

(Rajasthan) many Khandsari units which were offering high rates for sugarcane were ordered to close down thus compelling the farmers to sell sugarcane at cheaper rate. The fate of sugarcane growers is also bad in many parts of Bihar and Uttar Pradesh.

In Punjab, the sugarcane price has been fixed at Rs. 29 per quintal. Though this price is not enough, even then, it is much higher than the prices given to the farmers in other States. The Punjab farmers anticipate serious problems in future because the estimated sugarcane production in the State is 60 lakh tonnes compared to the crushing capacity of 22 lakh tonnes only. The surplus sugarcane will become a problem for the farmers. As special provision for this year should be made to transport sugarcane from Punjab to the areas where supply to sugar mills is scarce and as a long-term planning, 12 new sugar mills should be sanctioned to Punjab. It is very essential for (a) providing employment to the youth (b) to make Punjab self-sufficient in sugar and (c) to pave the way for diversification of crops because there is no further scope for wheat and rice production.

12.25 hrs.

GENERAL BUDGET, 1987-88—
GENERAL DISCUSSION
AND
DEMANDS FOR EXCESS GRANTS
(GENERAL), 1984-85—Contd.

[English]

MR. SPEAKER : Shri Bhagwat Jha Azad.

PROF. MADHU DANDAVATE (Rajapur) : Sir, I draw your attention to the fact that there is not a single Minister from the entire Finance Ministry.

MR. SPEAKER : All right. They are coming.

(Interruptions)

PROF. MADHU DANDAVATE : I am sorry that there are so many reshuffles. They forget their portfolios.

(Interruptions)

SHRI BHAGWAT JHA AZAD (Bhagalpur) : Mr. Speaker, Sir, rising to make my views on the budget, I must state at the outset that despite the opposition from the Opposition benches, there had been a wide appreciation of the budget—first, on alleviating the poverty and also encouraging the economic growth.

Sir, if we look into the provisions of the budget, it is evident that higher imposts on the affluent sections of the society, larger funds for rural developments, emphasis on Public Sector and the pledge to contain the deficit had been the highlights of the budget which show very clearly that Government are proceeding in the direction of having the poverty rooted out and also to have a full economic growth in the country. But unfortunately, there are friends who could not see it. They say that we have 'optical illusion'. I would say that they see the boat but not the rudder because they say it is rudderless. I think if we are suffering from optical illusion, they are suffering from retinal detachment. That is why they cannot see the rudder and they can see the boat of progress going on all right. Between the two, this illusion can be removed but the retinal detachment only requires the surgeon's knife. Therefore, I would say that the comment that the budget is anti-growth is just allowing their imagination to run riot with the facts without caring what they are. Why is it so? They say that it is madness because this budget is anti-people, anti-growth, rudderless and anti-sanctity one. I know the sanctity in the budget. On that, my hon. friend here has said that there is a method in madness but in this madness there is no method. The question is : who is mad? Mad is he who has made the budget simple to understand? Or, mad is he who makes a simple budget a complex one by trying to have the jugglery? What were the expectations for the people of this country regarding the budget before Shri Rajiv Gandhi took over for the last two years and especially this year? The expectation of a budget by the countrymen is this : there must be a high dose of taxation. There should be taxation on capital goods so that the President of FCCI House may say that it is anti-capital formation budget. There should be tax on gas—in indirect tax—and on utensils. There should be tax on soap; detergents so that the Opposition may

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say : "Oh, what a bad budget ! The poor house-wives have been taxed so badly." They expected that the tax should be on all other items so that the entire country and the people could shout—specially the Opposition Members. Once Acharya Kripalani said the first budget—I was there in the first Lok Sabha—Look. The tax on soap is asking the people to remain dirty, so, this time all these things have been denied to my friends. This budget has the clarity of being so simple that it is being understood. The fault of the Finance Minister—I mean the Prime Minister—is this : he has put no tax. Therefore, it is anti-people. The fault of the Prime Minister is that there is a large contentment in the country; there is no violent depreciation of it, therefore it is anti-people. It is simple in language that we do not need any income-tax practitioner. We do not need any lawyer. We do not need any Chartered Accountant of the House or outside. We do not need any physicist-turned—economist to decode the budget today. Therefore, this budget suffers from two demerits ! Firstly there is no tax and secondly it is in simple language and therefore we do not need the help of a physicist turned economist or a chartered accountant or an income-tax lawyer to decode this budget. These are the two major important constituents of this budget, we all understand it.

