

MR. DEPUTY SPEAKER : Without knowing how can you say it? So many things are circulated outside. If at all there is anything, he will come and announce.

(Interruptions)

AN HON. MEMBER : Tomorrow and the day after are holidays. So it should be done today.

MR. DEPUTY SPEAKER : If at all there is anything, he will definitely come. (Interruptions)—Whom have I to direct now?

SHRI BASUDEB ACHARIA (Bankura): When the Parliament is in session, the Home Minister should make a statement.

MR. DEPUTY SPEAKER : If there is anything, he will definitely come.

SHRI C. MADHAV REDDI (Adilabad): You can direct the Parliamentary Affairs Minister to convey this to the Home Minister and let him make a statement.

MR. DEPUTY SPEAKER : Mr. Minister, they are telling that already the news is in circulation. Please convey it.

SHRI BHATTAM SRIRAMA MURTY (Viskhapatnam) : The actual facts must be made known to the House.

SHRI H.A. DORA (Srikakulam) : Is it a fact that President's rule is imposed in Kashmir?

(Interruptions)

GENERAL BUDGET, 1986-87—
GENERAL DISCUSSION

14.13 hrs.

[English]

MR. DEPUTY SPEAKER : Now we take up general discussion on the Budget. Shri C. Madhav Reddi to initiate the discussion.

SHRI C. MADHAV REDDI (Adilabad): Sir, it is my misfortune to speak on the general budget at a time when there is so much commotion in the House and at a time when the Finance Minister himself is

absent when I am initiating the debate and explaining the various approaches to the budget.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND TOURISM (SHRI H.K.L. BHAGAT) : The Finance Minister spoke to me personally that he is to attend the funeral of one of his closest relatives. It was rather unavoidable.

MR. DEPUTY SPEAKER : The Finance Minister is having some engagement. Shri Janardhana Poojary is here. The Finance Minister will also come.

SHRI MADHAV REDDI : The debate on the general budget is losing its importance because the debate is being taken up at a time when hardly one hour is left and the House is going to take the Private Members' Business. The hon. Finance Minister is also not present here when the various aspects of the budget are being initiated and debated. That only shows that we are not giving too much importance to this debate.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : Sir, I am sorry to state that the Finance Minister has gone to attend the funeral of one of his closest relatives.

SHRI C. MADHAV REDDI : You could have taken up the discussion on Monday. There is no hurry about.

Sir, I rise to comment on the general budget which was presented by the Finance Minister on the 28th February. It was a very long speech I think the longest speech ever delivered on the floor of this House by any Finance Minister right from Shri John Mathai and Shri Chintamani Deshmukh. It went on for two hours fifteen minutes. It was a long speech, long in promises and very short in performance?

Sir, since the presentation of this Budget several comments have appeared in the Press. The Finance Minister addressed a post-Budget press conference and tried to explain the salient features of the Budget. It has been variously described by various leaders and the institutions saying that it is a structuralist budget, it is a poor man's budget

and somebody said it is a Tinker's budget. I do not know whether the Finance Minister is a structuralist or a tinkerer. One thing is very clear. This is pre-eminently a populist budget.

Sir, the Finance Minister said that this year there was a quantum jump in the allocation to the weaker sections, viz., a rise of about 64 per cent. I am very happy that the Government has renewed its interest in the weaker sections after freezing the allocation last year. Last year while speaking after the budget to the Press the Finance Minister observed: "That anti-poverty programmes are only a sabu to the conscience. They prevent social tension from reaching a boiling point." That is the only objective. If you are taking up anti-poverty programmes it is because you feel if you do not do it the social tension will go to the boiling point. "Ultimately the problems of poverty and unemployment have to be overcome through high growth rate" This was the philosophy of the budget last year. That is the reason why the allocation on the weaker sections was frozen.

Now, Sir, the conscience of the Government must have been pricking quite a lot for the last one year that they thought it fit to include such a big allocation for the weaker sections. We are very happy about it and the criticism of the Prime Minister in the other House that the Opposition did not applaud when this was announced by the Finance Minister in this House is in a very bad taste. If the Government wants that Opposition should applaud and praise certainly the programmes must be praiseworthy. It is our duty to criticise the Government. It is our duty to pick the holes to find out where you are wrong. Why should you be so touchy when we do not applaud some of your schemes?

SHRI H.K.L. BHAGAT : I think your job is only criticise the Government.

SHRI C. MADHAV REDDI : Our job is to criticise you when you fail to do right work for the people. We are here certainly to criticise but it does not mean that we are here only to criticise. We have

been also supporting the policies of the Government. On the Floor of the House on several occasions we have come out with full support to the Government. We have never opposed everything that the Government brought forward. So, it is wrong to say that we are irresponsible or we have no sense of duty and that we are criticising on each and every matter.

I am very happy that 65 per cent increase is there in the allocation for the weaker sections this year. I am going to tell you in the course of my speech, that some of the schemes taken up by the Government are very good and we are here to support the Government, but there are various aspects which need very very careful scrutiny. That I will also tell you while making my observations.

If you just scratch the thin layer of this populist and pro-rich budget, we will know that it is a very good exercise for public deception. I would praise the Finance Minister for framing the budget in such a way that the entire budget is wrapped in a very thin layer of populism.

