

## FINANCE BILL 1985—Contd.

[English]

MR DEPUTY SPEAKER : We now take up item 9. Prof Madhu Dandavate.

PROF. MADHU DANDAVATE (Rajapur) : I rise to participate in the debate on the Finance Bill. This Budget was presented by the Finance Minister on 16th March 1985. Since then, a lot of water has flown down the Ganga.

13.46 hrs

[SHRI SOMNATH RATH *in the Chair*]

Sir, with the change in the Chair, I need not change my line.

I was just saying that since the Finance Minister presented his Budget, he had made a number of predictions. He had actually made a number of postulates regarding the Budget. In the course of the few weeks that have passed after the presentation of the Budget, you will find that some of his predictions have been totally falsified. Before I come to them, I would like to bring, through you Sir, to the notice of this House a great impropriety that has been committed by the Finance Minister. This House is guided in all financial matters, not merely by the statutory rules, but by certain norms, conventions and traditions of the House. If you go through the Budgets that were presented, from the time of the first Lok Sabha after independence, you will find that never has it happened in the Lok Sabha that once a Budget was presented to the House, any additional levies were announced prior to the consideration of the Finance Bill. This time, a unique phenomenon has occurred. When the Finance Minister rose to reply to the general discussion on the Budget, he reduced certain levies, and eliminated certain levies. That one can understand; but he introduced an additional levy on cigarettes, i.e. one paisa per cigarette. I am not going into the merits of the case. But the convention and tradition

of this House is that making any additions in the levies amounts to presenting a fresh Budget. It amounts to modifying the Budget; and all through the years, right from 1947, such additional levies have been imposed only on the occasion of the speech during the consideration of the Finance Bill. For the first time we find that there is a deviation; and a great impropriety has been committed, and I expect—and the House expects—from the Finance Minister that when he replies to the debate on the Finance Bill, he will touch this point, because he has committed a great impropriety.

As far as the Budget that has been presented is concerned, which is the lobby that has benefitted, and which is the lobby that has borne the burden? Let us see which are elements which have welcomed the Budget. The first to welcome was FICCI; the second was its spokesman Mr. Nani Palkhiwala; the third was the *Wall Street Journal* and the fourth, the Forum of Free Enterprise. Thereafter came the industrialists, the income tax-payers and the *status-quo* economists. All these people will be extremely happy, because since the days of the first Budget in 1947 presented by Shanmukham Chetty, I think this is the first pro-affluent class Budget of a very high order that has been presented by the Finance Minister. Therefore, it is not an accident that all these representatives of the affluent sections of the society have warmly welcomed this Budget. That itself indicates the class composition and the class character of the Budget that has been presented. Who are the gainers, and who are the beneficiaries? Which are the elements that have actually suffered at the hands of the Budget and which are the elements that will bear the burden and pangs, viz. the inflation in the economy and the consequent rise in prices of essential commodities?

The exemption limit from the ambit of the MRTP Act was Rs. 20 crores. The industrialists and monopolists were expecting that this limit at the most may go up to Rs. 50 crores, but they

were pleasantly shocked to find that in the Finance Minister's budget, the exemption limit from the MRTP Act has been increased from Rs. 20 crores to Rs. 100 crores—five times increase in the exemption limit.

As far as the Wealth Tax is concerned, the exemption limit was of the order of Rs. 1.5 lakhs. It has been stepped up to Rs. 2.5 lakhs. Then the Estate Duty has been abandoned. The common man has nothing to do with it. Again the affluent section and the property class will benefit. So, again we find that the estate duty has been completely abolished. No doubt some of the better off middle class sections felt that the exemption limit of the income tax has been stepped up from Rs. 15000 to Rs. 18000; some of them said, it could have been Rs. 20,000, but this particular increase in the exemption limit of income tax is an optical illusion and you will find that illusion will be totally eliminated when we take into account the inflationary pressures on the economy and rising cost of living that will be affected as a result of that. The process is already begun.

