been brought down from 20 per cent to 18 per cent, again only 2 per cent relief. From Rs. 20,000/- to Rs. 25,000/- the relief is 5 per cent and above Rs. 25,000/- whatever be the income, the reduction is 10 per cent. Sir, this is the thing which is hitting the lower middle class. The man whose income is only Rs. 10,000/- will get a relief of only Rs. 44/-, whereas the man whose annual income is Rs. 3 lakhs per annum, will get a relief of Rs. 32,439/-. This is a very serious anomaly. Here is a rich man earning 3 lakhs of rupees getting a relief

of Rs. 32,000/-. It is like purchasing a new Fiat car. A brand new Fiat car costs Rs. 32,000/- and this is what he is getting as tax relief whereas a man whose annual income is Rs. 10,000/- will get a net relief of Rs. 44/- only. It is not even one cup of tea per day. Can't we give one cup of tea to our people who are poor? We are giving on a silver platter "a Fiat car to a man earning 3 lakhs of rupees and we can't give even a cup of tea per day to the man who is earning Rs. 10,000/- per annum. If the lower middle class people are not taken care of, then it will set in economic trends which will create difficulties for our economy. They are the real purchasers of this country. The man with 3 lakh of rupees as his income is not the real purchaser. Therefore, the man with Rs. 10,000/- as his income should be taken care of. If he is not taken care of, then I don't know why we are here. It is very essential that the Government should look into it. If nothing else, the same 10 per cent relief should be continued at every slab. If a 3-lakh earner should have the benefit of 10 per cent reduction, so also a lower middle class should have. It is true that the Government wants money and the Government also wants to generate capital. If the idea is that a 3-lakh rupees earner should be given a relief of Rs. 32,000/- then it should be done in the reverse way. It means that the lower the slab the higher the rate of relief given and as the income goes up, lesser relief should be given. The net result will continue to be the same. The Government does not stand to lose at all if 10 per cent reduction is given at every slab of income. My humble suggestion to the hon. Minister is that this anomaly does not appear to be the right thing for us who are particularly conscious about the Twenty Point Programme, about the lower middle classes, about the agriculturists and the poor people. It does not appear to be right that we should be doing this thing.

Sir, one last point I want to say is this. Here, we want to generate savings. Continuously, we are harping on this point that the people in this country should save, they should deposit in the banks and the banking rate should be increased. Now, I find a small contradiction in the Budget. Sir, up to the limit of Rs. 3,000/-, by way

of interest on deposits in the bank or the dividend deposited in the bank, there is a relief given, a tax-free concession has been given. But from this tax-free concession, the Hindu Undivided Family has been debarred. Sir, why the Hindu, Undivided Family should be debarred from this thing? You want that they should not save at all? This is like telling them, 'go and spend all that money'. This is not in keeping with the national aim of savings. Therefore, Sir, it is necessary that the Hindu Undivided Family should also be included in this relaxation which is given up to the limit of Rs. 3,000 for the other persons. Similar is the case with the companies also. While the people are given the relief, the companies on the whole are not given the relief. Sir, this can also be rationalised. These are very small things, but they affect the entire general picture of the Budget. That is why, I am bringing it to the notice of the hon. Minister that the Hindu Undivided Family should not be taken out of it, so also the companies.

Sir, one thing which I am repeating is that the income-tax exemption limit should be brought up from Rs. 8,000 to Rs. 12,000. Unless we have the courage of doing this thing, we will not be able to give relief to the majority of the people in this country who deserves our help and consideration at our hands. That will bring such momentum and such enthusiasm in the country that we will be able to implement the 20-point programme which we are all so keen that it should be made successful.

With these remarks, Sir, I sit down.

SHRI GIAN CHAND TOTU (Himachal Pradesh) : Sir, I rise to welcome this realistic, imaginative, growth-oriented Budget. It is after many years that a Budget in keeping with our social objectives has been placed before the House. It has rightly been welcomed by all sections of the society. Along with the stress on expanding public undertakings, it has not ignored the private sector. As a matter of fact, in our society where 50 per cent of the population is below the poverty line, if we neglect any of the resources, whether public, private or co-operative, we neglect the welfare of the people who are below the poverty line. The need is maximum

investment for more production and more employment and for full mobilisation of our resources.

Sir, the Government deserves congratulations for containing inflation. India is, perhaps, the only country among the developed as well as the under-developed countries in the world which has not only arrested the rise but has reversed the process in spite of the world oil prices remaining high. Sir, four factors have largely contributed for this achievement. They are : dear money policy, compulsory savings, bringing out the black money, and deterrent punishment to the hoarders. There is still a large segment of black money in the country, and new black money is being created by the purchasing and inspection sector of the Central and State Governments. Income-tax raids should continue not only in the private sector but they should be extended to the public sector also. There can be no prosperity without saving and hence all sections of the society should be encouraged to save more. However, the dear money policy needs a second look. While it has curbed the tendency of the business circles to hoard the goods for profiteering, it has brought recession and depression in the industry. It also retards initiative and risk. With high interest rates, the banks have also started high incidental charges and handling charges. Some banks are charging Rs. 1,000 as handling charges for a loan against a single vehicle which has surpassed the greedy financial companies in the private sector.

Sir, there are many factors which have raised the production costs, and interest is one of them. Therefore, interest rates have to be lowered for reducing the cost of production. Sir, I welcome the efforts for bringing down the overhead expenses of the banks by reducing overtime payments. As compared to the other segments of society, the bank man is today better paid with good emoluments. While by and large he does not put in more than two to three hours daily work, there is a strong case today for a uniform 48-hours working week. A factory worker puts in 48 hours of work in a week. An agriculturist puts in even larger hours. Then, why should the white-collar community get away with four or even three working hours a day? Thanks to emergency, the attendance has improved but still the output is unsatisfactory. I,

[Shri Gian Chand Totu] therefore, suggest that 48-hour working week for all persons should be enforced.

Sir, it has rightly been said in the House that while prices of agricultural commodities are falling, there is no corresponding fall in the prices of the industrial goods. If you go on increasing production costs, how can you expect fall in prices. Take, for instance, the freight cost, whether by rail or by road; every year there is a hike in freight costs.

The Reserve Bank has already fixed the maximum limit of interest at 16 per cent. Even after taking into account the investment in the Government securities, it should be possible for the banks not to charge more than 2 to 3 per cent over their borrowing rates and there is a case for reducing the borrowing rates of interest also. High interest rates benefit only the money-lending sections of society and it is in contradiction to our social objectives. I, therefore, suggest a reconsideration of the dear money policy.

I also welcome the relief in direct taxes as well as in excise duties. High income-tax rates are an incentive for dishonesty and evasion. On certain sectors of society the income-tax worked out at 97.75 per cent. Then, where is the incentive for hard work and savings? The high income-tax rates are beneficial only for the unsocial elements both in paying sectors as well as taxing sectors. I am sure, the reduction in taxes would bring in more collection and the next year's results would encourage the Government to continue this trend. There is also a strong case for reducing taxes on the corporate sector also. Lower income-tax rates would encourage thrift and are going to bring in more collections. Today the expense-account class has a tendency to spend extravagantly as most of it come out from the Government taxes.

Sir, I welcome the increased outlay on power and irrigation. The 20-point programme has rightly stressed the need for power and irrigation sectors. Larger power and irrigation facilities are going to reduce the numbers below the poverty line.

Sir, I also welcome the trend of speeding up the projects. However, there is a large scope for improvement. The longer the period, higher the capital costs. The power rates in the last five years have gone very

high because the generation cost has gone up. One of the main reasons for higher generation cost is delay in the completion of power projects. With world oil prices shooting high, the economy of this great country depends not only on more power generation but also at cheaper generation costs. Take, for instance, the Beas Project. When was it scheduled for completion and see how it has been lingering on. How can socialism be achieved without providing power and irrigation and drinking water to all vast areas of this great country? I would, therefore, suggest that efforts should be made to expedite the completion by the target dates. We have fine human material but the need is for improving our system. The delays and inefficiency should be punished while hard work and initiative should be rewarded. You cannot bring in gainful employment in the country without more stress on irrigation and power.

Sir, there has been a wonderful improvement in the performance of public sector undertakings. The steel production has also achieved new records. By and large, the production by the public undertakings under the Ministry of Industry has improved. However, there are few industrial units which require our urgent and immediate attention. Five units with a total investment of Rs. 260 crores are still in the red. During last year they suffered a loss of Rs. 6 crores. By and large, all these undertakings have been working for three years and they should have given, on an average, a return of about Rs. 70 to 80 crores to the exchequer. The Turnery and Footwear Corporation of India is in a loss of Rs. 95 lakhs. The Hindustan Photo Film Manufacturing Company Limited is running at a loss of Rs. 167 lakhs. The Bharat Optical and Glass Limited is running into a loss of Rs. 121 lakhs. National Small Industries Corporation, purely because of mismanagement, is running into loss of Rs. 147 lakhs. Bharat Heavy Plate and Vessels is also running into a loss of Rs. 104 lakhs. Whose loss is this. It is the loss of the people who are still below the poverty line, that is, fifty per cent of the population, who do not get two meals a day. Whether our technology in these industries is obsolete or there are managerial problems, there is no justification for bringing forward excuses for these losses.

I am sure, the Government would pay due attention to these units and next year they would not present that sorry state of affairs which they are presenting at the moment.

Sir, I also welcome the increase in the Plan outlay by 31.6 per cent. This is very encouraging. The recession and the depression which was being faced by the numerous industries would be considerably reduced. However, this increase in the Plan outlay can be more effective if we improve our methods and systems. There is too much of concentration and centralisation in the different Ministries and departments. There are too many levels and there is duplication. The same job is being done by the Planning Commission, by the Government of India, by the State Governments and by their Development Departments. Too many welfare schemes have been launched at the same time, each suffering from paucity of funds, each spending 60 per cent to 90 per cent of the total allocations on establishment alone. With the increase in Plan outlay, there is simultaneous increase in the wasteful expenditure. In the name of employment, we are increasing unproductive employment in place of productive employment. The stress should be on creating conditions for more employment instead of increasing unproductive employment. I am sure, Sir, thirty per cent of the Central Government employees and the State Government employees are a dead weight on our society and economy. There is need for radical administrative reforms so as to reduce levels, unproductive expenditure and quick implementation of our policies. Sir, the schemes cannot be implemented by having this type of administrative machinery. It has to be changed drastically. I do hope that the authorities would give urgent consideration to this aspect. It would then be possible to have a better performance with the limited resources at our command.

Sir, it is very disappointing to find that even with the increase of 31.6 per cent in the Plan outlay and with a Budget allocation of Rs. 5,234 lakhs for aviation, no provision has been made for starting an air strip at Simla. The place where the air strip would be constructed has already been identified. Needless to say that an air strip at Simla would be a paying proposition as it would attract larger numbers of

foreigners. Simla is an internationally-known hill resort and offers various interests. I do not grudge expenditure on other hill resorts but Simla should be given its due share. I do hope that it would still be possible for the Aviation Ministry to allocate some funds for this project in the year under discussion. Thank you, Sir.

