

Government is not in a position to tackle problems like growing educated unemployment, generation of electricity, construction of roads, development of industries etc.

Such a situation is bound to create social tensions. It is high time that the Union Government corrects the economic imbalance and puts J&K State on par with North Eastern States and Himachal Pradesh in respect of financial allocations for development.

(vi) **Demand for measures to ensure punctuality and regularity of air flights and safety in air travel**

SHRI MULLAPALLY RAMACHANDRAN (Cannanore): Travel by air has become more a necessity than a luxury. Delays and cancellation of flights, therefore, often cause the passengers heavy losses that cannot be compensated. Appointments to be kept, interviews for job opportunities, official obligations etc. are all too often disrupted due to cancellations and delays in flights, with passengers unable to fulfil the very purpose of their expensive trip. It is sad to note that flights are sometimes cancelled or discontinued at the mere drop of a hat. Giving due value to the time of its passengers and of course subject to security measures, the Civil Aviation system in our country needs to be awakened to the need for punctuality and regularity in service.

I, therefore, request the hon. Minister for Civil Aviation to formulate a workable schedule to serve the passengers surely but safely.

12.19 hrs.

GENERAL BUDGET 1989-90 GENERAL DISCUSSION

[English]

MR. CHAIRMAN: We shall now take up item No. 11 General Discussion on Budget (General) for 1989-90. Shri Madhav Reddi

may initiate the discussion.

SHRI C. MADHAV REDDI (Adilabad): Mr. Chairman, Sir, the Budget for 1989-90 which was presented by the hon. Finance Minister on the 28th of February last, had attracted a number of comments which were variously described as being the election year budget, the populist budget, the kisan budget, the structuralist budget, the balanced budget and so on. Sir, one thing is certain. Without subscribing to any of these descriptions I would like to comment that this was a very unique budget unique in many ways, unique because it was presented to the empty Benches of the opposition.

SHRI MULLAPALLY RAMACHANDRAN (Cannanore): Is it our fault? (*Interruptions*)

SHRI. C. MADHAV REDDI (Adilabad): I am not finding fault with anybody, I am just stating the facts.

PROF. MADHU DANAVATE (Rajapur): He is right, it is not his fault, it is the Prime Minister's fault, Sir.

SHRI Y.S. MAHAJAN (Jalgaon): The House was full, it was not empty.

SHRI C. MADHAV REDDI: I said, empty benches of the Opposition', you have not heard it properly.

It is unique because it had taken into consideration several factors, extraneous factors not concerning alone with the economic development of this country, but other factors, political, because it is an election year budget factors which are partisan, factors which are populist, and so on.

It is a unique budget because it has taken into consideration, for the first time, the resolution of A.I.C.C. regarding employment programmes and the poverty alleviation programmes. About the Budgets which were being presented earlier, they used to describe them as budgets which demystified several factors, excluding certain items

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which are to be disclosed only at the time of Budget. The rest of the outlays used to be discussed with the Members of the House at the time of formulation. It was, what was called, the open budget which is today the practice in many European countries. That has been given a go-by. This year, no discussion took place; no suggestions were invited from the Opposition or any Members of the House before the Budget was presented.

The Finance Minister outlined the basic objectives of the Budget stating that these are growth, modernisation, self-reliance and social justice. These are the objectives which had been kept in view while formulating the budget proposals. I would like to examine to what extent the budget proposals fulfilled the requirements of these objectives. Of course, I do not blame the Finance Minister for certain distortions which crept into the budget during the last several years. But there is what is called, the continuity of the policies of the Government. Even though the Finance Minister is the 4th Finance Minister in this term of Lok Sabha, it is not necessary that whatever has been done in the past should not have any link with the present. Before we go to many of the promises which were made during last year's budget—I would come to that later—I come to the complex problems which face the country today, namely, the problems of declining rate of saving, decliningly by bank balance of payment position, the resources crunch, unchecked growth of revenue expenditure, increasing incidence of industrial sickness and virtual stagnation of economic growth. These are the aspects about which even the Economic Survey report has drawn attention. I find that the hon. Finance Minister has failed to initiate any corrective steps and rectify the distortions in the economy. He failed to cash in on the good monsoon and good growth in agricultural sector to formulate policies which would have provided a good base for launching of the VIII Five Year Plan.

Now I come to the promises made in the last year's budget speech, many of which had been gathering dust. Before I go into the promises which were made, the assurances which were given in this Budget, it is necessary to know to what extent the promises made last year had been fulfilled. It is because, otherwise these promises will have no credibility. There was a promise to have a small industry development bank. I would like to ask the Government as to what happened to this. Nothing has been heard about it. The idea was to establish a separate bank to help the small scale industry. But, nothing has been done so far.

The National Agriculture Credit Relief Fund was to be established. This was to give relief to the farmers who had obtained loans but were not in a position to repay because of several factors including drought conditions.

The NABARD and the Reserve Bank of India had come in the way of the State Governments launching such schemes. Even schemes like giving rebate to the interest rates has been taken objection to and it was stopped. We expected that such a scheme would come into operation and there would not be any necessity for State Governments for giving any relief in respect of either principal or interest on the loans taken by the farmers from the cooperative societies.

What happened to that scheme for the protection of fluctuations in the foreign exchange rate for the industrial projects? Because of the depreciation of the rupee, the projects particularly those which are depending upon the import of capital goods, are suffering because the loans are sanctioned in rupee currency and when they go to place orders for the equipment to be imported, it is found that the prices have gone high and it is difficult for them to procure the machinery unless the loans are again revised. Government wanted to create some sort of a machinery through which this type of exchange rate difference would be taken care of by some agency. Now the difficulty

is no Department, not even the Reserve Bank of India and the IDBI are prepared to take the risk involved in this. Why did you announce such a scheme when you are not sure that it is practicable?

As regards legislation on the Stock Exchange Board of India, the Board has already been formed in April, 1988. The Board is there without any legislation. The draft legislation, I believe, is now being shunted from the Law Ministry to the Finance Ministry and yesterday's report is that the Law Ministry has rejected the draft. That means, there is no hope of having such a Bill being introduced in this House during this Budget Session. What Will happen to this Board? It is doing nothing. It is only spending money and keeping idle.

These are the definite and solemn promises which were made in the Budget speech and, in addition to this, there were other assurances given by the Finance Minister Shri Narain Dutta Tewary. I will come to those assurances later. But, I would like to know what is the reason for the delay in taking action on all these five to six items which had been announced.

The honourable Prime Minister time and again assured this House and claimed that his is the Government which works faster than any of the previous Governments.

PROF MADHU DANDAVATE: It is going in the reverse direction!

SHRI C. MADHAV REDDI: It is the speed which the Government wants to work? When you are not in a position to give effect to the solemn promises made on the floor of this House during a very auspicious time, at the time of presentation of the Budget, I would like to ask how are you going to fulfil other promises and the other assurances which are given?

At the time of presentation of the Budget last year the hon. Finance Minister has given several concessions to the industrial-

ists including the concessions regarding the excise duty and the import duty on polyester, staple fibre, nylon and other industries. The duty has been reduced and, at that time, the Finance Minister assured this House that these duties which are being reduced are meant to see that the consumers are benefited and that these concessions are passed on to the consumers. He issued a threat saying that if these concessions were not passed on to the consumers who are the consumers of the polyester fabrics or nylon fabrics, the concessions would be withdrawn the duty would be withdrawn. This is the solemn promise made by the hon. Finance Minister. But what happened? Immediately after the announcement of these concessions, the prices had gone up. Then a question was asked and the explanation was given. The Ministry was told by these big manufacturers who are making polyester staple fibre that the international prices of the petro-chemical raw-materials had increased enormously and because of this increase it would not be possible for the manufacturers to pass on these benefits to the consumers. This explanation was accepted. This explanation was accepted by the Ministry and there was no hope for the poor consumers whom you wanted to serve, for whose sake you had extended these concessions.

There was another assurance. This assurance was given to the farmers. The assurance was that they would be getting the fertilizers at cheaper rates because the Government gave 7 1/2 per cent trade discount. It was stated that the farmers might get at a cheaper price all types of fertilizers—nitrogenous fertilizers, phosphate fertilizers and all the other types. It was a very laudable object We were all very happy about that. But what happened? Immediately after the announcement there was pressure on this Government by the manufacturers of fertilizers saying that it was difficult for them to pass on this discount to the consumers. So, ultimately the Government had to yield to the pressure and finally it was confined only to Urea and to no other fertilizers. Is it the way the assurances given to this House are being implemented and fulfilled? What will

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happen to the future promises which the hon. Finance Minister is going to make or he had already made at the time of presentation of the Budget? What is the sanctity of these promises? What is the sanctity of these promises which are made on the floor of this House? But the Government can get away with it without being fulfilled. This is a very serious situation about which the Government should take note of. The Government can always say that the details are being worked out and very soon the Government is going to bring about the legislation and it will bring the scheme. I would like to drive home one point here. If the Government takes more than one year to work out the details and if these details and formalities stop the Government from the implementation of these schemes, then my point is as to how this Government is working faster? I am sure that the Government is working faster in several other respects—in the matter of finalising the Defence deal—I don't describe what types of deals they do—; in the matter of passing legislation taking away the rights of the people and the Press people; in several other matters when the people's rights are being taken, the rights of the States are being taken, the powers are being transferred from the State List to the Concurrent List and so on and so forth. There is no delay. There, the Government works very fast. But when it is concerned with the people of this country and where the promises have to be fulfilled, I am afraid the Government is not working fast as it claims.

SHRI H.A. DORA (Srikakulam): It works fast in the reverse direction. (Interruptions)

SHRI C. MADHAV REDDI: Now I come to the question of the state of the economy about which the hon. Finance Minister has explained to us while presenting the Budget. He claimed that the economy is very sound; after the drought of three years, the economy has recovered and is recovering very fast. The GDP in 1987 was 3.6 per cent which was feared that it would not be more than 1-2 per cent. But actually it went up to

3.6 per cent. He also claimed that in 1988-89 because of the good monsoon and because of the good agricultural output, the GDP would go to 9 per cent. And during the last four years, in which three years were the drought years, the average growth rate of GDP has remained at five per cent. These are the fall claims. In the matter of food, he said that in 1987-88, the food production was 138 million tonnes only and in 1988-89, it went up to 166 million tonnes. Well, I am not disputing these figures—not because of the efforts made by the Government but because of the efforts made by several States because agriculture falls in their purview and also because of good monsoon on which you have no control.

The industrial production went up to nine per cent. As a matter of fact, continuously for the last four years of the Seventh Five Year Plan, there was an average growth of industrial production by eight per cent. But I am sorry, Sir, I cannot share his optimism because the figures are very optimistic and figures are very much stretched. I would like to explain in detail as to how they are dressed up. It is because there are so many sources. Government depends upon the Central Statistical Organisation and several other organisations. I am going to quote Government organisations like the RBI and several other institutions. They do not speak the same language. It is also claimed that the GNP growth rate is going to be five per cent and we are sure of achieving this very soon. What is important in these matters is to see what is the trend growth because we do not go by one year's growth rate to know what is the state of economy because in one year, it comes to five per cent and the next year, it comes down to two per cent and ultimately what is relevant is, what is the trend in five years or ten years. If you go by the trend growth rate which has been worked out by several economists, it is very clear that the growth rate was never more than 3.5 per cent which is what is called 'Hindu Growth Rate'. The 'Hindu Growth Rate' as it remained constrained at 3.5 per cent, as one of the economists has said. My friend tells me that it was Professor

Rajkrishna who invented this phrase 'Hindu Growth Rate'. I am afraid, our economy has not passed this stage of achieving the 'Hindu Growth Rate'. If you go by the trend, that is, ten years or fifteen years average growth rate.

Coming to the question of deficit finance, the hon. Finance Minister said that he has reversed the trend of deficit financing for the first time in this country in this Budget. How? he has reversed the trend?' Now, the overall deficit in 1988-89 was placed at Rs. 7,940 crores. And next year, that is, in 1989-90 it is projected at Rs. 7,337 crores. The revenue deficit for 1989-90 is placed at Rs. 7,012 crores and in 1988-89, it was Rs. 11,030 crores as per the revised figures. That means, the reduction in the revenue deficit is to the extent of Rs. 4,018 crores. Now that is the claim made by the Finance Minister. How has he done this? Why is there so much of reduction of Rs. 4,018 crores? It is because of several economy measures? Is it because of several steps taken by Government during the past one year to see that Government spends less? Is it because of the fact that the Finance Minister has been writing to the departments after departments stating that they should observe economy? Does he feel that they have really observed economy and cut down the revenue expenditure? Is it because of that? If it is because of the fact that the revenue expenditure has been really cut down, then certainly I will give all the praise to the Finance Minister who claimed that he had reversed the trend. But this has been achieved by jugglery of figures. Jugglery in the sense that this has been achieved primarily by transferring certain funds from the pool account of the Oil Coordination Committee. This is a matter about which much has been said and commented upon in the Press. Even on the floor of this House several times, even today also, Opposition Members raised this issue and tried to raise the question of privilege also against the Finance Minister.

What is the oil pool account? The explanation given by the Hon. Finance Minister is not satisfactory to us. A copy of the explana-

tion which he has given to the Speaker was marked to us also. This manipulative transfer of Rs. 2300 crores from the oil pool account of Oil Coordination Committee to the non-tax revenue account of the Government made all the difference. But how is the Government justified in doing this? The Finance Minister says that the OCC keeps in deposit with Government its funds which are surplus to their requirements. Who has worked out the surplus? Who has announced that this amount is surplus to their actual requirements and the Committee does not require these funds? This is a fund to which the difference between the selling price of the petroleum products and the price which is allowed to the oil companies is added. This is meant to see that whenever the oil prices in the international market go up this is to be used as a subsidy to see that the users of petroleum products in the country get them at a reasonable price. That is the main object.

But the Government of India for its own reasons has been raising the retail prices. Year after year the prices of petroleum products had been raised. At that time the Opposition raised its voice and said that this is not justified because the international prices of the petroleum products are coming down and you are raising the prices. It is not justified, it is meant only to use as reserve and for the purpose of seeing that the extra prices in the international market are met by subsidising from the fund. But then the Government came out with an explanation and said that no, because certain costs are going up and because of the fact that we wanted to discourage the use of petroleum products, we are increasing the prices.

This is going on for the last ten years and I am sure it will go on for many many years to come. That is the Government will go on increasing the consumer price of petroleum products for its own purposes. If the Government felt that there is no need for this pool account, then scrap this account. Why do you keep this account? What is the purpose? When the policy of the Government is that a contingency of that type as contem-

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plated some years ago in 1975 when this pool fund was created; when that situation is not going to be there, then why do you keep that fund? Don't keep that fund and treat this surplus account just as your account in respect of the edible oil. Because you are importing edible oil at a low price and selling it at a very high price, you are making profits and you are treating that profit as revenue receipts. Certainly you are doing that. Similarly you can do that here without having any such fund. Then the intention of the Government will become very clear. The Government's intentions would be that in future there is no question of international prices being higher than the consumer prices in India. If you think that type of statement is going to be unpalatable to the ruling party, I cannot help it. But the point is that that is the fact. According to the existing policy of the Government, the Fund does not serve any purpose. If the Fund has to exist—and it must exist—there should be no increase in the retail prices of the petroleum products. There should be no increase in future. There should be no need also because of the huge funds which have been accumulated in the oil pool account. Very few people knew about it. But today the cat is out of the bag. We know how much surplus you have got. But the point is: Has anybody or any authority other than the Government itself—the Comptroller and Auditor General of India or some other independent authority—said that these funds are in surplus? If they have said this, yes, I can understand this.

Then, see the type of manipulation which is done. First of all, the funds have taken, as has been explained in his letter:—

"It was, therefore, decided that Rs. 2,300 crores should be transferred from the deposit account..."

It is being deposited.

"...to the contribution of the Govern-

ment.

This is transferable from the public funds to the capital budget, from the capital account to the revenue budget. Well, if you want to take it to the capital budget, you take it in the capital budget. In that case, you have to return that amount to the fund whenever required. But you have not done that. You are straightaway treating this as a revenue receipt. Are you justified in treating this as a revenue receipt? The way you have explained these figures, you can always explain them. The bureaueracy will tell you how you should explain this and manipulation can always be made. But the point is that when these accounts are placed before the Auditor general of India, I am sure, you are going to invite an audit para. But it may be too late because it is after three years or so that the Auditor General is going to examine this. In such matters, the Opposition demands that whenever you take such a drastic step, you consult the Auditor General of India before hand that is before you do this transfer of accounts.

PROF. MADHU DANDAVATE: Then they would not be able to play the trick.

SHRI C. MADHAV REDDI: Yes. There are many such tricks which are being played on country and on the Opposition. I would like to unravel many of these. This is one such thing which has come to the notice of the Opposition and about which privilege motion is pending. I am sure, the House is going to take this up. We are not going to allow the Government to get away with this type of manipulative transfers which are absolutely illegal. It is a jugglery of figures. It is not justified to show a lower deficit this year. As a matter of fact, to this deficit of Rs. 7, 337 crores, we have to add Rs. 2,300 crores which will be the real deficit.