What do we find? What are the realities? When we unwrap the layer, what do we notice? I would try to explain one by one, item by item, where we have gone wrong and what are the policies that we are pursuing today, whether they are pro-poor or whether they are pro-rich. I will come to that later.

Let us take the first point, the growth rate. The Finance Minister said that this year he expected a growth rate of 4.5 to 5 per cent of the GNP. I remember, last year also, he referred and said that our growth rate was going to be 4 per cent. But ultimately, when the figures come, it was only 3.5 per cent. We cannot deny this. These are the facts.

Several such assumptions had been made in the past by the other Finance Ministers and every time the growth rate was sliding to 3.5 per cent. This year he says that the growth rate is going to be 4.5 to 5 per cent. I am afraid, I am going to prove with the figures that I have been supplied by very reliable sources that

[Shri Madhav Reddi]

sources that again we are going to slide back into 3.5 per cent or a little more than that this year also. When I say this, I am reminded of a very apt remark by late Prof Rai Krishan, a very eminent economist. Every time he used to say that our growth rate is a "Hindu growth rate." Like Hindu society, which is a stagnant society, our growth rate is also stagnant for the last several years at 3.5 per cent.

Last year, when the Finance Minister mentioned about increase in the growth rate, I was very happy and I thought that we would now be able to achieve 4 per cent growth rate; we were going to break the 3.5 per cent barrier. I thought, here was the Alexandra the Great, who was going to cut the Gordian knot. But what happened? The curse remained, the Gordian knot remained and our growth rate, whatever you might plan, remained at 3.5 per cent. Our economy is stagnant. This is the sum total of the whole economic policy.

Now the Finance Minister was vexing eloquence about his concern for the common man. Let us see what are the things which are there in the Budget meant for the common man. If you take the price rise, we have discussed this subject on the floor of this House. It was pointed out that because of the increase in the administered prices, there was an abnormal increase in the cost of living. But the Finance Minister claimed that the cost of living index showed that the index of wholesale prices have come down this year by 2 per cent. Last year it was 5.5 per cent and he claimed that this has come down to 3.5 per cent this year. How has it happened? Well, this itself is a disputed figure because we are not going by the consumer price index. We are going by the wholesale price index. It has come down to 3.5 per cent as claimed and that is the reason why the Government was able to check the price line. To say that there was no increase in prices was actually not a fact. Everybody knows how prices have gone up. Even assuming that this claim is correct and that the price index is 2 per cent lower than the last year, let us see how it was achieved and at what cost.

The Finance Minister was very anxious

to see that whatever assurance that he makes on the floor of the House ultimately come true. He will do anything for that. I must appreciate that sentiment. But what did he do? He allowed massive imports of several essential commodities such as sugar, edible oils and steel and many other of commodities. Because of the massive imports, which were much more than the imports of the earlier years, it was possible for the Government to hold the price line to some extent. But at what cost? At the cost of losing our valuable foreign exchange to the extent of Rs. 7,000 crores. This is our deficit today. Our balance of payment position is so bad and our trade deficit today stands at about Rs. 7,000 crores. Next year you cannot do it. You cannot hold the price line. You cannot also contain the consumption internally. Then what happens? There will be less and less goods and more and more demand. And there will also be the cumulative effect of the last three years' deficit finance. As we all know, the deficit financing of a particular year is not reflected immediately in the following year. It takes time because of the money multiplier effect and the effect of these three years of deficit financing is certainly going to show next year. I am sure the prices are going to rise and the price index will be up by about 6 or even 7 per cent.

Now coming to the ideals of equity and social justice, the Finance Minister was quoting the Prime Minister that our growth and development should be accompanied with equity and social justice. I am not referring to several aspects which have a direct bearing on the social justice. I would like to illustrate only one or two points.

Firstly, what was the effect of this liberalisation which was started last year? The Finance Minister believes that the growth can be achieved only if there is a free wind of competition. That is the reason why this liberalisation is taking place. Now the point is that if the free wind for competition is allowed, as has been allowed last year, what effect will then be on the industrial front. We have delicensed several industries. We have allowed the monopoly house to set up industries on various sectors. Because of the removal of restrictions, what happen? What is the result of this

policy? Ultimately, what was the result of the liberalisation will be known if we just see the effect of it in the economy. How many industries have come because of the liberalisation started by big business houses? Big business houses have obtained licenses in respect of hundreds of industries which have not been earlier open for them. Similarly, they have got the concession regarding the capacity re-endorsement.

Then, restrictions regarding the manufacturing of industrial items which were hitherto reserved for the Small Scale Sector, they have also gone to the big business houses. 250 items which were reserved for the small scale sector have been dereserved. As a result of this, the major industries have taken full advantage of it. They have started the industries. The industries like matches for which high technology is not required, for which there was a ban in all these years, as this industry was reserved only for a small scale sector, today the big business houses are coming forward and setting up industries like these.

In the field of high technology 'Yes', you have given some concessions. It may be justified. But how can you justify the dereserving of the units like matches. As against this, what have you done? What are the concessions that you have extended to the small scale sector?

