

Mr. DEPUTY CHAIRMAN in the Chair.

PRESIDENT'S MESSAGE

MR. DEPUTY CHAIRMAN: I have to inform the hon. Members that the following message, dated 22nd March, 2012, has been received from the President:

“I have received the expression of Thanks by the Members of the Rajya Sabha for the Address which I delivered to both Houses of Parliament assembled together on 12th March, 2012.”

MR. DEPUTY CHAIRMAN: Now, the General Budget

THE BUDGET (GENERAL), 2012-13

THE LEADER OF THE OPPOSITION (SHRI ARUN JAITLEY): Mr. Deputy Chairman, Sir, the General Budget and the Finance Bill, presented by the hon. Finance Minister in the Lok Sabha, has really dampened the economic sentiment in the country. Our Economy was passing through a phase where the sentiment in relation to the economy needed a boost. This Budget has ended up doing exactly the opposite. Sir, when I look at the Economy of our country and our broad approach to policy, we had a thought which influenced most of our economic decisions, which was the pre-1991 thought. Indeed, 1991 was a defining moment and post 1991—whether it was the Congress Government led by Shri Narasimha Rao, or the United Front Government which was the NDA Government – the entire approach has changed. Even though different Governments were in power, there were a lot in common with regard to the policy direction and that is how this Economy was seen as more positive. The Budget, Sir, is not merely an accounting document; it must also indicate a policy direction. It is my regret, Sir, that this Budget for 2012-13, unfortunately, is a Budget which is prepared with a pre-1991 mindset. Sir, when we broke off from the pre-1991 mindset – and, I have called 1991 a defining moment – the then Finance Minister, Dr. Manmohan Singh, our present Prime Minister, made a speech which is regarded as a landmark speech while presenting a Budget. In para 106 of that speech, in 1991, Dr. Singh said – and I am quoting that paragraph: “Recent years have witnessed an excessive reliance on indirect taxes for additional resource mobilisation. This escalates costs, fuels, inflation and is regressive in its impact. Therefore, I have not relied on indirect taxes as a major source of resource mobilisation. Indeed, the overall impact of my proposals for customs and excise levies is revenue negative in so far as the Central Government is concerned.” Sir, the pre-1991 approach of higher taxes, a more sluggish economy, less than modest growth rates, reduced the economic activity and you balanced the expenditure with those higher taxes

was what the speech negated. And consistently, we have seen a rationalisation coming through the next two decades. A large part of that rationalisation was that you need an economy which is extremely efficient, which is extremely competitive, where you do not raise the taxes but you increase the width and volume of economic activities. That increase of width and volume of economic activity widens the tax base, and with a more competitive tax structure and a more enabling environment which is created for the economy, the Finance Minister will be able to collect a lot more and balance his Budget.” The approach I saw in the last few years has gradually changed, and the approach which has culminated in this Budget is, ‘let us tax people wherever we can tax them.’ It is this retrograde approach which, for the first time, in the post-91 era, is now making a comeback.

Let us see the kind of life in the present taxation structures that anyone of us is living in. People may be having higher income groups or lower income groups; that includes the *aam aadmi*. You have decided – and every society decides – to tax people who earn. So, you tax people for what they earn. You have now decided to tax people for what they spend. If you see anyone of our lives, you raise the excise duties. So, the manufacturing cost goes up. The Chinese products are going to be competitively far cheaper. Therefore, leave alone the international market, even in your domestic market, the principle is going to be that consumers are going to buy what they get cheaper. You make your products costlier. So, you tax what I earn, you tax what is manufactured, and you tax what I spend. Then, there will be various kinds of Central and State taxes, whether it is VAT or whether it is any other form of taxation. If any component of the goods or machinery is coming from outside, it will be taxed. Understandably, it has to be taxed. If it is coming from outside the city or the State, there will be entry taxes and octrois. You have now decided to tax all forms of services. There is a negative list, and that’s going to create a huge inflationary impact. All of us need services of various kinds. So, there is tax on every service that we undertake except those 17 negative list items. Sir, I am a morning walker. I may get of the Lodhi Garden soon. Mr. Dua is laughing, so is he. We have a *sulabh sochalya* there. From the 1st of April, we will have to pay taxes every time we go in. That is the width of taxes that you have imposed now because that is not on your ‘exempted list’. If you see every activity of life other than the ‘exempted list’, there is a tax—for the water I consume, for the electricity I consume, for the road I drive on, for the house I live in, for the property I buy, and on the savings I accumulate. So, we have now created a system in India, where every possible activity that I undertake, the taxman has decided to put a tax on it, making us one of the highest tax societies once again. So, that entire rationalization, which we thought was coming post-1991 because of the kind of

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difficulties we are in, now seems to be given a go-by, if you take a piece of paper or the back of an envelope and start calculating – the Finance Minister with the infrastructure available in the Revenue Department will know better – you will find that it is not merely the 30 per cent odd taxes or the 2 per cent educational cess that you have to pay. But for an earning person, the entire tax burden, taken directly or indirectly, could be anything between 50-60 per cent of what he earns, and for the *aam aadmi*, who may not be earning enough to pay income tax, this entire burden of the new-age taxes, which you are imposing, will also be on him because he also hires services; he also uses the roads; he also aspires to build a house; he also intends to buy a vehicle; he also needs service of various forms. Why is it, Sir, that we have reached here?

Sir, when the UPA-I was formed – and I have said this earlier in this House – there was a criticism or a comment that we used to make, that the world's largest democracy cannot have two power centres. Now, at that time, you thought that it was a political criticism. I must say that you may have had ideological differences with the Left in UPA-I, but, at least, within your own alliance, we could see some kind of a coordination between the two power centres. Normally, in a democracy, the Prime Minister is the natural leader of the country, he is accountable, and he must have the last word. Then, you had a parallel structure formed, which started advising the Government. This structure was outside the Government. They decided to formulate various programmes and schemes. Some of them may be good, some of them may not be so good. But they all had a bill that somebody had to foot. Today, you have a situation where we are not so sure whether the two power centres are ideologically on the same pitch. Now, there are some very experienced people in the Government, who have ushered in a change in the post-91 era, and there may be an alternative power centre which feels that to get votes one must go back to the pre-91 thought. Now, this is the situation which we are passing through. The result of this is that in the area of economic policy and planning, it is the Finance Minister and the North Block, who have the onerous responsibility of balancing the Budget. So, he has to tax us. And it is his responsibility to see that the Budget eventually gets balanced. When he has to see that the Budget gets balanced, who decides the entire expenditure? Where it is to be spent is decided somewhere else. And, therefore, for all the schemes and the ideas which are formulated outside the Government, which the Government is to adopt, we now find a situation that one office is deciding where to tax while another institution is deciding on how to spend. That is the reason that our economy is moving in a direction which, to say the least, is becoming worrisome.

Sir, we must introspect the problem that we face today. A refrain that the hon. Finance Minister regularly makes is – there is a large public opinion in support of that view and I too share that view – that we may have larger political differences, but support is needed for the sake of the country; management of the economy is ‘cooperative federalism’. That is a phrase which he uses, and he needs support from various sections of the society, including the Opposition, it cannot be managed, particularly, in a divided polity. Why is it that we have reached a stage where the kind of support which is required for economic policy is not found? The ideas are known; the roadmap is known; there may be differences on fewer issues, but there could be larger areas of agreement on many issues. I think it is for the Government to seriously introspect why it is failing to develop that consensus which is otherwise necessary. And, a lot of it stems from the approach of the Government itself, which is a political approach. I have said this earlier. You can see every section of this House. The Left supported the Government for four-and-a-half years, in UPA-I. And suddenly, one day, they decided that because they had managed somebody else, they didn’t need them. The Left felt let down and they lost the trust with them. Now, there are two groups here. I don’t wish to say anything derogatory about anyone, but how did you manage the support of two principal parties from Uttar Pradesh, the BSP and the SP? For five years or eight years you have cases hanging over their national leaders, and yet, they were able to get the support of these two UP parties. The elections in Uttar Pradesh have shown that family charismas are fading and are not able to get them the votes. Therefore, they need the CBI to help them to get the political support from UP as far as these two parties are concerned. Will you ever be able to build a political consensus on economic issues? Look at your allies ...*(Interruptions)*...

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI RAJEEV SHUKLA): Sir, unnecessarily dragging CBI into it and saying that political leaders are being threatened is not right. ...*(Interruptions)*...

SHRI ARUN JAITLEY: Sir, look at your allies. They are standing by you through thick and thin. Your ally from Tamil Nadu says, “A decision is jointly taken between a Minister of the DMK and a Minister of the Congress.” One is in jail and the other is in power. What did you do? Let us just analyse this. Why are you so unsure as to how your ally from West Bengal will react? The hard truth is that in the matter of the Railway Budget you stole the affection of a vulnerable Minister belonging to the Trinamool Congress. He makes a statement in an interview that the Prime Minister and the Government would have stood by me and not the Trinamool Congress. Probably, you wanted to split it. And, therefore, they are now considering, ‘is this a kind of an alliance that we are in?’

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It issues, which you can sort out through consensus, are to be handled by manoeuvre, how will consensus on economic policy be possible? Chief Ministers of Opposition States are complaining that Governors are not agreeing to give assent, for months and years, to legislations, *Lokayuktas* are being appointed bypassing elected Chief Ministers; CBI is being misused against those States. In matters of governmental schemes or even infrastructural projects, they have a sense of discrimination. In one of the Finance Minister's favourite programmes, the Goods and Services Tax, a lot of us may see merit in it. But, I can tell you that your inability to develop a larger consensus is more relatable to the political approach of this Government than to any other factor. Sir, economic policy consensus is intrinsically linked to the political environment. It is a hard fact and the Government should realize that. There are areas in politics where we will disagree. But if politics is gentlemanly, despite those disagreements, for the cause of this country, we can come together and we do come together in several areas. But if politics is of revenge, if politics is of teaching a lesson and if politics is of manoeuvre, then your ability to build that consensus will never be there. And, I think, it is this hard reality that the Government must realize. Sir, having said this, let me come to some of the hard facts of the economy as far as this Budget is concerned. Does this Budget honestly reflect the true situation of the economy? The Finance Minister has said that this year the fiscal deficit is an alarming 5.9 per cent and, I think, this 5.9 per cent has been written really to make it optically more acceptable, because anything beyond 6 per cent would have created a further alarm. It is like those old Bata shoes which always used to be sold at some price 95 paise, so that they don't graduate into a higher cost. If some non-provisions and some higher subsidies are taken into account, I have my fears that this may increase. But I hope that my fears are not correct. Let us come to what is projected for the next year. For next year, it is projected that we will have a fiscal deficit of 5.1 per cent. The most alarming figure in any Budget now is the fiscal deficit.

So, 5.9 per cent will become 5.1 per cent. Now, what is this premised on? Now, look at the tax revenues in the 'Budget at a Glance' document. I have seen the tax revenues in this Budget, the corporate tax, the tax on income, wealth tax, customs, Union excise duties, service tax and the tax on the Union Territories. So, you have anticipated an increase. I have actually made a total of how much increase is going to take place. You anticipate that the increase is going to be Rs. 1.73 lakh crores. Now, I don't know if the economy is going to grow at 12 per cent next year that our revenues are going to increase by this large figure.

But, let us, for a moment, leave aside this 'anticipated increase'. Your Budget Speech, at page 5, para 22, when it refers to the Food Security Act, says that all expenses required will be provided for. So, next year, hopefully, if the Food Security Act is passed, the entire burden of that will be provided for. Now, when you provide for that, how do you anticipate the expenditure? Will it increase? Will it go down? Last year, Sir, regarding the total amount spent on subsidies – I take food subsidy, petrol subsidy and fertilizer subsidy – you anticipated the amount to be Rs. 1,43,000 crores approximately. You spent Rs. 2,16,000 crores. So, it is almost Rs. 70,000 crores more. Next year, you hope, once the Food Security Act is implemented, this figure will come down by Rs. 26,000 crores to Rs. 1,90,000 crores. So, how does this figure come down is something which I fail to understand. I went into the details of your Expenditure Budget. When I looked at the fertilizer subsidy at page 30 of the Expenditure Budget, even though the international prices are going to go up, you feel that from Rs. 68,225 crores, it will come down to Rs. 61,000 crores. Regarding food subsidy, there is the increase in price, the MSP and the addition because of the Food Security Act. Instead of factoring all that, you feel that all this will be provided for from Rs. 72,000 crores. If it is Rs. 75,000 crores, everything will be taken care of. And, in case of oil, compensation to the oil companies, last year, was anticipated to be Rs. 20,000 crores. You paid Rs. 65,000 crores. Next year, despite anticipation that oil prices are going to go up from its present \$125 level, as a surprise, you think that instead of Rs. 65,000 crores, this year, Rs. 40,000 crores will be enough. So, you show an increase in taxation. You show that the subsidies will all come down. And, the net effect of all this is going to be that this 5.9 per cent will become 5.1 per cent. And, hopefully, when the figures are made next year, you will find that this itself is a figure which proves to be inaccurate. How are you funding all these deficits? I think, probably, it is through short-term loans, RBI and market. Your cash management bill, last year, was expected to be Rs. 20,000 crores. You spent Rs. 93,000 crores. Again, it is going to be Rs. 95,000 crores from the RBI. Ways and Means Advances from Markets – which was anticipated at Rs. One Lakh Four Thousand crores is going to be Rs. Seven lakh crores, which you will raise from the market. This, Sir, is the alarming situation as far as public finances are concerned. You have endeavoured to meet this by raising taxes. Now, let us see what the effect of all this is going to be. Excise Duty across the board goes up by two per cent. The coverage of service tax goes up. The rate of service tax, which was 14 per cent and brought down to 8 per cent, and, which gradually rose from eight per cent to ten per cent, now is back to 12 per cent. There is a tinkering of various items. The entire industry of goldsmiths and jewellers are on the streets in a strike because their entire manufacture and exports is going to come to a standstill.

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What has to be the approach, Sir, of the hon. Finance Minister? His approach has to be, how do I make my economy, my companies more competitive; how do I make them more profitable; how do I make them more efficient, less sluggish; and, how do I create an environment in which people want to invest in India.

Last year, the FDI had declined. This year, it has marginally increased and this increase is not because the actual investment for industry and projects is coming in but it is there because there have been some large managements which have also changed. And, therefore, when managements of existing companies or oil blocks changes, then, of course, a lot of funds do come into the country, which are not helping us to create additional employment because the industries were already there.

Last year, you had a very high inflation, and, this Budget can also prop up inflation once again. You have what the media and the public debates now refer to as 'policy paralysis'. You have an infrastructural slowdown, and, I will show you the data of where we stand as far as infrastructure is concerned. You have high interest rates. The cost of capital has gone up, and, therefore, borrowings have become costly. This affects not only the industry; this affects the 'aadmi'. So, what happens to this great desire of taking a small loan and buying a vehicle or buying a house? The entire housing or the real-estate sector, which is one of the largest employers, suffers. Your EMIs have gone up. They are not very sure of political stability. You have high taxation, and, also the major retrospective taxation. Now, the increase of all this is that you have the enthusiasm with regard to the Indian economy. Sir, from 1991 till today or till few, one or two, years ago, whenever anyone, whether in the Government or in the Opposition, went out, showed the big picture of the Indian economy as one of the most attractive investment destinations. Today, forget about people wanting to come in, there is a reverse flight of capital going out. All our industrialists who are making acquisitions is not because they have become so big and they think that they can buy over companies in the rest of the world, it is because they feel that India is no longer the best place as far as doing business is concerned. And, therefore, there is a reverse flight of capital, which is going on. It is this environment, which had to be corrected, and, I regret, Sir, this Budget has failed to correct this environment.