According to the available statistics from the governmental record, in 1985, the total number of income earners is 346 millions in the country; and if you take those dependant on them, they will be much more. If we look at the structure of the entire budget we will find that 99 per cent of these 346 million income earners in this country have nothing to benefit from this budget. The only thing from which they have to benefit is the limits that have been risen.

50 per cent of the population lives below the poverty line. There is nothing to gain from the liberalization of the direct taxes that have been introduced. Therefore, you will find that, as inflationary pressures grow, as far as those affluent sections are concerned, who have already snatched away the benefits through liberalization of the direct structure, they will benefit; and as far as inflationary pressures and its consequent impacts are concerned, the rise in prices is concerned, the persons

who will be hard hit will be those who live below the poverty line, the common man and even those people who are not required to pay income tax, they will be hit most; even the tax-payers will be hit most.

We were told about it when the budget was presented, when the general discussion brought out the fact that the record deficit financing of Rs. 3,349 crores had been projected in this budget. What was the explanation that the Finance Minister gave? He said, no doubt, compared to all the deficits right from 1947 to 1980 and onwards, this deficit was the largest order Rs. 3,349 crores—he took the entire budget exercise as a monsoon gamble; and he argued that we were expecting a very good monsoon; as a result of that, the agricultural growth will be very fine, the industrial growth is also likely to be good and as a result of that, when the rate of growth is likely to be commensurate with the progress of the country, we will find that whatever inflationary pressure will be generated by the deficit financing, that will be offset by the rate of growth, that will be affected by better monsoon. Therefore, I call this budget exercise as monsoon gamble; literally it is a gamble. How does he expect three consecutive years, financial years to be good monsoons years? God alone knows! The Finance Minister alone knows. He is not able to give any rational explanation for that. But as far as statistical aspects are concerned, we never generally find three consecutive years, financial years to be good years of fine monsoon, which are comfortable, which will give a better agricultural growth.

It is only some weeks ago we had a debate on the rising prices of essential commodities and I am glad that the Minister concerned admitted frankly that contrary to our expectations the prices are going up. They are not going contrary to the expectations. They are rising contrary to the false platitudes that were made by the Finance Minister. It was expected by the Members of the Opposition and many

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Members of the Treasury Benches and many Members of the ruling Party that there is bound to be a commensurate increase in the prices of essential commodities and as per our expectations those prices have gone up. And, as a result of that you will find that the entire picture will change.

As far as the deficits are concerned, I am not putting forward a case which is merely hypothetical I would like to go on record that right from 1977-78 to the Budget of 1985-86 what was the deficit that was projected in the original budget and correspondingly what was the deficit that was projected in the revised budget, the revised estimates? If you take the reality, the actuals, it may be still bigger. But I will only compare two figures.

In 1977-78 in the original budget the total deficit was Rs. 1,382 crores and in the revised budget for the same year it was Rs. 2,700 crores. In 1980-81 the deficit was Rs. 1,417 crores—it goes on—and in the revised estimate it was Rs. 1,810 crores.

SHRI C. MADHAV REDDI (Adilabad) : It is actually still more.

PROF. MADHU DANDAVATE : I accept Shri Mudhav Reddi's contention.

I am only taking the revised estimates and the actuals will be still higher.

In 1981-82 the original estimate was Rs. 1,539 crores, the revised estimate was Rs. 1,700 crores; in 1982-83 the original estimate was Rs. 1,365 crores and the revised estimate was Rs. 1,935 crores; in 1983-84 the original estimate was Rs. 1,515 crores and the revised estimate was Rs. 1,695 crores; in 1984-85 the original estimate was Rs. 1,762 crores and Sir, revised estimate—actuals have yet to come—is Rs. 3,985 crores. Three thousand nine hundred and eightyfive crores of rupees! And now in 1985-86 the projected deficit is of the order of Rs. 3,349 crores of course, the revised estimate will come after some time.

SHRI C. MADHAV REDDI : Rs. 5,000 crores !

PROF. MADHU DANDAVATE : But actually most of the economists have estimated that the total deficit, the actual deficit will go beyond Rs. 5,000 crores and I will not be surprised if it is Rs. 6,000 crores.