It was pointed out that MODVAT Scheme is going to help us. But certain excise concessions have been extended to the small scale industries. Though it is doubtful to what class of small scale industries it will benefit. I am sure this is going to benefit the bigger ones in the small scale sector. The smaller ones will be deprived of the existing benefit. We were told that a fund has been created under the IDBI to help the small scale industries. I do not know what type of fund is this. How this is going to help the small scale industry? Because the small scale industry is already assisted in various schemes. Finances are available from the IDBI under the refinance scheme and so on and so forth. Unless this fund is to be utilised for reviving the sick units in the small scale industries which are 1 lakh in number, I do not know whether this fund is going to be of any use to us.

Certain small concessions have been given to the small people and certain schemes have been taken up to benefit certain small sections and particularly the urban poor people, the Cobblers, the Rickshawpullers the Washermen, the Barbers and so on and so forth. These are the schemes for the small people which you wanted to take up. These schemes are on the periphery only to see that you should be able to balance the big concessions which you are giving to the monopolists. The object of helping the small people to the extent they are going to be benefited we are happy. But I want to tell you that all this is being done at the periphery only to see that it would not appear as if this is a big man's Budget. After all, how many people are going to benefit? How many people are going to get any advantage out of these schemes mentioned in the Budget?

I come to the question of diversion of funds. We were told that the State were getting a very large chunk of funds from the Centre. It was told that a total sum of about Rs. 20,000 crores would be transferred to the States, and that this was a very big thing, because it was a rise of about 22% over last year. While we know that this is as a result of the recommendations of the 8th Finance Commission, it is a fact that this was also because of good collections this year of the taxes, taxes which go to the States' Pool.

While I welcome this, and it is very good that our tax collections have been very good, what is the reason for this increased tax collections? It was said that the prophets of doom, viz. we people last year had prophesied that with all these concessions which were given to the tax payers particularly on direct tax, viz. income tax, there was going to be less of collections. And the Finance Minister had said that inspite of these prophets of doom prophesying this, the collection had increased in the case of income tax by 36%; and in the case of other taxes by 22% and so on.

I think the Finance Minister had a bit of luck this year. I can only say this. (*Interruptions*) I know what is the cause. I will tell you what the real cause is. The real cause is that all these collections were

[Shri C. Mad hav Reddi]

not the collections of this year. They include arrears of last year and the year before last; and you have shown them as collections for this year. The fact is that they are collections of this year, but they are also the arrears. But I must congratulate the Finance Minister that these collections have gone up because of his raids, and of tightening up of the tax machinery which has been able to raise collections more efficiently. I appreciate it, but let us us not go by the impression that it is because of the theory which last year the Finance Minister had propounded, viz. that if you reduce the tax, the compliance will be better. I do not agree with it. Even today I am going to challenge it.

Let him give the complete figures. Let us bifurcate the figures and see how much was towards collections of arrears, and how much because of tightening up to tax collecting machine I can say that these tax collections are not there because of reduction in the tax rate. This has been proved beyond any doubt over the last 35 years, viz. that whenever we reduced taxes, we have not increased any revenue. How is it that this year alone we have increased it? (*Interruptions*) It is not because of the theory that he had propounded here and which he was defending vehemently on the floor of this House, but because he had done everything possible to see that the raids took place, and he had created a fear psychosis. It is very good, because I have no sympathy for people who evade taxes. I welcome raids on them and also raids on politicians. This was not done so far. The raids on all those politicians who had been Ministers who are businessmen—on all those politicians there must be raids. Why not? Why on business men alone?

While I welcome these raids, they have created a fear psychosis which helped us in collecting more taxes. In any case, I am happy we have got more tax collections coming to the States because, as you know, many of the States already have presented deficit budgets and because of these deficits, the States are having very severe resources, crunch. This year, I am happy that these deficits will be wiped out because of the better collection of the Centre. While you are able to transfer larger resources to the States, there is a clear trend that you are taking away the

States' resources for the Centre, because the income tax comes to the divisible pool and you want to reduce it and you have lost interest in the income tax. Today your interest is no more in the income tax; your interest is only in the corporate tax and import duty which do not come to us. The point is, because of the administered prices, because of certain taxes which do not go to the divisible pool, you are giving concessions to the people at the cost of the States, and by increasing the import duty. You are taking the benefits to yourself. This year, what have you done? You have reduced the excise duty and increased the import duty. With that you are getting about Rs. 400 and odd crores and that money is going to the central pool, to the Consolidated Fund of India and not to the States, to the divisible pool. From the income tax, States get 85 per cent and you get about 15 per cent. How are you interested in it? You are not interested in it because you get only 15 per cent. You can go on giving income tax concessions; you can go on increasing import duty so that you may not have to give it to the States. I do not mean to say that you are not giving it to the States; you are giving it to the States. But how? When we come to you with a begging bowl? You do not give it as a matter of right; as a matter of right, those taxes the collection of which has to come to the States you are taking away without consulting the States. When the States are having 85 per cent share in the income tax, is it not your duty to consult the States? What are you doing? You are tinkering with the several tax laws affecting States interest. Was there any consultation at any stage?