I mentioned about the infrastructure. I was going through the figures. On 'highways', how many times has this House been told, "You may have started the project when NDA was in power, we are going to build 20-kilometers a day." Let

us take the figures. In 2010-11, as against the target of 2500 kilometers, it was 1,780 kilometers, and, when divided by 365, you get less than five kilometers a day. This year, figures are not known, but the target is even likely to be lesser. The number of contracts awarded is so meagre that this will be having an impact on the projects in the next year. Regarding your airports, in between, you had a spurt in airports construction and suddenly again you have a dip. Regarding your sea ports, one additional birth has been planned in the whole year. So, where the economy is expanding and there is clogging at the sea ports, you require to use the largest peninsula in the world as having some of the best infrastructure, you have one additional birth being planned. Regarding power, I am glad Shinde *ji* is here, we have improved, we need to improve. But if this kind of a situation with regard to the coal blocks remains, the enthusiasm of even the Power Minister will go down. The manner in which the coal blocks have been allotted, the inadequacy of coal which a large number of new projects are facing, people who are on the verge of abandoning those projects, where do we stand with regard to those projects? And while I am here on this, Sir, I think, at some stage, when time permits, the Government should agree – the Supreme Court has pronounced one view on how natural resources are to be distributed or allotted – we need a thorough debate in this House. From 2G to coal blocks, we need to consider as to how the country must have a policy with regard to distribution of natural resources so that we have a transparent policy. We have natural resources available at least to the actual users at a price which is pre-determined, whether by market or by indexation. I think, we need a thorough debate which has so far not taken place as far as this House is concerned.

We recently saw the poverty figures, Sir, and there was this great achievement that the poverty figures between 2004-05 and the poverty figures between 2009-10, that is five years, have come down by 7.3 per cent. The Planning Commission seems to have given a nod to accepting the formulation of the Tendulkar Committee. Then, reports have appeared that this is on basis of changing the goal post, that Rs. 32, which was once considered curiously enough to take a man out of poverty, has now become Rs. 28. And, now, it appears, Sir, that while calculating this figure of 7.3 per cent – I am sure, the Finance Minister will get into this question – the schemes such as the Mid Day Meal scheme which are external aids to remove poverty have been taken into consideration in order to determine the decline. So, these are the people who still don't have enough to feed themselves, they are still poor, but because of schemes like this, external aids like this, if they have enough to feed them, then I am not so sure whether that is a correct calculation, I will stand corrected if my impression is inaccurate.

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Agriculture, Sir, faces various challenges. The cultivable land area is declining. The population is increasing. Fortunately, we had a very good harvest this year, but then input costs have gone up hugely. Power cost has gone up; fertilizer cost has gone up; seeds cost has gone up. Today, you, have various kinds of problems. When you had a shortage, you had a problem of a shortage. I was looking at the comments made in the Economic Survey. If we see from page 181 onwards, it deals with 'agriculture'. At page 184, it speaks in terms of changing eating habits of people. Therefore, when we determine the MSPs, we have to take that into consideration so that the farmer is incentivised to move in alternate direction because of changing eating habits of people.

Then, it speaks in terms of both availability and cost of power. It gives month wise details of procurement at page 197. And because we had a very good harvest, we have the problem of plenty now. Almost in various periods, we have had one and a half to two times or even more the amount of buffer stock required and, therefore, you have the problem of rotting grains, because enough storage facilities have not been built up. These are all areas which are matters of serious concern. You now have a proposal in the Budget where the amount meant for crop insurance has actually come down.

Sir, schemes like MGNREGA, however useful and sacrosanct they are, I think, also require to be revisited from time to time. This year you have reduced the allocation from Rs. 40,000 crore to Rs. 33,000 crore. It is down by Rs. 7,000 crore. It is an employment-giving scheme. It is meant to be a livelihood scheme. But it is not necessary that a livelihood scheme should never be an asset-creating scheme. There is no contradiction between the two. We somehow seem to be moving on a premise that because it is a livelihood scheme, it need not be an asset-creating scheme. You cannot indefinitely have a scheme where you dig pits and fill them up and say that you have created jobs. Who prevents us from continuing with MGNREGA and linking it with various kinds of infrastructural activities? One area is water bodies where something is being done. We can have the same labour with probably a higher payment, with some better training so that we are creating asset in the process also. There is no contradiction between an asset creation and a livelihood scheme. So far, what appears is that we have kept it as a livelihood scheme and we are finding that the utility is restricted. There is a lot of leakage which takes place. For instance, there was one report – and I believe it was a correct-report – from April-December 2011 which says that the average rate of employment in the MGNREGA and payment was, 32 days. Therefore, the utility of the scheme will also decline and deplete. Let us be

progressive and think in terms of advancing it as a livelihood scheme, but link it with some activity where the leakage is less and where some element of infrastructure creation takes place.

Sir, I have said this in this House earlier, and I am saying it again. The Finance Minister in his Budget speech at page 7 has spoken in terms of providing tax certainty. He says this in the context of advance pricing agreements. Now, tax certainty is essential for any taxation planning. When investors come in, they must know how much tax they are going to pay if they earn money. When a domestic investor takes up a project, he must know for what period he has a rebate and for what period he has to pay. Finance Minister after Finance Minister have resorted to this concept of retrospective planning. You are not the first one, and you will not be the last one. But I think at some stage we must consider it. In this modern age of tax planning, is it fair to impose taxes retrospectively or change legislation retrospectively? Assessments have been closed. People have planned their business and their personal income accordingly. Therefore, from the point of view of an investment environment, both domestically and internationally, this is an issue which is not sending the correct signal.

Sir, now I come to the issue of service tax. The Finance Minister has formulated a principle that all services are going to be taxed this time except those which are on the negative list. I have three points to make in this regard. Please don't look at the Budget only as a revenue-raising exercise. It's an economic policy document which has to further the Indian economy and, therefore, if you impose excessive tax burdens, and as I said, you are taxing every activity 365 days 24×7 – from what I earn to what I spend to what I eat to what I wear to where I live and to where I drive – twelve per cent is excessive. You have brought in all services. Therefore, the Finance Minister should seriously reconsider it. This will have an inflationary burden.

Now, I come to the second point. There is no provision in the Constitution with regard to service tax. Therefore, it obviously comes in the residuary entry which is your power, the power of the Central Government. The services which are otherwise within the domain of the States are now being taxed by the Centre for service tax. The States have no power to levy service tax, but the Centre has because, of List-I Entry 97, your residuary entry. Now, when you are taxing the services of the States, are you going to compensate the States accordingly?

Sir, now, I come to my third point, a lesser point but something, at least, which defies my intellect. I have gone through this negative list. As a student of law, Sir, in taxation, I have learnt that even illegal activities can be taxed. If somebody earns money through smuggling, he will still have to pay income-tax.

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But, illegal activities are normally not to be granted exemptions. So, in your list of 17, you have curiously exempted from service tax betting, gambling and lottery. Lottery is lawful but the other two, I think, really need to be discouraged. They need not be incentivised by providing them on the negative list and say that betting and gambling will also be exempted as far as taxes are concerned.

Sir, with regard to the rights of the States, I have one or two brief submissions. You enacted a Constitutional amendment, giving Right to Education. The States are asking: Who's going to fund it? Your initial proposal was that 75 per cent will come from the Centre and 25 per cent will be given by the State. The States were finding it difficult, in your Expenditure Budget, at page 202, I find that earlier it was 75:25. Then, it came down and now, it is going to become 50:50. The States are already starved of funds and the moment it becomes 50:50, they are going to find it extremely difficult as to how to fund this. So, we'll have a Constitutional amendment which gives the Fundamental Right to Education, at least, primary education. A Fundamental Right is one which can always be enforced. But, when somebody asks for enforcement, we will say that we don't have the funds. Therefore, when we think in terms of popular slogans, we must chew as much as we can swallow. Therefore, when you thought in terms of granting this as a Fundamental Right, which was an enforceable right, you should have ways and means and the funds in order to implement and enforce that right. So, if the share of the States is going to go down, you will now have a serious difficulty.

Sir, the oil prices will face some other increase as the crude oil cess goes off from Rs. 2500 per metric tonne to Rs. 4500 per metric tonne, in this Budget, you have anticipated, and this will create a problem with your fiscal deficit. In the earlier years, you got an advantage because of the 3G auctions. This year, 122 licences have been cancelled by the Supreme Court. So, you have some surplus 2G spectrum. You also have to charge people for what they got in excess of 6.4 megahertz. Now, you have anticipated that some Rs. 58,217 crore will come from this auction. At that time, 2G had a great value but once 3G is already in the market and 4G is about to come, I am, at least, keeping my fingers crossed as to whether you will be able to raise the kind of moneys you have anticipated. I hope and pray that you are able to raise them. But I am not so sure now with 3G spectrum already in the market and 4G likely to come whether the old 2G which will come from these 122 licenses will fetch you the same kind of value.

Sir, it is the last point amongst the key points I have to make. You have amended the Customs Act. In the Customs Act you have amended Section 104.

There was a time when this country faced with great smuggling and violation of customs duty and, therefore, there was a need to conserve foreign exchange. We had laws. We have Preventive Detention. We used to put people in jai. Suddenly today the business environment has changed. But still we need to be vigilant. I do not know who has suggested and the reason for it is that Section 104 is being amended. Custom offences beyond three years made non-bailable. All right, even in non-bailable offences a person will go and ask for bail. We were earlier told as young students of law about bail, not jail. The kind of environment in the media and the courts which have been the principle seems to have been reversed. We have to seriously consider as to what kind of a society we want to make even with regard to offenders. Now you have brought in a provision, please see in the Finance Bill. The provision which you have brought with regard to Section 104, says when a person applies for bail, no Judge will give him bail. The Judge will issue a notice to the Public Prosecutor. Either the Public Prosecutor has to give his consent or the Public Prosecutor has to say I am convinced that this man is innocent, not guilty. Otherwise, there will be no bail. Sir, this provision existed in POTA and TADA and that is why they said in POTA and TADA there was no bail. When your Government repealed POTA and TADA, Mr Chidambaram brought back amendments to the Unlawful Activities Act. One of the areas where we said, at least, for terrorists keep this provision. You said, "No. We are a very liberal Government. We want easy bail provision for terrorists. We will only have a normal bail for terrorists." Now, suddenly you have slipped into the budget, in the Customs Act, the bail provisions of POTA and TADA. These will apply...(Interruptions)...Let us please move in a proper direction. There might be a dispute of value addition. There might be a genuine case of evasion. But then the proportionality of the offences and the manner in which the law deals with him there must be some nexus between the two. You have brought in a disproportionate provision. You don't need a hammer to kill a fly, and, therefore, a provision, of this kind which you said should not even apply to terrorists, you are saying now in custom offences these provisions will apply. Slowly once you do it in customs offences, in every economic offence, it will start applying. I can tell you there is no better advice you can give to the Indian business than this, don't invest in India because if you do, these are going to be the consequences. Please seriously reconsider this. Every law has to be reasonable. People who violate customs law must be dealt with. But they must be dealt with proportionately. They cannot be dealt with a law which was considered even harsh for terrorists by your Government. Therefore, please reconsider these factors.

In the end my appeal to the hon. Finance Minister is this. I can sympathize

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with the situation on two counts. He is planning the national economy in a difficult environment. Somebody else decides the expenditure and he has to collect the taxes. There is a political environment which is not very conducive to build up a consensus. These are challenges before him. But, at least, make this budget economy business friendly. Today, nobody in the world, not one man has got the right signal from this budget. So, please reconsider some of your provisions so that we can really help the economy in moving faster thank you very much, Sir.

MR. DEPUTY CHAIRMAN: Thank you. Dr. Bhalchandra Munekar.

DR. BHALCHANDRA MUNGEKAR (Nominated): Hon. Deputy Chairman, Sir, thank you very much for allowing me to initiate the defence of the Budget for 2012-13. Sir, there are two qualifications before I defend and support the Budget.

PROF. P. J. KURIEN (Kerala): There was a mistake, Sir.

MR. DEPUTY CHAIRMAN: Shri Mani Shankar Aiyar.

SHRI MANI SHANKAR AIYAR (Nominated): Mr. Deputy Chairman, Sir, with apologies to my friend, Dr. Bhalchandra Munekar, I take the floor to say that I am one of those whom the hon. Leader of the Opposition has failed to see who is entirely content with the Budget. So, the idea that he can somehow speak on behalf of humanity is an excessive pretension on his part. While he may be unhappy, it is his duty to be unhappy, it is my duty to attempt to put the Budget in perspective. When I seek to put this Budget in perspective, I would, first of all, like to congratulate the hon. Finance Minister on the adroitness with which he has conceived this Budget. It is adroit because unlike the opinion of the Leader of the Opposition, the first and foremost job of a Budget is to deal with household accounts. Policy questions come subsequently. The important thing is that, notwithstanding the extraordinarily difficult international and domestic economic situation to which the hon. Leader of the Opposition has, from time to time, alluded, we do, in fact, have before us a Budget in which a great deal of balance has been effected between the receipt side and the expenditure side, and in doing so, the hon. Finance Minister has dashed the hopes of the Opposition. For the Opposition was hoping that there would be plenty of controversial policy decisions to be made in the course of this Budget. I think, wisely, the hon. Finance Minister has eschewed these. But he has made it abundantly clear that whereas you can balance the household accounts only at the sanctioned parliamentary intervals, you can make or undertake policy initiatives at any time during the course of the year. So, we have an extremely pragmatic Budget in

addition to an adroit Budget. The hon. Finance Minister has weaved a kind of mosaic of economic imperatives with political realities, and as one headline has put it, “he has balanced reality with hope”. Therefore, there are no dramatic policy announcements in this Budget and that is not to be derided because, I think, the hon. Leader of the Opposition was absolutely right when he suggested that in an era of cooperative federalism it is necessary to secure that ineluctable measure of consensus within the ruling coalition, and generally in public opinion, for us to be able to take these policy decisions. The policy decisions can come at any time in the 365 days between the 1st of April and the 31st of March next year. In these circumstances, I think, it is the duty of our Government, and the duty which it appears to be fulfilling, of first creating an informed understanding among the public at large as to what steps need to be taken to what the Prime Minister described as biting the bullet and, where necessary, securing the necessary parliamentary majority. That is the prudent way to go, and because it is the prudent way to go, the general opinion, in the market and among economic commentators, simply does not reflect the kind of opinion that was being expressed by the hon. Leader of the Opposition. I have, with me, a selection of phrases which I picked up, more or less, at random, from the pink newspapers. In sharp contrast to the hon. Leader of the Opposition’s characterization of this Budget, there are informed commentators and the business community who say that Pranabdas Budget is “closer to reality”. They describe it as “a credible Budget rooted in reality”. They say that they are “very positive about the signals”. They point out that the “Tax-to- GDP ratio is likely to be the highest ratio” in a very, very long time. They maintain that the “Budget’s core numbers are attainable”. He has been complimented on a commendable job in “paving a steady course”. This Budget has been described as “a pragmatic and bold approach to drive the economy back on track from a difficult position”. So, I am not sure as to on whose behalf the hon. Leader of the Opposition is speaking when he uses the kind of derogatory terms with which we have heard him describe this Budget. All these are expressions taken from a section of the Press which is generally far kinder to him than they are to me. Therefore, before he rushes in, where angels fear to tread, I suggest that he, actually, checks on whether the sentiment in the economy has been adversely affected or whether sensible men of substantial means are, actually, considering this Budget to be one that is on course. That is why, Mr. Deputy Chairman, Sir, there is no storm about this Budget, but a quite informed reception which is a tribute to the experience, the wisdom and the political sagacity of the author of this Budget. He has done what has to be done. He has done what can be done.

Sir, a rather gloomy picture was attempted to be painted by the hon. Leader

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3.00 P.M.

of the Opposition about the performance of our economy. The first and usual standard adopted is the Gross Domestic Product. Now, with respect to the Gross Domestic Product, I would like to remind my friend, the hon. Leader of the Opposition, that we have succeeded in weathering the global economic downturn, one of the worst downturns of the global economy, since the Great Depression of the 1930s. We weathered this better than any large non-oil economies of the world, and, in my opinion, better, in one crucial aspect, than even China. I will come to the China point in a minute. Here, I want to stress that the spurt in the GDP growth that took place in the last year of the NDA Government, that was 2003-04, was largely a consequence of the tailwind of the Greenspan strategy that provided for unsustainable banking practices which so led to an increase in global liquidity as to lead to the financial crisis of the year 2007-08. That is how we went into the biggest global mess after the bubble at the start of the century.

[THE VICE-CHAIRMAN (DR. E.M. SUDARSANA NATCHIAPPAN) in the Chair]

Irresponsible increases in global liquidity not backed by the creation of real wealth led to an unsustainable boom in personal consumption and household expenditure, especially, housing, and this led, inevitably, to the global collapse of 2007-08. At that stage, let me confess, personally, I feared that we too were going to sink. But, amazingly, the UPA has survived the global economic downturn, unlike, I would like to remind this House.

SHRI TAPAN KUMAR SEN (West Bengal): The country has survived, not the UPA!

SHRI MANI SHANKAR AIYAR: Yes, we have survived the downturn...