Another item which boosted the figure is Rs. 500 crores which you have taken credit of from the expected dividends from the public sector. You have fixed a compulsory minimum dividend to be paid to the Government. It is a good principle but the point is

when we decided this long long time ago during the British period to have a dividend on the Railways to be paid to the General Fund year after year, the situation in those days was different. Today, if you treat public sector units just as the Railway, I have no objection. But the point is that the method in which you are doing it is wrong because you cannot say that this is the minimum dividend that they have to pay. Dividend is yours. Whenever a public company declares a dividend, the Government, being the owners of the equity of the company have the right to have the dividends. Who prevents you from taking the dividends because it is our capital which is in the public sector. If they make profits, they will distribute dividends. You have got the right over the dividends. But to say that a minimum dividend be fixed, I am at a loss to understand how you can do it. I do not know whether it is one of the items which you have discussed with the public sector units in the memorandum of understanding, which you have signed or which you are going to sign with the public sector units. If you have done that, I am sure that many public sector units would have opposed this, would have said that this is something which is not justified and which is not a good accounting. It is better if the dividends are actually distributed by the public sector units, such units which are making profits and those dividends are appropriated by the Government.

Regarding deficit, deficit of the Sixth Plan was only Rs. 11000 crores and in the Seventh Plan, deficit went up to Rs. 27,000 crores. The revenue deficit grew at an average rate of 14 per cent since 1979-80 annually but the actual annual revenue receipts grew at 11 per cent. Deficit as percentage of GDP grew from 0.6 per cent in 1980 to 2.5 per cent in 1987. The 9th Finance Commission, particularly, the Chairman, Mr. Salve has warned the Government that with this alarming deficit, it will be difficult for the Government to have a check on the prices and he predicted that by 1995, the deficit may grow to about Rs. 50,000 crores. He suggested a zero deficit budget. Unless you accept the concept of zero deficit budget

right from now onwards, by 1955 it will be difficult for the Government to reach the state of zero deficit which is the aim of the Eighth Five Year Plan and also the recommendation of the 9th Finance Commission.

Now let me come to the question of mounting inflation and prices. The deficit finance is the direct cause of this. What is the position of the inflation and the prices today? The rate of inflation was limited to 10.6 per cent in 1987-88 as against 21 per cent in 1979-80. The hon. Prime Minister has claimed that 1979-80 was another drought year which was not worse than the last drought year. There is no standard to judge as to which was the worst year. May be both the years were equal in severity. But the point he made was that it was 21 per cent in 1979-80. Now it came down to 10.6 per cent last year and this year it has gone below 5 per cent. I am at a loss to understand as to how these figures have been gathered and who gave these figures. The Reserve Bank of India itself says that if you calculate the average deficit of 11 months of this year, the figure is around 9 per cent. That is the calculation of the Reserve Bank of India. Only one month remains. I do not think that one month will make such a difference that the inflation will come down to 5 per cent. The monthly average of 11 months calculated by the RBI, inflation is as high as 9 per cent.

Regarding the average level of rise in whole sale prices, in 1987-88, it is 6.9 per cent and in 1988-89, it is 7.3 per cent. So, it has increased. As far as the consumer prices are concerned, in 1987-88, it is 9.0 per cent and in 1988-89, it is 9.4 per cent. These are the figures given by the Reserve Bank of India. Where is the decrease? The RBI figures for the whole sale price index on point-to-point basis show a rise to 10.6 per cent as against 5.3 per cent in 1986-87. The fast growth of money supply has resulted in an average growth of whole sale price at 8 per cent during the last decade. Money stock during the current year's first eight months (M3) has increased to Rs. 24179 crores as against Rs. 21207 crores in the same period

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last year. There is 15 per cent growth in the money supply. The RBI report says that this increase of 15 per cent plus overhang of the previous excess liquidity will cause further price rise. This being the case what is the effect of this Budget on the prices?

Because of the pre-budget hikes on account of the increase in the administered price of coal, steel etc. the whole sale price index for all commodities rose to 439.3 in the first week of March, 1988-89 as against 417.6 last year in the same period. The average during April 1988-January, 1989 was 432.6 as against 403.1 during the last year.

The trend is very clear. There is no let-up as far as the prices are concerned. The prices are increasing and the hon. Finance Minister himself has expressed concern at the price rise. The foodgrain prices have increased. This is the most alarming thing. In spite of the fact that there is a bumper crop this year, there is a slight increase in the foodgrain prices, particularly the pulses. The prices of pulses are sky-rocketing; that everybody knows and the Economic Survey Report has also admitted it.

The Finance Secretary while briefing the press in his post-budget press interview claimed that the effect of the budget proposals on the prices was not going to be much; it is going to be only 0.3 per cent, because the addition of taxes of Rs. 1200 and odd crores this year are not going to affect much, but the point is that it is not the tax revenue alone, that is going to push up the prices. What will happen to the prices due deficit finance of Rs. 7337 crores which is going to be definitely increased. The deficit will be much more the projected. This is because even today we do not know what is the RBI's credit to than Government of India this year. The real deficit we will come to know when we know the RBI's credit on 31st march and how much we owe to RBI this year. It will be know in the month of April. That is the real deficit. The deficit which is fixed at Rs. 7337

crores, I am sure, is going to rise further. There is no doubt about it because of the past experience. The Commulative effect of these high deficits are certainly push up the prices further.

Now, I come to the question of non-Plan expenditure, which is again another culprit for distorting the economy of this country.

MR. CHAIRMAN: I am just reminding you that you have already taken forty minutes, while your party is entitled to have 45 minutes in all.

SHRI C. MADHAV REDDI: I am initiating the debate. I shall take at least one hour. This does not apply to the initiator.

MR. CHAIRMAN: I just wanted to remind you. That is all.

PROF. MADHU DANDAVATE: You can debit it from the ruling party.

MR. CHAIRMAN: Provided they agree. Why not from your time?

SHRI MADHAV REDDI: In fact, there has been no scarcity at all to the time allotted by the BAC. While the Business Advisory Committee had allotted 15 hours, we have spent 18 hours on Railway Budget.

PROF MADHU DANDAVATE: Please transfer the time from the Capital Account to the Revenue Account.

SHRI C. MADHAV REDDI: Sir, one of the disquieting features of the Indian Fiscal system is the fast growth of non-plan revenue expenditure, and this has been the subject matter of...

MR. CHAIRMAN: Mr. Reddi would you like to finish it just now or you would like to continue after Lunch?

SHRI C. MADHAV REDDI: Sir, Lunch Hour has been dispensed with from today. According to the Business Advisory Committee's recommendation, which has

been accepted..

MR. CHAIRMAN: The House has no such information.

SHRI C. MADHAV REDDI: Will, Sir, then it is up to you to decide.

MR. CHAIRMAN: So, we shall adjourn for Lunch to meet at 2.00 P.M.

13.00 hrs.

*The Lok Sabha adjourned for Lunch till
Fourteen of the Clock.*

*The Lok Sabha re-assembled after Lunch
at six minutes past fourteen of the Clock*

[MR. DEPUTY SPEAKER *in the Chair*]

GENERAL BUDGET, 1989-90 GENERAL
DISCUSSION - *CONTD*

[*English*]

MR. DEPUTY SPEAKER: Shir Madhav Reddi. You may continue your speech.

SHRI C. MADHAV REDDI (Adilahad): Mr. Deputy Speaker, Sir, before I come to some of the structural imbalances which I had been mentioning in the morning in the Budget, I would like to run through the allocations made in the Budget. But even before that I would like to make one comment which I forgot this morning while mentioning about some of the promises and some of the assurances which were given by the Finance Minister and which remain unfulfilled

The Journalist friends just reminded me that there was a scheme which was announced on the floor of the House that the working journalists would be paid pension and that a scheme would be formulated for giving them pension because they felt at that time that the working journalists were contributing to the nation with their intellectual toil. I do not know what happened to that

scheme. It is because we have not seen that scheme at all. Perhaps the Government forgot about it or perhaps the Government changed its mind about the intellectual toil of these working journalists because they may not be very useful to the ruling party.

SHRI K. S. RAO (Machilipatnam): So, you agree that they are useful to you.

SHRI C. MADHAV REDDI: I didn't say that.

Coming to the Budget allocations, some of the estimates made with regard to the new taxes and also the additional taxes are going to be Rs. 1287 crores. It is mostly because of some adjustments and new taxes. I will come to that a little later.

Last year, the tax compliance, the Government said, was very good though the increase is only about Rs. 776 crores over the estimated tax receipts.

It is a very meagre increase because in earlier years we had higher increases in the tax receipts. This may be because of the fact that we have slackened our efforts with regard to the realisation of taxes.

There are arrears in the Central excise alone of about Rs. 700 crores locked up; about Rs. 15,000 crores of arrears are locked up in the courts. No efforts were made to collect these arrears. Only raids are being conducted to catch a small fly while a big fish is allowed to escape.

With regard to various measures for simplification of the tax laws, particularly Direct Tax Act, we know that in the name of simplification and rationalisation, we have made Direct Tax Laws more complicated and we had to again amend the Tax Law Act two weeks ago. Similarly, rules and regulations remain, which give a lot of scope for tax evasion; it leaves a lot of scope for officials' satisfaction; and an human element is being allowed to take decisions in the absence of clear rules and regulations with the result there is more harassment and less

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tax collection. This continues to be the picture during the last three years and it has not changed.

I have no objection to 5 per cent increase across the board in almost all the items except some items which have been exempted such as sugar, coffee, tea, etc. I welcome it. The duty hike on the consumer's durables, T.V. etc., certainly is welcome step. Eight per cent surcharge on income above Rs. 50,000, now this surcharge, even though it is meant for a particular purpose for creating employment facilities, in that respect, it is welcome, but in other respects, it is a surcharge in which the States will have no share. So, I object to this. Even the Seventh Finance Commission clearly recommended that surcharge should be done away with; and instead of imposing surcharge, the income tax rate may be suitably adjusted; but that has been accepted by the Finance Ministry two years ago. When the surcharge was abolished, except the drought surcharge of 5 per cent, which was continued last year, now it is being stopped this year, I welcome that. But, again, a new surcharge of 8 per cent has been imposed this year in which we estimate to get about Rs. 500 crores. But the States will be deprived of this; and here I again rely on the recommendation of the Eighth Finance Commission that this surcharge should not be imposed; instead the rate should be increased so that the States may get their due shares.

As far as raising expenditure tax is concerned, certainly, it is a welcome step. Impost on domestic air travel, I support. The excise increase on steel and aluminium is very steep; it is 30 per cent, which is going to have a cascading effect, because the prices of the commodities are going to be increased. This has to be looked into. The withdrawal of excise exemption facility for many items produced in the small scale sector is a blow to the small scale industry; this requires to be looked into carefully because many small scale units are certainly

going to suffer in competition with the major units. A surcharge of 8 per cent on all assessable income above Rs. 50,000 is a welcome step. I would like to suggest that a separate account may be maintained for this. I am afraid that it is going to be more than Rs. 500 crores and all this amount, whatever additionality is there should be earmarked wholly for employment schemes.

Coming to the question of tax concessions which had been given, I welcome some steps taken by the Government. Particularly, I welcome the reduction of excise duty on cement manufactured by the mini cement units. This is welcome, because many of these mini cement units are closed because of the heavy expenditure, heavy burden, when compared to the major units and these units are going to be rehabilitated because of this step.

Similarly, I welcome the removal of controls on distribution of cement. But the present levy price and the market price in southern India are almost the same and there is no difference. But as far as northern India is concerned the difference is more and here the consumers are likely to suffer. I am happy that a provision has been made that the price of the cement required by the hilly areas is going to be subsidised to some extent; but up to what extent and what would be the scheme and what would be the financial commitment, nothing has been given. I would like to know what is going to be the financial commitment so that we may be prepared for this. In any case, the figures given in this Budget are not going to be final because the budgeting during the last five or six years has shown that considerable additions are made, in the sense that they are going to come with revised estimates. Three times in a year we pass supplementary demands and every time there are increased outlays on the various item of expenditure. We would like to know how much additional subsidy would be required because already there is a heavy burden of subsidies interests and Defence expenditure and this is going to be another subsidy

which we are adding, that is, subsidising the cement to be supplied to the hilly areas.

The Budget indicates various reductions in the import duty on the capital goods and the components to be imported along with the capital goods. I object to this because this is likely to kill the indigenous capital goods industry on the one hand and there is going to be an increase in the import bill on account of this because in the name of importing high technology machines it is possible that the industry might go in for the screw driver technology and ultimately we will be landed with many such machines which may not be required in the name of import substitution.

Coming to the question of outlays, the Plan outlay has been raised to Rs. 34,446 crores as against the revised estimate of Rs. 28,715 crores in 1988-89. There is an increase of 20 per cent. I welcome this—because I also welcome the fact that the financial target of the Seventh Five Year Plan has been increased to 115 per cent. But the point is financially we have exceeded the target and we have now 115 per cent more than what we actually thought when the Plan outlay was sanctioned. But what we have to see is what the physical achievements are. I know that with this outlay the physical results are almost 75 per cent of what we have got. Several projects which were started remain incomplete. We wanted that these projects should be completed. But even today, they are remaining incomplete because of the escalation of prices and several other factors. While the Finance Minister was very proud in saying of that the targets have been achieved to the extent 115 per cent, I feel that the physical targets are much less than what we have actually fixed at the beginning of the Seventh Five Year Plan.

Sir, the budget outlay on agriculture and the rural development has declined when compared to the budget outlay for the year 1988-1989. Sir, While this Budget has been claimed to be a farmers' Budget and the Finance Minister himself is a farmer and he

has got the interests of the farmers in his heart, I am surprised to see that the outlay is going to be less than the outlay of the current year. In 1988-1989, it was Rs. 1507 crores and in 1989-90, it is only Rs. 1408 crores. On Social Services, in 1988-89, it was Rs. 3299 crores and in 1989-90, it is Rs. 3396 crores. There is only a marginal increase. Similarly, on rural development, about which so much has been talked, in 1988-89 it was Rs. 2197 crores and in 1989-90, it is Rs. 2200 crores. Here again, there is only a marginal increase. Virtually it is stagnant. On agrinal farmers, the allocation is still less. In 1988-89, the allocation was Rs. 541 crores and in 1989-90, it is Rs. 431 crores. Non-Plan Expenditure has gone up steeply. In 1989-90, it is projected as Rs. 54,347 crores. This is the only allocation which has gone up more than fifty per cent.

Now, I come to the question of various reliefs to the farmers which have been announced by the Finance Minister. As I already said, I am happy about some of these reliefs which are really meant to benefit the small farmers and others. But it has to be seen whether these reliefs are going to be given effect to or not because as I said earlier, if the promise made last year has not been fulfilled, there is no guarantee that these promises will be fulfilled in the next year. So, Lower rate of interest on crop loans between Rs. 15000 and Rs. 25000—interest is reduced from 4 per cent to 12 per cent—is a welcome step. This has already been reduced for the loans below Rs. 15000/-. But it has now been extended upto Rs. 25000/-. It is a welcome step no doubt and I support it. Similarly, the direct finance to agriculture from Banks has been enhanced from 17 per cent to 18 per cent of their outstanding loans. With this, the total credit available to this sector will increase by Rs. 4000 Crores. It is also a welcome step and it is going to help the agriculturists. I am very happy about it.

With regard to other reliefs, for example, free distribution of sarees to the destitutes, while I welcome this measure I would like to point out that only a sum of Rs. 30 crores has been set apart. This is not

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enough. As a matter of fact, the Government of Andhra Pradesh is spending Rs. 50 crores annually on this alone, on dhotis and sarees. For the whole of India, you want only Rs. 30 crores and you think that it is going to revolutionise the programme for poverty alleviation. For the Child Development Programme, you require only Rs. 20 crores. Sir, anti-poverty programme are made to look very large. But if you go through the allocations, the allocations are much less than what we expected.

The Finance Minister has rightly said once that it is not a populist Budget. If he is going to stick to it I will be very happy. But it was made to be a populist Budget. But with all his efforts, because of the compulsions of the economic situation in the country he had to compromise and he had to balance the political compulsions of an election year with the economic compulsions of a very difficult economic situation.

I do not know whether I should welcome the new policy of gold control because the objective is good. The objective is to help the small goldsmiths, who has been rendered jobless. The objective is also to see that the jewellery is exported. But the point is whether the removal of control is going to have control at the lower level and not at the primary level. At the primary level there is going to be a control, but at the level at which the gold is converted into jewellery, there is not going to be any control. That means, if anybody makes the jewellery, he will not be hauled up before the court to prove where he got the gold from. But this seems to be the concept. The concept is fraught with serious consequences because it is likely to increase smuggling of gold more than what is happening today. Today some estimate that there is smuggling of about Rs. 600 to Rs. 700 crores worth of gold into this country and much of this smuggled gold is being paid in the shape of foreign exchange which again is earned by smuggling out narcotics, etc. Now, this smuggling is going to be increased. Either you scrap the entire gold restrictions and also import gold officially or

you keep the Gold Control Order as it is; otherwise it is likely to create more complications than it is likely to solve.

I now come to the consignment tax about which the hon. Finance Minister has already made an announcement after the meeting of the Chief Ministers. I am happy about it. But I thought that this is going to find a place in the Budget speech. But there is no mention of that in that. I do not know the reasons for that because he wanted to introduce a Bill in the Monsoon Session though there was no need for him to wait till then. There was no universal support for it. Every State wanted that this Bill be introduced immediately in the Budget session itself. But the Finance Minister thought it fit to postpone it to the Monsoon Session.

Nevertheless, since he has made a promise that he is going to introduce it in the Monsoon session, this should have found a place in the Budget itself, so that it might get more sanctity.