We have collection charges when we collect taxes. The income tax and the corporate tax, both are collected by the same Department. There is no other department for it. Today, both are on the same par, that is about 50 : 50 or in course of time, the income tax will be reduced and the corporate tax will only take over as and when our companies grow and the new companies come up. The collection charges come to crores of rupees because of the salary of the department, T.A. and D.A. What is the rate at which you apportion the expenditure to the States? All these collection charges are deducted

from the gross proceeds, from the gross income of the Department. Now, what is the ratio? It is 7 : 1, that is, you are charging the States; you are charging income tax 7 and corporate tax 1. Why is this?

When you are getting more revenue from the corporate tax, would it not be proportionate? Because of this we are losing crores of rupees every year; and this was commented upon by the Finance Commission and it directed the government to revise this method, but you have not done this so far.

Reverting back to the administered price, we are not going to get a single penny out of that; on the contrary, the cost of all the projects which the States are executing, has become too much; they have become costlier because of the high cost of cement and other materials and inputs.

That apart, regarding these administered prices there is a clear recommendation of the Eighth Finance Commission. The Government have never cared to accept this even though the Government said that they had accepted the Eight Finance Commission's recommendations. The Eighth Finance Commission has said, and I quote :

"We have given this matter our careful consideration. We think that an increase in administered prices is justified if there is an increase in the cost of production, provided that the public sector undertaking concerned is functioning with reasonable efficiency. Also, in fixing the administered prices provision can be made for reasonable profits. But if obtaining revenue is the sole consideration, then, it seems to us, that the appropriate course is to increase that Excise Duty."

This is a clear recommendation of the Eighth Finance Commission which has been flouted.

MR. DEPUTY SPEAKER : The hon. Member's time is up.

SHRI C. MADHAV REDDI : I will take one minute more.

Sir, I was mentioning about the States' revenues and the States needs have been met now and then by the Centre. Of course, we have to come to the Centre with a begging bowl. When we come, you give us some thing, but you also try to control the States through this politically though not financially. There is no doubt about it that you have unlimited financial resources but they have also got their own taxes, their own resources but they are limited you want to make the States weaker and weaker financially, thereby you may be in a position to dispense patronage to them. Now, this is the attitude. When I think about this, I am reminded of the Nawabs of Avadh.

[Translation]

The Nawabs of Oudh were known for many things. They used to realise the revenue from the farmers through coercive methods just as our Finance Minister is doing. Out of the revenue so realised, the Nawabs used to spend lavishly on the occasion of Id or marriages in the families of farmers. In this way they controlled the farmers. Wherever there was any marriage or Id festival etc., they used to help the farmers and that is why they became very famous in the whole of U.P.

This is the condition of our Finance Minister who has become Nawab of Oudh but unlike the Nawab, he does not give any money. We come from Andhra Pradesh. In case we make a demand of Rs. one crore for the drought there, he would grant only Rs. 5 lakhs. You should not do like this. If you want to imitate the Nawabs of Oudh, do it completely. That is what I want to say.

[English]

SHRI C.K. JAFFAR SHARIEF (Bangalore North) : Mr. Deputy Speaker, today I am standing here, just contrary to the position of my friend, who has just concluded his speech.

AN HON. MEMBER : That is your job.

SHRI C.K. JAFFAR SHARIEF : It is true that he is the representative of the ruling party in his State and a Member

[Shri Jaffar Sharief]

of the Opposition here ; I am a representative of the ruling party here, but a Member of the Opposition in the State.

Sir, the question is not what we are, whether in the State or at the Centre. It is not that we should always find fault with each other.

I am sorry that even after the appointment of the Sarkaria Commission, even after..... (*Interruption*)

SHRI AMAL DATTA ; Three years ago !

SHRI C.K. JAFFAR SHARIEF : Please allow me to speak, I am just making a beginning. Whether we look after the States or the Centre, the need of the hour is that we should keep in mind the country as a whole. But it is very unfortunate that we still talk in two voices. We, the Indian people, have got a very great heritage. Our struggle and suffering is part of our national life. This struggle has not weakened us, but it has given us strength. It has given us courage, conviction and determination to achieve our goal. What was our goal ? Our goal was to fight for the political freedom and economic freedom. We have achieved only one. We are now on the other. Now, our fight is for economic freedom. It is a continuous struggle. It is not a question of one State or other or the Centre. We are a federal structure. All of us have our responsibilities.

SHRI AMAL DUTTA : But your party does not believe in this.

SHRI C.K. JAFFAR SHARIEF : If my party did not believe in this, then many of you would not have existed. I must say in all fairness to our new Prime Minister that it goes to his credit that he has gone out of the way to see that the federal character remains and gains more strength. But I am sorry to say that the Opposition speaks in contradictory tones.