SHRI TAPAN KUMAR SEN: You said "the UPA" !

SHRI MANI SHANKAR AIYAR: Well, 'India1, I said, has survived. As far as I know, India is a country. I said India under the UPA'! I said, India under the UPA has survived the global downturn. And I want to stress before this House that this is in such sharp contrast to what happened in the India of 1997, the Government then being amply supported by my friends who are interrupting me here. At that time, under the combined assault of the Gowda and the Gujral Governments, the high hopes of the "miracle" Budget of 1997, with screaming headlines of how the then Finance Minister had taken on the world, were dashed on the rocks of the East Asian crisis. This time that hasn't happened. And the East Asian crisis was nothing compared to the global crisis that we have gone through. And the extent to which we have succeeded is, I think, demonstrated by

the fact that, notwithstanding the current decline in GDP growth rates, India still remains, at 6.9 per cent, the second fastest, large, non-oil economy in the whole” world. Our rate of growth – this rate of growth which he was portraying as being, a disaster for the nation – is about six times higher than the-growth rate in the Euro-Zone, it is about three and a half times higher than the growth rate in the United States of America. It is much higher than most of Africa and most of Latin America, and it is higher than all the non-oil large economies of Asia, save one, China.

PROF. P. J. KURIEN: But they have also declined.

SHRI MANI SHANKAR AIYAR: I will come to that in a minute. But, at the moment, they are still higher than us. (*Interruptions*) They are still higher than us. That is the point I am trying to make.

Our CAGR, which I think is a more reasonable measure to take than merely the annual average rate of growth, our Compound Annual Growth Rate, over the past four years, that is, four years since the crisis, has averaged 7.7 per cent, compared to our BRICS partners. Brazil has had a CAGR of only 3.6 per cent, Russia is down to 1.9 per cent, but India is up at 7.7 per cent. And, notwithstanding this, there are tears falling from the eyes of the our Leader of the Opposition as if he were a crocodile in the guise of a Leader of the Opposition, I do not understand, how we cannot be proud of a performance where the rest of the world is lagging behind and India is growing at the rate of 7.7 per cent on the CAGR and at over eight per cent in terms of annual average rates of growth. Only China, on the CAGR, has been in the last four years higher than India, at plus nine per cent. (*Interruptions*)

DR. CHANDAN MITRA (Madhya Pradesh): Sir, is he speaking on our Budget or China’s Budget? (*Interruptions*)

THE VICE-CHAIRMAN (DR. E. M. SUDARSANA NATCHIAPPAN): Please. Let him conclude. (*Interruptions*)

SHRI MANI SHANKAR AIYAR: I will come to that, Prof. Kurien. Why are you pointing it out again and again? It is a critical point that I wish to make. I do not think it is fair for you to interrupt me. (*Interruptions*)

SHRI RAJIV PRATAP RUDY (Bihar): But, Sir, he is also getting irritated with his own Members. (*Interruptions*) That is the whole problem with him.

SHRI MANI SHANKAR AIYAR: I didn’t yield. But since Mr. Rudy’s habit is to be rude, may I yield and let him speak, so that I can hear what he has to say. Get up and say what you want to!

SHRI RAJIV PRATAP RUDY: I was saying that you are getting so irritated, and it is not only with this side that you were getting irritated but even with your own colleagues that you are fighting.

SHRI MANI SHANKAR AIYAR: Oh! Very witty, very witty. Thank you very much. I really find that a very funny remark. (*Interruptions*) Sir, if we could take the discussion back from trivialities to on-track...

And, this is the point I would wish to make to my side of the benches as much as I would to my opponents, that China's debt-GDP ratio has now reached 155 per cent, and looks set to cross 200 per cent before the end of the decade, amounting to a national debt of 22 trillion dollars! Sir, the figures are so staggering that I feel obliged to repeat them. Unlike China, whose debt-GDP ratio has now reached 155 per cent and is likely to cross 200 per cent before the end of the decade, amounting to about 22 trillion dollars worth of debt, India is experiencing real growth and not debt-fuelled growth. That is why, I think, the point that is sought to be made, somewhat prematurely on my side, is valid. There is much more genuine strength to the Indian performance than there is even to the Chinese. But, even with this non-debt-fuelled growth that we have here in India, we have succeeded in having a CAGR, Compound Annual Rate of Growth, that is second only to China and an annual average rate of growth which is also second only to China. How can any rational person deny that this is a major national achievement? Equally, Sir, I have a suspicion as to why they wish to deny this. When the NDA left office, in May 2004, the debt-GDP ratio in India was 85 per cent. We brought it down to 63 per cent. While the Chinese are going up to 155 and 200 per cent, we have succeeded in bringing it down to a mere 63 per cent and it is going down further.

Our nation is no longer sinking in ever-increasing debt. That is what has enabled the Finance Minister to take the bold step of increasing the external commercial borrowing limits even for high-risk sectors like aviation and power. We are in control of our finances. We can, therefore, take risks, and take risks in the confidence that even if something were to go wrong, we have the resilience to be able to recover. Unlike China, Mr. Vice-Chairman, Sir, our economy is in no danger of a hard landing. This is owing to our prudential borrowing and linking GDP growth rates with real savings and real investment rates in the economy, not with debt-funded illusions.

I believe, Sir, this achievement on the debt-GDP ratio front, which the hon. Leader of the Opposition, of course, failed to mention, is far more important than the temporary slippage in the fisc. Our growth, not being a debt-fuelled finance bubble, gives us the opportunity of continuing with the sensible course of

reducing the ratio of debt to GDP and thus keeping the future brighter for us than even for the Chinese. Yes, indeed, there has been a slip in the Chinese rate of growth and, maybe, that is the kind of correction they would require to be able to bring their economy back into balance. But, that is for the Chinese to think about. What I wish to emphasise is that...

DR. CHANDAN MITRA: Sir, we are discussing the Budget of India. He is giving figures about China! How is it relevant? Sir, I seek your protection. (*Interruptions*)

SHRI MANI SHANKAR AIYAR: If the Editor of The Pioneer cannot find it relevant, I cannot help it. The fact of the matter is that it is totally relevant. I am trying to say that the one economy in the world which is growing faster than ours is only apparently growing faster than ours and that, in substance, our performance is just about the best in the world, and since his leader, the Leader of the Opposition, was decrying the performance of our economy, I thought I should give both of them an elementary lesson in elementary economics. That instead of spending all their time obsessing with what is happening to the GDP, they look at other parameters of the real economy, including the debt to GDP ratio, where Pranabda's performance has been simply outstanding, and which could have deserved the congratulations of the Leader of the Opposition had he and his companions just behind him succeeded in understanding the link between the debt ratio and what is happening to the GDP. But, Sir, I go further, I am not only talking of the debt to GDP ratio. I also wish to draw the attention of the House, and to those, on the Opposition Benches, who care to listen, to what is happening to the ratio between interest payments and our budgetary revenues. When the NDA was last in office – one hopes that is the last time they will ever be in office – the ratio between interest payments and budgetary revenues was of the order of 43 per cent, *i.e.*, nearly half of whatever they were earning into their Budget, they were spending in taxes. Pranabda has reduced it to below one-third. The latest figures indicate that our interest payments to budget revenues ratio is down to 31 per cent; 12 per cent less than happened in their time. Now, that is the resilience of the economy. On the one hand, debt to the GDP; on the other hand, interest payments to budgetary receipts. So long as debt financed capital expenditure does not run away with our economy, as it is likely to do with some of the friends whom my friend, the Leader of the Opposition was earnestly arguing in favour of, and instead rural demand remains buoyant with schemes like the Mahatma Gandhi National Rural Employment Guarantee Scheme, we will be able to hold down interest payments even as budgetary revenues boom. Our tax receipts, I do not know why the hon. Leader of the Opposition did not mention

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it, have gone up from a little over Rs. 6 lakh crore, in the last financial year, to an estimated Rs. 7.71 lakh crore this year. So, it is not as if our tax receipts are not buoyant; it is not as if we don't have other sources of revenue for the Budget; we have them. But, prudentially, even notwithstanding our knowing that our total budgetary receipts are going to rise, we have been prudent about borrowings, and by this is meant that even though our borrowings have gone up, a figure that the hon. Leader of the Opposition- gave, the fact of the matter is that the ratio between borrowings and receipts, which means, the ratio between interest payments and budgetary receipts, has, in fact, been going down, from just under half to below one-third. That is a major achievement. And why? It is because there is an integral link between low interest payments and increased social sector and anti-poverty spending. Now, unlike the Leader of the Opposition, I am entirely in favour of increased social sector and anti-poverty spending. But we can do that only if we have budgetary headroom. That Budgetary headroom comes from the relationship between interest payments and budgetary receipts, if your interest payments are too high compared to your budgetary receipts, then you are left with no headroom. But if, as in the case of the hon. Finance Minister, there has been such a decrease in the ratio of interest payments to budgetary receipts, the amount of Budgetary receipts available for social sector and anti-poverty spending just goes up. That is how we have been able to maintain, and even increase, the spending which is necessary for our people, even if it is not much liked by our corporate sector. I believe that Budgets are for the people, I believe that economic sentiments should be measured in the huts and the bastis of our people, not merely by looking at Nariman Point or Dalal Street. There is relief that notwithstanding our economic difficulties, we are keeping this up, we have subsidies, we have social sector spending and we have major new programmes in mind such as the Food Security Act. Please remember that for the growth of our economy, the most untapped resource is rural demand, it is rural demand which we should be looking at. The more spending power is pumped into the rural economy, the higher is likely to be the incremental demand in the economy as a whole. Why? It is simply because pent-up demand is much higher in rural India, in the deprived rural economy, than among the wealthier first line beneficiaries of corporate handouts. That is why their saving rates are much higher. If you are going to pump up rural demand, then if you pump up rural incomes, automatically you're pumping up, and perhaps, even augmenting rural demand. That is excellent for an economy where the GDP growth rate has slipped from where it is used to be to where it is now. Again, the Finance Minister has shown great intelligence, great foresight and enormous empathy for the lot of our

people when he says, “Whatever may be the problems that we face, as far as reasonable, sensible subsidies are concerned, I will maintain them. Whatever is required for the social sector and for anti-poverty programmes, I will do what I can do about them.” The promise that he has made that food security will be attended to.

I now turn, Sir, to a subject that ought to be dear to the hearts of many of our former and present corporate lawyers, that is, the relationship between subsidies in our economy and stimulus to the corporate sector. I beg this House, I really do, to please not look at subsidies as money wasted and instead to regard revenues forgone as stimulus. I know that these are merely words but they are words that are used in a manner which is denigratory to the poor and laudatory to the rich. Nobody objects to fiscal stimulus. But there are many wealthy sections of our society who object to subsidies and who object to assistance being rendered to the poor of our country. I would like to stress here, Sir, that whatever are our pretensions to being an economic super power, the overwhelming reality of India today is that not only are we a poor country, we are a desperately poor country and any Budget should be really designed to deal with the woes of the desperately poor. Here the relationship between the amount of money that is given for stimulus should be taken into account in comparison with the amounts of money that are being given by way of subsidies and by way of social sector and anti-poverty programmes. It is subsidies which widen rural demand. If you did not have fuel subsidies and you do not have food subsidies, then all our rural demand will be absorbed in paying for fuel costs and food costs, and this would then make it difficult for producers in the industrial economy of consumer goods and consumer durables to find their markets. You ask anybody who is involved in the corporate sector, and some of those present here in the House have long been involved in the corporate sector in precisely these spheres, as to where we are getting the maximum incremental demand for consumer goods and fast moving consumer goods, it is in the rural economy. So, if you benefit the rural economy by saying that people will not have to spend their entire income on food and fuel, but will have more and more left over in their pockets to purchase consumer goods and consumer durables, then that is to the benefit of the economy. So, instead of looking at subsidies as simply a drain on the economy, we must also consider the upside of what is called the drainpipe, it goes to the poor, then emerges as an upward rising spiral in respect of demand for consumer goods and consumer durables. There is one very well known company – I do not want to take the name – which has gone into the rural markets under what is called the Chaupal scheme. They began by purchasing agricultural products directly from the farmers. They ended up using the same

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Chaupal to sell their consumer goods and consumer durables to the point where the hon. Chief Minister of Bihar asked me in some amazement one day ये बेचने आए हैं या खरीदने आए हैं? because it has got confused. There is, in fact, a link between buying and selling. We need to have more money in the rural economy in order to have more demand in the rural economy, and more demand in the rural economy will be a benefit to the urban economy or the industrialised economy, I, therefore, greatly welcome the hon. Finance Minister making a commitment in this Budget to fully funding the upcoming food security scheme. I don't know, he doesn't know and the Leader of the Opposition doesn't know when the Food Security Bill will become a Food Security Act and, therefore, it was prudent on the part of the Finance Minister to recognise that in these troubled times of cooperative federalism it does take a while to arrive at a consensus on such landmark legislation, and instead of making provision that will simply go waste if the Food Security Bill doesn't get first enacted and then gazetted to immediately start making those provisions would be needlessly denying other sectors of the economy. But, what we do have from the Finance Minister is a commitment that, as and when, we have Food Security Act in place, as soon as it is gazetted, whatever funds are required for running it, will be, shall be provided. Now, if you add the Food Security Bill's provisions to the present provisions of MGNREGA, and I agree here with the Leader of the Opposition, undertake massive reforms in MGNREGA which requires these massive reforms, we will finally see rural India clambering on to the high trajectory of GDP growth. Today GDP growth at eight per cent is experienced only somewhere between Nariman Point and Malabar Hill. The people of India are nowhere near that trajectory. But if we do what the Finance Minister is attempting to do and what the Government, as a whole, is attempting to do, then and then only will we be able to drag up the rural economy to the point where it not only benefits from high growth but also contributes to high growth. Sir, it is morally incumbent on us to see that no one goes hungry. But, in this case, sound morality also makes for sound economic sense. There are two big advantages to ensuring food security. There are many, many advantages, but let me only focus on two, one in the short run and one in the long run. In the short run, food security would release funds for rural consumption of other wage goods and consumer goods. It is very, very important to recognise that when we talk of subsidies, we are not only talking about wasting money, but we are also talking of converting money that would not otherwise go into rural demand, converting itself into rural demand. But, perhaps, the more important consequence is the long term consequence. Sir, in the long run, the only way in which we can secure our demographic dividend – given that

we are one of the youngest countries in the world, and likely to remain so for much longer than other countries, which are currently enjoying the demographic dividend – the only way of ensuring that the democratic dividend does not become a demographic disaster would be to ensure that the brains of half of our children do not wither on account of malnutrition. If half of our children do not get the minimum necessary nutrition till the age of two, till the age of five, whatever you may do later, it may fill their bellies, but it is not going to replace the damaged mind. And, equally, a well-fed population, besides doubling our brain power by taking it up from 50 per cent malnourished children to zero per cent malnourished children, would also ensure a workforce that can take on hard and disciplined physical labour. Our workforce is simply not healthy enough to perform like the workforces in the developed countries, because they never got enough to eat and are not getting enough to eat now. Our kids may be conquering California, but we can conquer the world if all our children get enough to eat so as to not to have a situation that we have in India today of about 47 per cent of our children being from severely to moderately under-nourished till they reach the age of 5. So, if we do not feed our children, the demographic dividend could metamorphize into a demographic disaster. Now, this is what the Food Security Bill attempts to address. Instead of recognizing the seriousness of the endeavour, the hon. Leader of the Opposition is trying to make a political point that expenditure is decided somewhere outside the Government and income is decided somewhere within the Government. I beg to differ with him. Every single democratic Government has to listen to the democratic party which propels some of its members into the Government. I do not think it would be true of the BJP to say that they don't listen to what the BJP has to say as a party. This is true of the Trinamool Congress, it is true of the DMK, it is true of the Communists and it is true of everybody. There is nothing strange about a political party setting the broad direction. But, the idea that the Cabinet decisions are taken in the National Advisory Council is an absurd parody and one that deserves to be rejected. It is the job of the party to give suggestions to the Government. It is the job of the Government to workout the figures relating to these suggestions. And, if the figures do not add up, it will go back to the party and say. 'This is not possible as you have suggested it, but, with these modifications, it might work.' And, then, finally, get the okay of the party to make it into a Government decision. Why should this be sneered at? And, yet, it was being sneered at but a minute ago as if the practice of the Congress Party was at complete variance to the practice either of his own party or any of the other parties represented in this House. We are taking, in the Congress Party, our responsibilities seriously as a party that advises the Government and the Government is equally, not blindly, accepting

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whatever comes out of the MAC. It cogitates, it reflects, it points out its doubts and it seeks clarification. As a result of this dialogue between the party and the Government, we eventually come up with a solution that is pragmatic, acceptable all around and puts us in a position to talk about this with our coalition partners, with the public in general as also, from time to time, with the Opposition. Now, that is the sensible way to go forward.