SHRI MANUBHAI SHAH (Gujarat) : Mr. Deputy Chairman, Sir, I am happy to add my voice to the general acclaim with which the people of India and the Members of the two Houses have received this Budget. When I was approached by the pressmen after the Budget speech of Mr. Subramaniam, I had suggested that it was really a growth-oriented Budget and would give an impetus to the growth and I particularly welcomed the very high investment in core sectors and the heavy industries sector of the economy. At that moment I had also said to the press that my only regret was that my friend Mr. Pranab Mukherjee and Mr. Subramaniam did not raise the lowest limit of income-tax from Rs. 8,000 to Rs. 12,000. Nobody would mind the benefits given to the higher income groups if it were borne by the Treasury of India. But if that lower slab is increased, the purchasing power of that particular section of Indian population, which will be about two crores or more, would tremendously go up and the present sort of sluggishness or recession or whatever you call it will disappear in the consumer market. If this lower middle-class were given the relief which was very really due to them, because the value of the rupee has gone down, it has helped this particular class. Raising the limit from Rs. 8,000 to Rs. 12,000 was the minimum that the lower middle-class people of this country expected of the Finance Minister of India.

Therefore, I hope now or later on, he would assure that people in the lower-income brackets would be given some special consideration.

Sir, I welcome the Budget from other points of view also. Heavy industries have been given their due share. It does not mean that we are biased towards heavy industries. The development of heavy industries would eventually help agriculture as well as other consumer goods industries. In the past, investment in this sector was not adequate. This year, out of the total

I Shri Manubhai Shah] outlay of Rs. 7,852 crores, quite a substantial amount has gone to the heavy industries. This is the most welcome feature of the Budget. It would also lead to larger employment opportunities and effective utilisation of the raw materials produced in this sector.

My friend, Mr. Goray, has rightly emphasised that agriculture is the real backbone of the economy and unless it is given due attention, we would not be able to achieve the desired growth rate commensurate with the rising population and the expectation for improvement in the living standards. Perhaps, Mr. Goray has not seen the figures correctly. As far as investment is concerned, the allocation in the Budget for agriculture and allied programmes is Rs. 746 crores, irrigation and flood control-Rs. 687 crores, rural electrification Rs. 82 crores, fertiliser Rs. 421 crores and minor irrigation-Rs. 156 crores. The total allocation is Rs. 2,100 crores. This is by far the largest amount ever invested in the agricultural sector. This is a welcome feature that more than 25 per cent of the Plan investment would be in the agricultural sector. I do* agree even this is not adequate.

SHRI N.G. GORAY Heavy industries have a long gestation period.

SHRI MANUBHAI SHAH : Of course, the gestation period is shorter in agriculture than in the heavy industries sector. Therefore, agriculture should be developed on a scientific and technological basis. For example, in the United States, when Mr Roosevelt was the President, agriculture was given the place of *prima donna*. You may be surprised to learn that out of a total of Rs. 64,000 crores worth of exports made by the United States to other countries, agricultural products like wheat, cotton, sisal, soya bean, oil cakes and so on account for over Rs. 39,000 crores. This is a point on which all the people, whether they belong to the farm lobby or any other lobby, agree that agriculture is the kingpin of the Indian economy. Therefore, everything needed for agriculture should be done.

Therefore, Sir, I congratulate the hon. Finance Minister for allocating Rs. 2,100 crores to the agricultural sector, I would say it is the management side of the agri-

cultural economy which requires more attention. In regard to loans to farmers, there are the regional rural banks and so on. Finance from these institutions would flow to the rural areas. But I would suggest that there should be more institutions in the rural areas to meet the financial requirements in the rural areas. There should be a price support scheme for the farmers. We have been saying this for a number of years. The other day, in the meeting of the Consultative Committee attached to the Finance Ministry, I suggested that there should be a price support scheme for the five crops : wheat, rice, jute, cotton and oilseeds. The hon. Minister assured me that whatever money required would be placed at the disposal of the Food Corporation of India so that they are able to buy every ounce of foodgrain available with the farmers. This is good, but in actual practice, this is not happening. Godowns are getting full in Surat, Bhusar and in various places of Punjab. My friend, Mr. Mirdha from the Lok Sabha, was just now telling me that wheat stock were getting accumulated in Punjab. Therefore, the Finance Minister, in consultation with the Agriculture Minister and the Prime Minister, should announce that every ounce of foodgrain available in any part of the country would be lifted whatever be the price. The decision on the revised price should be taken here and now. This would assure the farmers- that every single ounce of goodgrain would be purchased.

SHRI GULABRAO PATIL (Maharashtra): Purchasing should be started immediately. It is not being done.

SHRI MANUBHAI SHAH : It should be done. As the Finance Minister has said, there is no shortage of funds. It is- a question only of organising the lifting of whatever is left. So, I would emphasise on that. I do not want to make an appeal for money crops at the moment because when foodgrains are not first taken up how can make an appeal for jute or cotton? But, it is very necessary that in a year to come

these three crops of jute, cotton and oilseeds on which nearly 73 per cent of India's farmers earn their living, should be given an adequate price support on a telescopic basis. As a matter of fact, the Agriculture Minister assured me in the Agriculture Ministry Consultative Committee meeting

that when the groundnut oil prices fall below Rs. 4,500 per toone they will surely enter the market, but so far nobody entered the market. So I would request Mr. Pranab Mukherjee to draw the attention of the Ministry concerned to this.

Now, Sir, the second part of the management is, as I said, minimum wages for the rural labour. Now, there is no father for this particular project. When we raised it with the Agriculture Ministry, they say, go the Labour Ministry because minimum wages for the rural labour is the work of the Labour Ministry. Whosoever's work it may be, unless and until these 70 million people—the landless labour, village farmers and rural labour working in the fields—are assured of Rs. 5 or Rs. 4 per day or whatever minimum wage that is fixed by the State Government, it will not be proper. The Centre should appoint a co-ordinating committee to be a watchdog and also to do quarterly review of what is happening about the minimum wages of the rural labour. If this is done, it will give a tremendous boost to food production.

Now I come to the small-scale industries and I am sorry to say that the funds in the Budget are not too adequate now, as they have been in the past, particularly for Khadi and Village industries. Here is a problem of my area in which handmade sarees and printed goods with more than three colours are involved. The exemption from duty which they enjoyed for the last ten years has now been withdrawn. I would earnestly appeal to Mr. Pranab Mukherjee, because this particular thing is directly under him, that because there are nearly two lakh such printers through-out India—in Farrukhabad, Wazirabad, Sivakasi, Jodhpur, Banaras, Maharashtra, etc.—who are printing with hand and without the aid of power and today the sophistication being such that no lady likes to accept a saree or a piece of cloth unless it is available in six colours at least and this colour pattern also is as good as the 3-colour pattern and, therefore, this type of discrimination that the colours should not be more than three if the exemption is to be enjoyed should be withdrawn and the previous position should be restored.

I would now come to large industries which is my own subject rather than anybody else's. Here I would say that the

investment allowance given by the Finance Minister has been really commendable. This is like the revival of the development rebate, but there is a lacuna. The investment allowance for existing companies is all right because they have got a cash flow; the depreciation allowance is there, they are making profits because goods are being sold. But, for new companies, when you want to have new entrepreneurship, if the investment allowance is to be given when the companies come into production and make profits, it would be as good as not giving. I think this point has escaped the notice of the Finance Minister. Let him kindly examine this. I am specifically saying "new companies". Companies which are already existing and expand, have got production and they have their profit and loss statement. From that this amount can be reduced according to the Explanatory Note given in the Finance Minister's speech but as far as the new companies are concerned, where there is no production, no sales and therefore no profits, I would suggest the German method of considering the investment allowance as an interest-free loan at the end of the year, the amount being checked by the auditors and the Auditor-General.

The second point I would suggest is that Indian economy today, particularly the industrial economy, is too sick. Thirty per cent of the industries, textiles, engineering, pharmaceuticals, chemicals—in every branch—is more or less sick because of obsolescent and old machinery. Now, the only solution which the Government of India has accepted so far is take-over of these units. In a way that is all right, but we have seen that take-over of the 103 sick-textile mills now being managed by the National Textile Corporation is not a full solution. As a matter of fact, it is a solution beset with many difficulties. I would suggest a simple solution, and that is, to amend section 23A of the Income-tax Act in which mergers of companies are allowed; a selective merger by a Central Merger Commissioner in which no one good unit may be allowed to take over more than one or two sick companies so that when the company absorbs the losses, the un-absorbed development rebate and the un-absorbed withdrawal of money should be allowed to be carried forward under sec-

[Shri Manubhai Shah] tion 23A of the Income-tax Act. The present position is that a losing company or a big company or a scrap company can take over a big company. This is the great anomaly in the Income-tax Act, that any company can absorb a large company which will never happen. It will never happen 3 P.M.

because a weak company is not able to pay. It has already gone bankrupt. It has accumulated heavy losses and all the benefit they can carry if they are absorbed by big companies. No shareholder of a strong company would ever agree to amalgamate or liquidate himself with such a company. Therefore, this anomaly should be examined and the position may be set right. Strong companies should be allowed to take over weak companies. There are 10000 good companies. I can give a list of such companies which are capable, competent, well managed and efficient, like any other modern company in the world who can take over one or two sick companies. I am not for amalgamation but the Merger Commissioner appointed by the Central Government can do this through the process of court of law. Due process of merger can be built in in the Company Law by making proper amendments. By selection big industries can be given one or two weak companies.

The last point which I want to make is about the deferred payment system for machinery equipment. What is the real secret of the boost up of the American economy? We are talking of growth plans. Growth plans are good but until and unless the growth plans are accompanied by a proper type of management of the economy, no fruitful results will be forthcoming. And here comes 'time and nothing else is money'. If we want that the production in factories should come up quickly and that the goods should be lifted, I would suggest complete method of deferred payment for purchase of machinery. In the United States or in any Western country every bank allows, through the Government agencies, a 10-year deferred loan. Suppose, I want to set up a industry of Rs. 2 crores. I do not have to go to hundred people. I place my order with the machinery people. To them the bank gives the money and I repay that money over a period of 10 years *in toto*. AH the procedural formalities are not required. The

deferred payment should be a built-in operation into the Indian Income-tax Act and the Indian Company Law so that the purchase of machinery of an over-capitalised nature is possible. Today, Indian machinery is at least 40 per cent higher than the world machinery. In some cases it is more than 200 per cent higher. If this is so, how can we expect the Indian producer to compete in export or even in internal market-We always say, Indian economy is a- high cost economy. In a country with low wages we have a high-cost economy. This is a contradiction in terms of economics because it is a real contradiction that the poverty of the people has reduced the sustenance power of an individual, so that he cannot put in as much hard work. The machinery is somewhat out-dated, so that the output is less. Added to that is the total cost of raw materials which are very high, leading to high cost of economy. So, my earnest request to Mr. Pranab Mukherjee or to the Finance Minister would be to come out with a well worked-out scheme of deferred payment. I can give *him the Japanese model which is readily available, where machinery can be purchased by a small man or a middle man or a big man on deferred payment basis. My friend was saying about cycle. In Japan, even today anybody can buy a cycle, not because of its high or low cost, but because he can give 12 months' allowance or 24 months' allowance according to the income group, from any bank and he gets the cycle. They buy first and pay later. This is the slogan even in the Airlines, 'Fly first and pay the ticket later'. That has induced a new type of purchasing power in the lower and middle class. It is giving a better treatment of life and better conditions of life. They can purchase the consumer goods and give a boost to the production of the national economy.

In the end, I would say that I very much welcome the general approach to the Budget and what I have suggested, particularly about this multi-coloured sarees of the handlooms should receive the kind attention of the Government.