We have to see what is our basic approach and what should be our attitude considering the country as a whole. We must set before the people a definite goal. As we have a great heritage, nobody will be averse to put forth his mite to achieve

that goal. All of us, whether poor, rich, villager, urbanite, had contributed their mite for the freedom struggle. And all are willing to participate in the economic freedom. It is unfortunate that we are here sitting and trying to misguide and divert the attention of the people for our own means. I would have appreciated it they could point out where we had deviated from our path or goal. My friend just now appreciated the efficiency of the Government in collection of more revenue. That should be enough. Then why should you find fault with something or the other ? You search for mistakes and try to give distortion to the facts. This is not fair. Why should you do it ? Today we are here, tomorrow you may be here. But the country is the same. So, why should we do it ? We should not look through the coloured glasses. We do not realise what we are teaching the people. I would like to make it clear to my friends that if we do not realise our responsibility, whether this side or that side, I must tell you that the system is under strain and we cannot any more be fool the people by putting the blame on them. We must realise our responsibility. The people are not concerned with our speeches. They want results. If we cannot deliver the results, we will be uprooted. So, we should address ourselves to the task.

SHRI AMAL DATTA : Now, you come to the Budget.

SHRI C.K. JAFFAR SHARIEF : I would rather say that whatever may be, the Finance Minister should come forward when we are discussing the General Budget like this. I personally feel that we should address ourselves to the greater tasks that are ahead.

Our Prime Minister, in one of his speeches, addressing our party, said that by the end of the Seventh Plan we will have victory over poverty. I did not agree with him and from the same platform I had to say that we would win victory over poverty only when we would win victory over population growth. Is anyone of our people prepared to look at it or to say anything about it ? We go on finding fault, we go on criticising one another, but are we creating a right type of climate for

what is necessary to be done? The Government can only formulate certain schemes, can make certain allocations, but it is we who have to address ourselves whether one belongs to this party or that party. It is the responsibility of the State Government to implement those schemes. There was a charge just now. An hon. Member was saying that there was a systematic approach in the collection of something which comes to the Centre from Customs and Excise, and where some share would have gone to the States, and the Centre expects the States to come with a begging bowl. We in Karnataka are facing a very severe drought situation. We have been pleading that the Prime Minister and the Government of India should go in a magnanimous way to rescue the people at this juncture. It is not only in Karnataka but in some other States also, I believe, the same situation exists. Wherever the people are suffering, it is the duty of both the Centre and the States to see that substantial help is given to them so that the people can survive. I do not understand why we should look at these issues with narrow-mindedness.

Secondly, I would like to say that the Indian people always derive certain pride in making their contribution. You go to a small village and you will see that even the poorest man who has been a freedom fighter, has a pride that he has contributed something towards the freedom of the country. Similarly, I know that certain decisions taken by the Government with regard to rise in the prices of certain essential commodities like foodgrains and petroleum products, have created some hardship to the commonman, but I am quite sure that unless we try to create a feeling in them, unless we try to inject bad blood in them, the Indian people are such that they have got the spirit to understand, they have a pride in making their contribution to the battle for economic freedom. It is this feeling that we should cultivate in the minds of the people. It is this message that we have to carry to the masses. I must say that our people have enough faith in us now than at any time in the past. Now the distribution is so fair that every sector of the country is being benefited, particularly the poor. I must draw the attention of the Finance

Minister that in my opinion he has looked after the organised sector very well. But what about the unorganised sector? The unorganised sector is the only sector that has given stability to this country. Therefore, we should not forget the unorganised sector. As the rich can take care of themselves, the organised sector can also take care of itself. It can bring pressure from anywhere, from any corner. It is the unorganised sector where we will have to look into. So, I would urge upon the Finance Minister that he should go all out to see that the unorganised sector is not wanted to be led by anybody. The Government should go to them and see what best they can do to remove their hardships.

Sir, secondly I must say this. We have heard about population control. There are many other things like, education, health, irrigation and power. These are basic requirements for the development of the country, whether it is agricultural development or industrial development. Unless we address ourselves to these things the country cannot improve. Sir, I am glad that there has been a very sincere effort to maintain good and friendly relations with our neighbouring countries so that our defence expenditure will come down. It is a very good achievement. This approach of sincerity should be appreciated by one and all. But here I would like to caution one thing to our Finance Minister. This is regarding the question of raids and all that. I would agree with the Finance Minister not to compromise with anybody who would like to cheat the State, who would like to betray the people, whether he is a politician or otherwise. Sir, the hon. Member before me talked about liberal policies. All right; let us not have liberal policy. But, how much resources have you got? What is the capacity of your purse? How much can you invest? Will you be able to take care of all the problems we have? So, what is the harm if private sector comes in? What is the harm if anybody comes in and contributes to the national growth? It is not that they will have all the time for themselves. It is not so. If you feel that they have gone beyond their limits, you can take over. There is no harm in that.

AN HON. MEMBER : The cat is out of the bag !

SHRI C.K. JAFFAR SHERIEF : You are mistaken. Sir, the hon. Member said that an effort has been made in presenting a rosy budget by adding all arrear collections. I am prepared to sit with you ; let us be true to our people and analyse in how many sectors our people are not trained to realise their responsibilities, we are deviating from the path, and unnecessarily spending money. So, there are some sectors which can be taken care of by the private sector. Why not do it ? There are sectors where we should address ourselves much more. The entire responsibility should be taken by the Government. Why should we care for the rich ? Why should we care for the organised ? Why not we care for the unorganised people ? Why not we care for the poor people ? This is the basic question. Let us analyse these things. If you find any fault us, with in all fairness, my party and my Government will not hesitate to correct itself. When you criticised us last year, we ourselves had some doubts. Much has been debated in the Press and outside, may be, because of your creation saying that Government is taking a very different view. I must say that this present Budget has cleared all the doubts. We are on the path of socialism ; we are here to provide social justice to the people. I personally feel that we should not look at it from any partisan angle. I do not want to take more time of the House. I would only appeal to you. Look at this Budget dispassionately. Look at the Budget objectively. Let us know one thing, and that is, the basic responsibility of ours. We cannot fool the people any more. We have the greatest responsibility to keep the system survive. It is in this sense that this august House must try to come up to the expectations of the people and establish our credibility, so that the system can survive and we can leave it to posterity so that the nation can march ahead.