And on the Food Security Act, I think, instead of playing politics of this low kind, we ought to be seeing informed contributions coming from the Opposition Benches. I understand that such contributions are coming in the Standing Committee that is dealing with the Food Security Bill. I earnestly hope, with the co-operation of everybody concerned, the Food Security Bill would be returned to Parliament sooner than later. There will be a process of putting it into practice and Inshailah by the next Budget – 2013-14 – the hon. Finance Minister will be able to give us an accurate figure of what it takes to feed our people. In no family in this House or in the country or in the world is the first charge not the food charge; you first feed people and then you look to other requirements. But, in our country, we have not been looking to feeding our people. Now, we are going to be feeding our people. And, I earnestly hope that we will get the co-operation of all sections of this House to see that it happens sooner than later and the later must at the latest be the next financial year, but, perhaps, we be lucky and start doing it in this financial year. Besides subsidies, we also need to understand the crucial role of Centrally-sponsored schemes (CSS). There should be no difficulty in containing subsidies to under 2 per cent, if we start utilizing the Adhar scheme for income and consumption support. But beyond income and consumption support, there are a wide number of Centrally-sponsored schemes, the financing of which amounts to nearly two lakh crores of rupees, which we have to get revamped. A complete revamping of the Centrally-sponsored schemes is essential to ensure last mile delivery to the intended beneficiary. Sir, for twenty years now, our Constitution has provided for Panchayati Raj as the principal instrument for grass-roots governance. As my friend, Shri Venkaiah Naidu, would recognize in his former capacity as Minister for Rural Development, which then included Panchayati Raj, I am sure, he would agree with me that without such inclusive governance there can be no inclusive growth. And, tragically these institutions of local self-government have either been sidelined or totally ignored in most of the CSS guidelines. Let us take two glaring examples of this – primary education and primary health. The recently released Paisa Report-I have to declare here that it is prepared by my daughter, but I had nothing to do with it – has irrefutably shown that only six per cent of Sarva

Shiksha Abhiyan funds reaches the students themselves. Just six per cent reaches the students for the things, like, scholarships, uniforms, textbooks, etc! And, the school management committees receive no more than five per cent of the Sarva Shiksha Abhiyan funding, which is why the main job done by the school management committees is repeatedly whitewashing their buildings because there is no money to do anything more significant. There is virtually no involvement of the panchayats in any State, other than Kerala. And, what is the result? The result is excellent education in Kerala and an educational wasteland in many other parts of our country. The Annual Survey of the Education Report says that most class VI children cannot read a class II textbook. And, a study conducted by the World Bank, in the rural areas of one very big State – I am not going to name that State because there will be a rumpus here, but you can easily guess which is the one I mean – found that class IX children were, by and large, unable to read a class II textbook. So, as a result of the Sarva Shiksha Abhiyan we have school buildings, we have toilets for girl children, we have rising enrolment, we have falling dropout rates, but we have very little learning because the local communities have virtually no control over the Sarva Shiksha Abhiyan's functions, finances and functionaries.

SHRI TIRUCHI SIVA (Tamil Nadu): You say that class nine students are not able to read class two textbooks. Does that standard prevail all over India?

SHRI MANI SHANKAR AIYAR: This is the finding of a World Bank Study. I will give you the details a little later. But none of the studies is for the country as a whole. They take some blocks of States. If I start mentioning the States in this House, there will be endless rumpus. So, I will give it to you quietly and silently and you and I can chat over it; you take the coffee, I will take the tea.

The second example, which I wish to place before this House, is that of rural health. I welcome the proposal to substantially enhance the National Rural Health Mission's spending and introduce a similar scheme in urban areas. But, here again, health gains on the ground would crucially depend on governance issues, being addressed at the ground level for the people to actually access health services to which they are entitled. Our shameful performance in infant mortality and maternal mortality rates and the prevention of water-borne diseases is largely a consequence of the non-involvement of Panchayats, Nagarpalikas and Gram Sabhas in NRHM and its urban counterpart. It is also a national disgrace that health spending in the economy is of the order of six per cent, while public health spending by Government has been less than two per cent. No wonder, at the first health-related crisis, vulnerable families topple that into the poverty trap. The same situation is replicated in almost every-one of our Centrally-sponsored

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Schemes. I repeat, the expenditure now on these CSSs is nearly Rs.2 lakh crore. Our people are just not getting the bang they deserve for the buck. In consequence, while successive Finance Ministers, from Dr. Manmohan Singh to Shri Pranab Mukherjee, have raised, at least, in nominal terms, social sector and anti-poverty funding by nearly 25 times between the mid 90s, and now UN on the Human Development Index, we remain stuck 17 years later at the same position in which we found ourselves in 1994. that is, position 134. Like Alice in Wonderland, we keep running faster only to remain at the same place. I would, therefore, request the whole House *..(interruptions)* And may I, specifically, request the Leader of the Opposition to temporarily terminate his discussion with his friend to his left and just listen to this, because this is an appeal I am making as much to you as to all other Members of this House? I would, therefore, request the whole House to support my request to the hon. Finance Minister that he should set up a study group or a committee or a commission along the lines of the Balvantray Mehta Study Group of 1957 or the Ashoka Mehta Committee of 1978 to see how inclusive governance at the grass-roots can translate into inclusive growth. Sir, at present, GDP growth is averaging over eight per cent per annum, but poverty alleviation is not more than 0.8 per cent per annum, I have obtained this shocking set of figures from the first page of the Approach Document to the Twelfth Plan, which the National Development Council, with all the Chief Ministers present, has endorsed. We are faced with a situation, where GDP is growing at more than eight per cent and poverty alleviation is taking place at the rate of only 0.8 per cent. We have recently heard from the Deputy Chairman, Planning Commission, that it may have gone up to about 1.4 per cent. But, clearly, as long as there is such a big gap between the rates of poverty alleviation in a country where, at least, a third and, possibly, up to four-fifths of our people are poor and the rates of growth at the top are so high that we are leading ourselves to a really difficult position. Sir, in the debate on the Motion of Thanks, our ally, Shri D. Bandyopadhyay of the Trinamool Congress and our erstwhile supporter, Comrade Sitaram Yechury, both starkly spelt out the consequences of such widening disparities. These growing inequalities of income and wealth are seriously destabilising our democracy and could disrupt our development, as is already happening in a third of our districts which are either partially or wholly infected with Left-Wing extremism. While the present model of growth inevitably leads to a worsening Gini Co-efficient for income and wealth, the adverse effects of this can and should be contained as well as countered by the method envisaged by Shri Rajiv Gandhi, which was assured access for the poor to public goods and services being provided under worth Rs. 2,00,000/- crore

of Centrally Sponsored Schemes. 'This can be done - said Shri Rajiv Gandhi - by entrusting last mile delivery to the Constitutionally constituted local institutions of self-Government, that is, the Panchayats and their Gram Sabhas and the Municipalities and their Ward Committees.' I, therefore, urge the Finance Minister to focus on a Balvantray Ashoka Mehta-type of committee under his Ministry to demonstrate how participative grassroots governance can assist him in containing subsidies to under two per cent and getting a much bigger ban out of the two lakh crore bucks that he is allotting to social sector and anti-poverty spending.

Sir, I have taken a fair amount of time but I work just like another five minutes to mention a source of very deep concern and that is what is happening on agriculture.

Sir, according to the Economic Survey, the share of agriculture in GDP has declined from about one-third when Dr. Manmohan Singh presented his path-breaking budget to about twelve per cent now. While the economy has been growing at around 8 per cent, the current agricultural growth rate of 2.7 per cent is almost the same as the long-term 60-year agricultural growth rate, and this is really disturbing because 58 per cent of our population is employed in the agriculture and there is virtually no shifting of agricultural labour into manufacturing and other sectors. Moreover, Sir, the share of agriculture and allied activities in total gross capital formation is a mere 7.2 per cent. Thus, nearly 60 per cent of our people are living on just 12-13 per cent of our GDP and 93 per cent of investment in our economy is going into sectors other than agriculture. I plead for increased public investment in agriculture to make up for the lag in recent decades. And we also need agricultural reforms of the kind advocated by Dr. M.S. Swaminathan's National Commission on Farmers, particularly attention to dry land farming to increase productivity and production of what we call coarse cereals and Dr. Swaminathan calls nutritious cereals as well as oilseeds and pulses. This will also reduce income inequalities and fuel rural demand for manufactured growth, a win-win situation, which will advantage everyone.

My final comment, Sir, is that there is plenty of money, plenty of money to meet our requirements for subsidies as well as for social sector and anti-poverty programmes, for I particularly wish to draw the Leader of the Opposition to this because he was wondering where these fantastical numbers have come from. Well, the fact of the matter is, the tax revenue receipts are scheduled in the coming year to be of the order of 7.71 lakh crore rupees but the taxes that are being foregone, i.e., the tax revenues that are being foregone, are estimated this year at about 4.28 lakh crore after having reached 5.25 lakh crore last year. Over the last four years, the revenues on taxes foregone, or, rather the revenues

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foregone on taxes that are being reduced or abolished, is of the order of 20 lakh crore rupees. Sir, the fact of the matter is that this kind of stimulus may have been required at one time. But when the Economic Times itself – and they are even more than the Leader of the Opposition, the voice of one segment of our economy – says that “Many of the tax incentives and exemptions have outlived their purpose and most benefits go to large companies that don’t deserve them” don’t think I have an additional word to add. If the Finance Minister experiences any difficulty in living up to the subsidies promise that he has given or living up to his promise on food security or living up to the maintenance in increase of expenditure on social sector and anti-poverty programmes, all he has to do is to claw back from principally the corporate sector, the tax revenues that are being foregone so as to induce a better balance between the revenues that are being foregone and the expenditure we have to make on subsidies. At the moment, subsidies constitute only about 40 per cent of the revenues that are being foregone. So, if you induce a better balance between the two, then, the few thousand crore rupees or the few tens of thousand crore rupees that Mr. Jaitley is looking for, can easily be found. And, I am sure, the hon. Finance Minister, who will have the opportunity to come back to this House several times during the course of the coming year, not only in the Budget Estimates but the Revised Estimates too, will then make these required adjustments. All that is because there is tremendous resilience in our economy.

So, Sir, please, don’t be drowned in crocodile tears. All that we have heard from the Leader of the Opposition is a parody of the real situation. The real situation in India is that we have a very well-functioning economy, but a somewhat dysfunctional polity. All we need to do is to accept your principle of cooperative federalism to get back to a functional form of coalition politics. The *dharma* is better placed in your hands than in the hands of the various ten-headed *Ravanas* and, therefore, I have total faith in your capacity to be able not only to balance the books but take important initiatives, and not only taking important policy initiatives, but to bring our economy to the point where the whole world sits up and says that there is no country doing as well as India is, not only in terms of increasing GDP, but also in terms of distributing the benefits of growth better to its people, and all of this in an ethos of total freedom, total democracy. Let us never forget that we are the first country in history, and almost the first country in the world, to have decided to become a full-fledged democracy before we even started on development. This Indian model of ‘development through democracy’ will face setbacks from time to time, but if we get downhearted because of speeches of the kind that were made by the Leader of the

Opposition, then, there is no hope. So long as there is that blending of hope with reality which characterized your speech, Mr. Finance Minister, India can go forward. I have far greater faith in you than I have in Mr. Jaitley.

Thank you, Sir.

SHRI TAPAN KUMAR SEN (West Bengal): Thank you, Sir. I don't have much time at my disposal to explain all my points in detail, so I would make just a quick mention.

At the outset, I must acknowledge that I have got very much emboldened by the speech made by my friend, Mr. Aiyar, who spoke from that side of the House. He built up a theoretical structure on the need for a demand-driven model, a model of development being pushed by enhancement in the purchasing power and developed living and, in that kind of a theoretical structure, subsidy is no more an obscene language. Unfortunately, the economic commentators, after the Budget has been presented, have complimented this Budget as a very, very forward-looking Budget on various television channels, saying that it is forward-looking because it has pruned the subsidy. That is a very obscene word in the new theorization of economic development that is going to stay. So, they say, the Finance Minister has taken the right decision of pruning the subsidy, setting a target to bring it down to 1.75 per cent within the next three years. Subsidy means subsidy being given to 90 per cent of the population. Subsidy means food subsidy. Subsidy means subsidy on fuel and transport. Subsidy means subsidy on fertilizers through which our agriculturists get a lease of life. So, unfortunately, the whole theme of the Budget is to target the subsidy, prune the subsidy being given to people, to make fiscal consolidation sound and not to compromise with the macro-economic fundamentals. That is what the theorization on which the whole Budget is structured. Definitely, my party doesn't subscribe to that view. At the outset, we would like to say that if there is anything to be reversed in this Budget, it should be this whole approach towards subsidy because, after all, growth is created by the mass of the people. A bunch of currency notes cannot produce goods and services which contribute to our GDP. Even in a very economic downturn situation, which is picking up, our GDP's growth is at a respectable figure of 6.9 per cent. But goods and services are not produced by currency notes of corporates. This GDP is produced by the mass of the people who are working in fields and factories; who are working in transport, in stations and in mandis. They are creating this GDP. And for them, the food subsidy is there; for them, the fuel subsidy is there and for them the fertilizer subsidy is there. If you make them a villain and claim yourself to give a very forward and progressive Budget, sorry, we can't subscribe that view. The hon. Finance

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Minister has structured his argument on the premise that the present level of subsidy is compromising the macro-economic fundamentals and is standing in the way of fiscal consolidation, and that subsidy has to be pruned. An ideal figure is now kept at 2 per cent and the target is to achieve 1.75 per cent. What about your target of pruning the subsidy which you give to corporates? You don't call it 'subsidy'; you call it 'incentive'; you call it 'stimulus'. But these are all practically subsidies. You are making an illegitimate gain flow to them. What is that about? Your revenue foregone, as my friend Aiyar has told, is Rs. 5.23 lakh crore. Out of the revenue that is foregone, the direct tax revenue is around Rs. 1 lakh crore. And that is not enough. Year after year, the tax is being raised but not collected. That comes to Rs. 2.49 lakh crore. These are figures as per the Receipt Budget. Out of Rs. 2.49 lakh crore, around Rs. 61,000 crore is under no dispute; it is undisputed. You are just not collecting it. You are giving a subsidy, unsolicited subsidy. I don't know in lieu of what. Sorry, don't like to make any insinuation on anybody. This is the system. This is the neo-liberal paradigm where you are theorizing for 1 per cent and making them illegitimately gain and developing a theory of pruning the subsidy of the mass of the people. Yet you make speeches that you want to have a demand-driven growth. How? By what magic? By reducing the purchasing power of the people, by making the people pay more for their food bill, by making the migrant worker's travel costlier because you are pruning the fuel subsidy or by making them purchase grains at a higher costs because workers who earn anything in lieu of labour are not below the poverty line. So ridiculous and so cruel is your poverty line definition where even a beast cannot survive. Suppose there is a pet dog in a middle-class house. To maintain that pet dog, the amount of money required is more than what you are putting, that is, Rs. 28 per day. The Government is joking with the people. They have no respect for humanity. This is their real face. This thing has to change. So, I will put a straightforward question to the hon. Finance Minister. He is not here. I think, my points are being noted. If he has a target of 1.75 per cent of subsidy on food, fuel and fertilizer, what is his target of Rs. 3.5 lakh crore subsidies that he is giving to corporates and big business houses in the form of direct corporate tax foregone plus in the form of tax raised but not collected? Each figure is from his own statement. It is not produced by the CPI(M) here. It comes to 4 per cent of GDP. What is his target about this 4 per cent? Please, spell out first, and then, talk big about inclusive growth. The Prime Minister made a statement in an interview on the day the Budget was to be presented that the main slogan of the Budget was a growth, a faster growth, equitable growth and more equitable growth. I am quoting verbatim of what he stated, which was

released by the Press information Bureau. They will be making people pay more for their food. They will be making them pay more for their transport. They will be making them pay more just to travel and earn their livelihood, and by the end of the day, they are making them eat less, keeping them hungry and then, they will tell that it is an inclusive growth. The GDP is growing. There is no doubt about it, but the entire gains of growing GDP are being expropriated, are being looted by those who are not even two or three per cent people, whom the Government is subsidising to the tune of 4 per cent of GDP illegitimately and unlawfully. Will this regime change? The Government owes an answer to the House. Only then, the Government can talk about inclusive growth and the growth oriented towards *aam admi*. But, these two cannot go together.