In conclusion, I want to say a word about the cotton textile industry. Recently, the procedure of stamping prices has been brought into the Budget. It is all right to stamp the prices. But this will lead to ¹ arbitrary price-fixing which would be help-

ing them to over charge the consumer. Because the price is printed the customer will take it as a Gospel truth. So, I warn the Government that without the price fixation mechanism, this will prove to be the worst remedy and it will be meaning over-charging. As a matter of fact, if you want to decontrol cloth I am all for that. As a second step I am suggesting that the present price control on the so-called low standard cloth should be suspended for three months. There is a glut in the cloth market. It is not being lifted because the people do not know what will happen to this price mechanism. What I would suggest is to suspend the order for three months, watch the prices behaviour; the prices will fall and not rise, and if that happens, the industry on the whole will get a sort of survival and boost. There, neither stamping on every meter of cloth, nor the laborious process of price mechanism is at all required. The quality of the cloth is there and so much production is coming up. The unutilised capacity in textiles is more than 23 per cent. We should give a fair chance to this type of economic approach instead of bringing in more types of restrictions and printing and stamping which will make the customer feel that what is printed is right and he is obliged to pay the price when he can get it at 50 paise less or more in the open market. Therefore, Sir, I am making these two suggestions and I do hope that my friend Mr. Pranab Mukherjee will particularly look into it. And also, I should say that if he can succeed in lifting every grain from the stores of the poor farmers, as a result of this, I would consider it a welcome day. These farmers, again I repeat, are so much suffering with paddy lying in their stores and nobody willing to lift it. Wheat is lying in Punjab and nobody is willing to lift it. Let the Finance Minister or the Food and Agriculture Minister make an announcement that wherever there are any foodgrains lying, those will be purchased at the prices announced by the Government. Thank you.

THE MINISTER OF STATE IN-CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB MUKHERJEE) : Mr. Deputy Chairman, Sir, I am grateful to the hon'ble Members who have made their observations. Till now, on the Budget more than

20 Members have made their observations and, beyond large except a very few, they have appreciated the view-points of the Finance Minister and the various proposals in the Budget document.

Sir, it is a usual practice to provide a suitable terminology in every Budget to the Budget formulations, and this year too has been so exception, as a result of which Mr. Sardesai termed the Budget as a puzzling one because he fails to understand how the Finance Minister can augment the Plan allocation to the tune of 31.6 per cent without resorting to taxing people more. Mr. Lakshmanan chose the phraseology of *Ruber's* Budget. Perhaps, he came to the conclusion that some concessions given to the tax-payer, both in the area of income-tax and wealth tax and some relief in indirect taxes, are the concessions given to the modern *Rubers*, the industrialists and big business-houses. And the respected Member of the House Mr. Goray, has termed it as a laboratory Budget. Sir, I do agree that, to some extent, it is a laboratory Budget in the sense that out of experiments which we make in laboratory and the inference we draw, or the results we get therefrom we build a greater field. Therefore, there is no doubt that we have some experiences in the economic arena and in the economic activities for quite some time, and if some of the Budget formulations are the outcome of those experience, there is nothing wrong in it.

Sir, one doubt has been expressed, both in the other House as well as in this House. whether the unbridged gap of Rs. 320 crores would ultimately disturb the price stability and would cause inflation. The Finance Minister has already made it quite clear in his reply to the debate in the other House—and I too would point it out—that there is an element of risk in it. There is no doubt about it. But why have we taken the risk ? What are the circumstances which prompted us to take the risk? This is to be kept in mind. As has been very correctly pointed out, whatever be the contributing factors, the outcome is that there has been a bumper crop, both in rabi and kharif. We are quite comfortable on the food front. We are reasonably comfortable with our external resources and we have taken a certain mechanism to contain inflation. On the basis of that, an

[Shri Pranab Mukherjee] unbridged gap of Rs. 320 crores—I think in terms of percentage it may come to 3.2 or something like that—may not be in a position to disturb the stability if certain external factors come therein. Therefore, that is the reason which prompted us to take the calculated risk. At the same time it has to be kept in mind that in formulating a budget in a developing economy like ours, the Finance Minister is provided with very little option, and the scope of accommodation and manoeuvrability is extremely limited. On the one hand, we shall have to maintain the tempo of development by augmenting the Plan allocation; on the other hand, we shall have to see that by utilising the lever of taxation we do not create distortions in the economy and that ultimately it does not become counterproductive. Further, we cannot forget our commitment towards social uplift. Therefore, under these constraints, the scope of manoeuvrability of any Finance Minister of the country, including the present Finance Minister, is very limited. And it is really encouraging—and I am glad—that the hon. Members have appreciated in the right sense of the term that the Finance Minister perhaps could not have produced any better alternative formula than which he has already placed before the House.

Some of the issues which have been raised are why we have reduced the taxes and whether this is a concession to the big business houses and the monopoly houses. At the same time, it has been questioned, particularly by Mr. Sardesai, whether we are going to give up the policy of doing away with economic disparity which is the national objectives set before us. My submission is that it has to be kept in mind that taxation no doubt is an important instrument for reducing the economic disparity, but that in a developing economy like ours, it is not the only instrument, and there too, we shall have to keep in mind that the application of this instrument and lever has certain limitations, beyond which perhaps we cannot go, rather we should not go. I would not like to quote the figures and bother the hon. Members; they are known to them. At a certain level of income, at the rate of taxation which existed before the introduction of the new rates to some extent, it became counterproductive

in the sense that if somebody finds that after some level for every Rs. 100 income he has to pay Rs. 100 plus something, then a situation arises in which—I would have been happy—if he stopped earning something more, there would not be any concentration of income or wealth at that end and at that particular level. But what happens here is, he earns something more, he does not show it in the books and it does not join the mainstream of the economy. Either it is concealed or it is spent in a vulgarly way, in an ostentatious way. Therefore, merely by increasing the rate of tax, we do not arrive at a situation in which we can get more. There comes the area of judgment, to what extent we can go and, if I may be permitted to use the term 'elastic limit', whether we should go beyond the elastic limit what the elastic limit is, up to which point we should go. Whether it should be 60 per cent or 77 per cent or 60 per cent or 92 per cent, that is a matter of details. But the basic principle is this, whether we should go beyond a certain limit. That is the idea which prompted us to take a fresh look at the rates of direct taxes, both income-tax I and wealth-tax, and the Finance Minister has presented his new rates of taxes.

Somebody has raised the question that we are giving concessions to the larger income group people and that type of concession is not available to the low income group people. Here, too, it will have to be kept in mind that in the progressive pattern of our tax system, when the tax rate is high at a particular level, if you give some relief, the quantum of relief becomes higher at that level. You cannot rule out that possibility. But ultimately it was our effort to see that this is more or less equitably distributed in the different income levels. I would not like to quote many figures, but I would just like to submit for the information of the hon. Members that up to the income level of Rs. 20,000, the reduction in the tax liability varies between 11 and 11.5 per cent. I hope the hon. Members would agree that the variation is not much. Similarly, in the income bracket of Rs. 3 lakhs to Rs. 10 lakhs, the variation is between 14.7 and 15.6 per cent. If somebody takes the trouble of going into the reduction percentage-wise at various levels, he will bear me out. At the same time I would

like to draw the attention of the hon. Members, particularly Mrs Kulkarni, to another fact. She is not here, but she was very vociferous about lesser quantum of relief being given to the low income group people. And she came to the conclusion that we are not providing even the cost of a cup of tea per day to the local income group, while we are giving big concessions to the income bracket of Rs. 3 lakhs and above. By some jugglery of accounting, she might have come to this conclusion, but the fact is that at every stage, the total percentage of tax is progressively increasing. If you start from Rs. 10,000 you will find that the rate of tax is 3.3 per cent. It increases at every stage and ultimately you will find that at the income level of Rs. 3 lakhs, it will be 58.37 per cent. There has been a progressive increase, from Rs. 10,000 to Rs. 3 lakhs at every stage. Therefore, it is not correct to say that we are giving less relief. Quantum-wise it may be less because if somebody pays less tax, the relief which will be available to him would be automatically and naturally be less. But percentage-wise it is not less, as I have shown. Therefore, this has to be kept in mind. In this connection, somebody has asked why we are not raising the exemption limit from Rs. 8,000. Perhaps conveniently they have forgotten that we raised the exemption limit from Rs. 6,000 to Rs. 8,000 only a few months back. Last year during the budget discussion perhaps the hon. Members wanted to have it raised from Rs. 6,000/- to Rs. 8,000/-. When that was done, now you are asking: -why are you not raising it to Rs. 12,000/-? I do agree that this is an area where perhaps some concession might have been given. But at the same time it has to be kept in mind (that in a country like ours where the total number of income-tax assesses is in the order of 36 to 37 lakhs, where the population is six hundred millions and where much less than 1 per cent of the total population is within the tax net, to come to the conclusion that people having an income of upto Rs. 12,000/- should be completely free from income-tax is not correct. Some relief has been given to them and as far as possible efforts have been made to distribute the relief equitably. But at the same time to see that the tax liability does not distort the economic activity ultimately and does not become counter productive, 6-14
RSS/76

these new rates of taxation have been introduced.

Coming to the area of indirect taxes, some hon. Members who have criticised that we are giving tax relief in excise duties on T.V. and motor cars, have forgotten one basic point that these concessions are primarily not meant for the consumers in the sense that the affluent sections of the community using T.V. refrigerators and motor cars do not need this relief. But the industries producing these types of items were having difficulties. It has to be kept in mind that after all the country's scarce resources have been invested in creating capacity in these industries. It is no use saying that after creating capacities, after spending money, you should not use these capacities fully. In order to give a boosting up to these industries, we have given certain concessions. In this connection I would not mind repeating what I said on the floor of the other House. The concession in excise duty on cars is not something which has suddenly come to the mind of the Finance Minister. For quite some time automobile industry has been facing difficulties. I personally attended one meeting conducted by the West Bengal Government to look into the affairs of the Hindustan Automobiles whose factory is established near Calcutta. Quite a large number of people were going to be thrown out of job for some reasons. I am not going into the merit. You will be surprised to know that not only representatives of industries, but even a large number of trade unionists many of them may not say so publicly—advocated for reduction in excise duty on cars. When I flatly refused to concede to their demand at that stage, the West Bengal Government ultimately reduced the sales tax. What I want to point out is that even the trade unionists at that time wanted reduction in excise duty so far as cars were concerned. They did not want to give relief to the Birlas. I do not blame them. They wanted relief in order to save the industry. Therefore, this relief is not meant for either the industrialists or for the consumers. It is ultimately to see that the industries do stand on their feet and at the same time the people engaged therein are not thrown out of job. This will ensure full utilisation of the capacities that have been created in the country with the help of scarce resources so that these industries do

[Shri Pranab Mukherjee] not later on become sick units. Mr. Deputy Chairman, in this connection Shri Sardesai has asked a very pertinent question.