Sir, before every budget there was a price rise and always stocking and handing of goods. This time even cigarettes were not stocked on which there was a heavy duty by the Finance Minister. So, no rise before the budget, no tax, simple language, no jargon, no economic wizards, no accountants, no lawyers, we can all understand it and therefore, unfortunately this time due to this kind of a budget our opposition members—even the commentators of the Radio and Television having a field day for interviews—could not have this chance.

This merits of this year's budget are the two important aspects of alleviation of poverty and the growth. How it violates the sanctity ? Which sanctity they mean ? So far, the sanctity was only this—that people should fear the Finance Minister. The moment he enters the house, though we clap, the hour becomes very grave—God

knows what is inside the box, how much tax and all that. It was not there this time. Therefore I would say that the major part of my comment is that this budget has been welcomed by the people, by the silent comment of satisfaction.

Lack-lustre budget ! A gentleman came to interview me saying that this is a lack-lustre budget. I asked him in what way it is a lack-lustre budget—because it is simple, because I can understand it without your help and therefore it is lack-lustre ? But I would say that these are the two important things of the budget.

Let us come to other criticisms. One of the criticisms is that this is anti-growth. The imagination has run riot with themselves and they call it anti-growth budget. On the other hand this budget is precisely for the all-round development of our economy. What does it emphasize, Mr. Speaker ? It emphasizes on more investment. It emphasizes on more work, more earning, and more saving. All these are the emphasis in the budget; not only in words, but by fiscal measures that have been adopted to encourage investment, to encourage work, to have more earnings and to have more savings.

For the first time, in the first three years of the Plan 63% of the provision of the Central budget has been provided and will be fruitfully utilised in real terms. It is no mean achievement. On the other hand it is an achievement which any Government in the world should be proud of. In the first three years of the Plan to provide for 63% and to spend it in real terms—I am emphasizing 'in real terms'—is no mean achievement. I would say that this is purely for the all-round development.

Look at the infrastructure. On transport, on communication, on energy etc, we are spending 54% of the total budget. It provides an accelerated pace for the economic growth of the country. The package of fiscal measures that have been proposed is to give a fillip to the capital goods industry. There have been provisions for technical upgradation of the selected industries which need support and sympathy. The Government, through its budget proposals, has sought to bring

about more comprehensive industrialisation in the country. Look at Cement, Housing and Capital goods Textiles etc., all these industries I am saying by way of examples. There are many other examples which I can go on quoting.

The most important help to the industry is the MODVAT. What is MODVAT Sir? Today, in the final analysis of a goods produced, there are taxes at different points. By MODVAT we have eliminated that. Now MODVAT will be applied to 200 or more items. It means the prices of the goods should go down. Well it is for the Government now to see that that reduction in the cost of production must be passed on to the consumers. If it does not happen we will call on the next occasion the Government's explanation. They must see to it that when the Prime Minister has been so generous to the industry to allow the MODVAT to extend to 200 items the prices will go down and it must not be pocketed by the industrialists but it must be passed on to the consumer. This is an important example of this budget giving fillip to industrialisation

Similarly industrial growth to the tune of 8 per cent is an indicator of the progress. There has been reduction in import duty. It should allow industrialists to increase competitiveness not only in the national but also in the international market. I welcome Prime Minister's proposal to have, though small, a form of expenditure tax on five star hotels and foreign travel. I take it as an indicator and, I hope, that Government believes in expenditure tax on conspicuous expenditure. It is not enough but I hope that the recommendations of the Chelliah committee on expenditure tax will be studied in depth and the expenditure tax will be introduced. It was once introduced but later on withdrawn. So, Sir, all this indicates that the measures taken are for industrial growth in this country.