Now, I come to my second point. The Government is talking about providing food security. I am really educated by the submission made by my friend, Shri Mani Shankar Aiyar, on the need for a food subsidy. If his stomach is full, he can work more, he can produce more and give more-productivity. He can spend on other goods. It will boost the entire productivity of the economy, not the economy of speculators, whom they are trying to pump. What are they giving to the poor people? There is a marginal increase in food subsidy bringing it to Rs. 75,000 crores. If we take into account the inflation, the Government's allocation on food subsidy has actually declined in real terms. It is only three per cent rise. And, if the Government takes its speeches on food security seriously, which are being delivered by right from their political leaders to the Ministerial leaders on the TV channels, with this money, they cannot maintain the existing Public Distribution System. How can they talk about food security? Are the people foods? On Rs. 75,000 crores, only Rs. 3,000 crores extra have been allocated from the last year and they want to have a wider food security, wider coverage. How can they have that? There was a calculation made by our people, our country's people. There are many studies. If you have to give 35 kilogram foodgrains per month to 24 crore households, you need around Rs. 1,10,000 crores a year. If it is Rs. 5 crore here and there, I don't mind. But, the Government needs Rs. 1,10,000 crores, that is, Rs. 36,000 crores more than what you have allocated. And, you don't collect your due taxes, legitimate taxes of Rs. 2,49,000 crores year after year. The Government just don't collect Rs. 61,000 crore indisputed direct corporate tax arrears. There is no dispute; it is just a bonanza. Also, the Government is awarding them the 'Businessman of the Year' awards and the 'Entrepreneur of the Year' awards on the television. These awards are given by no less than a person like the Prime Minister or the Finance Minister. This is the culture. Please bring about a change. A full food security is possible. Our country can afford it. Howsoever the financial situation may be, our country can very

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4.00 P.M.

much afford the universal food security bill, food security for all. We can afford it. Please bring that, otherwise, don't talk about 'inclusive growth'. That was my second point. You might not tell, "we are for one percent, you 99 per cent, go to hell". The entire world is boiling on the issue of one per cent vs. ninety nine per cent. You take a position to one percent, we do not mind, but do not deceive us by talking about Inclusive growth". Please do not deceive us. We are not theoretician. You cannot build up, Sir, a brilliant theoretical structure of an economic policy. You talk about 'inclusive growth'. Sixty-five per cent of our population lives in rural economy. The contribution of agriculture to the GDP is not more than 30 per cent. Am I correct, Mr. Aiyar?

SHRI MANI SHANKAR AIYAR: It is 13 per cent.

SHRI TAPAN KUMAR SEN: So, 13 per cent GDP has to manage the survival of 65 per cent of our population. Sir, 13 per cent of income is feeding 65 per cent of our population. But what do you say here? Does your agricultural allocation reflect that sense of responsibility? From that ground, you are earning only 13 per cent, and, it is not agriculture here alone. It is a world-wide phenomenon. Terms of trade are militating very inimically against the agriculture throughout the world. That is the pattern of development, which is taking place.

Consistently, since the UPA-2 has come to power, year after year, the allocation on agriculture is declining as a percentage of GDP and also as a percentage of total Budgetary expenditure. Same is the character of your allocation on rural development. Please check the figures. If am wrong, I stand to be corrected. As I could read the Budget, consistently, since the UPA-2 has come to power, or, rather one year before their regime started, the allocation to agriculture and rural development is declining in both terms. It may increase in absolute terms. It may increase on this count or that count. But if you take it in totality, it is declining in terms of GDP and it is declining in terms of total Budgetary expenditure, and, that defines your priority. Your '*aam aadmi*' slogan is only in your speeches, not in action. The whole Budget is grossly biased against the rural economy, and, cornered, favoured, in terms of urban economy, that too, a pocket of the urban households; not the all, and, that is reflected in everything. GDP is growing. Again, I compliment. Yes, it is a big strength. But why? How could India survive the global downturn? It is because you tried, but you could not privatize the financial institutions. It is because you tried hard to privatize and de-regulate the insurance sector but you could not do so. It was stopped not only by this Parliament, but also by the working people throughout the country,

who were on the streets. They struck work. They threatened that all banks and financial institutions would get paralyzed once you did that. You could not do that. They have given a big service to the nation, and, so, the country could survive. That is why, India could weather the global downturn. You should, at least, give a left-handed compliment to us, the working class of the country and the trade-unions of the country. I do not mind. No Left, No Right. I am telling about the entire trade unions of the country, Left, Right, Centre, from BMS, to Left trade unions, to INTUC led by Mr. Sanjeeva Reddy, who is also a Member of this House. All together, we just did not allow you to sell our financial sector to private hands. So, the country could weather the global downturn. But please take a lesson now. What have you given in this Budget on the financial sector? You are deregulating. The Banking Regulation Amendment Bill is aimed at deregulating the financial sector and privatizing it. The Insurance Amendment Bill is aimed at deregulating the public sector insurance institution which funds heavily our country's planned development, it is aimed at deregulating that and privatizing that. You need investment; you need a lot of investment for country's growth. Why are you pushing the funds? What is your focus? Please see to it. You are promoting speculation. You have reduced the Security Transactions tax by 25 per cent. . You have given additional incentive, tax exemption, for stock market investment. What is the import of it? You want to take away common people's money from the savings bank deposit to the stock market to gamble. It is not without a reason. I compliment the LOP's pointer. Who are exempt? The gamblers and the bettors are exempt from that punishment. Yes, the whole neo-liberal paradigm is driven by finance capital which is basically speculation-driven. You are in that trap. So, when the country needs investment in the productive economy, you give incentive, tax exemption, to speculate in the stock market. The money in the commercial bank deposits will be attracted away towards stock market, and the retail investors are destined to lose but you are to gain, some interested pockets are to gain. For make them gain, you are allowing this. You are allowing speculation in foodgrains precisely for that reason. They cannot generate a single employment. And, what is your performance on employment generation? During 2005-10, that is, Eleventh Five Year Plan, average GDP growth is 8.2 per cent, but the rate of employment generation has dipped from 2.17 per cent in the previous five years, that is, from 2000 to 2005, to 0.8 per cent. Thereafter you claim तीर मार दिया। ये डेवलपमेंट की बात कर रहे हैं। यह मेरी फिगर नहीं है। It is the figure of NSSO. बड़ा तीर मार दिया।

This is the thing which ought to be replied by the Government. You must reply in which direction you are taking the country and who are gaining from the GDP growth? Again, it is your own figure. In his tax reform proposal, the Finance

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Minister, while complimenting the businessmen, policy-makers, various players as the ones who are participating in the making of the economy, missed the workers who really produced the wealth in the factories, in the ports, in the docks, in the banks, in the financial sectors. He forgot to mention 46 crore workers who created your GDP. Bunch of currency notes don't produce GDP. Bunch of currency notes may play gamble in the stock market – your pocket is full, but my pocket is empty. They can play that game. That is precisely the economy you are promoting through your neo-liberal paradigm. That is why you forgot to mention about workers in your statement. And, what is their future? Despite consistent increase in per labour productivity over the last three decades, their share in the net value added which was 30 per cent in the 80s, which dipped to 20 per cent in 1990s, is now 9.2 per cent in 2010 as per the Annual Survey of Industries. That is only for manufacturing sector. Look at the share of profit, during the same period, of those who are given tax-breaks and from whom you don't collect their due taxes. You may call them sons-in-law of the country or the Government, वे आपके दामाद लगते हैं। What is special about them? The share of profit in the net value addition has gone up from less than 20 per cent in the 80s to more than 30 per cent in the 90s, and in 2010, it is 60 per cent, is this the legitimate earning? Some smart entrepreneurs gained something. Can it happen? I am not an economist. When I see it, I understand it. Even a secondary school student of economics would tell you that this is just not possible unless your governance promotes such * loot on the workers' wages. You don't keep regular workers. You want contract workers. You have a law of the land not to permit contract workers in any regular work, but they are there in various departments of the Government. I don't know how many of them are there in this Parliament House under your nose. Such illegitimacy and unlawfulness you are promoting every day. Your GDP does not mean anything to the people of the country if that continues. And you will not be able to sustain that. Please correct yourself. The trade unions of the entire country protested this kind of * loot promoted by the Government on workers through a countrywide general strike on 28th February. You don't have time for them. You are always surrounded by all business houses, captains of industries. Nor could the Prime Minister find time to call the trade unions and talk to them. Who creates your GDP? It is not the currency notes owned by the business houses.

What is the allocation for the Ministry of Labour? It is Rs. 4,333.68 crore. In non-plan, it is Rs. 1,900 crore, despite the fact that the whole Ministry is

*Expunged as order by the Chair.

understaffed. The CGITs are not having enough judges to address the grievances of labour. There are various tribunals, conciliation offices. But they don't have manpower. Once a dispute comes, it remains pending for a long time and ultimately the labour loses his faith in normal grievance redressal machinery and it either beats somebody or kills somebody.

THE VICE-CHAIRMAN (DR. E.M. SUDARSANA NATCHIAPPAN): Tapanji, you have got another comrade from your party who will speak on it.

SHRI TAPAN KUMAR SEN: Sir, I will conclude within five minutes. That is the pattern. For pension and social security in unorganised sector, you kept Rs. 990 crore. Are you joking? For 46 crore? Even the RSBY is extended to them. What do you think about them? For the Employees' Pension Scheme, again a pittance, although the Parliamentary Standing Committee unanimously recommended four per cent contribution to the Employees' Pension Scheme. You did not bother about them. You have to correct it. Every allocation on people's fate has gone haywire and brought to light the extreme bias against the people. An anti-subsidy regime means an anti-people regime. Please correct your incentives to the corporates and increase the subsidy. That is the need of the hour. Unless people are fed properly, you cannot sustain your growth. Please correct it. On that count, again, the Government has discovered cash transfer in lieu of subsidy. I don't know why. As far as basic welfare programmes of any country in the world are concerned, you see if they depend on cash transfer. Cash transfer is a supplementary method, not the main welfare mechanism. You are depending upon UIDAI project which was rejected by the Parliamentary Standing Committee and many countries, who had gone in for that kind of a project, are now going back. That is the pattern.

Now, I come to your tax regime. You have increased the burden of indirect taxes to the extent of Rs. 45,940 crore. You have reduced the burden of direct taxes by Rs. 4500 crore. I don't mind that. It may be required in a certain margin. But, how could you increase the burden of indirect taxes? And actual calculation is not Rs. 45,940 crore but it is Rs. 73,000 crore. That is the real burden. This Budget is imposing burden on the people. At the same time, you are reducing subsidy and you are reducing allocation as a percentage of GDP to agriculture and rural development. What do you want the people of the country to do? That is the pattern everywhere, where people are involved. Then, regarding indirect taxes, you have included goldsmiths for tax. Goldsmith sector is a sector where there is no factory production, it is only decentralised production process by small producers. They are feeling endangered that they will lose their jobs. In the whole of India, they are on the streets. Please look into that. The main producers,

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the main goldsmiths, in small numbers, are working in small sectors. Kindly do something so that their jobs and their livelihood is protected.

You have reduced the interest rates on EPF from nine per cent to 8.25 per cent whereas you have increased the interest rate on GPF to 8.6 per cent. You have increased the interest rate on special deposit scheme where the PF money is deposited to 8.6 per cent. You have no hesitation in reducing the interest rate on EPF to 8.25 per cent. It has never happened in the last five decades of the independent India. The EPF interest rate has always been above the GPF interest rate. How could you allow that anomaly to come in? The Finance Minister, before the passage of the Budget, must come out with a clear explanation as to how you could indulge in that anomaly. Just play with the lives of the workers, play with the lives of the common people! So, with these few words, I again reiterate the basic issue that the situation demands a shift in the paradigm which you are following. The system has engineered a reverse transfer from 90 per cent to 10 per cent by reducing subsidy and allowing tax defaults, reducing subsidy for the 90 per cent and allow tax default for the 10 per cent. A reverse transfer has been engineered. By reducing regular workers and by promoting casual work force, you have engineered a reverse transfer process from millions to a handful. A handful will not save the country. They are the generators of black-money. Those whom you are allowing a tax default are the generators of black-money in the economy. It is they who are sending money abroad, getting it recycled through Mauritius route as Foreign Direct Investment to Indian soil. All your Commerce Ministry data exposes that. What are you going to do to contain that black-money? There is a need for reversal of the entire policy paradigm, from patronising the black-money generators to supporting the millions of people who create your GDP, who generate revenue for your exchequer and who also produce profits for the employers. Unless that is done, you cannot take people for granted. It will happen once, but, second time, it will be gone. People are committing suicides. Please take note of it. Even in my State, 42 farmers committed suicides. Total number of national suicides is 2,50,000. Why is it happening? Have you enquired? You are talking about Minimum Support Price. That money is not going to two-thirds of the farmers because they are out of the institutional credit. Money is going to rice mill owners. Money is going to different agencies. MSP is not reaching farmers. You have to correct it. You have to change your approach on patronizing 10 per cent instead of 90 per cent. Unless you change your approach, you cannot change this distortion. Please change this. The situation demands a correction of this distortion. The Budget needs reorientation. I hope the Government will

consider this. They cannot take people for granted. With these few words, I conclude my observation on the budget.

THE VICE-CHAIRMAN (DR E.M. SUDARSANA NATCHIAPPAN): Thank you very much. Shri Kishore Kumar Mohanty. Not present. Shri Sukhendu Sekhar Roy. You have got another colleague also to speak. Try to manage the time.

SHRI SUKHENDU SEKHAR ROY (West Bengal): Thank you. As a fresher in this august House, I am learning every moment from the eloquent speeches delivered by the hon. Members of this House on the General Budget, 2012-13; and the Finance Bill. Naturally there is appreciation and criticism which one must enjoy. But if we go deep into the economic situation within our country and even around the globe, I think the hon. Finance Minister has no other option left but to resort to the balancing act for which he is widely acclaimed. We know that the hon. Finance Minister has scored so many centuries in his more than four decades of political life. It is true that we cannot expect him to score a century of centuries as Sachin Tendulkar has done in cricket. Yet, when we look at the budget from a distance place like West Bengal, a very unpleasant question creeps in my mind. Are we really living within Indian federation? Why I am putting this question to myself because as back as 4th August, 2004, the Ministry of Finance, Department of Expenditure had issued an Office Memorandum categorizing West Bengal, Kerala and Punjab as debt-stressed States. Now eight years have passed. In the meantime, many more States might have been included in the list. But I am wondering there is no whisper about the steps being taken by the Government of India to bail out these debt-stressed States. Really, it is surprising to me. The hon. Chief Minister of West Bengal has since intimated to the Government of India that due to fiscal mismanagement by the previous Government which ruled West Bengal for more than three decades, more than Rs. 2 lakh crores of debt the present 10 month old Government, is carrying over. The Government of West Bengal's total revenue earning per year is only Rs. 20,000 crores or so; and the Government of West Bengal has to pay on account of interest Rs. 22,000 crore per year. This is a unique situation which no other State in the country is confronted with. That is why our hon. Chief Minister has, time and again, appealed to the Government to consider a moratorium in the form of a grant for three years on the interest amount and also restructuring of the loan amount. But I am sorry to submit that no positive response has come from the Government of India as yet. West Bengal is reeling under unprecedented economic crises. The Government is in the process of reconstructing West Bengal, which was ruined by the 30 years long misrule of a particular Government. Every sector was ruined, be it health or education or industry or roads or transport. Nothing is there. Everything is ruined. The Chief Minister is in the process of reconstructing West

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Bengal. In the words of my Communist friends, there is a situation like *perestroika*. We are having a situation like *perestroika*. But from where will the money come? From where will the money flow? It will not come through the river Ganga or Bhagirathi or Yamuna. It must come from the Central Government.

Sir, to add salt to our injuries, due to the non-receipt of compensation for the reduction of Central sales tax from four per cent to two per cent, West Bengal is losing Rs. 1,200 crores per year. Apart from that, the private airlines have been allowed to import aviation fuel from international market. It has affected every State, particularly, West Bengal. It has resulted in a loss of Rs. 250 crores per year.