SHRI C. MADHAV REDDI : May be Rs. 8,000 crores !

PROF. MADHU DANDAVATE : If that is the order of the deficit that is projected, that are going to have, can you fool the country by merely telling that there will be a monsoon—monsoon gamble—a good monsoon and so on? Some times they say that Indira will save us; sometimes that India will save us. That is not going to be easy. The deficit will go on to Rs. 5,000 crores, or Rs. 6,000 crores and then this pressure, this inflationary pressure cannot be absorbed, the shock cannot be absorbed. There will be tremendous pressure on the economy. As a result, the common man's living will dwindle down, the cost of living will go up.

There is one more aspect of the economy I want to mention. It is not merely the inflationary pressure of the economy that will be changed by the deficit finance, by this pressure not being absorbed by the proper methods. But there is another aspect to which I would like to draw your attention which will have an effect, and that is the impact of black money. I would like to make it clear at the very outset, and I hope the Minister will take note of it : We are already told and we learn that the report of the National Institute of Public Finance on black money has already been submitted. Firstly, I would demand that the report on black money should be laid on the Table of the House, and I would demand a discussion on that. This is one aspect which has to be dealt with elaborately.

One of the former Finance Ministers, the late Shri Y.B. Chavan admitted on the floor of this very House when he was Finance Minister of the country; he admitted that "I must candidly admit

that black money economy in the country has become a parallel economy." The Finance Minister of the country admitting that the black money economy in the country has become a parallel economy." The Financing Minister of the country admitting that the black money economy has becoming a parallel economy in the country ! That parallel economy will generate inflationary pressures on the official economy of the country and as a result of it the prices go on further increasing.

I would like to warn this House through you, Sir, that the inflationary pressure will not to be directly generated merely by more than five thousand crores of deficit that is likely to be mopped up, but it will also increase with the increased pressure of the black money economy that is being generated in the country.

14.00 hrs.

I do not know what exactly is the extent of black money. Whenever I have put forward questions, Starred and Unstarred, the only reply that we get is that we cannot have exact or even approximate estimate of what is the extent of black money. But since the National Institute of Public Finance and Policy has already submitted to them the report, if they lay that report on the Table of the House, I am sure, one of the elements that this Institute must have studied is the extent of black money generated in the country. I do not know which particular methodology they have applied ; whether they have followed the Kaldor's method or whether they have utilised any other method in order to estimate the black money in the country. For instance, the wanchoo Committee utilised the Kaldor's method and they were able to make certain estimates. But those figures have also become outmoded, because, after all, there also for one particular year they tried to find out from the assessable tax and the tax paid what exactly would be the extent of black money. Taking the velocity ratio as 2 : 3, they exactly allowed the expenditure and that involved black money and then they projected in the future and said that if the

national income was increased by certain degree, by the same proportion the black money would increase. That is how they projected the estimates of black money in the future. But I would like to know from the Finance Minister that in the report that has been presented to them what exactly is the extent of black money. I do not want to create a panic in the country by giving exaggerated figures. But we would like our minds to be completely clear as to whether one particular report that has appeared in the press that is some persons connected with the IMF-I am told that was an unofficial IMF Committee ; some economists who were working on the IMF came together-have made an estimate and it has appeared in the press that 50 per cent of the GNP in the country happens to be black money. To my mind, this appears to be a slight exaggeration. I do not think there is the worst possible position that the black money is likely to be 50 per cent of the GNP. I would like to be convinced and satisfied that particular extent of black money is not correct. But anyway, whatever is the correct picture that should be given.