He asked whether the concessions that we are giving and the savings that are expected out of them would be ploughed back in industry, whether the private sector would like to invest its savings, which it is in a position to make, in industry as a result of these concessions and whether the investment climate in the country would improve or not. He has asked whether these expectations would be fulfilled or not. There too, Sir, I do believe that if we leave it only to the sweet will of the private sector, things would not improve. Certain fiscal and economic measures are necessary and this Budget provides those fiscal and economic measures and it is not merely a question of giving concessions. At the same time, we are also trying to enforce economic discipline as strictly as we can. Sir, there is not a single day on which we are not intensifying our searches, seizures, raids, etc., both on the Income-Tax side and on the Customs side. And, Sir, I do believe that unless and until we strictly enforce discipline and strengthen the tax collection machinery, unless and until we plug all the loopholes which facilitate tax evasion and tax avoidance, unless and until we bring in more and more people within the tax net and compel them to pay their share, their due share, to the national exchequer, they would not be playing their role well. Therefore, Sir, the Finance Minister has very correctly warned the private sector saying that we have done something on our part and similarly, they are expected to play their role in full and if they do not do that, the Government measures are there so far as the question of fiscal discipline is concerned, I can assure the honourable Members that we have already taken various measures in this direction and we shall continue to take such steps. And, Sir, it would be appreciated by the honourable Members that as a result of these steps—I would not like to quote the various figures relating to the seizures, searches or raids made by the Income-Tax or the Customs Departments, but I would like to quote only figure now—our foreign remittances, the remittances from abroad—quite a large number of people live abroad

and they used to send their money not through the proper channels, but through the medium of the smugglers and this money has substantially contributed towards the generation of funds abroad to help the smuggling activities—have increased and as a result of our anti-smuggling operations, remittances from abroad through the legal channels have increased sizeably. In 1974, the remittances through the normal channels were of the order of Rs. 570 crores and in 1975, they have increased to Rs. 908 crores, almost double that figure, and perhaps, Sir, the honourable Members would agree with me that even the success of the Voluntary Disclosure Scheme, to some extent, has been possible because of the intensification of the searches and seizures and raids by the Income-Tax Department.—Therefore, to prevent economic offences, to catch these economic offenders and smugglers and other types of tax evaders and others, and to arrest tax evasion and tax avoidance, we shall have to continue to concentrate our activities in these areas and I can assure the honourable Members that we continue our efforts and we are continuing our efforts relentlessly. And, Sir, to this Parliament we are very grateful because it has provided us with very useful instruments for the confiscation of the properties of the smugglers and we have also taken some steps in that direction and quite a large number of notices have been issued to the smugglers and their relatives and their associates and it would be possible for us to inform the House later about the extent to which we have been able to confiscate the properties of smugglers and other types of economic offenders. Unless and until we are able to break their backbone, it will not be possible for us to stop the generation and operation of black money. Therefore, Sir, in that direction too, we are resorting to various measures which we had promised.

Before I conclude, Sir, I would like to submit only one point and that is about banking. Certain honourable Members have made some observations. While replying to the various questions on the floor of this House and the other House, Sir, I have explained the position to the Opposition on one aspect particularly and the honourable Members would agree with me that so far as deposit mobilisation is concerned, so far as branch expansion is

concerned, the performance of the nationalised banks is definitely encouraging.

Sir, from the date of nationalisation, the number of rural branches has increased from 1832 to 7376 till December, 1975. And nowadays, out of every 100 branches established by the public sector banks, 46 branches are established in the rural areas. But, at the same time, there is a big gap in the area of rural credit. And after the declaration of moratorium on rural indebtedness and passing legislative measures, the problem has become more acute. We shall have to see to what extent the co-operatives, commercial banks, the newly established institutions and regional rural banks, by their combined efforts, can bridge the gap.

So far as the productive loan is concerned, Sir, we have already taken a decision in the meeting of the chief executives of nationalized banks that it would be possible for us to meet the demand for productive loan as far as possible. But there is a big area of consumption. To what extent we can go to meet the consumption loan, is not an easy matter, because that is an area where we shall have to try to be very cautious. I can tell the hon. Members that we have set up a committee which is going to submit its report by the end of this month, and then it will be possible for us to arrive at a decision so far as consumption loan is concerned,

SHRI N. G. GORAY (Maharashtra): May I seek a clarification from the hon. Minister ? What is your idea of the total loan required by the rural people, and what is the amount that your institutional banks are likely to give to them ?

SHRI PRANAB MUKHERJEE: Sir, there were certain figures. These are not very dependable. But I can give a rough figure. The total loan required by the rural people may be of the order of Rs. 3000 crores. The commercial banks and co-operatives cannot give more than Rs. 1200 to Rs. 1500 crores. But, anyway, this is subject to correction. I do agree that there is a big gap. Of course, the Ministry of Agriculture have deducted the

consumption loan from the total credit requirements. But so far as the productive area is concerned, the total rural credit may be of the order of Rs. 320 crores. At present, I am not going into that. But what I would like to state at (his stage is that we are fully aware of the problem. We will take into account all the rural requirements and see how far they can fulfil their objectives.

In this connection, I would like to submit one point. Perhaps the hon. Members would appreciate it. Since emergency, we have asked the nationalized banks to improve their efficiency. I do agree that so far as customer services are concerned, so far as dealings with the common people are concerned, there is a large area of improvement. But, at the same time, on one particular aspect, the commercial banks in the public sector have made ample improvements, so far as reduction of overtime is concerned. In the first five months of 1975, the quantum of overtime was of the order of Rs. 11 crores—a fantastic amount. In the rest six months it has been reduced by more than 50 per cent...

SEVERAL HON. MEMBERS: Very good.

SHRI PRANAB MUKHERJEE: It is five point something. And I do hope that it would be possible for us to improve the functioning of banks more and more, so that they can play a useful role and fulfil the objectives for which the banks were nationalized.

Sir, I would not like to take much time of the House. I am really grateful to you for giving me this opportunity to intervene in the debate at this stage. And I am also grateful to hon. Members for the many bouquets and very few brickbats provided to the Finance Minister... (*Interruptions*).

SHRI BHAIKAB CHANDRA MAHANTI (Orissa): Sir, I begin by saying bouquets to the Minister of Finance, the Minister of State in the Ministry of Finance and the Deputy Minister in the Ministry of Finance for presenting this Budget, which can be called a truly National Budget of the nation. From a state of -despair and despondency during the last three years, the Finance Minister,

[Shri Bhairab Chandra Mahanti] through his Budget proposals, has created new hopes, new aspirations and ambitions in the hearts and minds of the millions and millions of his countrymen. Last year, when the growth of population was higher by 2.4 per cent over the previous year, the national income increased by only 0.2 per cent. According to the Reserve Bank of India, as given in Vol. 1, page 2, of their Report on Currency and Finance for the year 1974-75, the Net National Product was 12.6 per cent of the Total Domestic Saving in the year 1972-73; 12.1 per cent in the year 1973-74 and only 11.8 per cent in the year 1974-75, *i.e.*, a state of gradual decline in the percentage of national income saved and invested. From this alarming position, we are now assured of a bright year ahead of us. To quote the Finance Minister, "On present indications, national income in real terms will increase by about 5.5 per cent in 1975-76." To quote the Finance Minister again, "This is attributable to the many determined efforts made by the Government, particularly since the launching in July 1975 of the New Economic Programme

"

A grateful nation looks upon its great Prime Minister for further progressive measures to lead the country on the path of progress and prosperity.

Sir, the Voluntary Disclosure Scheme was the brain-child of a master-mind. This has brought to the coffers of the nation nearly 1500 crores of rupees. The Finance Minister has hit upon another laudable idea so far as income-tax is concerned, of bringing down the Maximum Marginal Rate including surcharge from 77 per cent to 66 per cent. Sir, I believe in the innate goodness of man and his character. High rate of taxation was perhaps the principal reason for the moneyed class going the dishonest way and resorting to black money business. The new taxation measures as also the relief at the lowest level will have their salubrious effects and the common man will not think in terms of evading payment of the tax. Doubts have been expressed by some honourable Members that such tax relief measures are not new. They were tried in the past but to no effect. To them, I can only say that there is no harm in trying once again for,

as he poet said, "If hopes were dupes, fears may be liars". Who would deny that under the inspiring leadership of our Prime Minister, there has not been a new sense of discipline, of new awareness, of right thinking, of honesty and above all of a sense of oneness and of loyalty to the country and to the people ?

The step taken by the Finance Minister will also, to a considerable extent, silence the critics who say, "India is the highest taxed nation in the world". Sir, the new taxation measures will no doubt benefit the big businessmen and the moneyed class. But is that all? Should it end there ? Sir, while intervening, the Minister of State has said something about it. But as Dr. F. A. Mehta, a well-known economist, has put it:

"No budget is worthy of its name unless it seeks to convert the incentives offered to the few into benefits for the many Tax incentives must be linked not only to savings—that indeed is crucial—but also to social welfare schemes."

Savings will accrue to the moneyed class. This has to be utilised for the benefit of the many. How ? This has to be linked up with our industrial policy. I venture to say that the time has come when, what to speak of the heavy industries and key industries, no new large-scale industry should be in the hands of the private sector. The big business houses should be well-advised to hereafter divert their savings to medium-scale and agro industries. Sir, India does not live in the metropolitan cities like New Delhi, Bombay, Calcutta and Madras or for that matter in the few thousands of towns and cities, big and small, but in the lakhs and lakhs of villages throughout the country.

Sir, referring to the New Economic Programme enunciated by the Prime Minister, the Finance Minister, in the opening para of his Strategy for Integrated Rural Development has said, "The corner-stone of this programme is the socio-economic uplift of the poor, particularly in the rural areas." And as matters stand today, there are nearly 60 to 65 million poor families in our villages which cannot make their both ends meet by tilling the soil. They need non-agricultural work to better their conditions.

Sir, the problem of unemployment of millions and millions in the countryside can only be solved if small-scale industries are strewn all over the country, laying the maximum emphasis on agro-industries. They go into production quicker and give employment to the local people.

Sir, it is being said that the Finance Minister has left the largest ever deficit of Rs. 320 crores uncovered. With my meagre knowledge of economics, I can only say that in a Plan outlay of Rs. 7,852 crores, a deficit of only Rs. 320 crores is not of much significance. In fact, it would not matter much if the figure crossed even Rs. 500 crores.

Sir, coming as I do from the Eastern Zone, I would be failing in my duty if I do not place before the Finance Minister the case of the Eastern Zone, the much neglected Eastern Zone. Sir, India, as a whole, cannot be said to be developing uniformly or evenly until the different States, different areas and different regions receive equal treatment in the hands of the Centre. By equal treatment, I mean the underdeveloped areas should receive greater attention financially to bring them up to the level of the developed areas. This to my mind was in view of the Prime Minister when she said while replying to the discussion on the Kashmir Accord. Sir, the Prime Minister said, and I quote :

"If each State looks to its own interest, how will the weaker ones be helped"?

Sir, the Finance Minister also in his Budget speech last year said, and I quote :

"The needs of relatively weak and backward regions will continue to receive special attention and support."

Sir, I am afraid this is not borne out by the facts as they stand. This Eastern region of the ten States of Assam, Arunachal Pradesh, Bihar, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Tripura, and West Bengal in area accounts for the one-fifth of the size of the whole country, and in population, it accounts for more than one-fourth of the population of the entire country. What is more is that out of a total Scheduled Caste and Scheduled Tribe population of 11,80,11,058 of the entire country, as per the census figures of 1971, the Eastern zone alone has 3,81,85,329. That is the Eastern

[zone has more than one-third of the total ; Scheduled Caste and Scheduled Tribe population of the country. Does the Eastern Zone get adequate financial help to bring up these neglected and underdeveloped strata of our society to the level of others in the quickest possible time ? Has any time schedule been drawn up for this ? How long will they remain different from the rest of their countrymen ?