With these words I conclude.

[*Translation*]

***SHRI A. C. SHANMUGAM** (Vellore) : Mr. Deputy Speaker, Sir, while

I extend my support in general to the Budget for 1986-87, I would like to highlight certain issues which deserve serious consideration by the Government.

The hon. Member belonging to the ruling party, who preceded me, stressed the need for not adopting partisan approach either by the State Governments or by the Central Government as service to the common people is the prime concern of all of us. I wholeheartedly agree with his contention. At the same time, I would like to say that the Centre can be strong and effective only if the States are not weak. It would not serve any national cause if the State are not strong. The day to day problems of the people are to be met by the State Governments. Only on this foundation the superstructure of the Central Government can be built. If the foundation itself is not strong—if the State Governments are not able to meet the day to day needs of the people—then naturally the superstructure will crumble. It is necessary that the Central Government bears this cardinal fact in its various spheres of activities.

My hon. colleague, Shri Madhava Reddy referred to the levy of customs duty to the tune of Rs. 495 crores. I need not say that the entire money goes to the central coffers. If the Central Government had increased the excise duty or the income-tax, then the States would have got their share. Just before the Budget the Centre earned a revenue of Rs. 2000 crores by increasing the administered prices. All this money also goes to the central exchequer. Does this not smack of partisan approach by the Central Government ? I am compelled to say that these steps have been taken to denude the revenue resources of the State Governments. Consequently the State Governments will become economically weak and they will be puppets in the hands of the Central Government. This kind of development should be avoided in national interest.

This year's Budget speaks about the deficit of Rs. 3650 crores. In his reply to the General Debate, the hon. Finance

*The speech was originally delivered in Tamil.

Minister should explain how he is going to cover up this deficit. In this year's Budget, the Finance Minister has stated that last year's deficit of about Rs. 4000 crores has been absorbed by the economy. I do not know how this had been achieved. The House would also be interested to know about this absorption. I want that the hon. Finance Minister should not repeat this in 1987-88 Budget also. He must clear this position in his reply to the debate.

The hon. Member belonging to the ruling party was waxing eloquent and it was pleasant to hear. This is about the declining share of Central Assistance for financing State Plans. In so far as the major States are concerned, Plan assistance came down to 31.6% in the Sixth Five-Year Plan from 41.5% in the Fifth Five-Year Plan period. During the Seventh Plan period this has come down further to 23% of the total approved outlay. One of the reasons adduced is the increasing indirect assistance being made available to the State Plans through various Centrally sponsored scheme as a supplement to State Plan efforts. The gestation period of Central Plans is unduly long. The people are unable to wait that much long for getting their problems redressed. Hence more Central Assistance should be assured for the State Plans. But the trend seems to be the other way of weakening the plan efforts of the States. The long term fiscal policy of the Central Government has created apprehensions in the minds of the State Governments. These genuine fears must be allayed by the Central Government. It must be insured that the States are not wiped out from the economic map of India.

Recently the prices of petrol and diesel have been increased. The Central Government seems to have become impervious to the fact that this affects the common people also and not only the affluent sections of the society. There may be contractual obligations for the Centre to buy crude oil from certain countries. I do not know why these contracts should not be abrogated and why the Centre should not go in for spot purchases of crude oil. If we go in for spot purchase of crude oil, then we will be able to save 40% of our foreign exchange spent on oil purchase. OPEC countries have reduced the price of oil by \$1.5

per barrel. Mexico has reduced the price of oil by \$.10 per barrel. On the other hand we have increased the price of petrol. The people have become the victim of this increase in the price of oil. Besides valuable foreign exchange is also being drained out.

We have gone in for indiscriminate import of automobile technology. We have Maruthi cars, DCM-Toyota, Allwin-Nissan, Hero-Honda, Swaraj-Honda etc. Our exports have not kept pace with this import, resulting in adverse balance of payments. The consumption of petrol has gone up which has compelled the Government to hike the price of petrol. This has led to the increase in bus fares, auto-rickshaw fares, etc. The scooter-owners are to pay more. We seem to be guided by short term gains. The increase in the price of diesel will affect our self-sufficiency in foodgrains production. The farmers will have to pay more for diesel for their pumpsets, and for their tractors. The increase in the price of kerosene will compel the people to go in for large-scale felling of trees in the forests. This is contrary to the laudable objective of the Government that deforestation should be ended for maintaining ecological balance. Instead of entering 21st Century, the women of our country will go back to 19th century with this kind of increase in kerosene and cooking gas. I do not understand the need for increasing the price of cooking gas. The cooking gas is a by-product and the oil companies are taking a deposit of Rs. 500 per cylinder on which no interest is being paid to the consumer. What happens to this huge amount of deposit lying with the oil companies? Why should the middle class people be punished for inefficient management of finances by the oil companies and the Government?