There is one particular misnomer. It is considered by some of the orthodox economists and in the wanchoo Committee report that was the contention that was put for that tax compliance will be improved if the direct taxation is directly reduced. If you go through the experience of various Budgets, I would like to be convinced by the Finance Minister whether it is a fact that contrary to the inference drawn by the wancho Committee, the facts are not corroborated by experience. Whenever the direct taxation has been reduced, commensurate with the reduction in the direct taxation, black money accumulation has also been reduced-that has not been the experience of the past. I tried to go through some of the rough estimates and I tried to compare them with the reduced taxes, as far as direct taxes are concerned, I find that necessarily by reducing the direct taxation rates there is no commensurate compliance of the tax payment. Now, that exactly is the fact. On the basis of that fact, we need not take it for granted

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that if echelons are given more concessions, wealth tax is reduced, capital gains tax is reduced and MRTP limit is increased, in that case there will be commensurate less tax evasion. Therefore, I would like to find out what exactly is the position.

In the same connection I would like to make one concrete suggestion to the Finance Minister. Our entire economic problem, the inflationary pressure on our economy, the rate of growth, all are closely connected with the pattern of expenditure in the country. The governmental expenditure as well as non-governmental expenditure in the country and the money that is circulated in the country play a great role in determining what will be the level of prices in the country. Therefore, it is very necessary that not only there has to be an effective control on the income generation but also there has to be an effective control on the governmental and non-governmental expenditure. Therefore, I would suggest once again that an Expenditure Commission be appointed in this country. If the Expenditure Commission is appointed, I think, they will be able to fulfil two-fold purpose. One is that the Commission can reveal as to what exactly are the sources of black money because once they start exploring the field of expenditure, they will be able to find out that there is an ostentious life led by some persons and certain institutions have been spending beyond their so-called means that are revealed.

If those particular fields are properly explored, they will be able to find out which are the institutions and which are the individuals which are sources of generation of black money. Therefore, the Expenditure Commission, on one hand, will be able to reveal the sources of black money in the country and, secondly, they will be able to find out what is the extent and degree of wasteful expenditure in the country, what is the extent of non-developmental expenditure in the country. It is an accepted axiom that greater the non-developmental

expenditure in the country, greater the unproductive expenditure in the country, the greater will be the inflationary pressures on the economy and, therefore, the greater will be the rise in prices in the country. Therefore, I think, to moderate or to modulate all this, probably the Expenditure Commission will be a great check. In evaluating the nature of the Budget and the nature of the approach to finance, I think the acid test and the litmus test will be what is the approach of the present Government to the question of priority. In fact, everybody's perspective approach is to find out the economic and financial priorities. Now, what are the financial priorities of this Government? How they have made the allocations? I do not want to go through all the documents of the Budget, but I have picked up a few which will indicate their line of thinking. Which are their priorities in allocating funds? Take agricultural financial institutions. In 1984-85 Revised Budget, the allocation was Rs. 297 crores and in the 1985-86 Budget which the Finance Minister has projected, it is Rs. 155 crores... (*Interruption*).

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH): May I submit, Sir, Comparisons are usually made from BE to BE-from Budget Estimates to Budget Estimates Revised Budgets will come afterwards.

PROF. MADHU DANDAVATE: Sir, the picture will be still worse, I will give only one instance. Take, for instance, Self-Employment Scheme for Educated Unemployed. In the Revised Estimate it was Rs. 149 crores and now it is Rs. 65 crores. If I compare it with the original figure, It will be still worse. Therefore, I would tell you that I have taken the Revised Estimate for this reason that after taking into account various constraints they had revised it. I do not fully agree with the Finance Minister that while we have to find out the approach, we necessarily compare the original estimates and the new original estimates. After applying their mind to various constraints that are existing in the society, they revise

the Budget. Actually if you refer to the original estimate, I will be too willing to do that. Probably the papers are with me. If I do that, the picture will be still worse.