Sir, like all other States, we have to take care of the additional burden on account of the flagship programmes like MNREGA which the Leader of the Opposition has pointed out while initiating this discussion. How can we carry on these flagship programmes unless the ratio, which is now 65 : 35 or 50 : 50, is revisited and reconsidered? Unless it is made 80 : 20, debt-stricken States like West Bengal can't run the flagship programmes. Ultimately, the blame will be on the State Government that the State Government is doing nothing. The Central Government will make a political clamour. They will claim, "We have formulated the schemes, but your Government is not doing anything". We are not interested in any blame game. We are just explaining the reality that the Central Government must have a pragmatic view of the situation.

Sir, the increase in the customs duty of gold, platinum and silver, which has been mentioned by many hon. Members, has created a havoc in the gems and jewellery industry. Millions of gold smith and artisans, majority of whom are from West Bengal, are adversely affected. I appeal to the hon. Finance Minister to reconsider whether some relief can be granted to this sectors so that the ordinary artisans who are earning their bread can get some relief.

Sir, we can't move around with a begging bowl. It is a logical demand that we are making. In recent months, the European Union has come forward to bail out the unprecedented economic situation which was prevailing in Greece. We don't have any European Union, but we have the Union Government and we will have to approach the Union Government only for adequate financial assistance.

Sir, the ten-month old elected Government has restored peace and tranquillity in the hill areas of Darjeeling and the Maoist-infested areas of Jungalmahal. Unless adequate financial assistance is received from the Centre, there can't be any *mangal* in the jungle. ज्यादा दिनों तक जंगल में मंगल नहीं हो

सकता, सारी कार्यवाही थम जाएगी, क्योंकि ठोस कदम उठाने के लिए हमें और पैसा चाहिए। वे कहाँ से मिलेंगे? We are trying to mobilise internal resources. The day before yesterday the Budget was placed in our State Assembly. In spite of the economic constraints, we are trying to mobilise internal resources. yet we require more assistance from the Centre. We are as good citizens of India as others. We have come across a series of maladies in our national life, in the life of Bengali race as a whole. Right from 1911, when the capital was shifted from Kolkata to Delhi, an abrupt void was created and the flight of capital also started. We withstood that. In 1943, due to manmade famine, more than 7 million people died on the streets of Kolkata and other areas. We took it as an act of God. We did not blame anybody and we did not revolt. In 1947, due to partition of India, Bengal suffered like anything. Millions of Bengalis were uprooted, and they were termed as evacuees for no fault of theirs. We did not revolt. We accepted the political misfortune so far as Bengal is concerned. Now, all that we want is to owe our allegiance to the Indian Constitution, and its unique character, that is, the federal character, one of the pressing characters; we salute this federal character. But when I look at the budget, I find that no respect has been given to the federal character of the Constitution. In many sectors, the Centre seems to have allocated funds unilaterally, without having proper consultation with the States, without taking into consideration the views of the States. That is why we are demanding more autonomy for the States. Even the fiscal power is to be revisited; the fiscal policy is to be re-oriented. This 65-35 ratio should go, and 50-50 ratio should be there. We should have an equal share of the total revenue earned by the Government of India from different States of the country.

While concluding, I appeal to the Government of India; for God's sake, Kindly do not create an economic blockade towards West Bengal, but help strengthen the endeavours of Mamataji, who has devoted herself for the reconstruction of West Bengal, to rise like a Phoenix. Overnight, this situation of West Bengal cannot be changed; All of us should appreciate this fact. But for the help from the Government of India, West Bengal cannot reach the roadmap of reconstruction, and again, to say in the language of the Communist, Perestroika. Perestroika cannot be achieved unless the Government of India comes forward with a helping hand, with an affectionate hand, with a kind heart. Thank you.

DR. ASHOK S. GANGULY (Nominated): Mr. Vice-Chairman, Sir, I don't have any political agenda. So, I would like to make some general observations regarding the Budget. I have been interacting with the hon. Finance Minister over several decades on the issues related to the preparation of the Budget. First of all, I would like to congratulate the Finance Minister - people are still studying the

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Budget very carefully - because it is one of the most challenging years since 1991 that he had to present the National Budget, and I would like he has done a remarkable job. I compliment him for that achievement. However, there are certain challenging issues that India is going to face this year. One of the issue that we should not allow to hang over us like a shadow is the State of the global economy. The global economy does have an impact on India. But, as Shri Mani Shankar Aiyar has pointed out, "The Indian opportunity continues to be as large as ever", and I would say, even larger, into the future. If we are not careful we may become victims of our self fulfilling prophecy that India is facing insurmountable economic difficulties. If we get into that psychology if we get the country to get into that State of mind, I think, we may do an irreparable damage to our Country. Therefore, I request the hon. Finance Minister and I request all my colleagues who are present as well as those who are not present in this house, that please do not lose your confidence and optimism of the India growth story for the next several years. In the economic Journey of a nation, there will be ups and there will be downs. It is our job, as citizens and as leaders, to manage the ups and down effectively.

There are certain challenges that the hon. Finance Minister has mentioned in his introduction. I personally believe that the *Aam Aadmi* issue must not be confused with the malady of subsidies. We have to distinguish between the subsidies that are required for the genuinely needy and the subsidies which go to people who can well afford to get out of the habit of subsidies. I don't think that clarity has yet emerged in our own thinking or in our political process regarding the difference between essential subsidies and historical subsidies.

Sir, I want to cite an example of what recently had happened in Greece. There was a story in the newspapers that a family was interviewed on Soup Line in Athens. A father, mother and two children were reduced to depending on charity for their survival. And, only one year ago, the father had a job, they had a house, the children were going to school and they had a car. Due to economic crisis they had lost every thing. So, the fortunes of countries which are not vigilant about living within own resources can be hugely challenging and suddenly change dramatically overnight. I am a bit surprised that in the recent debate on the Rail Budget, there have been extremes in the views expressed during the debate, where not only do there seemed to be a desire to throw away the baby with the bathwater but also to throw away the bath tub itself ! Good ideas were going to be abandoned for political ends. So, let us get some sanity back. People who travel by upper classes can afford to pay. People who drive

expensive cars do not need subsidized diesel. I keep on saying this, because I am pained that in the name of subsidy we are denigrating the term and we are really overshadowing the poor people who deserve it the most. The energy prices will go up, whether we like it or not. Coal supply to power plants is already facing shortfall. Nuclear energy is being opposed blindly. What I request the hon. Finance Minister to specially pay attention to the huge energy crisis. Sir, industry will grow, agriculture will grow because there is a momentum in the domestic economy. But I think access to credit is going to be one of the biggest challenges of the new financial year, and I particularly wish your kind attention to this priority.

Finally, I would like to bring to the attention of the hon. Finance Minister that the civil Aviation industry is under severe stress. I do not know the answer to the challenges they are facing. The civil aviation companies may fail, because that is the nature of competition. But the civil aviation industry in India cannot be permitted to fail, because if you allow the civil aviation industry in India to become weak, it is going to touch the heartland of our economic growth trajectory, by indirectly affecting virtually all economic activities.

One more fear that I heard in the corporate world express which I wish to share with the hon. Finance Minister is, there is a growing fear – they cannot put their finger on the issue – that the tax collection and the tax collection management system might become more punitive...historically been. Therefore, there is a growing fear amongst the business people about new powers which might be usurped by the tax-collecting authorities; and, which might become a very coercive instrument in their hand, detracting people from running day-to-day business. I do not know whether this fear is true or not, I am just sharing with you what I have heard. And, I believe, it is my duty to share this serious issue with you.

An additional point is, I think, the need of the hour is leadership, the Finance Ministry and the Government of India have to rise and reinforce the confidence of both, domestic and foreign investors because the visible growth of India, Mr. Mani Shankar Aiyar has already mentioned it, is just the tip of the growth; the iceberg has still to emerge. That larger growth is, principally, going to be driven by people who are not yet in the active consuming class. They are becoming the new consumers. They are generating surplus incomes. We must continue to support this domestic consumption growth and also grow our foreign trade, but, principally, the domestic growth will be the driver in good times and had by managing our financial affairs and credit availability with wisdom and foresight.

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I would like to appeal to all our leaders not to hide political agendas behind the *aam aadmi* slogan and hijack the India growth story by converting small pains with an unbearable pain. Let there be pain, hon. Finance Minister, but let them not add up to unbearable pain. We have a very positive story going for India. I think, our story is an untold story while the Chinese story is an oversold story. I am not interested in China, I am interested in India. I am hugely excited about India, as I was fifty year ago. And, nothing, in the last fifty years, has persuaded me to change my mind. I, therefore, commend that we are extremely fortunate to have Shri Parnab Mukherjee as the guardian of our financial affairs in this country. I commend him to inspire this nation to surge forth with confidence, the confidence that is derived from his management of the balance sheet of this nation, which, I hope, will grow from strength to strength.

Thank you, Mr. Vice-Chairman, Sir.

SHRI KUMAR DEEPAK DAS (Assam) : Thank you, Mr. Vice-Chairman, Sir, for having given me this opportunity to commend my observations on this Budget.

This Budget did not indicate fiscal consolidation and mention reforms to remove structural supply side bottleneck. Of course, the Budget has tried to provide a roadmap to bring fiscal deficit back on track. The fiscal deficit still remains a prime concern. The 2011-12 fiscal deficit, at 5.9 per cent of the GDP, is, perhaps, higher than anticipated. The fiscal deficit for the financial year 2012, at 5.1 per cent of the GDP, seems like a difficult target unless the growth picks up strongly. The Budget has increased service tax and even the railway service is also included under the new parameters of service tax. We must term it as anti-Aam Admi. Again, an increase by two per cent in the excise duty will create more difficulties for our local industries in competing with the products coming from abroad. Sir, this is a Budget with high taxes and inflationary effect. It will only make the Indian economy sluggish and do nothing for growth. There is gross neglect of expenditure on the Defence services and also of capital expenditure on Defence. The Armed Forces have been demanding for modernisation of more than 13 lakh strong Armed Forces for a long time. Sir, they had hoped that the Defence Budget would be around three per cent of the GDP, but in the 2012-13 Budget, India Defence expenditure is around 1.9 per cent. The Budget is completely silent on economic reforms. Disinvestment, with a target of Rs. 40,000 crores this year, has been a dismal failure.

Sir, it was expected that there would be more reforms and more innovative schemes for inclusive growth, but these three years have been disappointing for

us, as the overall growth slipped from nine per cent to six per cent. China is, still, growing at the rate of nine per cent; Argentina is growing at the rate of more than nine per cent and Columbia, Indonesia and Malaysia are growing at the rate of six per cent.

Sir, now, I come to the North-Eastern region. We are the worst sufferer of regional imbalances. During the last few years, some decisions have been taken by the Government of India for the economic development of this region. They have established the NEC. They have also established the DoNER Ministry only for the development of the North-Eastern region. But, most surprisingly, the sceond Administrative Reforms Commission, headed by Shri M.Veerappa Moily, recommended abolition of the DONER Ministry and had also suggested that the responsibility to strengthen the regional infrastructure and sectoral use of the non-lapsable pool to which the Central Ministries contribute 10 per cent of their Budget, should be restored to the respective Ministries and the Home Ministry acts as a nodal unit, which means the DoNER itself is no answer to the regional needs. It is just a palliative to please Assam, which first mooted the concept in the 1970s. It is said that apart from compromising the efficacy of the NEC, the DoNER does not have any important role to play in the regional development.

Sir, the growth rate of Assam is not encouraging. The growth rate of Assam during the Eleventh Plan was envisaged at six per cent as against the national growth target of 8.5 per cent. Though the envisaged growth rate of Assam was, more or less, realized in the Seventh Plan, but the difference in per capita income has been increasing on a year-to-year basis. It is also to be noted that in the first decade of planing, the per capita income of Assam was once higher than the all India per capita income, after which the trend was reversed and a continuous lag, which continued since the beginning of the sceond decade of planing, has increased the distance of per capita success of Assam more and more. What it amounts to foretell is that even if Assam is achieving a 10 per cent growth rate of GSDP, it will take the State some 15 years to catch up with the national per capital level, provided that the growth difference in population remains the same and that there is no change in the country's GDP growth rate from the level of 8.5 per cent per annum.

Sir, in my region, we want a special proposal to generate economic activities, more particularly, in areas considered to be vulnerable to foreign surveillance and help in national integration. Sir, for development of tourism, the Government should take necessary steps to relax restriction pertaining to Restricted Area Permit/Protected Area Permit and allocation of more funds to the NE Region.

[Shri Kumar Deepak Das]

Sir, the British did organize tea, oil, coal and plywood in Assam through it kept all major economic activities connected thereto, including storage, sales, marketing, banking, forwarding, etc., outside the North-Eastern region, using the State of Assam as a major production base, resulting in the banking and distributive arrangements also being located outside the North-Eastern region thereby refusing participation by the local aspirants. Such, at any rate, was the type and pattern of imperialist economy.

The cumulative effect of the imperialist pattern of the economy, holding away overall economic activities of the State, coupled with the lack of opportunities at home for learning and knowledge in modern production system, money supply, finance and credit systems, marketing pattern and the mode thereof, distributive arrangement, etc., kept the youth of Assam disassociated. Thus, the youth of Assam over the century and over the generations were kept disassociated from all the above and thus sought to be kept disenthralled.

Sir, the base of the imperialist pattern of the economy not only continued till the British left, but has also remained in force till today even after sixty years of Independence with all adverse effects, crippling the life of the community of the region. That is why we again want to request our hon. Finance Minister to give some protection to the NE region while distributing funds for the development of the North-Eastern States and also consider giving special package to generate economic activities, more particularly, in areas considered vulnerable.

Sir, with these few words, I conclude my speech and I once again thank you for the opportunity given to me.

SHRI PIYUSH GOYAL (Maharashtra): Thank you very much, Mr. Vice-Chairman, Sir, for giving me this opportunity to present my views on the Budget presented by the hon. Finance Minister.

At the outset, I am a disappointed man, Sir, we have an illustrious Finance Minister, very experienced. The first Budget he presented was in 1981 when he became the Finance Minister for the first time, and, since then, we have always looked up to him as a beacon of light to take this economic out of the morass that it finds itself in. Unfortunately, that is not to be. Despair is spreading, Sir, all over India. Corporate India does not believe that this Government understands what are the evils afflicting the economy. The middle class is completely shocked and shamed by all the scams that we see with continuous frequency emerging one after the other. Sir, the poor *aam aadmi*, about whom other Members talked about so passionately from the Treasury Benches, doesn't trust the administration of the welfare schemes, tom-tommed by this Government, which, though may be launched

in the name of one particular family over the years, but which are hijacked by administrative failures and corruption of very large magnitude as evidenced by statements of their own senior leader as far back as 20 years ago or may be 25 years ago when he said, '85 per cent of Government's expenditure is frittered away in corruption and maladministration'.

Sir, this Government needs to address bigger issues of good governance. They need to address the big issues of good debureaucratisation rather than just focus on tinkering with FDI in retail because, unfortunately, for this Government, reform is equal to FDI and they go no further.

I think it is time the Government realizes that there are far more things to reforms in our country. People want Government to get out of their lives. People want Government not to interfere, not to tax every aspect of their lives, not to have a license quota raj for everything that they engage in. They are looking for freedom from high taxes. They are looking for freedom from bureaucratic controls over their lives.

Sir, I just wish to touch upon one or two points, since I am on the point of reforms, before I go further. This Government has often alleged that it is the Opposition that is responsible for the paralysis in policy reforms that this country is urgently asking for. I would like to contest that, Sir.

We talk of the GST. The Government talks of reforms in the indirect tax structure by the introduction of GST. But what have they done? They have an Empowered Committee of Finance Ministers working for the last four years. In the last four years, the Government has not been able to bring even the Chief Ministers of their own States on the same page as the Central Government in terms of implementing the GST.