I commend the unprecedented fillip that has been given to rural development schemes in this Budget. There is reference to Balwadis and nutritious meals schemes for children and expectant mothers. I would point out that Tamil Nadu is the beacon light for the entire country in respect of such schemes. We are successfully implementing nutritious meals schemes for 80 lakhs of children. The

[Shri A.C. Shanmugam]

State Government gives free school uniforms, and free text books for the school children. Old-age pension scheme is in force. The Harijans are being given pucca houses. The Tamil Nadu Government has undertaken the massive 10-lakh houses for Harijans in the State. The Government even gives money for funeral expenses in Harijan bastis. The farmers are being given electricity free of cost for their pumpsets. 18000 cooperative societies have been constituted in the State. The self-sufficiency schemes in rural areas are a resounding success in Tamil Nadu. The basic and primary needs of food, clothing and shelter for the common people are being met by the Government of Tamil Nadu. Naturally a substantial portion of the resources of the State Government is earmarked for this purpose. I demand that adequate allocation of funds must be made by the Central Government for industrial development of the State.

Sir, it is common knowledge that our country is faced with recurring drought and floods, which are unavoidable natural calamities. If we reserve 3% to 5% in each year's Budget, there will be a substantial sum of Rs. 800 to Rs. 1000 crores every year for meeting the recurring drought and floods. The much needed financial assistance for tackling this can be released without delay from this fund to the State afflicted either by flood or by drought. I have to refer to the invidious distinction that is being made between drought and floods. For floods, ad hoc grants are given by the Centre and the assistance given by the Centre to drought-hit States is treated as advance plan assistance. This is unfair. For both drought and floods, grants must be given. The Centre must give as grant the sum of Rs. 200 crores to be Government of Tamil Nadu for meeting the expenditure on nutritious meals scheme.

It is mentioned in the speech of the Finance Minister that necessary steps must be taken for strengthening the public sector undertakings. Presently crores of rupees are the loss being incurred by these undertakings. It is regrettable that 43 public sector undertakings do not have their Chairmen. How can they function without the Chairmen? I demand that

immediately technically qualified senior persons should be appointed as Chairmen of these undertakings. The recurring losses in public sector undertakings should be stopped forthwith. The gigantic undertakings like BHEL, SAIL etc. should be revamped so that they work profitably.

The Central Ministers and the hon. Prime Minister have appreciated the laudable efforts of the Government of Tamil Nadu in implementing effectively the family welfare schemes. Tamil Nadu is in forefront in this matter. We have lost a parliamentary seat because of this. Otherwise we would have been 40, and not 39. In some other ways also, Tamil Nadu seems to be the loser. Backwardness due to non-implementation of family welfare schemes is being given a premium. 20% Central assistance is being reserved for the States whose per capita income is much below than all States average. These States perpetuate backwardness by not raising the per capita income without implementing family welfare schemes. But the States like Tamil Nadu whose per capita income has gone up because of implementation of family welfare schemes is losing instead of getting encouragement. I suggest that 20% special assistance should be given to those States like Tamil Nadu for doing a national service by effectively implementing the family welfare schemes.

There is a provision of Rs. 1950 crores in this year's budget for the welfare of agriculturists. I welcome this provision. The Government of Tamil Nadu had repealed the agricultural loans of Rs. 100 crores in the interest of agriculturists. But the Reserve Bank and the Central Government have come with a heavy hand on the State Government for doing this. I want that this sum of Rs. 100 crores should be given as grant to the Government of Tamil Nadu from this Rs. 1950 crores. Since the agriculturists are primarily responsible for the success of Green Revolution, the State Government is giving free electricity to the farmers for their pumpsets. The loss incurred by the State Government in this matter should be met by the Central Government. There is also reference in this Budget to the development of tanks and ponds. Instead of this, I suggest that attention must be paid for the development of

minor irrigation programmes, each with an outlay of Rs. 5 crores. It will serve the twin purpose of irrigation and flood control. For example, if minor irrigation projects at Sombakothoppu, Pillur, Mordana and Melarasanpatti are in North Arcot District are implemented, then we will get rid of the menace of recurring floods and we will improve our agricultural performance. This must be looked into by the Central Government.

The Finance Minister has given a boost to anti-poverty programmes by increasing the outlay on them by 65%. I wonder why the Central Government should burden itself with welfare schemes for rickshaw-pullers, cobblers, washermen, carpenters etc. These schemes can be implemented by the State Government. For example, the Tamil Nadu Government is giving compensation to the dependents of fishermen who die on the high-seas and to the dependents of palm-tree climbers who die falling from the tree. These schemes should be handed over to the State Governments.

About bank loans to weaker sections of the society, I am sorry to say that the ruling party M.Ps get 5,000 and 10,000 forms which are disbursed to the Congress-party supporters. We are also having alliance with the Congress-Party. We do not get even one form. We also represent poor people. In my district there are 4 M.Ps who have got several thousands of forms. I have not got one form. Since Shri Janardhana Poojari is here, I want to tell him that we have got workers and voters. It is not that the poor people who have voted for the Congress M.P. should be helped and not others who are with us. The hon. Minister should look this and do justice to us.