Sir, I am constrained to remark that these significant factors have escaped the notice of our planners or that they have not taken them into account. We, of the eastern zone, have reasons to be rather sore about it particularly when we are conscious of the fact that our zone plays a significant role in the national economy. We earn the maximum amount of foreign exchange by export of tea, jute and engineering products. We keep the wheels of industry of the entire country moving by supplying coal, iron and steel and other things. We are rich in mineral wealth, agricultural and forest wealth. All that we need is to be a little rich with the sympathies of the Finance Minister. Can we have that ? The figures given by the Industrial Development Bank of India in their Annual Report for the year 1974-75 at pages 92-93 and pages 98-99 bring out the glaring disparity in the matter of financial assistance given by the I.D.B.I. and other all-India financial institutions to the Eastern Zone and other States. If we see the State-wise distribution of financial assistance sanctioned by the I.D.B.I. and the utilisation thereof during the period July 1964 to June 1975 and add up the amounts that have been given to all the States in the eastern zone, they come to Rs. 12,971 lakhs, whereas the State of Maharashtra has received Rs. 21,873 lakhs and the State of Haryana has received Rs. 12,055 lakhs during this period. Now, if zone-wise figures are taken, according to the Report of the I.D.B.I. for the year, 1974-75 the region-wise distribution of assistance-sanctioned and given by all-India financial institutions was Rs. 59.81 crores for the whole of the Eastern Zone, Rs. 133.39 crores for the Western Zone, Rs. 55.63 crores for the Northern Zone and Rs. 104.33 for the Southern Zone. This is the disparity so far as the Eastern Zone is concerned. Sir, I was talking about the Scheduled Caste and the Scheduled Tribe population ! of the Eastern Zone or, for that matter, of

[Shri Bhairab Chandra Mahanti] the entire country. Sir, I think it is time that we drew up some sort of a time schedule by which time the level of the Scheduled Castes and the Scheduled Tribes could be brought up to the level of the rest of the population in this country. Otherwise, it leaves a very deep cut in the nations social life. At the moment, it looks as if two kinds of people live in India; the Scheduled Castes and the Scheduled Tribes on the one side and the rest of the people on the other side. Even after 27 years of Independence, the Schedule Caste and the Scheduled Tribe people do not feel that they are on a par with the rest of the people in this country. It does no credit to us as a nation. I suggest that this period of development of the Scheduled Castes and the Scheduled Tribes may be spread out to a span of 20 years from the day the Prime Minister's 20-point programme was announced. I say this because a child starts going to a school when he is five years of age and the educational curriculum is now spread out to $10+2+3=15$ years making in all 20 years. This is a sufficiently long period during which we can invest sufficient money to bring up these Scheduled Castes and Scheduled Tribes.

"•> (Time bell rings).

Sir, I want to make one suggestion with regard to the Finance Commission, which is constituted under Article 280 of the Constitution. At present it is constituted at the expiry of every fifth year or at such earlier time as the President considers necessary.

I feel that the Eastern Zone has not been receiving financial assistance to the extent that it should because there is no machinery to look into the difficulties of the different zones. It looks as if the zones that are well-placed, receive more attention and the zones which are not so well-placed, receive rather inadequate attention. So, I suggest that the Finance Commission may be made a permanent body so that they may go into the difficulties of the different zones, of the different States, of the different areas and make their recommendations so that suitable and adequate financial help may be made available to the different areas, different States and different regions.

In regard to Orissa, Sir, a number of projects of national importance are pending with the Government of India for quite sometime past. More important of them

are : Gopalpur port, the Ship-building yard at Paradip, Paradip Fertilizer project and Feno-Vanadium project. For want of time I do not want to talk about all of them. I would only like to bring to your notice the fact that Orissa with its mineral resources, power and water resources has not received the attention that is due. On the Paradip Fertilizer project, whose foundation stone was laid by the Prime Minister herself, I had asked a question and the answer was given to me on 24th August 1974.

j It Said :

"The expansion of the Trombay plant and setting up of a new plant at Paradip in Orissa are in the planning stage. These are expected to be taken up for implementation during 1974-75." The same question was repeated and I have got this answer on 22-3-1976 that the project has not yet been taken up for implementation due to resources constraint. Now, the people of Orissa are very sore about it and it is natural to be so. Besides, in the matter of receiving financial aid in Orissa there is no infra-structure like rails and communications. There is no consultancy service and there are very few Central development schemes. With these words, I request the Finance Minister to look to these projects that are lying with the Government of India for being given the green signal as also to look [into the case of the Eastern Zone.

SHRI HABIB TANVIR (Nominated): Mr. Deputy Chairman, Sir, allow me to begin with the mention of some of the commendable aspects of this Budget though I do not intend to dilate on these points because they have already been dealt with much more competently by more eminent colleagues in this House. To mention the most notable ones: the increased outlay in Plan development, greater allocation for rural development, greater provision for agriculture and emphasis on development in the tribal belts and areas.

[THE VICE CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY) in the Chair.]

These are some of the welcome features ; of the Budget. There is a grudging increase in respect of Education and an even more I grudging increase in respect of Culture. But (welcome this increase. And this is the

main burden of my speech today. When people like us, who are involved in cultural activities, go to villages to deal with folk artistes, they are confronted with diseases of a horrific kind and jhuggis blown up by the slightest wind, exposing them to the problems of inclement weather, sun and rain. The income of the professional performers during off season is very low.

They become agricultural labourers and are reduced to the position of, women among them even, picking stones at the rate of Rs. 1.50 per day. Therefore, how do we educate them on hygien, sanitation and so on ? You are absolutely frustrated when you try to tell them what is wrong with their environment and what they could do by way of improving it. They do not understand anything when you talk in terms of medicines for diseases like leprosy—I had a leper in my group—V.D., TB, primary complex, typhoid and so on. I am personally facing these problems and I am spsaking from personal experience. they fail to understand the meaning of scientific treatment. They understand magic and rituals. How do we change their menial attitude ? How can we, people like me, remain committed to pure art? It is impossible.

This takes us into other realms. What do we, see over the years ? There is very little change. The present Budget depends heavily on foreign aid, linking our system—it may not be obvious; but it is true—to the foreign systems inevitably and it also depends on the private sector's profit which, in turn, is linked to the capitalist system the private sector would perpetuate, and is perpetuating. The Budget tries to please the upper-income group and the urban elite, the section of the urban society which, in fact, is the bane of the country and some other sections which belong to the periphery of this ruling class, but which are assimilated into this top hierarchy which rules over the rural society. When we look at this phenom;non, we find that

we are not able to sever our rela-4
P.M. tions with the multi-nationals. And
to that extent, we are pressurised.
On the home front, not one radical step has
been taken to sever relations with the
capitalist class and the ruling urban society,

I Then how do we effect the mental change, the change in outlook in the peasant which j is so beautifully talked about in this little | pamphlet, most commendable. "Strategy for I Integrated Rural Development"? Yet. in practice one doubts whether the result will be what this booklet says. Now, even more grievous is the picture and before I come to this, allow me to say that there is emphasis on the locally available resources, on agro-industries, and let us say, greater opportunities for jobs in the rural sector. And steps to remove rural-urban imbalance are hinted at.

Now, the 20-point programme has linked with the Budget and, to an appreciable extent, favourably and admirably. Yet, a far greater emphasis on these locally available resources even in terms of technology, a far greater emphasis on agro-industries and on opportunities for jobs in the rural sector is required. The Budget does not provide for one single big step in that direction, to mv mind. The rural-urban imbalance will not go merely if we talk in terms of efficiency of the administrative machinery and the efficiency of other agencies which will deliver the goods to the rural people. Here is a group of people who will try to do good to the rural people as we are trying to do good by thinking everything out for the poor, illiterate, primitive, backward village people, but this whole attitude is wrong because if we are really aiming at grass-root level development and at people's participation *en masse*, we should have their creative effort to join our own effort in achieving it. Your education goes, is going, has gone so far in a totally different direction. There are big changes, many new schemes—most welcome—in the field of education and in the field of non-formal education specially, and many other innovations in the sphere of culture—away more than what could be undertaker.—and yet all this falls short of the requirement of this vast rural population. While talking of creative effort, one comes across rural population who are so articulate in their mother tongue and yet, when we talk In terms of industrialisation, job orientation, education and standardisation, what does happen is that in the name of standardisation within the kind of system we have had so far, the few among them who go to the college begin not only to wear the kind of

[Shri Habib Tanvir] dull) drab clothes of the town people but also speak, rather badly, the kind of standard Hindi, Marathi or Bengali that we are expected to speak in the educational institutions through which they come out and begin to expect jobs of baboos and are contemptuous towards their own mother tongue, towards their own songs, towards their own colourful and beautiful costumes, towards their own dances and towards many other things, not just art expressions but things which contribute to the community life of a people. Now I doubt if that is development, if this development does mean devastating all that is primitive in the name of economic progress.

Does it also inevitably mean annihilation, does it mean forcible annihilation of all that is good and creative in our culture? We have not yet found a creative path of development in the economic sense. I am still talking about the Budget because it is the Budget which will give us a kind of development, a line of development in which we can vividly imagine a community pattern of living, transforming it through development and technology. Madam, we have seen the political anarchy, the economic distress, the discontent that got expressed in the recent past. Unfortunately, there were eminent politicians who could pinpoint the political difficulties, the threat of fascism justifiably, and reaction justifiably, and economic needs justifiably—they could say that this is what is required—but so far we have done by default in trying to locate the cultural vacuum, the cultural cause of anarchy. Loss of a sense of identity among the young generation, which is the student community, through rootlessness, is one major cause of the discontent. You cannot identify yourself with anything except what you read is the text books given to you in the educational institutions, which books unfortunately so far happen to be perpetuating all types of Western ideas, Western cultural ideas, they take you away from your traditions—and I am not a traditionalist—take you away from awareness of the traditions which will alone emancipate you and allow you to change those traditions sympathetically and even radically. If you have the economic pinch, if there is political anarchy and reaction at work and fascism. ... (*Time bell rings*). I

thought I have got 15 minutes. I have-spoken barely for nine minutes.

THE VICE-CHAIRMAN (SHRIMATI PURABI) : Ten minutes only. All right.

SHRI HABIB TANVIR: I am looking at the watch myself. In this context, where we know that international cartels are at work, whether it is in Chilly or in India, we have to fight them out. At home there is the reaction rampant and the emergency which came and the measures which were taken were commendable and most welcome. There is an improvement in the situation and yet we lack awareness of one very major cause in the matter of what contributed or what contributes finally to the anarchy. I am not denying the economic causes and the political causes but this is definitely one major cause also. It will remain a cause in Latin, American countries, in African countries and it will remain a very big cause in India and other Asiatic countries where the culture through the enslavement of the people by foreign imperialists has been completely falsified.