Sir, the Nehru era extended upto 17 years, that is, First Plan, Second Plan and Third Plan. Indira Gandhi era was for 15 years, that is, Fourth, Fifth and the Sixth Plans and Rajiv Gandhi is in the Seventh Plan. The economic growth in the Nehru era was 3.8 per cent; in the Indira Gandhi era it was 4.4 per cent and in

Rajiv's time over the last years it should be 5 per cent or more. As regards agriculture it was 2.8 and 4.2 per cent respectively and now it should be 5 per cent and more. As regards inflation—of which we talk so much—it was 2.6 per cent in Nehru era. It was 8 per cent in Indira Gandhi era and it is 6.5 per cent in Rajiv's time. Of course, it is contended by my friends that it is whole-sale price index. We would like to say that as per the consumer price index it might be 7.5 per cent.

Now let us take cement. The production was increased four times in Nehru era and three times in Indira Gandhi era whereas it is now being increased not by times but by percent. Let us take steel. The production was increased four times in Nehru era and two times in Indira Gandhi era. Now it is 10 per cent extension. Take energy. The production was increased six times in Nehru era and five times in Indira Gandhi era whereas now it is 10 per cent increase in 1985-86 over the previous year. It should be 5.5 per cent plant load factor.

PROF. MADHU DANDAVATE : What about the Shastri era ?

SHRI BHAGWAT JHA AZAD : That was very short. I knew you will pin-point that. One remarkable thing of Shastri era was that he tried for peace, and gave his life to bring peace on this earth. It is not that I did not want to quote it but because there was not appreciable time for him so I did not quote that era. So, I find that industrialisation will be given a fillip by the present budget.

Now I refer to some of the socialist contents of the budget. My friend is smiling I know. I do not mean, Mr. Indirjit Gupta that all that we mean by socialist society and planning is here. I am referring to some of the socialist contents.

SHRI INDRAJIT GUPTA (Basirhat) : I never smiled.

SHRI BHAGWAT JHA AZAD : I wish he should smile sometimes. When I say the socialist content, I would not define socialism in the words of Harold Laski or long before the fabian socialist prudent

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when he said that property is a theft. I would say by my socialism it means in the farflung village the five essentials of life—Food, Clothing, House, Health and Education which should be available to the poorest of the poor in the village. That is my socialism. Therefore, Sir, I would say a massive provision for rural development programme of over Rs. 2000 crores this year compared to Rs. 3,600 crores in the entire previous plan is a great beginning a good augury for alleviating the poverty of the people. Therefore I regard it as a socialist content. I regard it as a socialist provision. I regard it socio-economic improvement of the poor society.

Similarly NREP alone will create 273 million mandays. Similarly, Sir, in Rural Landless Employment Guarantee Programme, Rs. 725 crores will be spent. It will generate 256 million mandays of employment. What I say, Sir, that these two put together are a good beginning in encouragement of creating jobs in a big way in the poor country in the poor village side.

Sir, for the weaker sections of society, Rs. 790 crore programme for health and family planning to control leprosy, to control gonorrhoea, to have universal immunisation, is also a big thing.

Similarly a special central additive of Rs. 175 crores of the Scheduled Caste component Plan and Rs. 169 crores of a special assistance for tribal sub Plan are a good beginning.