SHRI S. SINGARAVADIVEL (Thanjavur) : Sir, this is not correct.

SHRI A.C. SHANMUGAM : The National Textile Policy, I am afraid, is going to wipe out the handloom sector. It will strengthen only the hands of mill-owners. Tamil Nadu has been neglected in the Railway Budget and it has also been neglected in the General Budget. The X-ray film project in Ooty has been approved but not the Colour film project.

I request that this also must be approved. Similarly, the expansion of Salem Steel project with an outlay of Rs. 40 crores must also be approved soon and the money allocated. 70% of power produced in Kalpakkam Atomic Plant must be given to the State of Tamil Nadu. There is a rumour that freight equalisation fund is going to be abolished. If this is done, then the price of coal and steel in southern States will soar sky-high. The prices will go up by 400%. It must be ensured that the coal and steel prices are same in North and in South.

The influx of Sri Lankan refugees is becoming back-breaking for Tamil Nadu. The economy of the State is in shambles. I want that the Centre should give at least 20% of the maintenance expenditure as grant to the State Government. There are no prospects of their going back early to Sri Lanka. The substantial oil deposits in Cauvery basin must be exploited for the good of the country. Similarly, there is substantial oil reserve in Palk Straits. We need not be afraid of Sri Lanka. We should exploit this also for the good of the nation. Sir, the Hoganekal Hydro Project will enable both Karnataka and Tamil Nadu to have substantial electric power, as it will generate 1200 MW. The Central Government should intervene to ensure that this Hoganekal project is cleared and approved soon so that the paucity of power in Southern States of Tamil Nadu and Karnataka can become a thing of the past. The hurdles and stumbling blocks in the implementation of Telugu-Ganga project should also be cleared for its expeditious implementation. With these words I conclude my speech.

SHRI SHYAM LAL YADAV (Varanasi): Mr. Deputy Speaker' Sir, I am surprised to hear the views of the leader of the largest opposition party in the House because his party is also in power in one of the states where they have also presented the Budget. Nine opposition parties have their own Governments in the States and it can be presumed that they know very well the limitations of a Government and also what is expected of it. I think one sided criticism cannot achieve any useful result. He has taken up only one point that out of the total revenue receipts realised by the

[Shri Shyam Lal Yadav]

Central Government, the States are not getting their due share. He has not expressed his views about the basic spirit of the Budget and its aims and objectives. I think he has not tried to understand the Budget. This Budget has not been presented with the sole objective of increasing revenue yield of the Central Government and to deny the State Governments their due share. Most of the programmes envisaged in the Budget, excepting the Public Sector, are the responsibility of the State Governments whether it relates to the uprooting of poverty, increase of agricultural or power production. These are the responsibilities of the State Government. They utilise the funds allocated to them and sometimes misuse of these funds is also heard. Therefore, it is not proper to accuse the Centre of raising its resources and denying the State Governments their due share.

I would like to stress one more point here that most of the State Governments whose representatives are sitting here in the opposition, present populist budgets and do not impose new taxes. But they do not know how they are dissipating their limited sources of income. I do not want to go into detail here. In one of the states, which has been receiving subsidy from the Centre in the matter of rice procurement and distribution, the Government had slashed the price of wheat to gain cheap popularity and to get more votes for their party. In another State, the Government has written off the loans despite the objections of the Reserve Bank. The objection of the Reserve Bank was that if loans are distributed on a mass scale and are written off, how will they repay the funds due to Reserve Bank and how will they make up the loss suffered by writing off the loans? There are only two ways to make up such a loss i.e. either that state will take overdraft or the money allocated by the Centre for certain development programme will be utilised for other purposes. In this way the funds will be misused. They will have no other option left to them.

Sir, Shri Madhav Reddi had said here that the Budget is like Hindu Society which is stagnant. I think he has not understood

the spirit of the Budget properly. Had he understood it, he would not have said like this. As the time allotted to me is short, I shall conclude by raising a point.

The main objective of the Budget which we see in the Budget document and the aim and objective of this Budget as have been spelt out by the hon. Finance Minister have been divided into seven main parts. If we see those seven objectives we shall find that the direction of the Budget, the aims and objectives of the Budget, the mobilisation of resources are all in consonance with the demand of time. I would not deal with the objectives in detail but would like to say that this Budget is a growth oriented Budget and efforts have been made in it to accelerate the pace of development. We get the latest example of it from the fact that in the current year the growth rate in the total G.N.P. will be 4.5 per cent which shows that we are moving towards our goal. With these words I would like to take your leave.

(Interruptions)

Is there more time at my disposal?

[English]

SHRI SHYAM LAL YADAV : I will continue.

MR. DEPUTY SPEAKER : You may continue on Monday. Now we take up Private Members Business.

15.26 hrs

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

Twelfth Report

[English]

SHRI R.P. SUMAN (Akbarpur) : I beg to move :

“that this House do agree with the Twelfth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 5th March, 1986.”

MR. DEPUTY SPEAKER : The question is :