Now there is a kind of imposing ideas on the rural people. No respect for what they think. And there is no incentive to the panchayat kind of set-up in the villages. As against the rural people, vast areas of rural population have been neglected so far as education is concerned. But in an exploitative society in which there are people who are rich with more money, more and more people in the name of assimilation even in villages will become the same like one representative of the tribes who got into the Government and representing the tribal people said; "What? My people learning dancing and singing! Certainly not. They will go to the school. They will learn hygiene." He used all those cliches which are cliches not because they do not mean good things but because they really do not mean anything. The real concrete implication is nothing. So this is what we are doing. This is a new method that is being developed by our bureaucratic machinery and our administrative machinery. Institutional changes in this of a radical kind can come from, our Budget. The commendable features are there. It is time for us to watch. I shall expect the hon'ble Minister within a reasonable time to give another look to his Budget

and see that with the cooperation of other people who are related to other fronts than the one which is related to the Budget, whether some rectification in the matter of this aspect in which a kind of dialogical contact between the rural and urban societies for development could be effected and a greater equality of status in the matter of planning could be given to the people and their participation could be induced. Because just now when we talk to them, like dumb animals they look up at us and they do not understand it. It is not because they are devoid of understanding. It is because we have failed to produce devices, through which we can encourage them and make them enter in a big way. Recent changes after the 20-point programme have given a great deal of assurance in some areas in some respects, if not all. This is the situation in which we have to look into our hearts and see whether we can take one or two very radical steps in which though the interests of a few people may be hurt, the interests of a vast number of people of this country are safeguarded.

Thank you, Madam.

SHRI KOTI PUNNAIAH (Andhra Pradesh) : Madam, Vice-Chairman, I support the Budget. At the outset, I would like to congratulate the hon'ble Finance Minister for presenting a fairly good Budget. This Government can be proud of many achievements under the dynamic leadership of Shrimati Indira Gandhi for the past 10 years. I do not hesitate to say that this Government has achieved some notable thing, a very important thing, and that is the price stability. No country, including the most developed countries, in the world has achieved the price stability as we have done in our country. This is the greatest single achievement of the Government. Shrimati Indira Gandhi, ever since she assumed the Prime Ministership, has been seized of the problem of eradicating poverty in this country. The 20-Point Programme of the Prime Minister, Shrimati Indira Gandhi, has created a lot of confidence and new hope in the minds of the suffering millions of (this country, and there has been a tremendous response to that programme. The philosophy behind the 20-Point Programme is reflected in the planning strategy of the country. The implementation of this programme should be en-

trusted to dedicated cadres of Government servants instead of leaving it to the traditional administrative machinery. The Prime Minister of this country, more than anything, is giving courage to the down-trodden and the weaker sections of the society to feel that they are no more neglected; she is trying to remove the inequalities and bring them on a par with the other developed communities. If the implementation of the 20-Point Programme is successful, then many of the problems can be solved.

Now, I am happy to say that the Government of Andhra Pradesh, particularly the Chief Minister, Shri Vengal Rao, is taking a personal interest in implementing this programme. In spite of the external and the internal forces, this country is making a steady progress thanks to the Prime Minister of this country. This country has always been lucky—particularly at

a time when it is passing through very difficult times, it has a leader of the stature of Shrimati Indira Gandhi. The Prime Minister has shown the light and the way to progress. It is the duty of every citizen to see that the plans and programmes of this Gov-

ernment are fully implemented.

I would like to say a word about the rural credit problems. In the wake of the moratorium declared on debts in the different States, alternative credit facilities have not been fully created in the rural areas, resulting in great distress to the weaker sections and the marginal farmer of the society. I would also like to say that the rural artisans who are helping the country by producing various types of handicrafts for exports should be brought into the mainstream of the economic policy as reflected in the 20-Point Programme.

Another point is about the 'Plant a tree' campaigns. This campaign should be given more weightage in the coming years and it should be made compulsory on the part of every citizen to grow one tree in his lifetime keeping the importance and usefulness of the trees. I am suggesting this point in view of the economy of the country. I congratulate Shri Sanjay Gandhi who has highlighted this point recently on many occasions.

Atrocities on Harijans in the rural areas are now made possible because the village official set up—that is, the village patwari

[Shri Kota Punnaiah] and the munsif—is dominated by the higher caste. I suggest that each village official set-up should consist of at least one representative of the Scheduled Castes to check this evil. Government should legislate that one of the village officials should be from the Scheduled Castes. This will further help the implementation of the 20-point programme at the grass-root level.

Lastly, there should not be any hesitation on the part of the Government to amend the Constitution, if necessary, to ensure the welfare of the masses of this country. With these words, I support the Budget.

SHRI K. P. SINGH DEO (Orissa) : Madam Vice-Chairman, I thank you very much for giving me this opportunity to speak on this year's Budget. Since the Budget is an instrument for managing the economy and it has to be seen in the backdrop of last year's performance and the economy, I must say that the Finance Minister has given us a very pragmatic and a very optimistic Budget. I say this because the Budget mentions that this year it is to have additional investments in the key sectors, that is, agriculture, industry, mining, power and transport. It also claims that the new economic programme has brought in discipline and dedication in all fields. I only hope that he will take the opportunity of this new change in the situation to remove various bottlenecks, obstacles and impediments in the way of increased production in the agricultural and industrial fields. The Budget further refers to vigorous steps being taken to increase the supply of quality seeds, water and fertiliser, which is one of the most important inputs for agriculture. But I must caution here that even now we are very badly dependent on the vagaries of the monsoons and I do hope that he will take this into consideration while thinking of these inputs.

The major item in this Budget is the sustained attack on rural poverty. In this respect, the micro-level planning and the district-level planning which he has referred to in his Budget, needs every support. And this is what we have been crying hoarse for the last few years, that instead of coercive planning which has been going on for the last several years, what the country needs is indicative planning, that is, micro-

level planning, taking into consideration the local manpower, the local resources and the local requirements, first and foremost.

Then the Budget refers to a comprehensive survey of all natural resources and it says this has assumed great importance. I would just like to refer, in this context, to my home State of Orissa. It is a paradox, that in the midst of plenty of minerals and other natural resources, Orissa remains one of the most economically backward States in the country. In this context, I would like to refer to the subject of geology and mining whose importance for the development of mineral-based industries, ground water, engineering and construction, cannot be overemphasised. And Orissa is fortunately bestowed with rich mineral deposits such as iron ore, chromium, manganese, nickel, lead, bauxite and limestone. And to utilise them in a scientific and planned manner, it is rather unfortunate that Orissa does not even have an institution for training and developing its own mining engineers and students of applied geology. I believe the Government of Orissa has already written to the Government of India for introducing in the Regional Engineering College of Rourkela these two subjects. I do hope that keeping the overall economy in mind and the industrial development not only of the backward areas of Orissa especially the Sunderghat districts and other parts of western districts which are full of mineral resources and which have also a substantial tribal population and other weaker sections of society. Government will come forward and see that these two subjects are introduced in the Rourkela Engineering College.

There is reference in the budget to the operational strategy with twin objectives of productive employment for work force and scientific utilisation of natural resources. In this regard I would like to comment that in the past my State of Orissa has always been the victim of either floods or drought or cyclones. We have always received aid in the form of doles or relief which has never been productive. Nor has such aid given gainful employment to people, in this respect I would humbly submit that a permanent measure to combat these three natural calamities must be thought out rather than giving *ad hoc* relief or doles which neither

benefit the nation because it is diversion of scarce resources from developed Parts, nor help the receiving State because these lead to inflationary tendencies later on.

The Budget also refers to the need for expanding the production of power, coal and iron and steel for the development of the country's economy. Here again I would submit that Orissa is endowed with so much of natural resources and for the last few years we, the Members of Parliament from Orissa, have been time and again demanding that the cheapest steel plant can come up in Orissa in the Bolangir Maighat area. Although the Government have decided to expand the Rourkela steel plant, I still submit that a second steel plant in Orissa should be taken up.

Government very rightly wants to improve factory management of such important industries like cotton, textiles, jute and sugar which have hitherto been neglected by the industry and the Finance Minister has our full support when he talks about factory management.

In the budget there is also mention of increase of exports. Here I must caution that when we export our natural resources, for example iron-ore, we must be careful not to exploit iron-ore indiscriminately. We should export finished product thereby generating employment as well as gaining vital foreign exchange, rather than just exporting iron-ore. In this regard knowledgeable students of Geology and Mining have come out with their opinions and comments. I would like to draw the attention of the Finance Minister to that.

The budget also talks about utilisation of atomic energy, space exploration and modern science for agricultural development. Here I must say that although the Government has already, in no uncertain manner, enunciated its policy of peaceful use of nuclear energy and nuclear power, I would like to submit that there is a residual or military aspect to the peaceful uses of space as well as modern science and nuclear energy or atomic energy. I would like to give an example. When American sent up their satellite, it was launched purely for peaceful purposes. But it did manage to record certain Chinese missile sites due to its radiometer and since we are also going to put in

the Soviet satellites sometime in 1976 which, are going to have the sophisticated cameras and all that. I should like to submit, Madam through you to the honourable Minister that whenever such types of programmes of application of nuclear or atomic energy even for peaceful purposes are undertaken and whenever such space exploration projects are launched, the representatives of the armed forces should be associated with them right from the initial stages so as to cater to the needs of the armed forces also.

Madam, the Budget also refers to the question of social justice, especially with regard to the weaker sections of the society. In this connection, I would like to point out that the lot of the Servicemen and ex-Servicemen needs to be improved. Once they are out of their uniforms, they are just left to fend for themselves and they also become a part of the vulnerable sections of the society. So, their social security and welfare measures should be thought of, because, as you all know, every year about fifty thousand people or so are released and they are not organised and they do not have any trade union and they do not have the facility of collective bargaining in which case they can bring to the notice of the Government their various problems and their problem is all the more because these things are dealt with by the State Government and the farther away one is from the battle field, the less remembered the soldier is, especially during peacetime and, as you know, there are the Defence Services Regulations and the other impediments and also the Constitutional provisions which prevent these people from ventilating their grievances and bringing them to the notice of the authorities.

The Budget also refers to improved tax collection and here I would like to point out one thing. As a result of lowering the incidence of taxation and also due to the other effective means and measures which the honourable Minister has referred to in the Budget, tax collection has gone up. Here, I would like to submit that the lower middle-class and the middle-class people should also be given some relief by raising the exemption limit in the case of Income-tax from eight thousand to twelve thousand rupees. This is for the consideration of the honour-

[Shri K. P. Singh Deo] able Minister and I hope he will surely apply his mind to this aspect and take the House into confidence.

Now, Madam, I come to the subject of Defence. This year, the Budget claims, the allocation for Defence has gone up by about Rs. 136 crores compared to last year. Although we have not had the privilege or chance to go through the Defence Services Estimates, because they have not been presented to Parliament, from the budget one gets the impression that this increase of Rs. 136 crores is only because of the increase in DA, pay and allowances and ration, etc. In that case, Madam, the implied meaning would be that we should go by the Defence Services Estimates which were presented to Parliament last year and there were certain very interesting things. One thing, was that out of the total allocation of Rs. 2,247 crores, more than sixty percent of it was for pay, allowances, pension, DA, petrol and lubricants, ration, maintenance of buildings, etc. The main reason for this was the increase in the price of fuel as a result of the 1973 fuel crisis. So, this year also, the implied meaning is that although there is an increase of Rs. 136 crores in the Defence outlay there is not enough there for modernisation of the Army, Navy and the Air Force and there is not enough for getting more sophisticated equipment or for producing more sophisticated equipment and for the training of the armed forces. I am sure, Madam, that the House will agree with me when I say that the biggest welfare measure which we can take in respect of the armed forces is the measure for the best training to be imparted and for the best type of equipment to be provided and these two are possible within this allocation. Therefore, the equipment and training are both going to suffer this year also because, in absolute terms, Rs. 136 crores are going to be eaten up by the allowances, etc. Madam, I am taking a long time on this Defence Budget, because this is going to be my last occasion when I am speaking, and I may not be able to speak on the Defence grants when they are taken up.