Then you take the industrial financial institutions. In 1984-85 Revised Budget, it was Rs. 107 crores and in 1985-86 Budget it has been reduced to Rs. 100 crores. In the case of consumer industry, in the Revised Budget for 1984-85 it was Rs. 193 crores and in the 1985-86 Budget it is Rs. 148 crores. The figures for Self-Employment Scheme for Educated Unemployed are Rs. 149 crores and Rs. 65 crores. I am trying to recollect from the memory and if I go wrong he can tell me that. If I mistake not, as far as this particular field of Self-Employment Scheme for Educated Unemployed is concerned, in the original Budget they had put Rs. 25 crores, but for some reasons which you can very well imagine, in the Revised Budget they have made it Rs. 149 crores. Now, of course, the elections are over, and they have now come down to Rs. 65 crores. Railways and ports are the basic infrastructure for industrial development in the country and what have been the allocations and outlays in these sectors. In Railways, the Revised Estimate is Rs. 798 crores-almost Rs. 800 crores-and now in 1985-86 they have cut down to Rs. 700 crores. For ports it is Rs. 76 crores in the 1984-85 Revised Budget and now in the 1985-86 Budget it has been brought down to Rs. 46 crores. This is as far as essential fields are concerned. I told you some time back in the case of MRTP the exemption limit went up from Rs. 20 crores actually to Rs. 100 crores and when the tariff item 68 Replenishment concession was sought to be extended up to a limit of Rs. 40 lakhs that could not be done. So, leave aside consumers and others, even where small-scale industries are concerned, they are not prepared to show commensurate sympathy that is commensurate with the monopoly houses.

There is one more concrete suggestion that I would like to make to the Finance Minister, as one who is coming

from the University, one who is concerned with the books, one who is concerned with the material that has to be given to the students and this is my honest request, a very proposition and I hope he will take note of that. Income tax concession under Section 80(2) of the Income-tax Act, which was being given to the business of publishing for its development and growth has been withdrawn in this particular Budget. This is done at a time when publishing is struggling hard to maintain its existence in the face of increasing prices of all inputs, lack of grants for library purchases, increase in postal and freight rates and also large imports of all sorts of books under Open General Licences. These are the difficulties which the publishing houses are facing. If he wants that the intellectual equipment of the schools and universities should be improved; if he wants that the horizons of the knowledge should be widened further, then more and more scope should be given to the publishing houses so that general readership is able to benefit and they do not suffer on account of any constraint. Therefore, I would concretely suggest to them that this concession which was already there-that has been withdrawn-may be restored. I do not think this would mean much of a financial constraint but this will rather create a healthy climate in the educational field, in the field of literature and in the field of publishing of books and that will give a great relief to those who want to benefit from the knowledge that accrues from the books.

As far as poverty alleviation programmes are concerned, major anti-poverty programmes like IRDP, NREP and RLEGP are not given substantial allocations. The hon. Minister should take a note of the fact that those who speak and participate in the Budget on both sides of the House, particularly the ruling party Members who are coming from the rural areas, from Bihar, Orissa and UP particularly, strongly urge that this poverty alleviation programme should be stepped up and more allocation should be given so

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that these welcome schemes are implemented properly. I congratulate them for having realised these schemes and if they are implemented effectively, I am sure, with better allocations, these schemes would succeed.

SHRI VISHWANATH PRATAP SINGH: Just one moment. I may draw to the attention of Prof. Dandavate to the fact that I had mentioned in my speech that many State Governments because of elections could not finalise their plans and in the case of some of them we have to contribute 50 per cent and that element is not there. As they finalise their schemes for the anti-poverty programme, we will increase our allocation. That I mentioned in the speech itself.

PROF. MADHU DANDAVATE: I am extremely happy at the announcement. In fact it was my ignorance. I exercise my fundamental Right of ignorance in not remembering what you had told us earlier. But I am very happy. Because of these administrative constraints, that particular lacuna was there. Once they finalise the Plans, and if they are able to do better justice to the schemes, I am sure, these schemes will go a long way in trying to eradicate poverty especially in the rural areas. I hope, that will be done.

Now, I would like to say one thing in the context of our national goal of self-reliance. If this country is proud of any contributions of Mahatma Gandhi to the economic thinking of the country, it is the concept of self-reliance. It is as important as Panditji's concept of non-alignment.