Coming to the question of growth of non-plan expenditure, about which I was making a mention earlier, one of the disquieting features of Indian fiscal system is the fast growth of non-plan revenue expenditure. The Economic Survey notes that the Centre's budgetary picture will require strong curbs on the growth of current expenditure. The growth of current Government expenditure is out-stripping the current revenues. This leads to rising rates of "dis-saving" and growing reliance on borrowed funds for financing expenditure. I am quoting this from the Economic Survey.

The Budget figures say that the Non-Plan expenditure will go up much faster than the Plan expenditure and the Revenue expenditure is going up much faster than the Capital expenditure. Plan expenditure, included in the Budget, increased by less than four percent. Similarly, the Capital expenditure increased by five five percent, from 21,618 crores to Rs. 22,519 crores. In contrast, the Revenue expenditure increased by over ten percent, from Rs. 54,165 crores to

Rs. 59,642 crores. The Revenue expenditure is being financed by borrowing capital so, sir, we borrowing very heavily. The borrowings accounted for 48 percent of the expenditure in the Fifth Plan. The borrowings went up to 73 percent in the Sixth Plan, and in the Ninth Plan, the borrowed funds would constitute about ninety percent of the total Plan expenditure. The total liabilities of the Union Government today stand at Rs. 2,80,000 crores. The total interest burden is Rs. 17,000 crores. Now, this is time to prescribe limit on the borrowings under article 292 of the Constitution. To this, the Chakravarthi Committee also recommended and the Public Accounts Committee also has recommended in several of its Reports that there should be a law prohibiting the Government from borrowing more than a particular level so that we may not enter into debt trap. But this has not been done and no effort has been made in this Budget also to see that this expenditure is reduced.

Now I come to the savings and the resources crunch which the State Government is facing. This is the terminal year of the Seventh Plan which is likely to end with all its resources mobilisation programme totally shattered. The Plan projected that the savings ratio would move up but the gross savings to income ratio has been coming down. Currently it stagnated at twenty percent which is a long way from the desired and the projected figure of 24 to 25 percent. This is needed to achieve a growth rates target of six percent for the Eighth Plan. The net savings ratio has fallen to eleven percent. The crux of the problem, repeatedly identified for several years now, is the shrinking of the resources available for investment for the growth of the economy. This is due to stagnation in the savings and more seriously due to continuous and increasing dis-saving by the public sector, which is the villain of the piece. Public savings, as opposed to the private savings, have turned negative due to continuous losses. According to the latest CSO estimates, public sector savings, which were negated even in 1980-81 at (-) Rs. 241 crores, increased to (-) Rs. 8,700 crores in 1987-88. No wonder there is a serious

resources crunch. The Finance Minister, underlying the importance of savings, has also said: "Our Indian culture of saving and the Indian culture of the virtues of simple living ..." But what is the picture today? The picture today is that the gross savings fell from 21.6 percent of GDP in 1986-87 to 20.2 percent of GDP in 1987-88, and it further came down to twenty percent of GDP in 1988-89. The net savings to income ratio fell from Rs. 34,180 crores to Rs. 33,226 crores and in 1988-89 it further fell to Rs. 33,000 crores. A definite trend of decline is clear by these figures. The aggregate net investment because of this came down from 15.5 percent in 1986-87 to 14.2 percent in 1987-88 and then to 13.8 percent in 1988-89. Thus, there is a decline in the savings and there is also a corresponding decline in the investment. With this, the Budget proposals are too cosmetic to stimulate the savings. Certain measures have been suggested in the Budget to improve the savings.

The new National Saving Certificate series has been introduced. I welcome this because certain tax concessions are going to be granted to this. Then the equity link saving scheme has also been mentioned. But we do not know the details of this scheme. Then the Home Loan account scheme is also not very clear to us. The stoppage of tax reduction at source in respect of dividends and interest income on bonds and debentures has also been proposed. The new savings schemes are for the retiring Government employees. Now, how much of it, at what rate and when you are going to implement it, nothing has been given. Only schemes have been identified and stated that these are the schemes which are likely to improve the saving ratio. But I am afraid that these are all peripheral and they are likely to increase the saving ratio which is likely to remain at gross ratio percentage of about 20% and not more than that. With that position, it is difficult for us to finance our plan and we have got to borrow and there is a limit to the extent we can borrow and we are likely to enter into a debt trap because of this position.

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Sir, I come to the public sector. The public sector is the real culprit in this because it is ultimately this sector which is contributing to the dis-saving in the country. But it is claimed that the public sector is making a fantastic profit. The new Cabinet Secretary—I do not know whether he knows all the facts because he came only recently from Maharashtra, Mr. Deshmukh, I suppose—said that the profits went up to 2183 crores of all the public sector undertakings put together. Well, you can always show profits without showing the interest that you borrow from the Government. If the Government loans bear interest and if it is taken in the account, certainly there are no profits. But these are notional profits which he said that is, Rs. 2183 crores, are the total profits, which these public sector undertakings had made. He has announced this. He said this. It has appeared in the newspapers.

Sir, in the Budget speech, the hon. Finance Minister said that 179 enterprises earned a profit of Rs. 694.19 crores in 1988-89. As against this, last year, that is, 1987-88, the profit was only Rs. 59.97 crores. Sir, this type of bunching certain profit-making companies and showing profits is not very helpful. It will mislead the people and because there are certain companies like oil companies which are making profits, not because of their efficiency but because of the fact that you are going on increasing the administered prices and because of the increase in the administered prices, certain companies are certainly making profits. But it does not mean that you should say that you can only take out profit-making units and say that these are the profits which these 179 companies had made. But the rest of the companies are making huge losses. We have to see what is the cumulative effect of the performances of the public sector units

Now, a promise was made that a White Paper will be presented to this House by Mr. Vengal Rao, the hon. Minister for Industry. The moment he became the Minister, he made a promise that a White Paper will be

presented to the House on the performance of the Public sector. Now, it is more than 11/2 years that the White Paper has not seen the light of the day. It is reported that it was discussed several times in the Cabinet, but we do not know what happened to his promise. It has not come out and we do not know whether the White Paper is going to come at all.

Sir, similarly, the Government launched a programme of signing the Memorandum of Understanding with the public sector companies. I have no dispute with this fact. The Government can certainly bind the public sector to show better performance. It is a good procedure which had been started some 11/2 years ago or two years ago.

But then what is the position? Only 11 companies had signed the Memorandum of Understanding so far and another 7 companies are going to sign it this year. Why? They are your own companies, they are not outside companies like Bofors or some other companies, which are going to higglegaggle with your terms of the Memorandum and it is going to be delayed. Why should you delay signing the Memorandum of Understanding with your own companies which are subservient to the Government and why should you take so much time? Is it because the companies are not ready, are not willing to sign this Memorandum of Understanding? We would like to know this.

Coming to the question of industrial sickness which was mentioned in the speech of the hon. Finance Minister, the Economic Survey report says that the increasing incidence of industrial sickness is one of the most disquieting features of the Indian economy. As per the figures compiled from the RBI there are about 1057 medium and major industries and about 1,58,000 small scale units which are sick as in June 1987, and by now the number might have gone up at least by 15 percent. These sick units account for a total outstanding bank credit of Rs. 5,737 crores. There has been an on-going debate on this as to what should be done with regard to the sick industries. I

am happy that the hon. Finance Minister has recently taken some initiative and advised the Reserve Bank of India to undertake a further study into the sickness of the small scale units. Several studies are already existing, there is no need to take up another study by the Reserve Bank of India about the sickness of these units and all the facts are known to us. But there are certain steps which had to be taken. Now, we have passed an Act called the Sick Industrial Companies Act, and a Board has been appointed.

After we passed the Act you took one year to frame the rules and then to appoint the Board. Now, this Board has become a toothless tiger. It has no power. Now, since it came into existence one-and-a-half years ago, not a single unit has been rehabilitated.

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): No, No.

SHRI C. MADHAV REDDI: You tell me how many have been rehabilitated. Well, may be certain action has been taken I know, but not a single unit to my knowledge has been really rehabilitated and it is because of the fact that this Board has no powers. It has only a recommendatory authority, it can only recommend a certain financial institutions and banks, and it is for the banks as the financial institutions to prepare a package of rehabilitation. It is these institutions which have to provide funds, it is only then that these units are likely to be revived and if the workers' cooperatives are prepared to take over many of these units, why don't you give them to the worker's cooperatives?

And why don't you allow a new cooperative sector to emerge in this country as an adjunct to your public sector? I know that in my own constituency there is a unit which is closed, which has thrown about 5000 workers out of job, and I am very clear that in many of the constituencies of the hon. Members there are a few sick units which are today closed and the workers are jobless. And why should we not take, wher-

ever a proposal comes? And even if the proposal does not come, why not we suggest it to them after preparing a model scheme for giving it to the workers' cooperatives provided it is viable? I am not telling that certain units which are not viable, which are going to be a burden on the workers and also on the Government if Government takes over, should be taken over. I am not in favour of this because often it is generally argued by the Government that we are not for taking over sick units and being overburdened with them. I am not asking the Government to take over the sick units. What I am suggesting is that certain efforts should be made by the Government to see that sick units are revived.

With regard to the small scale units for which the hon. Finance Minister has a soft corner and he wants these units to come up because they are in large numbers there is a scheme which has been prepared by the Industrial Reconstruction Bank of India (IRBI) and that scheme has been there for the last one year, they have asked the Government to contribute a mere Rs. 50 crores to that fund, but this Government has not provided that in the Budget.

I would like the Finance Minister to look into the Reconstruction Assistance Fund of the IRBI. They only wanted Rs. 50 crores. That should be provided so that IRBI can take up rehabilitation of the medium and small sick units.

Lastly I come to the question of unemployment because this Budget has been described as employment-oriented budget. It is said that this Budget is going to provide employment to millions of people and every family will have one member to be employed under this scheme. The NREP AND RLEGP schemes have been merged into a single scheme and a new scheme Jawaharlal Nehru Rojgar Yojana has been initiated. We welcome the new scheme. Then, what is the performance of these schemes? We receive a number of reports about all these schemes and yet we find that there are millions of people who are still today unemployed and

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these schemes are not able to make a dent in the field of employment. If the live register is an indicator, in 1985, the number of job seekers was 26.27 millions, in spite of the fact that the previous Plan, the 7th Five Year Plan, was employment-oriented. In spite of that, by the end of 1988, the job seekers number increased to 30 millions. From 26 millions to 30 millions, there is an addition of 4 million people. This is in addition to a backlog which is piling up. About 95% of the total unemployed in the country are in the age group of 15-35 years.

With regard to balance of payment and trade deficit, imports and exports, the Finance Minister has said that the balance of payment is another area of concern. But a certain amount of pressure on external payments is unavoidable in a situation where we have urgent needs for investment and modernisation which inevitably require expansion of imports, he said. This maybe underlined because the Government is committed to liberalise imports. Government is not prepared to reconsider the runaway growth of imports which is taking place in this country. The liberalisation scheme is responsible for the increased imports of our country which are going up. The imports this year gave outstripped the exports for the first time. Our imports increase is about 26% but the exports have increased only to 20%. Yesterday, the Minister was at pains to explain how the 20% increase in export is wrong and it should be 21% or 22%. They are trying to explain away this fact and are justifying that by the end of the year, perhaps we may go to 25%. This is against a figure of 26% last year. And the, this year, there is no increase in the invisibles also. So much effort has been made by organising festivals and so on and so forth but what happened? How many tourists have come to India? What is the income we got from them and what is the income we got from the non-resident Indians, the repatriation amount? The growth is nil. The recent study made by the IDBI is very interesting. 315 private companies have been studied by the IDBI

as to what extend they have imported, to what extent they have exported.

This Study reveals —I quote:

Companies assisted by IDBI increased their export dependence for raw material and components from 13.7% in 1984-85 of their total requirements to 20% in 1986-87"

Thus availing all the liberalised imports for making goods but not exporting the goods to the extent they have imported.

I further quote:

"The excess of imports over their exports increased from Rs. 482 crores to Rs. 1,329 crores in the above three years period. The revenue earned from exports by the top ten big houses in the country formed a dismally low percentage of their total revenues. In the public sector, the typical example is that of Maruti Udyog Ltd.,"

Their import bill has gone to about Rs. 350 crores and no exports. They do not want to earn any exports but they want to go on getting imports in the name of new models and they are importing components, and kits, so that the import bill is going to be Rs. 350 crores this year.

India has become one of the five big borrowers of the world because we have to finance the shortage in the import bill. There is a balance of payments which is adverse to us and we are one of the five biggest borrowers in the world. The external debt stood at about Rs. 55,000 crores, according to the Survey report but, according to some other estimates including Reserve Bank of India and other Associations, it is about Rs. 90,000 crores. May be, we do not know.

We have no figures. The payment on account of interest and principal is 24%.

Regarding the three years import policy, it is very strange that a three year export

import policy has been initiated by the Government and we thought that after this, there is going to be stability in the export import policy. But what happened? After three years import export policy was announced, there has been a number of changes in the import policy. A number of modifications had been issued. I find that about 98 notifications have been issued with regard to imports changing the import policy. Similarly, 43 notifications have been issued changing the export policy. What is the fun in having a three-year policy? You are going on changing because you can never have stability in the import export policy, if you go on changing.

Our country is a country of rich government and poor people. The people are poor but our government is very rich, almost filthy rich. There is a growing world-wide realisation of this fact. Thanks to the phenomenal development achieved by Japan, Korea, China and several other Asian countries, today Asia is considered to be the storehouse of energy and today Asia is going to be the leading region in the whole world. But what is the position with regard to our own country? India will lag behind as we have lagged behind in our Olympics Games and India will be named by some future historians as a sick man of Asia, as Turkey was at the time when Europe went for the industrial revolution as a sick man of Europe.

SHRI Y. S. MAHAJAN (Jalgaon): Mr. Deputy-Speaker, Sir, I rise to congratulate of hon. Minister of Finance on his maiden Budget of 1989-90. In his marathon speech, the hon. Member Shri Madhav Reddi made certain astounding statements. But some of the statements made by him are that the hon. Minister of Finance is not concerned with the economic development; that there is virtually a stagnation of economic growth in this country; the statistics about economic growth and development and other figures are dressed up figures. He is also pessimistic about the rise in prices of commodities. He feels certain that prices will again show a steep rise. Finally, he wound up his speech by saying that India is the sick man of Asia.

His marathon speech remained me of the great politician of this House Shri V.K. Krishna Menon, who was once reported to have made a speech for 16 hours in the United Nations. I hope the hon. Minister will answer most of his points. During my speech, I will try to answer some of the general points mentioned by him.

Sir, the Budget has been framed keeping in view the long-term objectives of our economic policy viz. growth, modernisation, self-reliance and social justice. As a result of the substantial progress made in these fields in the recent years, the economy has reached the take-off stage. The reason is due to our sustained efforts. Even during the year 1987-88 when the country had to face the most serious famine of the century, even during that year, Food grains production was 138 million tonnes, only marginally lower than in the previous years. Our national income registered a growth rate of 3.7 per cent. That shows the great resilience of the economic system. This year, as a result of good monsoons—as the hon. Member has pointed out—and success of developmental efforts such as Special Foodgrains Production Programme in areas where the development could be quickly exploited, the production is expected to go to 166 million tonnes, only slightly less than 170 million tonnes, the production expected during the last year of the Seventh Five Year Plan.

14.58 hrs.

[SHRI VAKKOM PURUSHOTHAMAN
in the Chair]

Sir, agriculture is the backbone of our economy. Already, the hon. Finance Minister has stated in his Budget speech, the mainstay of our population for a number of years till now, the average growth of agricultural production could not go beyond 21/2 per cent per year. As a result of the Green Revolution, due the application of high-yielding varieties of seeds, expansion in irrigation facilities, use of chemical fertilizers and pesticides etc. agriculture promises to register now a higher rate of growth in the imme-

[Sh. Y.S. Mahajan]

diate future. It not only contributes to the resilience of our economy but also gives hope of a rise in the standards of living of million of people of our country. Agriculture has always had the highest priority in our planned development. Maximum possible resources have been allocated. This year more than about Rs. 5000 crores have been set apart for the development of agriculture and spread the Green Revolution to areas for which it had not spread so far, by the usual method of irrigation, the high-yielding varieties of seeds, pesticides and fertilizers. This strategy has yielded results over the last ten years and have built up the strength of our economy which nobody can deny.

15.00 hrs.

There is however, one aspect of agricultural development which, I think, needs greater attention or which has not received the attention it deserves, namely, dry land farming, that is, farming on rain-fed areas. Its significance can be assessed from the fact that 70 per cent of agriculture is under dry land farming and 42 per cent of the total food production comes from this area. Almost the entire production of coarse grains, pulses and most of the cotton and oilseeds are produced in the rain-fed areas. I think, this aspect of agricultural planning needs greater attention. Many of the agricultural development schemes now in operation have a bearing on this subject. I think, the hon. Finance Minister could have mentioned it during the course of his speech. He has sharply increased the allocation for agriculture and fertilizer subsidy to the level of Rs. 5,173 crores. I believe, this will enable us to push the agricultural revolution to new areas, to diversify it and make for better post-harvest technology and processing of agricultural goods.