In this regard, I would also like to point out that there are a lot of complaints

about the inferior quality of ration which is being given in certain areas. The Deputy Minister of Defence is here, and he will bear me out on this. I hope the Government will take adequate steps to see that since the Jawan himself cannot protest or cannot even ventilate his grievance, it is the bounden duty of the Government to see that such types of rations are not given to him that are unfit for human consumption. This I do not say out of hearsay. But I speak here without fear of contradiction.

This year's Defence budget or the allocations for Defence would also indicate that there will be no additional accommodation for the Armed Forces, because the allocation available would be utilised for other more important spheres. Therefore, it is also our duty to see that the welfare of the families of the people who are willing to keep up their morale is also thought of. And accommodation is another form of giving welfare to the Service personnel.

Then, the greatest aspect which is in my mind, and about which I would like to take my colleagues into confidence, is the channel for redressal of grievances and giving them justice. In this regard, Madam, on earlier occasions also I have

taken up here as well as in the Consultative Committee the question of court martials and other channels of redressal of grievances. In countries like the USA, USSR, UK, Germany, Switzerland and France, there is a special court of appeal for court martial convictions and promulgation, and a Service man has recourse to go to one special court of appeal. In some countries like France, retired judges are appointed for life. These special courts, by law, are free from interference by military authorities. I do not want to amplify it further because of lack of time. But this much I want to say that as the

practice has been going on, there is a chance of miscarriage of justice. If certain senior officers or senior authorities like to punish a junior officer, he does not stand a chance of getting justice, specially because of the role of the Judge Advocate-General who is associated right from the investigation stages till the promulgation stage. And this was also amply brought

forward during the Constituent Assembly as well as during the passage of the Army

Act and the Air Force Act by Pt. Kunzru who, I think, knew what he was talking about, because he had been given the role in those days of reorganisation of the Armed Forces and Indianisation of Armed Forces.

Since Defence is one of the single highest factors in the Budget, its cost effectiveness and cost benefit of the Defence organisation to the Services should be taken into account. In this respect, I would like to throw a problem, and I hope that the Government and hon. Members will ponder over whether it is advisable in this age of sophisticated technology to have a large standing army with inferior weapons, equipment and training or to have smaller Armed Forces with better equipment and better training. This I leave to the hon. House and to the Government to ponder over and to come to a decision. On this subject of defence, I would like to point out the aspect of defence thinking. In other countries, there exist hundreds of organisations which do pioneering research on the subject of defence. They may be autonomous bodies or subsidised by the Government or independent bodies. In a modern environment and a modern war, it is not only the soldiers who are involved, but every citizen is involved in the front line. It is on this aspect that I would like to throw a problem. In our country, the awareness about defence study or defence planning or defence thinking is very limited to some retired soldiers or to some Members of Parliament or to some Government officials who have had some connection with defence. But to broaden it and to involve the people in the defence of the country and defence thinking is the need of the hour. In this regard, I would like to quote Pandit Jawaharlal Nehru who said in 1964 :

"The equation of defence is your defence forces plus your industrial and technological background plus the economy of the country and the spirit of the people."

Our history reminds us that we always had adequate manpower and adequate resources. It was just the lack of defence awareness and defence thinking which enabled even conquerors like Alexander

the Great up to 1947 to come and dominate us. I would humbly submit that it is here that the Government could play the role of a catalyst by getting retired military officers inducted into both the Houses of Parliament. In this, one should be careful not to get very old Generals who had served some 50 years back, but people who have current thinking and who have just retired. Secondly, so far as the political parties are concerned, of course the Government may not be in a position to help. But I must say that the ruling party has gone one step ahead of other parties by setting up a defence cell of its own. Col. Sohan Singh is there. Thirdly, the Government can help by having a library and an institute for defence studies. It is with great difficulty that one can get any information on defence studies. There are very few libraries like the United Services Institute which is more than 100 years old and which was founded by the Britishers. Even the Institute of Defence Studies and Analysis which is getting grants from the Government, sometimes does not allow people interested in the study of defence science to get adequate material until they are members. In this regard, I must say that there was an idea about a couple of years back to have a War Museum and War Arts Museum on the lines of the Imperial War Museum which could have an adequately equipped library or the Government can help the United Services Institute which has about 17,000 or 18,000 books on defence matters. They also run courses for military officers who sit for examinations. The National Defence College could be involved. I leave the subject here. Then there is the question of associating the universities either by introducing in the universities the subject of military history or military science or by having a chair in the university. Thereby, we will be getting a team of well-informed people on the subject of defence. And I am sure the level of debates and the insight into the defence studies will be much (more worthwhile, and it is worthwhile to have an informed opinion than an opinion which will be inspired by the newspapers and other bulletins and sometimes spurious material. And in this regard, the Government could also help in trying to train up or trying to induce the major newspapers to have mill-

[Sbri K. P. Singh Deo] tary correspondents as It happens in other countries....

SHRI JAGAN NATH BHARDWAJ (Himachal Pradesh) : They might expose military secrets.

SHRI K. P. SINGH DEO ; I don't think there is much of secret. In any case, we are not doing anything surreptitiously. Madam, you might have heard the name of Sir Cecil B. Liddlehart, who, though a Captain, was supposed to be a genius as far as military science and military history was concerned.

There is another aspect of Defence, and this is co-ordination and leadership at the highest level. Although our Generals did very well in the 1972 operations, still there is a feeling that in the Armed Forces, though a person at the Senior Commander's level might have done very well in operations, due to various factors, due to the system of promotions that he must have staff qualification and all that, he is side-tracked, and he is not considered for promotion and all that. So, there is a genuine grievance that people who have done well in operations, but because they might not have had the sufflux of 'PSC, i.e. staff college, they do not stand any chance of rising to the top. And this is where the selection system could be looked into in greater detail. And then the coordination between the three Service

Chiefs ---- (*Time be!! rings*). Madam, I will just conclude. In this context, the post of the Chief of the Defence Staff should be considered because, even Pakistan has had to introduce this new phenomenon in its Defence structure, and there are many other countries which have the Chief of Defence Staff who co-ordinates and comes to an independent assessment. Of course, we have had in our set-up the senior-most Chief automatically presiding over the Chiefs of Staff Committee. But this has also got its limitations, specially as was evidenced this time when both Admiral Kohli and Air Chief Marshal Mehra retired within a month of each other. Therefore, to maintain the continuity and the experience of such senior commanders, it is necessary that we should have or we should consider having the post of Chief of Defence Staff.

Madam, my third point and my final point is on the question of sports. This

comes under Education, and I must congratulate the Minister for having made higher allocations for sports. But here I must caution that just by having an increased outlay and allocation and having a few more Nehru Yuvak Kendras, the level of the standard of sports is not going to improve. What is necessary is proper monitoring, and accountability in this whole sphere of sports. First, in my opinion, is the spotting, nurturing, catering, preserving, persevering and managing our sports men and women. Second is the selection, training and coaching. Third comes the nutrition, proper equipment, security, health, and safety and supervision. Finally, Sir, it is the encouragement, incentives and motivation that they should receive.

Madam, if you will kindly have a look at the names of our teams which are participating, you will find that not even one per cent of our national teams which go abroad have school boys or university students in them. Those who represent the country have long past the prime of their youth and the top level of their perior-mances. Since schools and colleges are the nursery of sports men and sports women and since that is the impressionable age where one can motivate and have effect. I should think that the Government should here again play the role of a catalyst by making the State Governments agree to make physical education a part and parcel of the general education and it should be included in the curricula of subjects. This debate has been going on for a long time. Even a couple of years back the Ministry of Education had, on the advice of the All India Council of Sports, convened a meeting of all the Education Ministers, the All India Council of Sports and the sports promoters in this country. Although many a pious resolutions were passed to broad-base the sports pyramid to involve the people, especially the latent talent which is there in the rural areas, nothing much seems to have happened. There have been schemes for having sports schools for providing facilities to sportsmen but it is still only a pious resolution or still in the thinking stage or drawing-board stage. Therefore, I should submit here that since there is, according to the Finance Minister, a new sense of urgency due to emergency, a new

sense of discipline and dedication, the Government should play its vital role by promoting sports and by ensuring that the State Governments fall in line with this new sense of urgency. Since this is going to change not only the health and vitality of the nation but character building and discipline in the youth, who are the future of this country, it is important that it should be given its proper place.

Therefore, my only point in the whole budget is that although it is an optimistic and very pragmatic budget, what is necessary is to have proper management, implementation, monetary control and accountability from the lowest level.

Thank you very much.

SHRI MAQSOOD ALI KHAN (Karnataka) : Madam, Vice-Chairman, I rise to welcome this Budget. A while ago when hon. Shri Pranab Mukherjee was intervening in this debate, he said that the budget proposals have received both bouquets and brickbats, an hon. Member remarked, rather quipped, that this time the budget has not received any brickbats but only bouquets. I think, Madam, this is the first time during the last eight or ten years that even the worst critics of our Central budget have received these budget proposals very pleasantly and, as we know, budget always is a reflection of the economic environment; not only a reflection but to a greater extent it shapes the economic environment also. The credit for building up this environment entirely goes to the Government and the Finance Department. The hon. Finance Minister while delivering his speech on the Budget said about the people of this country that the new economic programme generated a sort of discipline among them. And the people while adapting themselves to the new economic order tried to see that the intentions of the Government are fulfilled to a great extent. Madam, I think it was the modesty on the part of the Minister that did not permit him to speak well of his own department. If we go a bit back in the year 1974, in the month of October, when a drive was launched by the Finance Ministry against the great smugglers of this country, that was a first step in the right direction. Later on, the process of dehoarding began against all those who were hoarding. I know and all

of us know, Madam, that everything had a value those days except the money. Money had no monetary value and people were thinking whether it was good to hoard money or to hold any commodity. I know there are cases in my own town, Bangalore, where small shopkeepers hoarded about Rs. 48,000 and Rs. 50,000 worth of match boxes. This went on. I would just give one example to the hon. Minister who is here present. Two months back when we were discussing certain things about this hoarding, it was a surprising revelation when I came to know that Voltas who are the sole distributors for these milk products, Balamul and Amul milk powder—ten or fifteen months back these products were scarce in the market—are going in search for the buyers, having to their credit milk products worth about five and a half crores of rupees. Can we imagine, Madam, that in this country where children are without milk, when people are longing for these products, one sole agent would have these products worth about five and a half crores of rupees? So, this was the state of affairs. Then, drive against the smugglers began, that is, dehoarding began and we found that a sort of confidence was restoring among the public. Even the businessmen came to know that emergency was in force. If they behaved badly, then they will be punished. The result was that all the things that had been hidden, underground and not known, came out of the cells into the market. Today, we have everything available in the market. Steel is available; cement is available; foodstuffs are available, and the prices have cracked down. For all this, as I said, the Minister did not want to take credit that it was because of the activities of his own department but every citizen in India knows full well that had the Finance Department and its allied Departments not taken this action, things would have worsened even. Today we have a price level and everyone of us very much welcomes it. I even remember, Madam, that when the honourable Shri Chavan was the Finance Minister, in this House and in the other House when questions were put to him, and inflation was galloping like anything at the rate of 2.5 per cent per month—in the year 1972, it was roundabout 20 per cent and then it went on to 25 and 30 per cent—he was

[Shri Maqsood Ali Khan]

asked whether this inflation would be stopped at any level. He said: "It will have a stop at some level but at what level it would stop, I do not know." I mean these were the uncertainties. Minds were much uncertain about these things. Now, with confidence, we can say that the prices have maintained a certain level and this level, as I said, is very much welcomed by the general public and by those persons who have a fixed salary. I would like that the activities of the Department and the Government should continue in the same direction so that this level should be maintained. But, I could not 5 P.M. reconcile myself with the fact that the prices of industrial products have not come down. My L-cleagues have spoken about it. When the prices of agricultural commodities have shown a downward trend, the prices of industrial products should also come down. The lead, in this direction, could be given by the Government itself by reducing the prices of the products manufactured by the public undertakings. The prices of cement, steel, coal and so on have been raised. So far as petrol is concerned, everybody expected that the excise duty on petrol would be reduced to some extent. Had that been done it would have been very good. But the Finance Minister might have felt that it would not be desirable in view of the increased Plan/ outlay. In this connection, I would like to bring to the notice of this august House the plight of the taxi drivers. Their plight is miserable. Some three-four years back, in 1972-73, they were offered financial assistance by the banks so that they could have their own taxis. They thought that the bargain was good. They thought that they would be able to maintain their families, and, therefore, they went in for these taxis. In the meantime, the interest rates went up and the excise duty on petrol also shot up. The result is that these people are neither able to pay back their loans nor are they able to run their taxis. There are two alternatives to give some relief to them. One is, Government should make some arrangements to replace these petrol-driven taxis by diesel-driven taxis. Or, the interest rates should be reduced and some subsidy should be given to them. This is my suggestion.