On this account, Sir, let me raise a few points about the GST. We do not dispute the advantages of having a Central tax, which eliminates a lot of duplication in the system. It eliminates the cascading effect of taxes. It eliminates the export of taxes. Probably, getting a GST in place would also give the States a share in the service tax collected, which by the way, Sir, a promise made by this Government when service tax was first introduced in India, that the revenue would be shared with the States. But, till date, we have not seen that revenue being shared. However, despite all of these advantages, why are we frittering away the benefits of GST? We are frittering it away because the Government has still not been able to come to modalities of how to implement that tax. They still do not have a common form, which can be filed by an assessee, finalized by the GST committee. The Central Government wants to usurp all the powers. The States are not willing to let go their powers. As of now, about two lakh assesses report

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to the Central Government in excise whereas 50-60 lakh assessee are under the jurisdiction of the States. So, now a new formula has come, which I don't think the people outside, who claim that they want GST, are aware. This formula is that the Genral Sales Tax would comprise two sections – one, a Central GST and the other, a State GST. I don't understand what would be the benefit of such a GST that they are proposing. And then there is no clarity at all on how the money has to be paid, who the dealer would report to, and so on. And, I am given to understand that every dealer will have two assessments, one, from a Central authority and another from a State authority. And then, they don't have a dispute resolution mechanism in place. As yet, we don't know how a dispute under the Empowered Committee will be resolved, because the Centre wants a veto power, while implementing GST or dispute resolution, which, obviously, the States are not willing to give.

Sir, they have not yet even determined the rate at which GST would be taxed. Still, there is a talk of two rates but we don't know what those two rates are going to be. We don't know what the floor rate will be. We don't know what the band would be in which the GST would be implemented in various States. We don't know how the money is going to be forwarded to the States in terms of compensation. The Central Government is still not compensating States for the loss of the CST, which was reduced from four per cent to two per cent, with the promise and sovereign assurance that they would be compensated for the loss. To date, except for the first two years, from the third year onwards, a very small compensation has been made. This year, there is no plan for compensation, and the logic being given is that 'when we announced VAT or CST reduction, we had said that we would compensate for two or three years'. But Sir, they had also said that GST would be implemented in three years. They have not completed one part of the bargain. They have not implemented GST, but they have stopped compensating the States. How do they expect States to trust such a Government? And, obviously, there is resistance because the fiscal autonomy of the States is under threat under such a GST regime that is proposed by this Government.

Therefore, Sir, the GST is not a burden on my head. It is a burden on the Centre's head, to resolve these issues, sit down with the people concerned and the concerned States and find solutions. Sir, we have a great law called the 'Direct Tax Code' which has been proposed by this Government. I am a part of the Standing Committee and we have recently put forth our recommendations and Report. Sir, the recommendations have come out after detailed examination of the DTC. But the Government chose to take selective parts of the DTC, for example,

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the General Anti-Avoidance Rules, and implement them in the Budget itself in the original form rather than considering the recommendations of the Standing Committee. Sir, these are draconian provisions. In the normal course, we would welcome them since they are a tool to fight black money. But, Sir, we all know, and I think, many people in this House must have experienced their constituents complaining about the misuse of the tax laws in our country. People come with a gun on their head and say, 'Look, you deposit additional tax before 31st March, otherwise I will penalize you; I will trouble you because we have to meet our fiscal targets set by the Finance Ministry.' Sir, assesseees are also told, 'You deposit money before 31st March and we will refund it to you in April. But if you don't deposit it and if I don't meet my targets, then I may not get a good posting, then I may not get a good CR and I may be penalized.' Is that how tax administration in our country works? In what situation, with a provision like GAAR, what will happen to the assessee? They will be under continuous pressure with no safeguards brought into the law. I would urge the hon. Finance Minister to please consider the recommendations of the Standing Committee before finalizing the Budget provisions and bring those recommendations into the GAAR provisions, as they have been proposed.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN) in the Chair.

Sir, the disinvestment process has been a big casualty of this Government. The NDA Government had initiated a process of strategic sales through auction in a most transparent manner. I don't know how some Members of the Treasury Benches had called it 'sweet-heart deals' I don't understand how can an auction, where the whole world was invited to participate, be a 'sweet-heart deals'. But ever since this Government has come, no loss-making PSU has been disinvested; no loss-making PSU has been turned around and there is no improvement in efficiency of these PSUs. All that we have seen is the sporadic sale of some shares of PSUs which have not even met the disinvested targets of the last three years. what is the solution? I would urge the hon. Finance Minister to look at that big pool of assets in the Government's hands. Today, just the listed PSUs have a market cap of Rs. 14 lakh crore. The rest of the PSUs, with all the assets put together would not be less than another Rs. 20 lakh crore. So, he has an asset base of approximately Rs. 30 lakh crore. It is already on record that Government can disinvest up to 51 per cent. Why don't you take that forward faster? Why don't you take the process forward to raise revenue from alternate mechanism, as the hon. Leader of the Opposition said, through auction or transparent method? The assets of the country, can be better utilized or exploited

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in the hands of the private sector, can be utilized through Public-Private Partnerships. I would urge the Government to look at disinvestment in a more holistic fashion and take this process forward.

Sir, one other suggestion that I want to make is that the Government should move to the accrual system of accounting. It will take care of the earlier problems that I mentioned of tax officials troubling the assesseees during the end of the year just to meet fiscal targets. It is high time the Government also started accounting for its assets, expenses and incomes on an accrual basis, which is an internationally accepted, correct method to account for Government revenues.

Sir, my dear friend, hon. Mani Shankar Aiyar, very selectively chose one statistic and, unfortunately for him, he chose a statistic on which this Government, or unfortunately India as a whole, has been a complete disaster. He chose a statistic of debt-to-GDP ratio in order to highlight how India is a great story with 63 per cent debt-to-GDP ratio, and a completely amusing and amazing statistic of China having 155 per cent debt-to-GDP ratio. I wonder from where he got those statistics. I would urge the hon. Finance Minister to please apprise his esteemed colleague on what the real facts are. But, in any case, I will highlight the real facts. The fact of life is that whereas India had a debt-to-GDP ratio of 66.2 per cent in 2011, China had a debt-to-GDP ratio of only 16.5 per cent in 2011. Sir, since you are busy, I will repeat. India is at 66.2 per cent. China is at 16.5 per cent. I wish the Treasury Benches had some more economically-savvy people to give, at least, the correct facts on the Table. Then, unfortunately, he chose a country like China which, on almost every parameter, has beaten India, whether you look at per capita income, whether you look at GDP growth, whether you look at Forex reserves, whether you look at FDI, and I can continue to name so many more fields. China has beaten India hollow and we have to put our act in order, we have to start acting fast. If the dream to make India a super power has to be achieved, I would urge the finance minister to please take these large deficits, that he is proposing in his Budget, more seriously and not fritter away the resources of this country on large subsidies, which have been wasted and not implemented properly.

In the same light, Sir, regarding the foreign exchange reserves, what is the current account situation in this country today? Last year, the current account deficit was over 3.4 or 3.5 per cent. Sir, even in 1947-48, when the country gained independence, the current account deficit was not such an alarming figure. It was, probably, less than 2.5 per cent. And, look at the foreign exchange reserves. Mr. Mani Shankar Aiyar went about harping on NDA Government's performance. So,

I did a little calculation. When the NDA Government came to power in 1998, they had Forex reserves of \$ 29 billion. When they demitted office in March, 2004, Forex reserves were \$ 113 billion. It shows a growth of 289 per cent over a period of six years an increase of about 48 per cent every year. This Government came to power in 2004 with a reserve of \$ 113 billion. Today, as on 16th March, 2012, The forex reserves are \$ 294.821 billion, that is, a growth about 161 per cent in the last eight years of mismanagement of the economy. That shows growth of only 20 per cent a year in our Forex reserves. I have gone through the Economy Survey. On every page, I can do a statistical analysis to show how the economy was far better handled by the NDA Government, *vis-a-vis*, the UPA Government. Take the case of inflation. I beg to correct myself. The first Budget, that Pranabdas presented, was for the year 1982-83. I stand corrected. Sir, in the fifth para, page 1 of that Budget Speech of 1982-83, hon. Finance Minister had said, "The fight against inflation has been a high priority of the Government. Any slackening of effort on this front would have undermined the very basis of our development. Inflation hurts all sections of the community. But, it hurts the weaker and poorer sections the most. Inflation also hurts the development process, as investment costs get distorted and financing becomes an increasingly severe problem". So, we were assured that this would be the *mantra* of the hon. Finance Minister when he presented the last two Budgets that I have seen. Unfortunately, Sir, on the front of inflation, this Government has failed miserably. If you see the statistics, when the NDA Government came to power in 1998, they were handed over a headline inflation, which during 1991-96, again, the Congress' previous regime, had reached 9.3 per cent per annum. It was the NDA, which, through sheer fiscal prudence, brought it down to 4.9 per cent per annum. From 9.3 per cent per annum in six, seven years that we were in power, it was brought down to 4.9 per cent per annum.

We almost reduced the WPI inflation to half. Unfortunately, for the country, the UPA came back to power. In the last seven years, upto 2011, the headline inflation was at an average of 6.2 per cent, again, inched up year on year. Of course, the last year has been even worse. We have seen double-digit inflation all through the year, except in the last two months, but that also was more because of the base level effect. If the base is higher in the previous year, it shows that the inflation has come down.

Similarly, coming to food inflation, Sir, during the NDA regime, food inflation was at an average of 3.5 per cent but in the seven years of this Government, it has been in double-digit at an average of 10 per cent, if you take only the last five years, it is 12 per cent per annum. So, in terms of statistics,

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we can keep going on till the cows come home, and, there will be enough statistics to show as to how this Government has mismanaged the economy.

Sir, I come to one figure which Mr. Mani Shankar Aiyar spoke about, and, I was again very amused to see how selectively statistics can be used for distorting the correct picture, From the Finance Minister's Budget, he spoke about the interest outgo versus revenue receipts. So, I sat down, took out a calculator and gathered the old information. Look at what I have found, Sir. This Government was in office till 1996. They left behind an interest to revenue receipts ratio of 47 per cent, and, when the NDA came to power in 1998, we were handed over an interest to revenue receipts ratio of 49 per cent. So, it was 47 per cent during the original Congress rule, and, 49 per cent when the NDA came to power. Again, by the time, we left office in 2004, with sheer fiscal prudence, we had brought it down to 41 per cent in the Budget Estimates of 2004-05, which were actually achieved. And, as my hon. Leader also mentioned, it was not like the present Government which gives figures which are never to be achieved. Our figures used to be achieved. We brought it down to 41 per cent, which is a reduction of 16 per cent. But, there again, in the last six, seven years of UPA rule, as per the 2011-12 Revised Estimates, they have been able to bring it down to 36 per cent, and, a fall from 41 per cent to 36 per cent amounts to only 12 per cent reduction. So, despite having a much better fiscal position than what we had, they have not been able to reduce it as much as we had reduced the ratio. I wish Mr. Mani Shankar Aiyar would check his statistics better, maybe, he can consult somebody like me, I will help him to run through statistics and give more factual statistics rather than giving distorted figures, which do not mean anything. The most amusing thing, I repeat, is the China's 155 per cent Debt-to-GDP ratio. That is the best of them all, Sir.

One very interesting figure came to my notice when I was going through the Budget in detail. Sir, since they like to blame the NDA Government for everything, I thought, I will to highlight some of the achievements of the NDA, which are far more important than the so-called blames. Sir, when the NDA Government left office in 2004, as per the actual figures for 2003-04 in the last year when we were in power, our non-plan expenditure on the revenue side was Rs. 2,83,000 crore, and, on capital account, it was Rs. 65,000 crore whereas in the current Budget of 2012-13, they have increased the revenue account to Rs.8,65,000 crore, and, capital account to Rs. 1,04,000 crore. So, Sir, in the seven years that they have been here, or eight years now, they are increasing the Revenue Account by 200 per cent whereas the Capital Account expenditure is increasing

only by 50 per cent. And the same goes with the Plan expenditure. The Revenue Account expenditure from 2004 to 2012 has increased from Rs. 78,000 crore to Rs. 4,20,000 crores, which is an increase of 450 per cent on the Revenue Account, and on the Capital Account, the increase has been from Rs. 43,000 crore to 100,000 crore, which is only 150 per cent. What does that show you? It shows you clearly a Government which is focused on vote bank politics. They are throwing away the money of this nation, creating large fiscal deficits only on the Revenue Account, costing the nation and the future generations of this country huge problems as we go into the future, and that, by no stretch of imagination, is prudent fiscal management. I think, a good Government would have spent more money on creating assets of this country, spending on the Capital Account rather than wasting money on the Revenue Account. And further, I just want to highlight one small thing. The hon. Finance Minister had projected GDP to grow by 14 per cent in the last year's Budget and again 14 per cent in this year's Budget. Now, he did achieve 14 per cent in the last year's Budget, but not by genuine growth. The nominal growth is 14 per cent and the real growth, as he himself has acknowledged, is 6.9 per cent which I personally contest because that figure is based on the first three quarters and the last quarter is worse than the previous one. I think, 6.9 per cent will be left at about 6.5 per cent by the time we get the actual figures. Having said that, we still achieved GDP growth of 14 per cent. So, how did you do that? The rest was inflation. Now, in the current year, we are told that it will again be 14 per cent. I am just calculating that if the real growth in GDP is going to be 7.6 per cent this year, at 14 per cent nominal growth, that means, it is already budgeting for 7 per cent inflation. Whatever may be the final figures, today we are already budgeting a 7 per cent inflation in this. Final figures, I suspect, would again be a double digit inflation with the pressure of large indirect taxes and the lower growth be compensated by inflation. Yes, you will again have 14 per cent nominal growth in GDP, but through means of inflation.

THE VICE CHAIRMAN (PROF. P.J. KURIEN): Mr. Goyal, your party has ten speakers. So, please try to conclude it now.

SHRI PIYUSH GOYAL: Yes, Sir. In terms of subsidies, the hon. Finance Minister has under-provided so grossly that I am amazed that even a common reader – Sir, I gave a speech in March last year on last year's Budget and I raised exactly the same point – of the Budget could glance at it and tell you subsidies were under-provided, revenues were over-provided. It does not need rocket science to understand that, Sir. But again, this year it is the same ploy – show low subsidy, show higher revenue growth, fool the public because after all, public does not bother about the Revised Estimates of the last year. वह तो हो गया। वह

[Shri Piyush Goyal]

पीछे की बात है, अब आगे देखो। So, you tell them आगे तो बहुत अच्छा होने वाला है। The future is rosy, forget the past. In 2013, when we come back to debate again, and I hope my party gives me a chance to speak then, we will again see a picture, an actual picture, when you will have all these figures going wrong and nothing to write home about.

THE VICE CHAIRMAN (PROF. P.J. KURIEN): I think, you can conclude now. You are searching for points.

SHRI PIYUSH GOYAL: No, no, I have got so many of them all over the place.

THE VICE CHAIRMAN (PROF. P.J. KURIEN): A number of speakers are there from your party.

SHRI PIYUSH GOYAL: Sir, Service Tax is one area I want to highlight to the hon. Finance Minister when I talk about this Budget being less than honest in its figures, and I hope I will get some answers. I have sought protection from the Chair on many an occasion. This is my seventh or eighth intervention in the House in the last one and a half year, but to date I have got no response to any of the points I have raised. But then that is another story. I hope the parliamentary procedures bring in some mechanism that we get a response to our comments. Sir, they have shown Service Tax to grow from Rs. 95,000 crore to about Rs. 1,24,000 crore, an increase of only Rs. 29,000 crore. The projection being made is not a very big burden on the *aam aadmi*. Sir, I contest that figure. And I will tell you why.

Sir, the hon. Finance Minister is on record saying that there will be a GDP growth of 14 per cent, and we all know that services are growing faster. It compensates for the lower agriculture and manufacturing growth. Last year, service tax grew from Rs. 71,000 to Rs. 95,000 crore. This is 34 per cent growth without any increase in rates. This year and last year also, the GDP was slated to grow at 14 per cent. So, by that same logic, this year also, in the normal course, without increasing the tax rate and without increasing the scope of services to be taxed, there should be a 35 per cent growth in service tax. However, to be more conservative, I have taken 30 per cent as the normal growth. Hence it will be Rs. 95,000 crore + Rs. 28,000 crore, which is 30 per cent, as the normal growth in service tax. Now, they have also expanded the scope of service tax, everything on earth except 17 items. I have assumed that this will add another 25 per cent. So, another Rs. 32,000 crore can be added by the expanded scope. The total becomes Rs. 1,55,000 crore. Then there is a 20 per cent rate increase, from 10-12 per cent, which is another Rs. 31,000 crore. So, the effective tax, service tax alone,

I suspect, Sir, could be Rs. 1,86,000 crore and by the time the year ends, you will see an additional burden on the common man. As my hon. Leader said, the Prime Minister is on record in 1991 to state that indirect taxes are an inefficient way of taxing the people; it is a burden on the common man; and it should not be resorted to. But what we are seeing is a burden of Rs. 91,000 crore on the common man which in addition to a customs increase of Rs. 33,000 crore and an excise increase of Rs. 44,000 crore is a phenomenal burden on the common man.