Industry is the second important base of our economy, the second important leg of our economy. The sustained growth of industrial sector, improved performance of infrastructure have been very encouraging

factors of the economy during the last years. The rate of growth has been about eight per cent continuously for the first four years of the Seventh five Year Plan. This has been reflected in the generally good performance of the corporate sector and buoyant conditions in the capital market also. Particularly helpful in maintaining this high rate of growth were the steady increase in electricity generation and productivity in the power sector, improvement in the performance of the basic materials industries and the load carrying capacity of the railway. In this upward movement, the public sector has its share. It has not lagged behind. During the first six months of this years, the result of the 179 operating undertakings have shown a profit of Rs. 694 crores as against Rs. 59.7 crores during the corresponding period of last year. This does not, however, fulfil our expectations as regards generation of resources. The management of the public sector units must be given free hand and held responsible for the results achieved. Mr. L.K. Jha once said: "they should not be held responsible for compliance with governmental procedures, a multiplicity of guidelines and *ad hoc* instructions written or verbal from the Government department under which the enterprise is placed." Our industrial policy resolution of 1956 made it quite clear that the speedy decisions and willingness to assume responsibility are essential if these enterprises are to succeed. For this, wherever possible, there should be decentralisation of authority and their management should be along business lines.

To achieve this reorientation of our policy, that is greater autonomy and responsibility for results, the Government has adopted the device of entering into memorandum of understanding with the public sector units. This device has been borrowed from countries which have similar experience like ours; that is Pakistan, Bangladesh and South Korea.

I am glad the Government has also decided that the performance of these undertakings should be determined or estimated by committees consisting of outsiders

who are experts in the field; that is Chartered Accounts, Business Management Experts, Professors of Economic or Commerce. These outsiders should be able to gauge the performance of these units.

I, therefore, welcome this step as it is likely to help the enterprises to improve their efficiency and make greater contributions to the exchequer. Our policy to promote both growth and efficiency by stimulating competition, technology acquisition and modernisation has paid rich dividends. The decision to decontrol the pricing and distribution of aluminium and cement is in line with this policy.

There is one point which has been raised by the Hon. Member on the other side viz., decentralisation or the industrialisation of backward areas. This is a hoary subject, we have been discussing in for the last so many years. We have found ultimately that we cannot spread industry because of lack of infrastructure. I remember in Maharashtra, in Aurangabad we could not find a contractor to undertake the job of building offices and laboratories for a new university. We had to bring somebody from Bombay. Therefore it is lack of infrastructure—that is not only hardware, but men also—it is this difficulty which comes in the way. Therefore the Government has rightly decided this year to set up 61 growth centres. They will act as centres for spreading industries round about. Unless we have a large plan of rural industrialisation it is not possible to raise the standard of living of people and provide employment of productive nature to the young men and women of this country.

It is industry which offers unlimited scope of employment. After all, agriculture has limited scope, land is limited. Even if we adopt intensive methods of agriculture there is limit to the number of people who can be absorbed there and we have any amount of surplus population. This population must find employment elsewhere and the only field available is the development of industry. Therefore a revolutionary programme of rural industrialisation will alone solve our

problems of unemployment and poverty within a reasonable period of time.

Another point made by the Hon. Member on the other side is sickness in industry. At the moment, the latest figures which the Hon. Minister concerned gave last week is that we had 1,59,283 sick units as on 1.6.1987. This should be more by now; two years have gone. There are perhaps two lakhs of sick industries. I submit further that this the number of sick industries is increasing by leaps and bounds. A number of committees have studied this matter and given different causes of sickness. They have assessed the qualitative values for different causes which contribute to sickness; for instance, management to the extent of 51%, labour unions to the extent of 4% or 5%. In this way even quantitative values have been fixed for different supposed causes of sickness but one important cause which has not received much attention is that at the moment industry is financed largely by public financial institutions. If I contribute say Rs. 10 lakhs then I can borrow Rs. 90 lakhs from the financial institutions, that is, nationalised institutions or from Government indirectly. This tends to make me reckless in the way I use that money. Sometimes I am dishonest in using it. I concentrate on short-term benefits leaving the industry in a sick condition.

Therefore, though we have passed laws and we have machinery and advised the banks and the Reserve Bank has taken steps to see that sickness is detected in its incipient stage and steps are taken and even rehabilitation programmes have been undertaken, even then we are not succeeding in this matter. I suggest this is one thing which needs to be done. There should be proper inquiry in the matter and if the management is responsible then it should be punished. This should be done first. Secondly if the unit cannot be restored then it should be allowed to die or it should be sold at a very cheap price say for a song so that the next person does not have to carry the burden of excessive over-head capital. In this way we can to a great extent solve the

[Sh. V.S. Mahajan]

problem of sickness.

Then, Sir, to maintain the momentum, I am glad, the hon. Minister has decided to increase the outlay for power development by 13.6 per cent; for railways by 15.6 per cent and for tele-communications by 35.6 per cent because they represent the infra-structure. They represent the basic industries on which the superstructure of industrial development of our country depends.

Sir, I spoke at length about industry because industry contributes 80 per cent of the tax revenue to the Government, though Agriculture is the backbone of our economy. Now I will come to the fiscal aspects of the budget. The budget has been framed with certain clear-out objectives but its immediate thrust is towards increasing employment opportunities and thus vigorously reducing the poverty in our country. To make this possible, though the schemes which were evolved during the last 10-15 years such as IRDP, Rural Development Scheme, Rural landless employment schemes, etc are all meant to increase employment opportunities of a productive character and to lift people out of poverty line, to give momentum to this process Government has decided to collect 8 per cent surcharge from people with income of more than Rs. 50,000.00 as a start and intensive programme of rural development or rural employment called Jawahar Lal Nehru Rozgar Yojana. I compliment the hon. Minister for this innovative approach. The hon. Minister has shown great prudence in the management of fiscal and economic policies as can be seen from four or five instances which I propose to give.

The first is actual outlay in the Central sector for the five year period of Seventh five Year Plan. It will be around 115 per cent more than the original outlay in real terms. This is a very great achievement. Achieving the target in monetary terms is not much but it is 15 per cent more than the original outlay in real terms, which is important. The Finance Minister has also tried to mobilise the

resources for development in a non-inflationary manner by containing the growth of non-plan expenditure. In the vital sector of Defence, for instance, there is a nominal cut. It is something very great in the recent history of this country. Perhaps the relaxation of tensions in the international sphere may have helped our Government in this matter. It is a great step not only as far as fiscal policy is concerned, but also from the point of view of world peace.

The overall deficit in the budget, which was Rs. 7,940 crores according to the revised estimates, has been brought down to Rs. 7,337 crores. It is another great achievement. For nearly a century, it was supposed to be a virtue on the part of the Finance Minister to have a balanced budget* If you consider the literature on public finance in the Last 100 years, you will find that a balanced budget has been regarded as a great virtue. But after the Second World War, budgets have become unbalanced and such unbalance has been increasing recently. In our own case, the deficits have been increasing during the last 8 or 9 years. Fortunately because of the great courage of the Finance Minister, this process has been reversed. It has been brought down from 7,940 crores to Rs. 7,337 crores. The balance of payments position has always been a limiting factor for the development of developing countries. It has been a matter of anxiety for some years in our case also. Such a country has to import capital goods and export consumption goods or agricultural products, the prices of which are variable and demand for which does not increase continuously. Therefore, it has been a difficult problem for developing countries. In our case to deal with the balance of payments headache, the Finance Minister has rightly concentrated on efforts to strengthen and diversify our industrial sector by modernisation and technological upgradation. This will not only encourage our industry to diversify but also go ahead to face international competition with a position of strength. This has been our policy during the last three of four years. Instead of succumbing the temptation of raising tariff walls or

accepting quantitative restrictions, which are destructive in the international trade, we have followed a positive policy of increasing the development of industries and facing international competition. This policy has yielded results during the last two years. Our exports have increased by about 25 per cent in terms of trade this year as well as last year.

I would admit along with the Members on the other side that the food imports are more, but that is because of temporary factors. We had drought conditions last year. So, our stock of foodgrains went down. We had to import foodgrains. As a result of the steps we have taken, we have been able to reduce the import of oil by 50 per cent. Then prices outside have increased very fast. Invisible imports have also diminished. As a result of these factors, the balance of payments position became more difficult this year by about Rs. 1,800 crores more than last year. But I compliment the hon. Minister that he has not yielded to the temptation to reduce imports by raising tariff walls.

India is the fastest growing country in the world in absolute number of people. Our population now grows at the rate of 2.12 per cent per annum as reported by an hon. Member only last week. This means that our growing population neutralises the benefits of economic development to this extent. The rate of increase in population was higher when we accepted the family planning programme a few years ago. Now the rate is coming down but the fall in the rate is not likely to accelerate in the near future. Therefore, this has posed a very serious problem for us. Our programme at present is purely of a voluntary character. It depends wholly on persuasion. By the time we stabilise the population which should be the aim and objective of our socio-economic policy, it would have grown to such an enormous size that the rule of democracy will be impossible in this country. Though we have adopted a many-pronged attack on this problem, time has come to think of a policy of strong incentives and disincentives in this matter. Our policy is totally based on persuasion. I hope higher priority will be given to this

subject and the policy streamlined to achieve our objectives within a time frame, which will not make orderly progress and the establishment of a just society impossible in future.

Sir, I would like to summarise. The hon. Minister of Finance has shown great courage in battling with the problems of our fiscal policy. He has succeeded in reversing certain dangerous trends in our fiscal policy such as increasing budget deficits and increasing of non-plan expenditure. In raising revenue to provide productive opportunities of employment, he has put the burden on the shoulders of those who can easily bear it. Finally, by providing ample resources for the development of agriculture, industry and infrastructure, he has ensured the continuance of a higher rate of growth than has been achieved during the Seventh Plan.

With these words, I conclude.

[*Translation*]

SHRI NARESH CHANDRA CHATURVEDI (Kanpur): Mr. Chairman, Sir, First of all, I would like to extend my heartfelt congratulations to the hon. Finance Minister, Shri Chavan Sahib for presenting a flexible, balanced and well planned Budget in this House under the present circumstances of the country for which he has won admiration of the whole country. Just now, Shri Madhav Reddy, a Member of the Opposition, has raised many points through his speech of about 2 hours in which he expressed his appreciation for a number of points covered under the budget which itself a testimony of that the opposition has nothing to say much against this Budget. But for political considerations, perhaps he would not have delivered such a speech.

Another thing which has also appeared time and again, in the newspapers as to have been uttered by the leaders of opposition in and outside the house is that it is an election year Budget. I do not think it is an election Budget in any way. Had it been an election Budget no care would have been

[Sh. Naresh Chandra Chaturvedi]

taken of any important programme and it would have been framed as vote mobiliser only. There is no such point in this Budget which may make it an election Budget.

So far as the question of policy is concerned, I would like to mention it that the Budget presented by the Finance Minister has imbibed the visions of the father of nation, Mahatma Gandhi, our first Prime Minister, Pt. Jawahar Lal Nehru, the founder of this democratic country and our late Prime Minister, Shrimati Indira Gandhi who worked with absolute dedication and untiring zeal for the allround development of this country and our present Prime Minister, Shri Rajiv Gandhi. I do not know there is any point on which we have not been logical. It is evident from the very fact that the Congress Party has always stood up to its promises for independence during the freedom struggle and later on realised the promises made in regard to the amelioration of the farmers, labourers and the workers, we are still marching ahead on that path. We only had stated that we would present an example before the world by uplifting the poor and the backward of this country. We are moving forward continuously in our quest. I would like to know the points which could attract criticism of the people but it is not proper to say that that is an election Budget. I would like to know what new turn we have taken while initiating the work of poverty alleviation, unemployment eradication, promotion of rural industries, setting up of small scale and big industries in the agriculture sector, modernisation and development of new technology, security of the country, solution of housing problem, effecting increase in the rate of pension for freedom fighters, distribution of saris among the hapless women, resolution regarding the provision of employment for at least one member of each family etc. as we have been going that way since the later half of the century and moreover we have never shown a laxity in this regard. The Congress has never deviated from its programmes, policies and ideology and leadership during the period of more

than 100 years in the past? We have never talked in the terms of an election Budget, we never did it that way because we did not think it in those terms and we never kept the common man in dark on that account. We openly came out with a declaration to strive for the poors and backward people after our independence and to bring an end to the economic pattern based on the injustice with and atrocities on the downtrodden. Moreover we also turned it into a reality. We have banished the kings, have abolished the system of Talukedars and Zamindars, nationalised the banks and initiated a number of economic programmes for the upliftment of the poor, the edowntrodden and the backward people. We may be told of the fields wherein we backed out after making promises during the last one century. As regards, the problem of inflation, and soaring prices arising out of the implementation of the various developmental programmes, everybody having even the basic knowledge of economics knows it that deficit budgeting is but a natural phenomenon with a developing country striving for the realisation of its aspirations with the formulation of a number of programmes to achieve its targets. Nowhere in the world, it could be done without deficit financing. It never happens that we progress with birth of resources, wanting policies and industriousness. Advancing projects do result in inflation. Our constant endeavoring in the field of poverty alleviation brings in the phase of deficit financing and inflation. Even that deficit in this present case has not reached such a mark as to force us to raise that much of hue and cry on it. There is a total deficit of Rs. 8240 crores which includes Rs. 903 crores towards an increase in the taxes, which bring subtracted, the net deficit comes to Rs, 7,337 crores. One thing may be asked here in this regard. I am not just quoting these figures but what I am going to say will not be mentioned here by any body else. I would like to request you to have a look on the previous budgets, the entire gamut of it shows a tradition of deficit financing even in that period when the opposition too had got opportunities to formulate 2-3 Budgets which were badly lacking in the policies, the mode of implementation of their

programmes. In fact, those budget did not give the impression of any sense of responsibility on the part of the Government with regard to the progress of their country. There were no clear guidelines or clear cut policies in those Budgets. We have been presenting the Budget proposals continuously for the last 40 years and working in accordance with the Budgetary provisions. We have been making all round development of the country through the Five Year Plans and various programmes. Even then could anybody say that we have undermined the interest of the country. It can never be done.

I would like to make one more submission. Our hon. Minister of Finance delivered his Budget speech for two hours. It was a balanced speech and he made his points in brief. Shri Chavan is very popular as a man of few words. He works more. But it is quite the opposite with our opposition who do not believe in work but make long speeches. This is the difference between the two. Shri Chavan spoke for two hours and Shri Madhav Reddi's speech also continued for two hours. If we make a comparison of both the speeches, we can see the difference. While concluding his Budget speech the hon. Minister of Finance said that:

"The journey along the path of development is hard and long. It involves sacrifices. The question is who will make such sacrifices for future growth and prosperity. The answer of these budget proposals is clear and categorical".

I feel that this Budget contains a very clear answer to 3 to 4 points involving questions of policies, the country and the objectives. I would not like to repeat those points on which the hon. Members have already spoken. There are some points that I would like to make. We have been working among the people right from long fought freedom struggle till the achievement of independence and thereafter. People say so many things and ask for various amenities. But I would like to make a couple of submissions.

The income of the Government employees has gone up owing to increase in their scales of pay following implementation of the recommendations of the Fourth pay Commission's Report. Accordingly, the exemption limit should have been raised from Rs. 18,000 to 25,000. I had raised this point last year also and repeating the same now. You have only announced a reduction of 5% in Income Tax. As such, I would request you to raise the exemption limit upto Rs. 25,000 because the middle class is experiencing lot of hardship. If income to the extent of Rs. 25,000 is exempted from income tax, it will benefit lakhs of people and it will not make much difference to the public exchequer.

Secondly, the pension received by the pension holders should not be considered as their income. It is, therefore, requested that the amount of pension in respect of all the pensioners should be exempted from income tax. If this item is exempted from income tax, it will not make much difference to the public exchequer.

Apart from this, I would like to submit that the prices of paper have been increased. The illiteracy and poverty is still high in this country. Therefore, prices of paper should not be increased incessantly so that it may not stand in the way of expansion of education and educational activities of the people.

Fourthly, the housing scheme introduced by the Government is a very nice scheme. A number of steps have been announced in this regard, but I would like to request the Government to reconsider their decision about increasing the prices of steel products which are used in construction of houses. This will provide a lot of relief to middle class people and people in the lower rung of the society in the country. I am not concerned about the taxes on elite classes.

With these words I would like to congratulate Shri Chavan for presenting a nice Budget and also I support the Budget.

[English]

SHRI RANJIT SINGH GAEKWAD (Baroda): Sir, I rise to support the Budget presented by the hon. Finance Minister for the year 1989-90. Before I start, I would like to seek your support and request you to allow me a few more minutes.

MR. CHAIRMAN: No, no please, not more than ten minutes.

SHRI RANJIT SINGH GAEKWAD: Nearly for one year, I have been waiting...*(Interruptions)* Anyway, I request you to keep your hand away from the bill! *(Interruptions)* Sir, in spite of the century's worst drought last year, the kind of which is never seen before, the hon. Finance Minister has presented a very good budget for which he and the Government deserve special congratulations. In spite of the drought, in spite of the deep unrest in several parts of the country, the Government has managed to come up with a budget which is progressive and positive. Its performance has shown features of strength this year.

The Gross Domestic Product has shown an growth rate of 3.6 per cent as against the estimated rate of 1 to 2 per cent.

Inflation remained under control at 5 per cent as measured by whole sale price index which had gone up to 10 per cent during 1987-88.

Foodgrain production is likely to reach an astounding figure of 166 million tonnes against 130 million tonnes achieved during the year 1988-89.

In spite of difficulties and closure of many industries, industrial production too has shown an upward trend. With a little more organised power, I feel the industrial sector whether it be Government-owned or private can definitely give better results.