All I say, Sir, is that these are indicative of this Budget having the socialist content in this. I don't take the reference of Jawaharlal very often in this budget as just a respect to him Sir, I take it as a support of the Nehru philosophy for socialism. Therefore, I would say that this socialist content goes a great way to that. Prime Minister has lived up to the expectations for developing the human resources of which he is taking so often. Rs. 800 crores on education, Mr. Speaker, indicates that he believes in improving the human resources. The improvement of quality of life is the ultimate object of all economic endeavour. Productivity is not

a function of capital alone. Productivity improves with the quality of man engaged in it. Therefore, this attempt of improving the quality of life and human resources, this Rs. 800 crores is a big thing in this.

Similarly, Sir there is the tremendous importance to the provision of shelter. Policies and fiscal provision for housing indicates the Government's will and goal for socialistic pattern of society. Here, Sir, I would like to strike a personal note. When I talk of the socialistic pattern of society, I would draw the attention of Shri Ranga that socialist society was born in this country in 50's. Sir in 1955 the Congress adopted a resolution of socialist pattern of society in Avadi. But, Sir, many friends claim the parentage for socialistic pattern of society in this country. This humble self want to quote one thing from this book which is the autobiography of Shri C.D. Deshmukh. To quote, "It was during the winter session of 1954 that the usual debate on economic policy took place in Parliament. Amendments to the resolution were proposed by one Bhagwat Jha Azad to the effect that country should have a socialist pattern of economy". Unquote.

MR. SPEAKER : Was that you, Sir ?

SHRI BHAGWAT JHA AZAD : Sir, now my wisdom is challenged. To quote "Whether he had a prior consultation with Nehru, I never found out." I want to make it clear, Sir, I had no consultation with Nehru. I dare not talk to him. I never expected that this amendment will be accepted by the Government. But I had no consultations with Nehru. He says further :

"When the amendment was being moved, Nehru turned to me and asked, 'Do you see any objection to accepting this amendment?'...I replied that I saw no objection and was authorised to accept the amendment.

It was only after this that the Congress Party session at Avadi in January 1955 formally included a socialist pattern in their manifesto."

PROF. MADHU DANDAVATE : He is the father of Congress socialism,

SHRI BHAGWAT JHA AZAD : I would not say that; I would not claim that big credit. I would only say that that was the contribution to this concept of socialist pattern of society, to the Indian economy and socialism of this humble man as the youngest Member of this House in the First Lok Sabha at that time. I claim that privilege. The Congress Party and myself, as a humble member of the Congress Party, have avested interest in the socialist pattern of society to be successful in this country. And, therefore I welcome this Budget from that point of view also.

What we said in 1954, I wish, I pray and would always make endeavour to see that it becomes reality.

The emphasis on public sector also shows that this Budget is going towards and taking measures for having socialist pattern of society in this country. The emphasis and enunciation of the commanding heights of public sector along with the process of planning is much appreciated by all over the country, by all sections of the society. Since 1952 I have been a blind supporter of public sector. Bit by bit, inch by inch. I have seen it rising and making its impact on the Indian economy.

I agree that large investments on public sector have not shown the return that is expected of it. Production, according to analysis, is not enough. The economy is high cost, but the question is who is responsible? Man invented aeroplanes, but apes got hold of them and bombarded Vietnam and Cambodia. Is the plane responsible for it? Are the public sector philosophy and principles responsible for it? Jawaharlal Nehru mentioned about the commanding height of public sector. Is that philosophy responsible? The responsible are those who had no commitment for that philosophy, but they were put at the helm of public sector. Excuse me, when I say, that it is those intelligentsia, those IAS and IPS people, supposed to be the encyclopaedia of all knowledge, who once bungle in Secretariat, then they are sent to the public sector, they rule over that empire, put the public sector undertaking to loss and come back again on promotion. And, then the private sector of this country. The private sector after having sucked every