I would like to touch upon another important aspect so far as this Budget is concerned. The Budget envisages an integrated rural development scheme. This is welcomed by all, particularly by the rural people. As has been pointed out by the hon. Finance Minister in the other House, for the first time, the seed for rural development has been sown. Rs. 15 crores have been provided for this purpose. The brochure on this scheme which has been given to us, the brochure on the integrated rural development scheme, speaks of the steps to be taken in this regard. I would not say this is a wishful thinking. But it would be a big achievement if we are able to do it. Apart from the schemes that we have under the twenty-point economic programme, other steps would have also to be taken. But is the amount, Rs. 15 crores, allocated in the Budget for this purpose adequate? If we divide this amount among the villages, each village would get Rs. 250—300. But the Finance Minister has rightly said that we are not going to take up all the villages in the country. He suggested that, on an experimental basis, two districts from each State would be taken up, one from the irrigated area and the other from the dry area. I hope this package deal would ensure the speedy development of the villages. I also hope there would be more allocation for this scheme in the next Budget. I would take this opportunity to plead, rather in a parochial way, for the State of Karnataka. I would request the hon. Finance Minister to think of Bidar, my district, as a specimen in the dry category for implementing this integrated rural development scheme. Bidar district is a district with very low *per capita* income. The people are very poor. There are no facilities, no industry as such and half of that area is always dry.

AN HON. MEMBER-. Is it not in Telangana?

SHRI MAQSOOD ALI KHAN. No, it is in Karnataka. Even in the erstwhile Hyderabad State there were three regions—Telangana, Karnataka and Marath-wada. Bidar was always included in the Karnataka region. So, I would plead for that district being taken up as a specimen district.

Madam, another point which is of material benefit, so far as rural development is concerned, is the banking system. The hon. Minister who is present here knows how much is needed by the rural areas towards their upliftment. All the co-operatives in India, whatever loans they provide, provide to an extent of 28 per cent of the loans to the rural areas. Even that is not sufficient as we know. We also know that every bank does not reach every village. We have the nationalised banks, we have the co-operative banks and all of "them are endeavouring towards that end, but even then so many people go without any banking facilities. While speaking on the Budget last time also I made a strong plea. . .

THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY) : You have no time. Please finish within a minute.

SHRI MAQSOOD ALI KHAN : Madam, you have a lot of tolerance so far as I am concerned.

THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY) : So far as the House is concerned, it is not a personal question.

SHRI MAQSOOD ALI KHAN : After two or three points I will finish. I am coming to the next point.

The banking rate should be lowered. The co-operative banks charge from 10½ per cent to 13½ per cent. Now the Reserve Bank of India has said that no bank should charge more than 16 per cent but the thing is, the multiple interest is there and the Government is charging interest-tax at one per cent from the co-operative banks and they are recovering Rs. 15 crores from these co-operative banks. The co-operative banks came to the Government saying, "We won't charge this one per cent" because most of them have marginal interest and this they are actually working upon.

The other point that I want to make now is about the self-employment scheme. I know, in my district there are 207 applications under the self-employment scheme but out of the 207 applications the banks gave assistance only to seven applicants. I do not know what the fate of the other applicants in other districts is if this is the

fate of the applicants in poorer districts. (Time-bell rings)

Unless an employment guarantee scheme is taken up as they are doing in Maharashtra to a certain extent, I do not think we will have any progress. (Time bell rings)

Lastly, Madam, I am speaking in the interest of the Government of India officers who are in different parts of the country. I know that the State of Haryana has taken up a scheme and declared that no Government officer would retire before he gets a house or a site. Government of India officers are there in every part of the country but they have no guarantee of either a house or a site. So, on behalf of the Government of India servants I would plead that the Government should at least have a scheme whereby these people could have a house or a site wherever they want to settle down. I am thankful to the hon. Minister and to Madam Vice-Chairman for having given me this time. Again, welcoming the Budget, I sit down.

THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY) : Shri Narasimha Reddy. Only 10 minutes please. We will finish it by 5.20 because the Minister has to attend the Cabinet meeting and this is the time allotted to the Congress Members.

SHRI R. NARASIMHA REDDY (Andhra Pradesh) : Madam Vice-Chairman, I will not repeat what has already been said. I welcome this Budget as a massive answer to the critics in this country and to the critics outside the country, to the critics against emergency and our Prime Minister. Today, we are having a Budget which is fairly welcomed by all sections of the people because in this country the whole process was reversed on June 26, 1975. It is a clear proof that no country can advance without discipline in the economic field and in the political field. From this aspect I welcome this Budget.

There are so many other aspects which are happy and welcome. The Plan outlay is stepped up by 31.6 per cent. It is investment-oriented and growth-oriented and in the various core sectors, power, fertilizer and other sectors, the allotment has been increased. I do not want to repeat all that. I wanted only to concentrate on

[[Shri R. Narasimha Redely] one aspect and that is the basic feature of our economy—agriculture. When I heard the hon. Minister, Shri Pranab Mukherjee in his reply, after hearing so many Members speaking about the so-called king-pin of our entire economy, which is the agricultural sector, he just said one line. • Everything is comfortable on the food front. I do not know what he means by that. If he means that we have the bumper crop harvest, if he means that the procurement targets have been achieved, he is O.K., he is correct, but I must tell him that everything is not comfortable on the peasants' front. Everything is not comfortable on the producer front, the man who produces food is not comfortable. On the other hand, he is in a very helpless position. He is in a very confused position. He does not know what this position is. Madam, I am really surprised to see that the Finance Ministry has not felt the pulse of the small farmer and the small agriculturist. Today, you just see the position of the small farmer, agriculturist who is producing food for all of us. The prices have fallen. I do not want to give details. The Ministry knows it. Prices of wheat, paddy, groundnut, cereals, barley and other commodities have fallen and it is a very steep fall. But the paradox of the situation is, the price of groundnut has fallen but the price of vanaspathi does not fall. The prices of agricultural commodities have fallen but the products' price does not fall. What is the meaning of all this? This means that the agriculturist's voice is not heard in the Finance Ministry. It is the industrialists who have their say. In Guniur district, the Agriculture Ministry gave the Vara-lakshmi seed. The people want it. They invested money. Lakhs of acres of cotton was sown. Huge cotton was grown. But now there is no buyer. What will happen to the production? Now leave out cotton. In my province, Andhra, which is almost the granary of the South, there is no purchaser for paddy. You say there is a support price. But the price given by the Agricultural Prices Commission itself is not remunerative. And it is a mockery that even at that price there is no purchaser for wheat, there is no purchaser for paddy there is no purchaser for groundnut. What is it that the peasant can do?

The farmer must sell his produce, take the money out of it, purchase the fertilizer, purchase the seed and invest in the next crop. But when he has no resources what can he do?

Well, in the Budget it is stated that the rural credit is the most important item as far as agriculture is concerned. What is being done for the rural credit? I said the other day,—and I repeat—that we have done a good thing by declaring a moratorium. But a negative step without a positive step is a dangerous thing and it upsets the whole economy. We have declared the moratorium without preparing the ground, without providing alternative facilities for the rural credit. In rural areas previously the rich men, the middle men, who had some money, used to give them some money, but after the moratorium nobody is giving a penny to the peasant and this man has to sell the little gold that he has, even the *mangalsutra* of his wife, so that he can invest. Just imagine the psychology of the poor farmer.

Now, coming to fertilizers, I think the Finance Minister for having reduced the prices of phosphated fertilizers to some extent. I am glad that the Ministry has realised that the prices of fertilizers are far beyond the purchasing power of the peasant. But the most important fertilizer is the nitrogenous fertilizer, for which the price reduction is very little; it is almost negligible. On behalf of the agriculturists, we request the Finance Minister to seriously consider the situation and see that the nitrogenous fertilizers, *i.e.* urea, is supplied to the peasant, to the poor farmer, at a subsidised rate, which was Rs. 45 per bag. How many crores are they going to spend? Today, in the Budget, we see that the food subsidy is Rs. 250 crores. That is also included in the outlay on agriculture. Well, instead of spending on that, you could subsidise the fertilizer and give it to the peasant; he will produce it.

Regarding the rural credit, (they say the rural banks are being announced. But how many rural banks have been opened, how many branches are being opened where we have the incentive to go? Therefore, this question of providing credit for the small farmer must be taken up on a war footing.

Why I am so much insisting upon it is that the complacency with which the Finance Ministry is looking at agriculture is unnerving. I am really horrified at it because, coming from a village. I know the situation; there is a crisis looming ahead in food production.

Madam, you might have read it—as we have read it—that great experts in the world have said that the world is going to face a serious food shortage in the coming year. This is going to be a major problem. And, now, when we neglect this aspect regarding food production, if we are complacent just because there is a bumper harvest, just because the procurement has been done, if we say everything is comfortable on the food front, it may be so on the food front, but on the producer's front it is absolutely not comfortable. If we go this way, we may have to face a crisis and the stability which we have achieved and the good economic position which we have achieved will be lost.

I am really very happy that for the first time the Finance Minister has thought about integrated rural development. I look upon

the amount of Rs. 15 crores allotted to it as a symbolic gesture but I am happy that at least a symbolic gesture has been made. I would request him to increase it to at least Rs. 50 crores. Then only there will be some meaning in this integrated rural development programme.

In the history of human civilisation if we look to any country, always the urban sector has been exploiting the rural sector and this has been the history. The rajahs were there, the maharajahs were there, the were there, the upper classes were there—anywhere, in any country, it is the urban sector that has been exploiting the rural sector. I look upon our Government, I look upon our Prime Minister, Shrimati' Indira Gandhi, to reverse this trend and see that the rural sector gets its due justice.

THE VICE-CHAIRMAN (SHRIMATI PURABI MUKHOPADHYAY): The House stands adjourned till 11.00 A.M. tomorrow.

The House then adjourned at twenty-one minutes past five of the clock till eleven of the clock on Thursday, the 25th March, 1976.