Sir, I welcome the special economy relief given for coal, power, steel, cement and fertilizers. These are going to help the

central sector to grow. The biggest problem in our country—whether there is a drought or whether there is a flood or whether there is a war—is the population. The population rate has never gone down. We have been very successful in growing our population. Looking to the figures and after listening to Mr. Mahajan about the growing population, there is definitely a need for looking into the whole programme for giving new incentives or thrust towards this and also to pin point a part of society which needs to be made the target sector, namely, the poorer classes. Today, the urban middle class man or family has already taken measures to keep the family small, but it is the poorer people, the uneducated people who still don't understand the responsibility of having a small family and it could work positively towards their own upliftment. I think this point should be glaringly put across to them. Whatever positive figures presented in this Budget are definitely better but were held back because of the haphazard growth of population. The middle class who is also a productive factor in this country in a small way should be also, I feel, looked after or sympathised with. People with Rs. 50,000 as their income have been taxed. That works roughly to about Rs. 4000 per annum. The Government servants and the salaried people come under this class. Looking to the rising prices of every commodity, is it fair to tax the people who are getting Rs. 50,000 per annum? It should be raised a little. And also the exemption limit given should be raised to Rs. 25,000. That pinch is felt by the housewife who has to look after her domestic needs. Consumer has to pay direct tax and also the Sales Tax. They feel that tax should be taken at one point and not at two or three places. I have nothing to say about the increase in the cost of TV sets, Cars and scooters which was necessary under the circumstances.

SHRI SURESH KURUP (Kottayam): All the higher income group people have got TV sets.

SHRI RANJIT SINGH GAEKWAD: Regarding tax on salaried people, do you not feel that it might lead to more black money

being circulated? It is because the middle income group people have to upkeep a certain standard of living in society. He has to look after the needs of his family, to the education of children of a particular standard. Each parent wants to educate his child in a better way than he himself was educated. Today in a moving world, an educated man wants TV, Car and so on. He wants these things. When he sees that his neighbour has got it and he has not, it pinches him. I feel that this might be counter-productive in generating black money. But this is only my suggestion, after talking to the people and after learning from them.

I will come to my home State, Gujarat now. Ours is a highly developed State, with a lot of resources. I plead for a second refinery in Gujarat, owing to huge finding of oil and gas; refixing of the royalty on gas and oil by ONGC; a coal slurry pipeline from the coal mines of Madhya Pradesh to the thermal power stations of Gujarat; coal gassification to exploit the huge unmineable coal deposits around North Gujarat; tidal power projects in the Gulf of Kutch and Cambay; setting up of gas-based power stations in Gujarat; a ship-building yard at Hajira in Gujarat; declaration of international airport at Ahmedabad; improvement and expansion of telecommunication facilities in Vadodara and Gujarat; and an early execution of the massive Narmada project which is a very great necessity for Gujarat.

Coming back to aviation, the rates have been increased but the facilities are going down. Take the case of the Delhi air-port. The bath-rooms are filthy; there are no proper facilities for passengers who are waiting for their flights, to sit properly. The staff do not look after them. This class of passengers want these facilities.

As against this performance of Airlines, the Railways have been very clever in giving good services, and at the same time increasing their rates. So, there are no complaints about the hike in their rates. Why can't Airlines also improve their services? No doubt, they have problems like shortage of aircraft

and all that; but can't they improve their infrastructure without involving financial implications namely improve their facilities and improve their manners, which will go a long way in improving public relations? Maybe their spending a little more on the facilities at the airports will improve the passenger traffic also.

The Printers' Association had approached me with a request. The prices of printing paper keep on fluctuating. The small printers who go in for Government jobs are the sufferers due to this increase in prices, because when they quote, the price of the paper is less; and after a month when the quotation gets passed, the prices of paper are found to have risen. So, they are the people who suffer, because they cannot ask for an additional amount to meet the increase in prices. This is the request that they have made through me.

Now about the 20-point programme. It is a very good programme, but the beneficiaries are not getting the full benefit of it. No doubt, Government has come up with a novel idea of giving one job to one person in a family. I will quote an example. Some years ago, just outside Baroda, when the refineries and the IPCL were to come up, some good farming lands were taken over from the farming families; and they were promised that one member from each family would be employed in these industries. What has happened? That person who got the employment has moved out of the family. So, he is the only one who is the beneficiary, and not the family. This aspect also has to be looked into, an necessary steps should be thought of.

SHRI M. R. SAIKIA (Nowgong): Sir, I rise to make some observations on the Budget for the year 1989-90. The budget of a country would have to keep pace with the prevailing economic situation in that country. But the present Budget introduced in Parliament by the hon. Finance Minister for the year 1989-90 does not give any indication about the direction which Government is going to give to the country's economy. The

[Sh. M.R. Saikia]

budget for the year 1989-90 shows a deficit of Rs. 7735 crores. This is nothing but a stop-gap, because the 1988-89 budget had shown a sum of Rs. 9942 crores as the revenue deficit.

But it has increased to Rs. 11030 crores in the revised estimate. Therefore, there is no guarantee that the Supplementary Budget might not be introduced for heavy doses of taxation. The budget for the year 1988-89 had revenue deficit of about Rs. 10,000 crores thereby it means that the Government was swallowing upto 1/7th of our country's saving and consequently more borrowing to fill the saving gap.

The revenue deficit would be Rs. 7012 crores as estimated less than Rs. 4018 crores as compared with revised estimate of Rs. 11070 crores for the year 1988-89. This has been done by transferring of pool account of Oil Coordination Committee logged in Public Account. Whether this action is wise or not time will tell.

Any deficit is a sign of over consumption. It means that Government is spending more than what it receives through revenue. In the last few years, Government has been depreciating our rupee value to encourage export resulting in 24 per cent increase in the volume of export, but at the same time we should not forget the other side of the picture, which is the most important thing, that imports also shot up by 27 per cent. Why does it happen? Depreciation generally encourages exports and discourages imports. Is it not due to over consumption? Therefore, I feel, the Government should take some positive steps to curb over consumption.

Again in the budget you have shown that the national income growth has been sustained because of spurt in income of service sector induced by heavy doses of government expenditure in public administration and defence. As a result of this, government have to do more of foreign bor-

rowing and more and more deficit. Would not all these things lead to more inflation, because, generally it happens that deficit leads to inflation? But what we have found here is that government has been spending more and more on administration and defence.

Then again in the budget 5 per cent general rise in excise duty has been shown on all items of manufacture except a few. This will again lead to more inflation. Thus we find that the deficit budget for the year 1988-89 and for the year 1989-90 would bring galloping inflation.

Again, the Government has raised administered prices of essential commodities such as coal, power from where the government anticipated to get Rs. 400 crores for the ensuing year. Again, the change in railway for eight rate would being Rs. 876 crores and the total additional revenue would be Rs. 1276 crores. Thus it is a prebudget imposition on the poor people, common people. That is why our Finance Minister could come with a budget with low rate of taxation. Is it not a populist budget? It is not a gimmick?

Again, for employment the Government have introduced a scheme known as the Jawaharlal Nehru Rozgar Yojana. Prior to that many other schemes have been introduced for employment, and for the Nehru Rozgar Yojana the Government have allocated Rs. 500 crores. But for the last four decades what we have seen is that not less than Rs. 40,000 crores have been spent for rural upliftment. But where is the upliftment? Even today what we find from the papers is that there are more than 38 per cent of the people who are below the poverty level. That is the picture. Therefore, I doubt whether the Nehru Rozgar Yojana will remain as a slogan as it happened in the case of 'Garibi Hatao' and 'Bekari Hatao', which were also meant for the weaker sections of the society, whether it will be converted into a reality. The benefits of these schemes announced by the Government have gone to the promoters of the scheme but not to the poorer sections of the society, for whom they were meant.

The Government have also reduced the rate of income-tax on the first slab of the people. I do not understand what will be the benefit to those people in the face of mounting rise in the prices of commodities.

Again, the Government has announced that it has taken some steps to reduce the income-tax by removing the surcharge of 5 per cent which was imposed due to drought, immediately. But they have replaced it by a surcharge of 8 per cent on those whose income is above Rs. 50,000. The benefit of the lower rate of tax at the first stage is not available to the weaker sections. Otherwise, how can this be done? They propose to help the poorer sections but they are not getting anything.

Sir, employment growth is linked with the expansion of industry and agriculture. But the Government did not touch the important aspect of expanding the elastic market which is crucial for the growth of the economy and employment. The employment problem is there not due to any external emergency or exploitation by those who are privileged to have employment but due to the mismanagement of the economy by the Government. Therefore, employment growth, industry and agriculture have failed to keep pace with the growing number of job seekers.

I now come to my last point, the balance of payments position. From the Budget Speech we found that the Finance Minister is not serious about this matter. Today, in India, what we find is that India stands next to Argentina and Mexico in the matter of foreign debt. At the present moment India's foreign debt is reckoned at the rate of exchange, to be about Rs. 55000 crores. According to a Paris-based organisation India's foreign debt stands at Rs. 90000 crores. Whether it is correct or not, the Government alone knows.

And then, our internal debt is about Rs. 1,31,000 crores. As far as payment of interest is concerned, we have to spend 25 per cent of our total resources, of what we re-

ceive as revenue.

16.00 hrs.

At present the total interest payment comes to about Rs. 14,150 crores and towards the end of the year, it will mount up to Rs. 17000 crores. Therefore, the payment of interest and repayment of loan would fall on our children and that would be realised by the imposition of heavy taxation.

The Government should be very careful about the public sector because the public sector absorbs the bulk of national resources. The public sector is partly responsible for creating deficit finance and more and more foreign loans. Therefore, the Government should take steps to improve the productivity of the public sector. There again the Government should not stress only upon export to increase the foreign currency. The Government should also learn how to live within its own means.

With these words, I conclude my speech.

SHRI P. A. ANTONY (Trichur): Sir, I rise to support the Budget.

The hon. Finance Minister deserves compliments for the various budgetary measures that he has suggested, aimed at achieving growth and self-reliance. This Budget is an important step forward in the direction of economic growth and social justice. The Congress party has always stood with the poor and downtrodden in this country and always striven to secure them social and economic justice. The schemes of developmental efforts and taxation proposals fully reflect this concern of the Government and the Congress party.

Any Finance Minister in this country cannot do without resorting to taxation. But the main point is which section of the population is being burdened by the new taxes. Can they afford to bear the increase in taxes? Looking at the Budget from this point of view, I have no hesitation to say that it is

[Sh. P.A. Antony]

the richer sections of the society which will bear the burden of the new tax proposals. Essential commodities like edible oil, petroleum products, etc. have been totally exempted from the excise duties. The scheme behind it is to control the prices of essential items, control the deficit and at the same time find resources for meeting the Plan requirements. I must say that the Finance Minister has succeeded in it. Look at the estimate of excise and customs receipts for 1989-90. Excise receipt will go up to Rs. 22702 crores from Rs. 18548 crores in 1988-89 and the customs receipt will go upto Rs. 17880 crores from Rs. 15812 crores in 1988-89. When the central plan outlay has been raised by twenty per cent, this level of resource mobilisation is very necessary. But while doing so, the Finance Minister has not taxed the poor.

Another important feature of the Budget is that the deficit has been contained at the level of Rs.7337 crores. Last year also, deficit has increased only by Rs.456 crores over the original estimate. We must remember that heavy financial commitment due to the drought and other natural calamities had to be made last year. Then our commitment in Shri Lanka also costs us in terms of money. In spite of this budget, the budget deficit has been kept under control. This has been possible due to magnificent improvement in the economy. The performance of agriculture was stupendous with a twenty per cent growth over the previous year.

16.04 hrs.

[SHRI ZAINUL BASHER *in the Chair*]

Industrial production has increased by nine per cent. Export has increased by about twenty five per cent. All this was possible because of the realistic policies of the Government. Increased investment in the agricultural sector and various incentives to farmers helped in raising production to a record level. Liberalisation in the industrial policy led to greater growth in the expansion

of industries as well as production.

The Finance Minister has quite naturally drawn our attention to two major areas of concern. These are unemployment and price rise. The most important feature of this Budget is its emphasis on employment. The Minister has promised to give employment to one member in each family in the 120 selected districts in the country. This is a major attempt being made by the Government to remove unemployment. The Economic Survey has pointed out that although the organised sector has grown, the employment has remained stagnant. This is a matter of high concern. The Government should look into this problem seriously. All of us know that private sector in our country is run on public money. It is the money of the ordinary people. When the society's money is used by this sector, naturally there should be a guarantee of the generation of employment. I hope, the Government will take suitable steps in this direction.

Price rise is a major factor which upsets all calculations. This is responsible for the increase in deficit. Since 1980 the deficit has increased alarmingly. The situation in our country is such that even when there is production, the prices keep rising. There is no effective control over the prices even now. The fair price shops, the cooperative stores, etc. do not reach out to every part of the country. I feel that our strategy in controlling prices has not met with much success. Price rise on one hand erodes the purchasing power of the people and on the other hand, increases the black money. With the decline in purchasing power, people find it difficult to meet their requirements with the same income. It is the middleman, the wholesaler, who benefits by all this. If you look at the prices of vegetables, fruits, vegetable oils, sugar and so on, you will find that the prices of these items have increased so much during the last three years. In the case of vegetables and fruits, normally when there is a good production, prices come down because these are perishable items. But now prices are not coming down because these are kept in cold storage and

released into market bit by bit. The wholesalers go to the farmers, buy these items at a very cheap rate and keep it in cold storage. They do not release these items in the market. By releasing it bit by bit they make huge profits. The producer as well as the consumer gets cheated. It is high time that a different strategy is evolved to control prices because all plan calculations ultimately depend on price stability.

Having said this, I am moving on to some of the problems of my State of Kerala. The most serious problem of my State is the problem of unemployment of the educated persons. There are 30 lakh of educated youths who are unemployed today. Kerala has the highest rate of literacy, particularly my town, Trichur where the literacy percentage is 92.8 per cent. Naturally when the people of Kerala are more literate, the problem of unemployment will be more acute. According to the statistics, the percentage of central investment in Kerala has been coming down over the years. That is why this problem of unemployment has become very serious. So, I have to make a request that when the Government is formulating new schemes for generating employment, Kerala should be given top priority. Similarly, job opportunities in the Gulf countries have declined and a large number of our people are coming back. In their case the question of rehabilitation is necessary and the Government should take up some schemes to get them rehabilitated. After all, they have earned a lot of foreign exchange for the growth of the entire country.

Another important point to which I want to draw the attention of the Minister is about the new immigration rule which is coming in the way of the people getting employment in the Gulf countries. Representation has been made urging the Government to withdraw this new rule. If we are not able to give jobs to the unemployed people, why do we prevent them from going outside and getting some employment there and earn foreign exchange?

I thank the Government for the sanction

of a thermal power plant in Kerala. Proposals for the expansion of certain old industrial units like FACT are pending before the Government. This should be taken up.

I request the Government to set up major undertaking of the railways or defence production unit in Kerala in the Eighth Plan so that some of the uneducated people can be absorbed. With these words, I support the Budget.

[*Translation*]

SHRI SHANKAR LAL (Pali): Mr. Chairman, Sir, the Budget presented in the House by the hon. Minister of Finance is a socialistic Budget, a Budget for removing poverty, for providing employment to un-employed, for increasing agricultural production and industrial development.

Today, a number of programmes are being launched in the country under the leadership of Shri Rajiv Gandhi to solve the employment problem and for eradication of poverty. The Central Government will bear 75% of the expenditure to be incurred on National Rural Employment Programme and Rural Landless Employment Guarantee Programme. This will help development in villages. One member in each family would be provided employment under the scheme of eradicating poverty and providing employment under the Jawaharlal Nehru Employment Scheme and 120 districts have been identified under this scheme. A sum to the extent of Rs. 500 crores will be spent on all these schemes. In fact it is a commendable programme. In all a sum of Rs. 1711 crores has been provided for the employment programmes.

The question of distributing sarees free of cost to destitute women has also been taken up. The Child Development Programme will be extended to 500 more blocks in addition to 1700 blocks. Apart from this an amount of Rs. 9500 crores has been earmarked for

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social service such as assistance in the form of fertiliser and clothes under rural development. It is also a commendable step. Not only that, our hon. Finance Minister has paid special attention towards States in this Budget. It is a special feature as it has been provided in the Budget that in place of 70 percent assistance being made available to States in respect of foreign aided projects meant for anti-poverty and social services programmes, now 100 percent Central assistance will be made available. This will provide great relief to them.

The Central Government enjoys the power to levy royalty on minerals in the States because the royalty can be increased by amending the Central Act. There are many States where royalty on minerals should be increased. The money received from increased royalty should be given to States. The Act provides for the revision of royalty after every 4 years, but the revision is not done in time. I would, therefore, suggest that the States should be made viable by getting the Act amended. The income of the State Governments should be raised through mineral royalty. Suitable amendments may be made in the Act.

Mr. Chairman, Sir, there is no mention of subsidy scheme for backward areas in the Budget. It is not clear whether this scheme is still applicable to backward areas or not. I would like to request the hon Minister to clarify this point. This scheme must be implemented in the last year of the Seventh Five Year Plan so that the backward States like Rajasthan and others could avail of this scheme and make progress.