drop of blood from the industry, make it sick and hand it over to the Government. Only sick industries today are giving us a loss of Rs. 70 crores or 100 crores and this loss is now in the account of public sector. Why is it so? I appreciate that it is being said now-a-days that there should be consolidation and utilization of the existing capacity in the public sector. Yes, I agree, but there is a game behind and the game is not to allow the public sector to extend, not to have more resources and to stop expansion of the public sector in the name of consolidation of the economy today. I am asking who is responsible if the capacity was not utilised. I give one example of HEC. It was planned to produce equipment and plants for one million tonne capacity steel plants every year. That was not done. Now, HEC is blamed that it did not produce according to the plan. While I appreciate the Prime Minister's emphasis on public sector, while I appreciate Prime Minister's concern that the commanding heights of the economy must be healthy, so that it can be an ideal to the private sector, but which private sector? Which private sector? Is it that private sector which creates black money in the country and runs a parallel economy? Or is it that private sector which indulges in under invoicing and over-invoicing?

This country must have a planned economy where the public sector must command the heights. Private sector must be disciplined, investment must be encouraged and public distribution system must carry the fruits of production to the poor. I hope and I know that this Budget wants to encourage this kind of an economy. We shall test this budget only by these parameters. Therefore I say that the public sector should be judged on these grounds.

I come to the last of the criticisms about inflationary trend of the budget. A doubt is voiced whether the deficit would make this budget liable to inflation. I do not agree with the Professor on my right. It was five decades ago that Irving Fischer enunciated an economic theory—which is a very old economic theory now—that doubling of the money supply would lead to doubling of prices. There is no such relationship of one to one in money supply and deficit.

For example I quote the figures of last two years. In 1985-86 Budget, the deficit

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was Rs. 4937 crores whereas increase in money supply was Rs. 3902 crores. In 1984-85 Budget, the deficit was Rs. 3985 crores and money supply was Rs. 6583 crores. Sir, in the last five years the ratio of money supply to the budget deficit has been varying from 0.8 per cent to 2.58 per cent and therefore it does not prove that a larger deficit means larger inflation in the country. And in this context Sir, it is definitely not so. If there is more money in the country it means that there should be more purchasing power, there should be more sales in the country, but—and this is a very big But—there must be more production in the country. For this I have more evidence before me that there would be more production in the country because the buffer stock in the godowns is overflowing in spite of indifferent monsoon. Even next year we are expecting growth in the buffer stock. About the overall production, I cannot hazard a guess and only Shri Dhillan can say something about it, but as regards buffer stock, the position will be all right.

Apart from that our industrial capacity today being utilised is only 78 per cent and it gives us an industrial growth of 8 per cent. That means that 22 per cent of our industrial capacity is still unutilised. I am sure that the Government is conscious of this fact and I ask them to do something about it. Let us have utilisation to the maximum so that we can have more industrial goods in the country. So far as agriculture is concerned, we have some success. Therefore, these two things in the country will make our economy not subject to inflation but it will be immune to inflation. Of course, we do have problems. When we plan a budget we plan it on certain parameters and on certain presumptions. I do hope that when unutilised capacity will be used, we will have more in the country and more money supply will lead to more purchasing power and more sales and not to greater hike in prices.

Apart from these, the concrete things that are done in this budget to stop inflation are that there are no taxes. No taxes are imposed either on intermediate goods or on final goods. So it should not lead to any hike in prices and it did not happen before the budget as it happened all the time.

Secondly, Government's help and

encouragement in saving will also curb this tendency. The extension of MODVAT will reduce prices. I have said that Government must see to it that the industrialists who gain out of this MODVAT must pass on the reduction in prices to the consumers.

DR. DATTA SAMANT (Bombay South Central) : Where is the control ?

SHRI BHAGWAT JHA AZAD : Well, if you say, where is the control, then I would say, there is no control.

[Translation]

"Might is Right. Then set up a strong union and do your work."

[English]

DR. DATTA SAMANT : No subsidy is passed on to the poor.