THE VICE CHAIRMAN (PROF. P.J.KURIEN): please conclude.

SHRI PIYUSH GOYAL: Just one more thing. They are talking of excise increase of 30 per cent in the current year. Out of that, 20 per cent is due to the rate increase. They are saying that only ten per cent will be the real growth of excise collected. They are already acknowledging that production and manufacturing in India are dead. There is no hope for domestic Indian manufacturers. But on the customs side, without any increase in rate, there is an increase of 22 per cent. Are we going to see increasing, an overarching dependence on imports in the years to come causing the Indian economy to be shattered and the foreign economies to gain at our expense from the large domestic market in India?

THE VICE CHAIRMAN (PROF. P.J. KURIEN): Goyalji, please conclude.

SHRI PIYUSH GOYAL: However, Sir, as we can see, today, we are in a situation where the Indian Government has to take pro-active steps to ameliorate the problems of the poor, effectively give them relief from the high doses of taxation, do something for good healthcare, and provide them quality education. I was amazed to see Shri Mani Shankar Aiyar quoting statistics that a ninth standard boy cannot read a second standard textbook. I don't know whether he was speaking from our benches or from their benches. I think it is an insult to the Government of the day if that is the status of their highly tom-tommed Sarva Shiksha Abhiyan. If the NRHM loot is going to continue in this country, when is healthcare really going to reach the common man? What is there in this Budget for tourism? What is there in this Budget for infrastructure? And all that they can do is retrospective amendments in laws due to which SEZ story has been killed, foreign investment will be killed, and we will have a situation where India will, once again, go back to the old days of backwardness and lose the momentum that we have achieved in the last few years. Thank you very much, Sir.

SHRI SHANTARAM NAIK (Goa): Sir, I am here to commend the Budget presented by Pranabha. One can say this is the best in the circumstances that we are in. Hon. Finance Minister has not indulged in any extra activism in view of the fact – we must admit it – that we are a coalition Government. We have

[Shri Shantaram Naik]

to take everybody into confidence, everybody on board, understand their sentiments and feelings. Therefore, in the circumstances that we are in, this is the best Budget that the hon. Finance Minister could present.

Now, Sir, we are a coalition Government. I have always been saying – I have said it in the past also – that we should have a separate chapter in the Constitution of this country for running coalition Governments because this is a new concept which is going to stay. Therefore, the Constitution has to say as to what is the responsibility of each ally of a Government. That is essential. I am not casting aspersions. But, it is essential that the Constitution tells us as to what should be done in a particular circumstances. That is one thing.

Mr. Jaitely has charged the Government that we are using CBI for the purpose of getting votes. I don't think that CBI can garner votes for any political party. If that is possible, as a humble Congressman and as a humble servant of my party, I would say that let us go ahead with it if it could be done. Show me how it can be done. I would advise my Party to go ahead with it. This is only rhetoric that the hon. Leader of Opposition has said it. In fact, I would give an example. In my State of Goa, there was a CBI inquiry against the present Chief Minister for indulging in certain activities in international Film Festival. The inquiry went on for four years, and ultimately, some documents could not be produced and he was exonerated, Did we do anything? If Mr. Jaitely was correct, could we not have done something when we were a full-fledged Government and he was the leader of Opposition? I am just giving an example of my State about which I know. therefore, let Mr. Jaitely not indulge in it.

I would like to refer to the Direct Tax Code Bill. The Finance Minister has said that there are difficulties in bringing forward this legislation at this stage because of the Report of the Standing Committee. I would urge upon the hon. Finance Minister that as soon as possible, let this legislation be enacted by Parliament. People of this country and those who are stakeholders are waiting for this Bill, including the Bill on goods and services. I hope these two legislation will do a great service to the people of this country. Sir, if our Budgetary allocations are to materialise and give the fruits of their investments then, we have to look after 2-3 things. One is the quality of the projects. It is very essential. Quality of the projects that we undertake needs to be good. In fact, there should be a legislation for this. Today, I don't know whether there is any legislation which regulates quality. If there is a legislation regulate quality, that will be good so that we ensure the quality. Secondly, we should avoid delay. If we avoid delay, we get more funds automatically. If a project costing Rs. 50 crore is completed

in time, it means, we get Rs. 50 crore extra because if it had been delayed, it would have cost Rs. 100 crore. Therefore, it is actually doubling the allotment of a given project. Therefore, avoiding delay is very essential and avoiding corrupt practices as regards projects is also very essential. This is the common phenomenon which goes on everywhere. The Government should try to do this and when the hon. Finance Minister replies, let there be a commitment on this – a commitment that we should have quality in the projects and a commitment that projects will be completed in time. And, therefore, as far as corruption is concerned, it will be minimised. On this aspect of corruption, I would like to make a point, a fundamental point. An impression is going on in the country that the Lokpal Bill is a law on corruption. I would like to humbly state that Lokpal does not contain any substantive law on corruption. It is an authority which sought to be created under the Lokpal. This is a law on corruption. The law on corruption was enforced in the country 20 years back. It is called the Prevention of Corruption Act, 1998. It was enacted during the regime of Rajiv Gandhi. It was Rajiv Gandhi who took the initiative and got it enacted in 1998. This is the law which was enforced. This is the law which will be executed by the proposed Lokpal and Lok Ayuktas in the States. The Lokpal doesn't contain any substantive law. Therefore, let everybody recognise the role of late Prime Minister, Shri Rajiv Gandhi in enacting this legislation which has stood the test of time. No doubt it can be improved upon.

Another aspect is, we took the first step against corruption, if I may say so, in 1991 when we enacted the free economy that was the first step to abolish the licence raj. That was the first step against corruption and then subsequent laws also. The hon. Minister is also introducing another exhaustive Bill on preventing benami transactions. there are several other legislation too. Therefore, it is for us to say that laws have been enacted against corruption.

I welcome that you have made a good commitment in the Budget that you will come forward with a white paper on black money. In fact, this will be a good reply to the Opposition who do not understand the steps being taken by the hon. Finance Minister in the last several months on black money. several procedural things and questions are involved, international conventions are there and international laws are there. Without understanding that, they have been constantly blaming the Government, the Prime Minister and the Finance Minister for not doing anything.

(MR DEPUTY CHAIRMAN in the Chair)

The white paper on black money will do a good to the society.

I have said in the past also that as far as Central schemes are concerned

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– in the morning also this issue camp up – we should prune them and reduce them. We should introduce only those Central schemes which we can fund 100 per cent. Why I am saying is this. We cannot presume that States will have certain amount of funds for funding these schemes. Today what we do is we presume that they will contribute 25 per cent, they say that they do not have money. For example, the right to Education Act. We have given them the burden of 50 per cent. They say that cannot share this burden. So far as Central legislation are concerned, Central schemes are concerned, let us introduce only those Central legislation or schemes which we can finance 100 per cent. I would urge upon the Finance Minister to enact a stringent law against those who hijack the Central schemes. There is a tendency to hijack the Central schemes. They give their own names. They do not let the people know that this money is coming from the UPA-II Government. They hide this aspect and they say that it is their money and they are distributing it. Therefore, something has to be done to curb this tendency, if possible, by legislation.

As far as my Goa States is concerned, I would like to make two or three points. We have asked for special provisions under article 371. In this scenario, perhaps, nobody is in a mood to amend article 371. See our plight. Our plight is that Goa is a small States. Here people from Israel, from Russia and our own building mafia from other States are coming with load of money for buying villages after villages. It is only through amendment of article 371 that will give power to the State Legislature to enact a law to protect the land transactions. This is the immediate thing we are asking. We are not asking for anything. Unless article 371 is amended, the States Legislature cannot get the right to control the land transactions. We made an attempt. We amended the land Registration Act. But the President of India refuses to sign it because it goes against the Constitution. Therefore, the amendment of this article is very essential.

Secondly, right now we are part of the AGMU Cadre, as far as All India Services are concerned. We are a small State. Somebody may ask: Why do you require a separate cadre? Since we don't have a separate cadre, officers from AGMU Cadre are posted there. They go there for two years just like going for a picnic. They are not committed to any project; they are not committed to the State; they are not committed to the Government. Therefore, although Goa is a small State, it is our right to have a separate cadre for us. It is very essential. Because of lack of a separate cadre, our projects are not completed in time. This is one of the factors. We don't have a separate cadre and, therefore, it seems to be like that.

As far as special category is concerned, I agree with you on this point, Sir. You have said last time in Goa that there is a list of 11 or 12 States and there is no proposal to add more to it. We can understand that. But, if needed, on some occasion you give us some extra package and that will solve our problem. So, on the question of special category, I don't insist. But as far as special provisions under article 371 and a separate cadre are concerned, I would like to request you to consider them.

Thirdly, there is the problem of seamen. I learnt that last year the Ministry of shipping had asked for some funds for giving pension to the seamen. Today, they are hardly getting Rs.500. They undertake long voyages leaving their families behind. When they come thereafter, neither the ship-owners look after them, nor the State Government looks after them, nor the Central Government look after them. There are three stakeholders, namely, shipping companies, the Central Government and the State Government. All the three can combine and give them some pension which will help them to reasonably maintain their family. Please consider this because there are many people, many seamen, on the coastal lines of Goa, Kerala, etc., who require this.

Fourthly, as far as the MPLADS Funds are concerned, I have said in the past that we require an independent legislation on the implementation of the MPLADS. Crores of rupees are spent on an executive order. The guidelines are changed every two months. Some letter comes saying, "We have changed the guideline". After another two months, comes another guideline. This creates confusion in the minds of the Members. Therefore, let there be a good legislation. In that legislation, I would suggest one thing that a small percentage – I would say even one percentage is sufficient – should be allowed to be given by an MP in cast to the needy in times of drought or floods or other calamities. Suppose I know that there is some drought. I go to the house of a villager. There is a poor lady who needs some help. What is the use of my MPLADS fund which is in crores? If I can give her at that particular moment a cheque of Rs. 5,000, I can do some justice to her. Therefore, I wouldn't say a major amount, just one per cent of the MPLADS fund should be allowed to be given to the needy to help him in times of disaster. So, that amendment should be made in the existing guidelines. Sometimes, we give community halls to associations, etc. But it has to build a building. Then you have to obtain land documents. This takes itself two years. If space is available in a ready-made building, that should be allowed to be considered under the MPLADS. The auditing can be done, the price can be ascertained and a committee can be appointed to assess the value of that particular construction.

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Similar is the case with Self-Help Groups. There are hundreds of Self-Help Groups. They are not registered under the society Registration Act. If they are registered under the society Registration Act, after three year of registration, we can give them space to work. I can give them a small office, an establishment or a workplace. I am advising several groups to register themselves under the societies Registration Act. Other ask as to why they should register themselves. Right nor, they have to just come together, go to a Government office saying, "We are going to do papads or pickles or any other business". and they get the money. But, Sir, if they are registered under the society Registration Act. they can get a lot of other facilities under the Government. Therefore, these small reforms, which are required, I would urge upon the hon. Minister to incorporate them in the Budget. And I would, specially, refer to the seamen's problems.

Sir, I commend his efforts in bringing a Budget of, one can say, a very balanced type, and in the circumstances that we are in, this is the Budget. Thank you.

DR. BARUN MUKHERJEE (West Bengal): Sir, while presenting the Union Budget for 2012-13, the hon. Finance Minister quoted from Shakespeare's Hamlet to say, "I must be cruel only to be kind." There is a justification for his cruelty being done by way of hiking excise duties and service taxes by two per cent, from ten per cent to twelve per cent, and in reducing the subsidy to two per cent of GDP. These hikes in duties and taxes and reduction of subsidies would further increase inflation and will, eventually, hurt mostly the poor and the common people. But, as suggested by the hon. Finance Minister, the other part of kindness of his Budget proposals, that is, the good-in-long-term is yet to be assessed as to when and how to come. In fact, the painful reforms effected during the early 90s of the last century by the then Congress (I) Government have hardly brought any long-term good to the suffering India. The continuing economic policy has rather time and again proved to be anti-poor and pro-rich. By and large, people are, therefore, apprehensive as to where the current Budget of 2012-13 would lead the country, to accrue benefits in some unknown future! The Budget, therefore, appears to be disappointed and without any vision. It is argued that allowing subsidy continuously on growing number of industrial and agricultural products is harmful for the economy of the country. But when the purchasing power of the larger section of our population has not reached the stage when they can afford to buy even the minimum quantity of essential commodities, then, how can we drastically cut the subsidies, as proposed in the current Budget, to as low as two per cent of the GDP in 2012-13 and 1.7 per cent

of the GDP by the next three years? Is it not the responsibility of a welfare State aiming to achieve inclusive growth to raise the standard of living along with the purchasing power of the toiling masses, a vast majority of *Aam Aadmi*? If the Government fails, then, why should the poor be posed to further distress? Why should we find an escape route to strengthen the economy by cutting subsidies instead of concentrating on other means of nation building? Cutting subsidy in the present stage only adds to the sufferings of the common people.

As the Budget proposals indicate, diesel is also going to be deregulated, but it is not known when. The roadmap is identified. Fuel and fertiliser price-hikes are also on cards. Diesel, Kerosene, LPG prices are very likely to go up soon, particularly, when subsidy cut decision has already been taken. This hike will have a cascading effect on multiple areas, from transport sector to the overall price structure, down to the households at grassroot level. Agricultural productivity will also be adversely affected. Keeping in view the growing trend of farmers suicides, which have also recently escalated in West Bengal, it is welcome that the Budget target in respect of agricultural credit has been raised by Rs.1,00,000 crores of rupees to Rs. 5,75,000 crore in 2012-13. But it is essential that the credit reaches the poor farmers at the lower level.

The Budget Estimates show many weaknesses of the economy. Fiscal deficit is now targeted to be restricted at Rs. 5,13,590 crores, which is 5.1 per cent of the GDP in 2012-13. It was 5.9 per cent in 2011-12. Net market borrowing required to finance the deficit is estimated to be Rs. 4.79 lakh crores in 2012-13. The GDP is estimated to grow at 6.9 per cent in 2011-12 after having grown at 8.4 per cent in the preceding two years. This is not an encouraging state of affairs of the present economy of India.

Of course, the hon. Finance Minister has hinted that the GDP growth in 2012-13 is expected to be 7.6 per cent, plus-minus 0.25 per cent. But the question remains: how much benefit of this growth is percolated to the *aam admi*?

It exemption limit has only been marginally raised but the hon. Finance Minister hopes to net, through his proposals, relating to custom and excise duties, a revenue gain of Rs. 27,280 crores for the full year. The Budget proposals on direct taxes are estimated to result in a revenue loss of Rs. 4500 crores for this year. Indirect Taxes are estimated to result in a revenue gain of Rs. 45,940 crores leaving a net gain of Rs. 41,440 crores in the Budget. Proposals on Service Tax are expected to yield an additional revenue of Rs. 18660 crores.

Interestingly, corporate tax rates remain unchanged. Moreover, certain measures to allow corporate to access lower cost funds and to promote higher level of investments in several sectors have been proposed. Tax on Indian

[Dr. Barun Mukherjee]

companies repatriating dividends from foreign subsidiaries has been halved. The Government is guided by the neo-liberal concept that concessions to the corporates and the rich have been incentives for growth and subsidies for the poor as a burden on the economy and a blockade to progress.

The Government has proposed to continue its disinvestment policy. For 2012-13, it has targeted an amount of Rs. 30,000 crores to be raised through the sale of equities of PSUs. The earlier target was Rs. 40,000 crores; out of which, Rs. 14,000 crores was raised in 2011-12. This policy disinvestment of profit-making PSUs for a short-term gain will, ultimately, prove to be harmful to the economy of the country.

Finally, the overall economy of the country is in bad shape. There is a significant slowdown in growth with only 2.5 per cent growth in agriculture, 3.9 per cent in industry, and 9.4 per cent in services. In such a dismal situation, the Government is directionless in its approach to meet challenges of inclusive growth.

Sir, I thank you very much.

MR. DEPUTY CHAIRMAN: The House is adjourned to meet tomorrow at 11 a.m.

The House then adjourned at fifty-one minutes past five of the clock till eleven of the clock on Tuesday, the 27th March, 2012.