Mr. Chairman, Sir, the Government spent crores of rupees last year on various works as famine relief measures. Most of these works remain incomplete. If these

works are not completed, the money invested on them will go waste. Money to the tune of not in lakhs but in crores has already been spent on ponds, irrigation schemes and several other utility works and if these works are not completed before the commencement of next rainy season, part of the work already completed will become useless. I would, therefore, like to request the Central Government to collect information from every State as to the amount spent on these works and what are the useful works which remain incomplete and which works, on completion, will improve the economic condition of the States concerned, provide employment to the people, remove poverty and raise production and the works on which the money will be go waste if these are not completed. It is necessary to make provision for these works in the Budget.

I would also like to submit that our hon. Minister of Finance has followed socialistic policy in the Budget. The taxes which have been imposed have to be imposed on the poor. No tax has been imposed on essential commodities consumed by commonman. The commonman has welcomed the Budget because no tax has been imposed on essential commodities like kerosene, diesel, motor spirit etc. On the other hand tax has been imposed on cigarette, liquor and I welcome this step. Similarly more taxes have been imposed on imported luxury goods with a view to save the people from wasteful spending. These goods should actually have been taxed and that is what has been done in the Budget. The hon. Minister has provided relief in milk powder and Khadi and Village Industries Sector. The freedom fighters have been honoured by increasing their pension. They struggled for the independence of the country, so it is also a right step. The industries have been given some concession for the rehabilitation of physically handicapped persons. In this way the Budget deficit of Rs. 7337 crores is not a big deficit.

I would like to make one more submission. There is no doubt that the hon. Minister has followed a socialistic pattern. The proposal to set up a housing bank for housing scheme is also a welcome step. With regard to the National Housing Policy he has stated that Bima Niwas Yojana and Home Loan Account Scheme has been proposed in the Budget. In this connection I would like to inform the hon. Minister of Finance that this would not serve any purpose. The Government propose to extend loan to that person who possess a plot upto 40 square metres and deposits Rs. 30 per months for 5 years. How far it is justified? There are lakhs of people in our country who have no roof above their heads and live on the roads, in slums, footpaths etc. In big cities people live near drains. The Government will have to undertake a major plan for providing houses to the teeming millions. The Government should so arrange that homeless people, whoever they may be, must get a place of shelter. It is not a good thing that the voters of our country who are the bonafide citizens should sleep on footpaths and remain naked and face starvation. I would like to submit to the hon. Minister that the housing schemes prepared by the Government are good, but at the same time the Government will have to prepare housing scheme for these people also.

Similarly, a good step has been taken for the development of industry. Cement and aluminium have been decontrolled. It is also a welcome step. A provision of Rs. 20 crores has been made for 61 growth centres under the Growth Centre Scheme in backward areas. I do agree that it is a commendable step. But Rs. 20 crores will not serve that purpose. Amount for these growth centres will have to be increased. When the Government want industrial development in backward areas, develop villages in rural areas, develop small and cottage industries, then this amount of Rs. 20 crores is too meagre to meet the requirement of the whole country.

This amount should be increased.

Similarly, I also want to request you that you should pay attention to the sick mills as well. The big industrialist pay little attention towards the welfare of the workers. The policy of our Congress Party is oriented towards protecting the interests of the workers and in order to do so there should be some sort of control over the industrialists. In this connection, I want to draw your attention towards my constituency also. Maharaja Umed Mill in my constituency has been lying closed for the last 65 days. The management is responsible for its closure and this matter is subjudice in a Tribunal. Still they have closed the mill and the workers have been rendered jobless. I want to submit that if the States do not take any action under the Industrial Disputes Act, which is a Central Act, the Central Government should intervene in the matter. As the Congress Government at the Centre is committed to the cause of farmers and to the poor, so in a situation like this in which 5 thousand workers have been rendered jobless and the State Government is also not taking any initiative, the Government of India should take action in this matter under sections 30 and 10-K of the Industrial Disputes Act. I hope that Central Government will pay attention to this.

The Government has taken a very good step in simplifying the pension procedures but the retired persons are still facing a lot of inconvenience in reimbursement of medical bills and availing of medical facilities available for them, I, therefore, request that along with increasing the pension amount, some streamlining have to be made in this matter as well. Without going into details, I would also like to make yet another point that the hon. Minister of Finance has kept the recommendations of the 9th Finance Commission in mind and an amount of Rs. 612 crores are being extended to the States under it as an additional grants. I appreciate your efforts of strengthening the financial position of the

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States. However, I would also like to submit that the amount allocated for the welfare of the poor for different schemes by the Centre do not reach them. The schemes meant for the poor are implemented properly. Therefore, our hon. Prime Minister has envisaged that these schemes should be implemented by the District Administration and the Panchayati Raj so that corruption by the middlemen is eliminated and the funds reach the beneficiaries. This is a very good step but it is unfortunate that the Government of opposition parties in the States are not cooperative in this matter. Hon. Shri Rajiv Gandhi convened a Panchayati Raj conference but the States ruled by them did not send their representatives.

We want to strengthen our democracy and we want it to strengthen at the grass-roots level but it is most regrettable that the opposition is not cooperating in this matter. I want to congratulate hon. Shri S.B. Chavan for presenting a socialistic and a balanced Budget for the final year of the Seventh Five Year Plan.

Laudable work has been done in the agricultural sector. Rs. 5,173 crores have been earmarked for agriculture and Rs. 4 thousand crores have been allocated for loans to farmers which is 17 to 18 percent increase over last year. It is also laudable that the interest rate on loans ranging from Rs. 15 to 25 thousand extended to the cultivators has been reduced by 2 percent. It was 14 percent earlier but now it has been reduced to 12 percent. Similarly a new Department was created in 1988 to boost Food Processing Industries. It is a work of vast magnitude. The agricultural waste materials, which go in waste, will be utilised in these units. It is a radical step and I thank you for it.

Finally, I want to submit that the pro-

posal of providing employment to maximum number of people made in the Budget is right. Our target is to establish a socialistic society and in order to do so we need funds for removing poverty and for which ceiling has to be imposed on the capitalists. There are 17 or 18 large industrial houses in the country who are billionaire and therefore, unless a ceiling is imposed on individual property, this work will not be completed. The extent of property which an individual can have should be fixed. This is not desirable that on the one hand a vast majority of people are living in abrupt poverty, on the other a few privileged are having properties worth millions of rupees. The ceiling on property will have to be imposed. I think that one day, the Government will have to levy taxes on capitalists to mobilise resources to spend it for the welfare of the poor. I am very happy about the fact that under the leadership of Hon. Shri Rajiv Gandhi we are moving towards socialism.

With these words, I conclude and support this Budget.

[English]

SHRI SHANTARAM NAIK (Panaji): Mr. Chairman, Sir, in fact, in the course of my speech on the last Budget, I had said this. To judge a budget, I have got one criterion, which is a very secret criterion. Whenever Budget is presented, then I go through the newspapers and subsequently I try to find out, what Mr. Palkivala has to say on the Budget. When I find that Mr. Palkivala has criticised the Budget then I come to the conclusion that this must be a good Budget for the people of India. This is my own standard of judging the Budget, because I do not know the intricacies of all the economic aspects of the Budget. But this is the first conclusion I arrive at when Palkivala makes the statement.

In fact, he is an intellectual of this country. But it is very sad that after a Budget is

presented, he holds a show of misinformation, as he held in Bombay. Subsequently, he held another show in New Delhi and consistently he gives misinformation to the people who come to listen to him as an intellectual. This is very sad. It is not that he is not an intellectual. He is one of the intellectual persons of this country. But some-how he utilises his knowledge for this purpose. He is telling everybody today that we are going to become bankrupt, the country is going to dogs and we are going to become insolvent. But the common man sees how in the last 40 years, we have come up. If what Shri Palkhivala says has been correct, this picture of this country, we would not have been able to see. It is also a fact. Maybe that we have erred in many fields. But, intellectuals of this country go on misinforming the people. One of his statements says that the biggest sick industry in the country is the Government of India. This is the sort of statement he has made. So, this is the type of misinformation that an economist, a lawyer and an intellectual makes. Some of the middle-class people may get convinced and are getting convinced somehow. It is sad.

But then immediately after the Budget, it is not sufficient that whenever Finance Minister goes to some places, he tries to show the qualities of the Budget but I feel that we should also have a direct contact with the masses in the sense that at least at four or five big places in the country, we should also address people in lakhs and analyse our Budget in front of them. If there are any demerits, then we should tell them that these are the measures which we have taken. If we have got some taxation measures, we have to tell the people with confidence that because these resources are needed in this area that we have had to impose these taxes. About other misunderstandings which are made by news papers and intellectuals like Mr. Palkhivala, I think, we should clear them in future.

Secondly, when we speak on Budget, we refer to the boycott of the Opposition parties when the Finance Minister was presenting the Budget. The boycott was made by the Opposition parties when they did not attend the House when the Budget was presented by the Finance Minister.

Now, Mr. Madhav Reddiji, you have participated very nicely and you have expressed yourself. But, it would have been very nice and courteous if you had remained when the Finance Minister was addressing the House or presenting the Budget. It is not a question of Finance Minister or Government of India. We belong to this House. Because you have not liked the statement of Prime Minister on certain matters, you have got your ways of opposing the Prime Minister or putting your point of view but just boycotting us on a solemn occasion as presentation of Budget where problems of millions of people are proposed to be solved and solutions are sought to be found, when this document is presented, I think, it is very erroneous on the part of the Opposition to boycott the presentation of the Budget by the Finance Minister.

You must be aware that in the last four-years—I am a Member of Parliament for the last four years; I do not know what was the position; previously. I have gone through the Rules Book—in fact, there is no parliamentary party except the Indian National Congress. I do not think Telugu Desam is a Group. Of course, you were earlier a Group because you consisted of 30 Members. But when one of your Members resigned, you ceased to be a Parliamentary Group even. As far as the Opposition is concerned, there is not even a parliamentary Group, not to talk of a parliamentary party. But, yet, it must be seen, that Hon. Speaker and the Leader of the Party, have always given respect which is due to a Parliamentary Party when any Parliamentary Party does not exist there. When such a respect and consideration has

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been shown to the Opposition Members, I think this aspect ought to have been considered whenever such occasions arise. Earlier also, I may point out that on no occasion whenever good Bills were presented, the Opposition had ever cooperated with the Government. All such Bills were presented in the House as a measure of curbing terrorism and in respect of other such aspects. But the Opposition had always criticised such measures despite the fact that those Bills which the Government enacted were required in the present circumstances of the case. So, it is very sad that the Opposition parties are not playing their role which, in fact, they are supposed to play in a parliamentary democracy.

Sir, in this Budget, the Jawaharlal Nehru Rozgar Yojana was presented. The Opposition could have made it very clear that in principle they accepted this Yojana because that is a measure aimed at eradicating unemployment. But most of the Opposition Members who have spoken have attacked the programme like anything.

SHRI C. MADHAV REDDI: I would like to make the record clear that we supported this scheme. Please don't say that we have not supported it. I have supported many schemes.

SHRI SHANTARAM NAIK: This is the thing which is required. In fact, they could say, in principle, they support it; but it must be seen that it is implemented properly, that the amount is not wasted to which we also agree. But to criticise a measure outright—even a beneficial measure is not a healthy sign. It cannot be said as a healthy criticism of any policy or programme of the Government.

Sir, I will not go into the details of the schemes. But one thing I would like to say

very specifically. Sometimes back our Prime Minister had stated that whenever we want to give one rupee, for instance, to a villager or to a citizen, then we have to spend Rs. six for the purpose i.e. five rupees is spent on the administration and other paraphernalia. This wastage has to be stopped. If the benefits of our Budget have to go to the poor in totality or in substantial part because 'totality' is very difficult to reach, then we have to find ways and means to curb the wastage in the route through which this money has been channelised. How to curb this wastage is the moot point. Of course, it is not that easy to curb this. In the administration or in other places, everywhere we have to curb this aspect. If this aspect is curbed, then our Budget would automatically multiply in the sense that supposing we are spending Rs. 100 crores, automatically the investment will multiply because we will be controlling wastage here and there. So, a lot of benefits can be derived in case the wastage is stopped.

Sir, one of the ways of curbing wastage is to control, according to me, corruption which goes on at all levels right from the higher bureaucratic level to the lower level of *tahsildar* etc. We have to admit the fact that at many places this practice is existing. It is not that all the people are corrupt, not every *tahsildar* is corrupt, every Collector is corrupt. But wherever it is existing, it should be curbed. It is not that difficult. We sometimes say that it is very difficult to curb the corrupt elements at the lower levels. It is not so. Once we establish a machinery, it is very easy to curb corruption. We know that under the Prevention of Corruption Act, there are two methods of finding this thing—one is catching hold of a person accepting bribe red-handed which is perhaps difficult and the other is to assess the income of a person whether it is in proportion to his income, etc. Section 5 of the Act is there. This Section is never invoked particularly. If that Section is invoked, in many places we can curb the corrupt elements.

Another aspect which is linked with this is that whenever we see the assessment of the implementation of the 20 Point Programme, the figures basically available with us are the one given by the State Governments mentioning point by point about the targets and the amount spent. And we assess the implementation on the basis of these figures. I doubt whether we have any efficient, independent machinery to assess the implementation of 20 Point Programme. That we have to do as most of these programmes will fall under one or the other point of the 20 Point Programme. In case we want to assess the implementation of the 20 Point Programme in a systematic manner, then we have to have a machinery which will assess the targets in real terms. That will also help us to analyse our achievements.

Another aspect which I would like to stress is about the housing bank. As per the report recently submitted by Mr. Charles Correa on National Commission on Urbanisation, an emphasis has been laid on the establishment of the housing bank. But the Government has already established the housing bank and Government lays lot of stress on this. But the question is, as a result of some of the provisions in the Budget, prices of steel etc., will increase. Now at a time, when housing bank has started functioning and at this time when schemes are being chalked out for the purpose of building houses for poor and weaker sections who approach the bank, at this time, if price of construction material namely, steel gets increased, there will be a bit of contradiction in this. Therefore, kindly see whether something can be done for the purpose of providing cheap material to the weaker sections of society who approach housing bank for the purpose of loan.

Another aspect with reference to 20 Point Programme which I would like to stress is the implementation of land reforms which is a vital point in the 20 Point Programme.

Various points of the 20 point Programme have been implemented by States and the Central Government—some unsuccessfully and some at a lesser degree but—by and large, satisfactorily. But as far as land reforms are concerned, it has remained practically unattended to for the last four or five years. That is because the Government says: "what can we do. Most of the cases of the States are pending in the High Courts or in the Supreme Court." In that regard, I had given a suggestion that we should not be complacent in this matter. Although cases are pending in the High Courts, let us, through our Attorney General, make an application to the court saying that the land reform cases should be given top priority and they should be disposed of within one year. By that speed, if these cases are decided, wherever tenants suffer, we can issue necessary ordinances to give them the benefit and to make them the owners of land. So, in a period of one year, we can implement this land reforms totally. There will be no problem. At the most, it may take one year more. So, let us not be complacent on this aspect just because the cases are pending.

Another vital aspect is that of individual income. Everyone before the presentation of the Budget had hoped—I do not know how the hope came—that this slab of Rs. 18,000 would be increased to Rs. 25,000 for purpose of non-taxation. This was the hope of the middle class. Today, an amount of Rs. 25,000 is nothing. You have, as a measure of small gesture, reduced the tax on this slab only by five per cent. I would humbly request you to consider this aspect in the interest of the large sections of middle class people and total exemption be given up to Rs. 25,000.

Another aspect I would like to stress is regarding consumer protection. No doubt, Opposition would say that the Budget is inflationary and this will increase inflation. But one thing is sure; we have to implement the Consumer Protection Act, the Essential

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Commodities Act and the Prevention of Food Adulteration Act strictly so that any artificial increase in prices on account of hoarding or otherwise are curbed. If there is small inflationary aspect in the Budget which is out of hand, that is a different thing. But any increase out of these artificial measures can be curbed provided these three Acts are implemented.

Another aspect which I would like to stress is with respect to a local demand. It is the normal practice while we discuss the General Budget that we make some local demands. I also would like to make one local demand which is very strong. After we became a State, we are now standing on our own feet. For some years any State which is newly born has to be included in the special category for the purpose of finances. The north-eastern States are all included; Son-tosh Mohan Devji is very happy. Whether it is north-eastern States or States in other areas, a newly born State, for a particular period, has to be included in the special category so that when it comes out as a State, within a period of five years, it would become self-sufficient.

[*Translation*]

SHRI RAM SAMUJHAWAN (Saidpur):
Mr. Chairman, Sir, the 1989-90 Budget presented by the hon. Minister of Finance is a very useful Budget for the country and the common man. If we could go through the Budgets of the past few years, we find that the current Budget has been prepared keeping in mind the interests of the common man, the poor and the people belonging to middle classes of the society for which he deserves to be congratulated. This Budget will provide relief to the common man. They will provide more opportunities of employment which will step up the development of the country. The pressure of inflation will be reduced which

will benefit the people living below the poverty line. The Government has kept the interests of the weaker sections in mind from the very beginning but the funds earmarked for their welfare have not been actually spent for their welfare. If even 25 percent of that amount had reached to them, they would have been considerably benefited. We can cite the example of Indira Awas Yojna in this connection. During the past 3 years, houses were constructed for the weaker sections under this scheme. These houses were constructed at the cost of Rs. 6 thousand each. But in my constituency, I have seen that these houses are made of a very sub-standard materials, for example mud instead of cement and substandard bricks were used in their construction. With the result, they are not able to withstand even one downpour. Therefore, it is not safe for the people to live in such houses. However, I will give an example where the implementation of this scheme has been ideal. The manager of the Degree college in Jaunpur District had got houses constructed under this scheme at Chappa village and these houses are of standard quality. Whatever funds were allocated for this purpose, were fully utilised. These houses are well-constructed and are very durable. Therefore while extending funds for schemes meant for the weaker sections, it has to be ensured that the middlemen do not devour those funds. Stringent action should be taken against such persons.