SHRI BHAGWAT JHA AZAD : No, I do not agree with you. Because, it is your way of saying, all the time that nothing is happening in the country. That is an example of the retinal detachment. We have to see the boat and the rudder. What I say Mr. Speaker about MODVAT. It is an example, where price reduction should be passed on to them and the Government's firm commitment is, control on non-plan expenditure. That must be done. This time you have laughed. I am happy Sir, my remark had made Mr. Indrajit laugh at least once.

PROF. MADHU DANDAVATE : No, he didn't smile, this time he laughed.

SHRI BHAGWAT JHA AZAD : That is why I said, he has not smiled, but laughed. So what I say is once he laughed, Mr. Speaker, but the laugh...

MR. SPEAKER : I am happy that you have brought the laughter.

SHRI BHAGWAT JHA AZAD : Mr. Speaker, Sir, the last and the most importance point is about the Prime Minister's commitment or his announcement to contain the deficit and to freeze the deficit. I would not say the situation will remain the same, if there is a big calamity in the country—natural or otherwise. Who knows,

some adventurous neighbour, keeping their guns on the terrorists or they may have a joy fight on some AWACS or in F-16c, may love adventure. But the Prime Minister's assurance to contain the deficit, to freeze the deficit is the biggest guarantee. He had also assured that we would not have inflation. This is apart from the other 6-7 grounds that I have said—I have my own grounds to say. Therefore, I feel that the criticism, this fear, is not with foundations. It should not be so. But, along with this, I would like to say to the Deputy Finance Minister that, we must concentrate on what you have said. What the Prime Minister had said in the Budget is about the physical target. We are only seeking the financial target. How much they have reached the people? What should be the physical property or the physical thing created, that has not been done. Therefore, what I say is, this Budget will be truly implemented and done, when we care for the physical targets also. I would say that it is not my intention—never—to have any scoring points in the debate. What I am talking is for the planned development of the country. On that, we must have a national consensus in the House. If we are weak, let the Opposition friends be strong enough. This is not, my intention to make any shout or *Hungama*.

*"Hungama khara karna mera maksad nahin,
 Me i khwahish hai ki surat badalni chahiye,
 Mere seene men nahein,
 Tere seene men sahi,
 Ho kahin bhi aag,
 Lekin aag jalni chahiye."*

If that burns from all sides, I am confident, it would be possible for all of us to make it a success.

Lastly, there is a development all round, in the country. We are not passing on bullock-cart. My friend says in any way, we will land into the 21st century. I read the speech of the hon. Member from the Opposition and again he repeated this. My reply to him is, you may like to land, on your bullock-cart, but I don't. We must have the latest technology. We must have the latest vehicle to go fast to the

21st Century, not with disappointment and dejection but with the hope and confidence. I am sure it will be possible with this Budget, which is a harbinger of a new kind of Budget, new fiscal policies and measures, which will help us to have our full time growth in the country. I would say :

*"Gati prabal palron men pari, phir kyon
 rahoon dar par kharra,
 Jub aaj mere samne hai, rasta itna parra,
 Jab tak na manzil pa sakoon, mujh ko
 kahan vtram hai,
 Chalna hamara kaam hai".*

[Translation]

We will keep on marching forward. It is unfortunate that some people return from midway.

*"Kuchh rah men chalte rahen, kuchh beech
 hi se phir gaye,
 Jo gir gaye so gir gaye, par gati na
 jeevan ki rooki,
 Chalta rahe shashwat, usi ki sofalta
 aviram hai,
 Chalna hamara kaam hai."*

We will march forward and it is possible that we may be able to evolve a better system of development.

MR. SPEAKER :

*Tu sahin hai kaam hai parwaz tera,
 Tere liye aasman aur bhi hain."*

[English]

So, let us adjourn for lunch, and meet again at 2 p.m.

13.00 hrs.

The Lok Sabha adjourned for lunch
 till Fourteen of the Clock.

The Lok Sabha re-assembled after
 Lunch at five minutes past Four-
 teen of the Clock.

[MR. DEPUTY SPEAKER *in the Chair*]