The Reservation Policy of the Government is meant for the upliftment of the harijans and other weaker sections of society. Under this policy, the Government wants that educated youths belonging to these classes should get protection in matters of employment but in reality it has been seen and about which I have no hesitation to state that nepotism is practised here as well. In spite of being capable, the poor harijans are disqualified on one or the other pretext. If Government is truly interested in their

upliftment, Government should take steps not only to create lucrative job opportunities in the villages itself but a system is required to be developed in which these poor people could be self-reliant by carrying their own profession. It has also been seen that the loans which are extended to the rural people through the banks for self-employment, do not reach them easily. Corruption is rampant in disbursement of loans. The poor people cannot receive any Government financial assistance without bribing bank managers or other concerned employees of the bank. In order to provide opportunities of self-employment to the educated youths of the rural areas through banks, special attention has to be paid to the functioning of the banks. Many hon. Members have made a mention about rampant corruption prevailing in the banks and attention of the House has been invited by them. Stringent measures have to be taken to do away with corruption prevailing in the banks.

I have been elected from the Saidpur-Gazipur constituency which is a reserved constituency. Three assembly seats falling under this constituency also come under reserved category. This proves that a substantial number of harijans and adivasis live in our area. My constituency is a harijan dominated area. I have said it earlier and I want to reiterate that neither any large scale industry nor any small scale industry has been established in my area so far. On account of this the people of my constituency are migrating to big cities such as Calcutta and Bombay in search of livelihood. They take up menial jobs such as rickshaw pullers etc. in order to support themselves. The land holdings of the people in my area are very small and the agricultural labourers are paid very meagre wages. It is on account of this that they have to migrate to cities in search of jobs. In order to check the migration of rural population, the Government must set up a big industry in very Parliamentary constituency. My constituency forms part of territories of three districts because some

parts of all the three districts are included in it. I would like to demand that the Government should set up a large scale industry in the Saidpur reserved constituency at the earliest.

The summers are approaching. My constituency is situated between Gomti and Ganga rivers. Water level is very low. As a result, a water scarcity is created during every summer season. I would like to request that Central Government should direct the State Government to make proper arrangements for drinking water supply in Saidpur constituency. Deep down handpumps should be bored so as to solve drinking water crisis.

So far as agriculture is concerned, our country has made immense progress in the agricultural field and has attained self reliance which is known to everybody. The Government should make arrangements to see that the agricultural labourers, who are dependent on agriculture, get proper wages. At present, in villages they are do not getting proper wages. If they get proper wages there, then they need not migrate to the towns. It is good if the Government fixes minimum wages. I understand that Rs. 10-12 has already been fixed as the minimum wages by the Government. If this is so, then the decision should be implemented so that those people may get wages according to the rates prescribed by the Government. The landlords do not pay reasonable wages because the policy formulated by the Government is not properly implemented. Therefore, this need attention to be paid by the Government.

Regarding the educated unemployed I have submitted that they should be given employment on reservation basis. They should be paid by the Government and absorbed in some jobs. In this regard there should be some Government agency which should give employment to the educated

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youths because they neither possess any land nor do they get any opportunity to work. Moreover they also become somewhat lethargic after getting educated. Employment opportunities should be provided to all the harijans adivasis and the poor, so that they may lead a comfortable life.

The Budget presented by the hon. Finance Minister deserves appreciation. With these words I heartily welcome and support this Budget.

SHRI U. H. PATEL (Bulsar): Mr. Chairman, Sir, I support this Budget. I welcome the tax proposals which has been brought with a view for the uplifting the people living below poverty line. I also congratulate the hon. Prime Minister and the hon. Finance Minister and request Shri Chavan that he should be prepared to take even a higher leap. The hon. Prime Minister has aptly pointed out that the prime aim of the Budget proposals is to help the poor so that the ideal of social justice may be achieved. Therefore, in order to bring these changes the rich class will have to pay these taxes.

Mr. Chairman, Sir, even after forty years of independence, 36 percent people are living below the poverty line. Why is it so despite our best efforts? this is a matter of grave concern. Therefore, Shri Rajiv Gandhi toured the whole of India, he went into the huts of the poor people and found that they do not have even the basic necessities of life. Every provision is made from the Centre but the middlemen swindle it on the way. Therefore the process of planning has been started from lower level. The hon. Prime Minister deserves to be congratulated for this. Unless the poverty alleviation programme is implemented in whole of the country, our dream of complete independence can never be realised and will remain incomplete.

Mr. Chairman, Sir, consumption of liquor and use of narcotics is a matter of grave concern. The poor and the youth are falling prey to this evil. I feel that if this vicious circle goes on this way, our ambition of constructing a new India and a new society will get shattered. Therefore, in order to provide protection against this evil, Government should enforce prohibition and take stringent steps in this direction.

17.00 hrs.

I am happy that a literacy campaign has been started for the illiterate and the old under the New Education Policy. I have written a letter to the hon. Prime Minister in which I have explained that I want to be associated with this campaign. Prior to this, I have given education to 150 illiterate people upto third standard. There is nothing like it if everyone gets associated with this campaign. In my opinion if an educated person teaches an illiterate person and can save a person from drinking habits, he earns virtue equivalent to that earned by visiting 68 pilgrim places.

I thank the farmers for the pains they have taken for making the country self-reliant in the field of foodgrains production and the army personnel for the pains they have taken to guard the frontiers of the country. Whatever is done in these two fields is never sufficient and I would like to draw the attention of the hon. Minister that maximum assistance should be provided in these fields so that there is no problem in making the country self-reliant in defence and foodgrains.

Measures should be taken for the development of the hilly areas. New railway line should be laid in the hilly areas, in Gujarat. I have sent a request to the hon. Railway Minister for laying a new railway line from Nasik to Bulsar. The Government should consider this proposal, so that development may taken place in the hill areas.

The coastal line in Gujarat is very vast and the fishermen here have to suffer heavy losses due to water logging. A wall should be constructed there to save them from this problem and early steps should be also be taken to save them from such a disaster.

The south Gujarat is known as the "King of Mangoes". The hon. Minister also knows that the mangoes grown there are sold in Bombay. This crop gets infested with pests and diseases. The pesticides and fertilizers for them are very expensive. Steps should be taken to solve the problem are to ensure that crop is sold at remunerative prices. We can also earn good foreign exchange from this crop. Therefore, there should be some agency for exporting mangoes to foreign countries.

The mill in Billimora is lying closed and the employees there are jobless. Arrangements should be made to absorb them in some job so that they may earn their livelihood.

I would also like to draw the attention of the hon. Minister to the Union Territory Dadra Nagar Haveli. When the people got free from portugese domination, we toured every village and saved the people from exploitation. It is regretting that inspite of the sufficient budget provisions by the Centre, the industrialists, the vested interests and the officers do not make proper use of the budgetary allocating and consequently the poor are deprived of these benefits. At present the condition of the people there is getting even worse. The Central Government should keep a strict walth on the development works there. Strict steps should be taken against people who are found guilty during the special investigations.

The industrialists and other people take away the land of the poor people and sell to it on higher prices to be utilised for other

business purposes. There is no fare distribution and the quota of essential commodities given by the centre is misused. My submission is that at the some proper time the Union Territories Dadra, Nagar Haveli, Daman and Diu should be merged with the adjoining States. What I mean to say is that the poor people should be benefitted. It has been seen that only a few people are enjoying these benefits.

Now I would like to draw the attention of the hon. Minister to a very serious matter. People indulging in smuggling and thefts etc. at the river bank should be heavily penalised. Smuggling is very active there. The Government will have to be very cautious in this regard. Those involved in such activities take themselves to be the virtual rulers there. The Government will have to take strict steps against them. The goods of those who are caught red-handed in such activities should be confiscated. People who are ruining the country should be sentenced to death. The Government should give a serious thought to it.

The 20 point programme meant for the upliftment of the poor should be implemented properly. It is also essential to control inflation. I know that the Government has wide powers and can take any steps at any time very easily. We are prepared to give you full support in this regard. Whoever is caught red-handed in corruption case should be heavily penalised. I once again welcome the Budget. My submission is that our hon. Prime Minister should be empowered to get the programmes meant for the upliftment of the poor implemented.

SHRI RAM SINGH YADAV (Alwar): Mr. Chairman, Sir, I support the 1989-90 Budget presented by the hon. Minister. The Budget estimates presented in the House by the hon. Finance Minister have been prepared by keeping in view the country's economic and development policy.

[Sh. Ram Singh Yadav]

This is right that the prime requirement in the developing countries is to accelerate the speed of development and to provide relief to the poor, the exploited and the people ignored so far in the country.

Sir, I would like to submit that in the present Budget, the hon. Minister has first of all increased the plan outlay by 20 per cent under the planned expenditure. This is very significant in itself. Accordingly the present plan outlay is Rs. 34,446 crores which is very much higher than the last year's Budget. During the year 1988-89, this amount was Rs. 28,715 crores only. It is clear that there is an increase of 20 per cent in this. This is a record in itself so far as country's economy is concerned. In the Seventh Five Year Plan it was expected that this target will be achieved at the rate of 5 per cent growth rate every year. However, our hon. Finance Minister has proved that our target is not 100 per cent but 115 per cent and we have even achieved this.

Apart from this our expectation of the average increase in growth rate during the Seventh five Year Plan will, I feel, reach 29 or 30 per cent instead of 28 per cent. This is so because the Economic Survey presented by the hon. Finance Minister last year showed the rate of G.D.P. as 9 per cent. Despite the severe drought and famine in 1986-87 and 1987-88, the rate of growth in our country has been 3.6 per cent which is in itself an indication of the efficient economic system in our country. This also proves that under the leadership of the Hon. Prime Minister Shri Rajiv Gandhi, the Government and the democracy are enjoying stability and strength. Similarly, the economic set up too is very strong and no one can harm it in any way.

I would like to add that the biggest problem in our country is that of unemploy-

ment. In order to find out its solution, the hon. Minister has approved the 20 point programme according to which we will be able to provide employment to 2.5 crore people within five years. This is so because under the 20 point programme 1.5 crore people will be benefitted with employment under the Integrated Rural Development Programme, nearly one crore people will get employment under the Rural Landless Employment Guarantee Programme, TRYSEM and other schemes. You know that India is such a country among the developing nations where even after providing employment to 2.5 crore people, nearly 6.5 or 7 crore people will be added in the next five years. The biggest issue before the hon. Finance Minister is that he prepares certain schemes whether it be the annual plan or Five Year Plan, with a perspective scheme to absorb number of people, but it happens always there are more people claiming the benefits under that scheme than anticipated. I appreciate his efforts to tackle this complex situation and thank him for higher provision made and giving concrete shape to the Jawaharlal Nehru Employment Scheme. An allocation of Rs. 1710 crores has been made for providing employment. This is a very bold and timely step. An amount of Rs. 13000 crores has been allocated for defence, thus curtailing the defence expenditure by Rs. 2,000 crores. This is indicative of his efforts to give a new direction to the country under the leadership of the Hon. Prime Minister, Shri Rajiv Gandhi to create an atmosphere in the country, which is conducive to and helpful in removing unemployment, accelerate the growth rate and create infrastructure for supply of power, water to the farmers.

17.13 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

I thank the Hon. Prime Minister for his initiative to have peace with China by visiting that country and extending friendship. For a

long time there has not been exchange of views between the two countries in such a cordial atmosphere. He has taken a historic step and has defused the tension between the two countries. This is in itself a big singular achievement. Apart from its political impact, it is significant from the economic point of view also. It has its impact on the country's economy. This has enabled the hon. Minister of Finance to cut down the defence expenditure. It shows a sense of confidence displayed by our Hon. Prime Minister. As the leader of the Asian region, he has made efforts to bring cordiality in our relations with China and Pakistan, which had hitherto not been very cordial. By cutting down the defence expenditure in the Budget, he has proved his sincerity. It is a proof that there is no difference in his profession and practice. He wants from the very core of his heart that there should be friendship, brotherhood and goodwill among the countries of the Asian region. Besides easing tension, all the countries should cut down their defence expenditure to some extent so that basic necessities of life such as food, cloth shelter, employment etc. can be provided to the people. For this purpose, this political step was very necessary and due importance is being attached to this political step in our country. Besides, I would like to submit that while preparing the Budget, the hon. Minister of Finance had to face money difficulties and the biggest among them related to repayment of debt taken to create infrastructure and meet our basic requirements for development and to reduce the burden thereof. I thank the hon. Minister of Finance for his efforts to reduce the balance of payment. I would also like to submit that you should pay special attention to cut down the import bill. Being a very efficient administrator and an expert, you are quite capable of devising means to control it. It is the basic necessity for a Minister of Finance to strike a balance between exports and imports in his exercise of giving a meaningful shape to the Budget. For achieving this balance, a policy is to be

adopted under which imports are monitored on day to day and monthly basis. To control imports, you have to be a miser. Now-a-days, the situation is totally different about the imports made into the country. Countries like Japan, France, America etc. want to lure the developing countries in the Asian region to import their obsolete goods by offering various incentives, attractive gifts etc. in the form of debts or subsidies etc. Sometime back, I read in the newspapers and the hon. Minister of Finance is also aware of it that Japan wanted to advance some loan for the Indira Gandhi Canal. But at the same time, it wants us in turn to purchase its obsolete goods and thus increase its burden of debt on us. Care should be taken not to fall in such traps of foreign countries and take barest minimum amount of loan. Next I want to express my concern over our administrative expenditure.

[English]

PROF. N.G. RANGA (Guntur): Loans for developmental purposes are not bad.

SHRI RAM SINGH YADAV: Yes Sir. They are not bad and I am not against them.

[Translation]

Our expenditure on administration is continuously increasing. Not only at the centre, but in States also this expenditure varies from 40 per cent to 45 per cent. Norms have been laid down by the Administrative reforms Committee to restrict it to 25 per cent only. It is for you to see as to how you can restrict it to this level. I thank the hon. Minister of finance for his thrust on three points in the Seventh Five Year Plan, viz. firstly increases in production, secondly creation of more job opportunities and thirdly providing foodgrains to the countrymen. I thank you for the effective steps taken by you in all these three directions. You had laid down a target that 17 per cent of total loans and advances

[Sh. Ram Singh Yadav]

by commercial banks during the year 1988-89 should be made to farmers. On going through the survey report, I find that this target has been fulfilled. This year you have increased it to 18 per cent. In this regard, I would like to give two suggestions. Firstly, it has been observed that while sanctioning loans to farmers for purchase of engine or electric motor, he is asked to purchase it from a particular firm. The State Governments should be instructed to leave it to the discretion of the farmer to buy diesel engine or the electric motor with the loan provided by the banks from the dealers of his choice. Secondly, farmers should be provided loans on priority basis for installing tube wells or digging of wells for irrigation purposes. You have held the office of Chief Minister. You must be aware that earlier while giving Taccavi loans, the Revenue department used to identify the recipient farmers. Now there are no statistics available in the country to identify the people living below the poverty line. So I suggest that a survey may be conducted throughout the country and this work may be entrusted to State Governments, who should be carry out an economic survey of each block to find out the number of families living below the poverty line. Statistics of such families should be prepared and placed at the headquarters of Panchayat Samitis and Development blocks and Panchayat Samitis may be asked to file objection, if any, within a month. Uptil now, no true identification of the poor has been made. There is factionalism in election of every panchayat and the faction of the sarpanch includes his supporters in the list although they may not be other wise qualified. So an economic survey should be conducted in the country. Thus the right person will get grants, loans, houses under I.R.D.P. or from L.I.C. or other agencies. Economic survey will be very helpful in implementing poverty eradication programme. Efforts should be made to increase the foreign exchange reserve,

which had fallen to Rs. 5967 crores in January, 1989.

With these words, I support the Budget and thank you for giving me time to speak.

SHRI BAPULAL MALAVIYA (Shajapur): Mr. Deputy Speaker, Sir, I thank you for giving me time to express my views and I whole-heartedly support the Budget presented by the hon. Minister of Finance. It is a well conceived and balanced Budget. There is a saying that cut your coat according to your cloth. The hon. Minister of Finance has prepared a very good Budget tackling all the requirements with the limited resources available. It is a big achievement. It is a commendable Budget.

There are four-five basic necessities in a human being's life. First is education, second is medicine, third is a house for living and fourth is clothing. In this Budget, the hon. Minister has made adequate provision for education.

I am reminded of an interview held for the post to teacher in 1957. Even middle pass candidates were not available. But today under the Congress Government, thousands of educated Harijan and Adivasi boys are available. They are competing for jobs. Thus, I feel that they will make more progress in future by receiving education.

There was also a time when the farmers and labourers approached the money lenders to know the contents of their letters. But thanks to the work done by this Government, today not only primary and middle schools but also Junior High Schools and High Schools have been opened in the villages. Is it not a sign of progress in the villages? If progress continues to be made in the field of education by educating the citizens including villagers, through various facilities being given by the Government, I am sure, our country will achieve hundred percent literacy

in the near future.

So far as medicines are concerned, these are very essential for life. Man suffers from various ailments in his life and it is very essential to provide treatment for these ailments. I am glad to note that the hon. Minister of Finance has not imposed any tax on medicines. He realised that medicines should be available to the poor at cheap rates. The hon. Minister deserves our congratulations for this. I am sure, this is creating a good environment among the poor.

Shelter too is essential for man. In order to protect us from cold, heat and rain, it is essential that we should have a roof above our heads. Today we find that houses are being constructed for the poor in villages under the 20 point programme. It is a matter of pleasure that the people in village applaud the Congress Government and the Prime Minister, Shri Rajiv Gandhi for providing them shelters to live.

Not only that, there was a time when there was no electricity in the villages. But today electricity connections for one bulb have been provided even in the huts in the villages. They have to pay a nominal amount of one rupee or one rupee and twenty five paise. For this also the jhuggi dwellers praise the Prime Minister. They say that he provided houses and electricity connections to them. The Government has supplied electricity to places where it was remotely possible to do so. In this way, their requirement of electricity has been fulfilled. So far as the question of unemployment is concerned, educated people are being given grants-in-aid and loans to the extent of Rs. 35,000 to Rs. 40,000 and in some cases even upto Rs. 1 lakh for the solution of unemployment problem in villages under the 20 point programme and rural development schemes. This will help them start their own business instead of looking for the jobs. Today, there are lakhs of educated youngmen who do not

prefer to join service and instead choose to start their own business. This is helping these youngmen to start their own work or open their own small factories and make progress after completing their studies.

So far as the question of rural labourer is concerned, they are being given money and subsidy by the Government to start their own occupation, especially carpentry, blacksmiths work, weaving, etc. It is also seen that people that people are leaving their ancestral profession and are taking to new professions. It is a matter of pleasure that impetus is being given to various occupations in this manner. Had the Government not given incentives, advanced loans and provided funds, how was it possible that people made this much of progress. These are the achievements of the Congress Government. If we look at the things in their right perspective, we shall find today that the poor people are making a good living, they are earning their livelihood. It is a very nice thing for the poor.

Not only that, lakhs of acres of land are being distributed among the poor under the 20 point programme. A campaign for giving ownership rights was launched in Madhya Pradesh. There was a complaint that though people received lease deeds, yet they were not given actual possession of the land. For this, the Prime Minister, Shri Rajiv Gandhi issued directions to attend to this work immediately. Accordingly, it was decided that if somebody did not vacate the land, he will have to undergo imprisonment for 3 years. In this way the distribution work was completed successfully and the poor benefited in the process.

Mr. Deputy Speaker, Sir, if you make a comparison between the achievements made in the States ruled by the Congress Party and those ruled by the regional parties, you will find that the States ruled by the Congress have made a lot of progress

[Sh. Bapulal Malviya]

whereas the states ruled by the non-Congress Governments have not made any progress. I would, therefore, like to say that money released for a particular work should be utilised for that work only, the work should be undertaken and the benefits should reach the poor. I want that an enquiry should be held in the case of those states which do not make progress, so that the poor could be benefited.

Finally, I would like to submit that scholarships given to Harijan and Adivasi students for training in technical institutions in Delhi, Kanpur etc. are too meagre. The amount of this scholarship should be increased so that these students could receive engineering education without any difficulty.

I would like to make one more suggestion. It is all right that the farmers should get remunerative prices for their produce. But at the same time it is also necessary that the poor should get coarse grains for their consumption at cheap rates. Today, jowar sells at Rs. 15 per 5 kg. bajra Rs. 15 per 5 kg. and wheat Rs. 28 per 5 kg. I would, therefore, like to request the hon. Minister of Finance to reconsider this issue. The poor should get coarse grains at subsidised rates. If required, necessary amendment may be made in the Budget and benefits provided to the poor. With a view to providing some relief to the farmers, the prices of inputs like fertiliser and seeds used by them should be lowered, but the poor people should get foodgrains for their consumption at subsidised rates. When members belonging to the opposition go to farmers, they tell them that they should get remunerative prices for their produce and when they go to the poor people, they say that the poor should get foodgrains at subsidised rates. This will neither solve the problem of farmers nor the poor people. As such the Government

should adopt a clear-cut policy with regard to prices payable to farmers for their produce and the rates at which foodgrains are to be supplied to poor people. The policy so formulated should clearly provide that the farmers would get remunerative prices and foodgrains would be made available to the poor at subsidised rates.

With these words I express my thanks to you for providing me time to speak.

SHRI MOHD. AYUB KHAN (Udhampur): Mr. Deputy Speaker, Sir, I express my thanks to you for providing me an opportunity to speak. I am very grateful to the hon. Minister of Finance and would like to congratulate him for presenting such a nice Budget, which reflects the hopes and aspirations of crores of people in this country. The hon. Minister has also proved that Rajiv Gandhi's Government is for the poor and for those people who did not get any justice so far. The Budget is a good step in the right direction.

While on the one hand, quantum of deficit has been brought down, on the other hand, inflation has been checked from rising further. At the same time the tempo of development has been maintained. A greater emphasis has been laid on the modernisation of industries and raising production. As several of the hon. Members of the congress have already spelt out the salient features of this Budget, I would not like to delve into it any further. But I would like to say that more attention should be paid to speeding up schemes which are run in the States to provide employment and remove poverty. Emphasis should be laid on removing the shortcomings in these schemes.

Not that only money is to be spent. It should also be ensured that money is properly utilised and, if necessary, the method of spending money should be changed. There should be proper monitoring so that funds

released from the Centre are properly and fully spent. India is a country of crores of people and our Constitution guarantees equality of opportunity to all citizens. During the last 40 years, there have been some inequalities at the regional as well as provincial levels. I would, therefore, like to request the hon. Minister of Finance to take stock of the situation and identify the States or regions which are backward and see what effective steps could be taken to develop them. It should not be so that those which are already getting the assistance should continue to get more assistance and those which did not get at all should go empty-handed. There is a need to set right the above state of affair. I would like to submit a few things about my state, Jammu and Kashmir. It has been granted special status by the Government, yet poverty in my state has not been eradicated. Unless the Government makes available necessary resources to the state poverty will continue. Other states, which enjoy special status in our country, are given 90 per cent grant and 10 per cent loan, whereas in case of my state 70 per cent loan and only 30 per cent grant is provided. Whenever we request the Centre to end this discrimination, the Government says that this is merely notional. Had it been notional, it would not have affected our plan. As a result thereof, in the Sixth Five Year Plan, there was non-plan deficit of Rs. 215.24 crore, which rose to Rs. 438 crore during the Seventh Five Year Plan. Due to this, out of an allocation of Rs. 1400 crore made by the Government, Jammu and Kashmir got only Rs. 900 crore and there was a step up of 55 per cent only. This is not the position in the case of other states having special status. I would request that the Central Government should pay attention in this regard and treat Jammu and Kashmir at par with other states which enjoy special status. Again, my state does not get funds for the maintenance of capital assets. We were allocated Rs. 1400 crore during the Seventh Five Year Plan but Rs. 215 crore

spent by us on maintenance, were deducted from the Seventh Five Year Plan allocation. Therefore, how can Jammu and Kashmir progress unless the Centre provides us the infrastructure? The railway line in my state is upto Jammu only. Late Shrimati Indira Gandhi had announced in 1982 that the rail track would be extended upto Udhampur and this work would be completed by 1986. However, Rs. 13 crore only have been spent on it so far and thus I do not think that this is going to be completed even in the 21st century. Similarly the state is lacking far behind in means of communication and transport. How can our state progress without them and how can its economic backwardness be removed? The problem of Srinagar airport should also be solved because we have been repeatedly demanding to make it an international airport, but proper attention is not being paid to it. The assurance given in regard to Vayudoot is also not being fulfilled. Jammu and Kashmir is known for tourism in the whole world but proper attention is not being paid to promotion or Kashmir as a tourist destination at international level. I have already appealed that Srinagar airport should be declared as an international airport so that chartered flights could also operate from there and people could be benefited. Take the case of Public Sector on which the Centre has spent Rs. 7 crores all over the country. But our share in it is only 0.2 per cent. I am only quoting the figures supplied by you. Is it not injustice? Therefore, the Government should pay attention to all these things. Our State has adequate resources, viz. Chenab, Jhelum, etc., to generate 20 thousand megawatt power. But it can be termed as irony of fate that the Environment Ministry has not given clearance to our power projects. I agree that there is a dire need to protect environment in the country but it should not take years to give clearance to the schemes since meetings the needs of electricity is far more important. It may be pleaded that you have sanctioned the Bagayar Project and the

[Sh. Modh. Ayub Khan]

Savalkol Project in our state. But factual position is that pre-construction work is going on for the last two years but negligible progress has been made because these are yet to be given ecological clearance, which is being delayed. Due to this all other works are sliding back. We are in dire need of energy but we are unable to exploit the potential although resources do exist. Tourism, crafts, export of dry fruits etc. should be promoted but no headway is made in this direction since there is only one life line, a sole road link between Jammu and Kashmir, which remains closed for 15 days at a stretch during the rainy season. How will the Government to justice to the people of the state? I am not prompted to say all this on account of electoral consideration but we should view the situation from patriotic point of view. Jammu and Kashmir is very much a part of India like other States and we should feel concerned and grieved if lakhs of people living there are in distress. Today the youth are being exploited there because they are unemployed. The secessionist forces and communal organisations are trying to mislead the people. The Government should pay attention to this so that our country may succeed in achieving uniform development. We find today that some places have made good progress while some others are lagging far behind. We must pay serious thought to removing this imbalance.

CH. SUNDER SINGH (Phillaur): Mr Deputy Speaker, Sir, I thank you for giving me an opportunity to express my views because I never expected that my turn will come today. The Budget presented in the House is well balanced and marvellous one and is good from the point of view of everybody, whether industry or labour. If some of our areas are backward, I feel it is not the fault of the Government but of the representatives who are elected to the respective Legislative Assemblies. During my tenure as

the Labour Minister in Punjab-Punjab and Haryana were part of single State at that time—I met Pandit Jawaharlal Nehru and saw to it that land reforms were introduced there with the result that there is no native labour to be seen in the State today. All the labourers engaged there in road construction, rickshaw pulling, other such jobs in Chandigarh, etc. hail from Rajasthan or Bihar. Therefore, I do not hold the Government responsible for this. We, the Members of Parliament and the M.L.As should jointly take up the cause of the development of our areas and ensure that things move in the proper direction. If the representatives of the are sincere, every thing will be in order. The representatives should also fight for industries and other causes so that maximum allocation is secured from the Central Government. If you do not take it someone else will make use of it. If we sitting here go on complaining that we did not get this thing or that thing, it is not going to help. When the people have elected you to represent them, you should fight for safeguarding their rights and make efforts to secure allocations from the Government. If we remain content and sit here nicely dressed up presuming that everything will move in the right direction, it will not serve the purpose.

There is not a single landless person in my constituency. I fought for the case of landless in Jalandhar, Haryana and Punjab single handedly and ensured allotment of land to each and every landless person by zealously pursuing the matter even at the level of Pandit Jawaharlal Nehru. There is not a single unemployed person there. Whatever shortcomings or grievances of harijans and adivasis are there, their representatives are responsible for that. So far as Punjab is concerned, the problem of law and order is confined to 2 or 3 districts only. We have to ring them up every night to enquire about their welfare. This state of affairs should be improved. Recently Shri Ray visited Patiala and everything was set right

within no time. Similar action should be taken to bring peace in Punjab at all places. Today there is no peace in Punjab. We pass restless nights worrying about the welfare of our friends and relatives in Punjab and read the newspaper early morning in the very first instance to find out as to how many people were killed. The other day some one came from Amritsar, the first thing I asked him if every body was safe there. Such situation should be improved.

So far as the 20 point programme is concerned, commendable work has been done. There is no doubt that excellent work has been done under this programme. I must congratulate the hon. Minister for the balanced Budget. There is no lacuna in this Budget. If at all there is any shortcoming anywhere the representatives of that area are responsible therefore. I can say this with my experience as Minister in Punjab Harjans themselves are be blamed. They let themselves get exploited. Their condition cannot be improved unless they make their own efforts. They will have to take initiative in this regard. The measures taken by the Government cannot prove effective unless the labour themselves take revolutionary steps. There is no doubt that poor are exploited but they have to improve their conditions themselves.

An hon. Member from Jammu-Kashmir has regretted that the Central Government provides inadequate allocation to that State. He should rather, compel the State Government to provide more. MLA's and MP's of that State should exercise their joint efforts to get more allocation. The Central Government have paid the due share. It is the duty of representatives of that area, now to accelerate their efforts for the increase in the allocation. I did the same thing in Punjab, as a result of which every family owns a piece of land today. Mahatma Gandhi had said that we should neither rest nor eat to our hearts fill till there is peace everywhere. We should

continue our efforts till the basic necessities of life are provided to everybody in our society. So, I feel that the Budget presented in the House is very good. With these words, I extend my thanks to you for giving me an opportunity to speak and to the Minister of Finance for preparing a very good Budget.

SHRI MANKURAM SODI (Bastar): Mr. Deputy Speaker, Sir, I whole-heartedly support the General Budget presented in the House by the hon. Minister of Finance. This Budget would be popular because never before has the Government been so considerate to the requirements of poor people as in this Budget.

Rs. 500 crores have been allocated for the implementation of new scheme named Jawahar Lal *Rozgar Yojna* which is meant to eradicate poverty and provide employment. It would be implemented in 120 most backward districts which are facing acute problem of unemployment. I would urge upon to include those areas in these 120 districts which are totally backward. The cause of their backwardness is illiteracy. The primary cause of their backwardness whether economic, social or political, is lack of education. It is essential to remove illiteracy from there. Education system should therefore be improved.

In the remote areas of Bastar district in Madhya Pradesh students do not even pass the high school level even after 40 years of Independence. People in those areas think that their children who have passed high school education can stake his claim for a job. But as they are third divisioners they fail to compete the candidates possessing first and second class. This is creating an impression in them that education would do no good to their children but force them to join thousands of other educated unemployed in the country. The problem of unemployment thus continues to remain unsolved in spite of their being educated. Besides, the Govern-

[Sh. Mankuram Sodi]

ment finds it difficult to provide employment to the people of those areas in comparison to those of other areas. So selection centres should be set up at division level within a limited area, so that the candidates of those areas might get opportunity to be selected. If State or district is made the unit for this selection, they would never get any opportunity and continue to remain deprived of educational facilities. In the light of this, it has become essential to introduce Ashram system in these areas. Instead of Ashram system we have opened schools in every village. Neither the students nor the teachers attend the school regularly. The country is very much concerned about the education system in these areas. Ashram system would be best in these areas and it would enable us to take the people ahead.

18.00 hrs.

Transport facilities are also inadequate in most of these areas. In order to reach Bhopal Patnam in Bastar from Raipur, one has to cover the distance of 500 km. by road. It will be quite expensive if the essential commodities are carried by road for 500 kilometres. The poor people who have no means of earning livelihood, have to bear the burden of those expenses. The Government will have to take effective measures in order to remove the backwardness and poverty of these areas. The poor people have to suffer due to the lack of means of transport. They find it extremely difficult to carry their commodities to the market. Most of their earnings are consumed in the expenses of taking their produce to a distance of 500 km. The poor man suffers from both sides. The Government should take effective measures in order to challenge of inadequate means of transport in the backward areas. The pace of development in some parts of the country is so fast that facilities of metre gauge line, broadgauge line, double line,

electrified line and even underground lines have been provided, while some areas are so backward that even road facilities do not exist there adequately. If there are roads, there are no culverts. The Government will have to remove this imbalance in development. You may be aware that Naxalites have become active in those areas. So it has become all the more essential to develop these areas in order to check these activities. Adequate attention should be paid to provide adequate means of transport.

The Government is exporting the raw material, and minerals like iron-ore etc. If industries are not set up in these areas the people will feel agitated. They can't tolerate if the mineral wealth of their area is utilised by others. The future generation would not tolerate this. If the Government cannot afford to set up a big industry in that area, they should at least set up a small industry in order to provide means of livelihood.

Facilities of irrigation, too, are inadequate. Environment Act of 1980 is posing hinderance in the construction of dams. Due to this, not even a tank can be constructed. No development is taking place in this regard. The Government had received 5 or 10 schemes but not even a single one has been approved yet. Proposal of Bodhghat Project was rejected. But the Government should approve at least minor or medium irrigation schemes which have been pending for the last five years.

Small dams should be constructed in those forest areas which constitute 65 per cent of the total area of the country. If the Government resist to accomplish this work in the name of environment, the local residents would be forced to fell the forests. Those who are cooperative at present, would start felling the forests. The Government should give immediate clearance to the scheme of public welfare in order to improve the irrigation facilities. Similarly, all

efforts to provide employment to the farmers and educated unemployed people would fail, unless power is supplied to the remotest areas of the country. I would urge upon the Government to remove the shortcomings in the proposed Bodhghat scheme meant for power supply and clear it. The project is estimated to cost about Rs. 600-700 crores at the moment and if it is not cleared now, the cost may rise to Rs. 1000 crores. This scheme should be undertaken now because at a later stage this will have to be taken up at any cost. If the scheme is implemented in time, people would be benefited. It would enable to provide power supply to the remote areas

for development. With these words I thank you for allowing me to speak.

[English]

MR. DEPUTY SPEAKER: The House stands adjourned to re-assemble tomorrow at 11.00 a.m.

18.07 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, March 14, 1989/
Phalguna 23, 1910 (Saka).*