The concept of self-reliance, decentralisation of economy and devolution of political power are the important contributions that Mahatma Gandhi made to the political and economic thinking in the country. And fortunately, the concept of self-reliance became the national consensus in this country and all parties, whether they belong to the opposition or the ruling party, accepted

unreservedly this concept of self-reliance. I am afraid some of the policy statements that have been made by the hon. Finance Minister and the general perspective of the Budget is likely to harm and endanger the concept of self-reliance.

I carefully went through the electronic policy statement. I am sure, the electronic policy statement and the general export-import policy statement that was already made by the Finance Minister by a separate statement that was read out on the floor of the House, if you combine these two together and try to find out the cumulative impact of the Budget policy on that, you will find that the picture of self-reliance will be a dismal one. Sir, as one who comes from a Science Faculty, I am not at all opposed to the application of scientific techniques to technology and all other fields of life, I want rationalisation of technology in the country, I want modernisation of the country, I want modernisation of technology in the country, but I do not want the glory of the machine to be built on the debris of man, on the dignity of man. This is the concept of Mahatma Gandhi in India. I am afraid, in the electronic policy statement with the help of which more and more intrusion into our fields by the multinationals and the import-export policy, there are a number of lacunae. If there is a separate discussion on the export and Import policy statement that was made by the Finance Minister, it will be better. In fact, I had already sent one notice for it under Rule 193. I wanted the details of the implications of this particular statement to be taken note of. It is an extremely dangerous statement. No doubt the intentions are good, but there are certain lacunae that will be left as a result of which certain entrepreneurs will be able to benefit by certain implications by telling them that they are only meant for the replenishment of certain commodities and certain products that have to be exported. There will be a lot of scope for certain manipulation and I am afraid that the import-export policy statement reconciled with the electronic policy statement will land us into a new era in which the

multinationals intrude. Then we will be throwing the flood gates of Indian economy open to multinationals and self-reliance will be totally destroyed.

I will just cursorily mention from the Bill that in 1970-71— we are talking about self-reliance—only 3 per cent of the Union Government's expenditure was through borrowings and in 1985-86—please take note—10 per cent of the expenditure of the Government is based on borrowings. This is the distinction between the two. Probably we are bidding goodbye to self-reliance and flood gates open to multinationals. There will be an exclusive computerisation. I am not opposed to computerisation being introduced in certain selective fields where there is no displacement of labour, but we are told by those who are importing technology that only in selective fields it will be there, it will not be allowed to displace labour. But I want to warn this House, even the displacement of labour and the destruction of employment potential will be not by fits and starts, but it will be by back-door technique. What is happening? Those who are going to retire, till they retire they will not be displaced by the computer, but once they retire, to the new employees that are to be actually employed in those particular posts, they will say that now because the computers are there, no more vacancies need be filled up. And that is why prospective destruction of employment potential is likely to be introduced. I want to warn against this I am not against computers and their selectivism, but while you are marking a selective use of computers, please take note of the fact that the computer is likely to displace—in the western world happening, in Germany it is happening, in the United States it is happening. We must take care and see that computerisation not at the cost of prospective employment potential in the country.

Sir, I would like to conclude by warning regarding the philosophy of the Budget. What is the philosophy of the Budget? In a simple sentence if I am required to describe the philosophy

of the Budget, it will be the greatest good of the smallest number. That is the philosophy of this. The basis of the Budget is 'Reganomics'. What is Regan trying in the United States of America? Similar techniques are being tried over here and therefore, when I said 'Reganomics' in Bombay, included in them were the Prime Minister's press conferences. We are not accepting Reganomics. But the world's big journals put a photograph of Reagan and our Prime Minister saying that there is an approximation between Reagan and also our Prime Minister.

Sir, Mahatma Gandhi wanted stress on development at the grass root level and the development will rise. What is the developmental perspective of the elitist Government of Shri Rajiv Gandhi? Excuse me for exceeding the time. But I will be very short. To my mind, the development perspective of Shri Rajiv Gandhi as reflected by our Finance Minister is, development for the upper class, rich and affluent sections of the society. What will be the gains for the lower sections at the grassroot level? whatever percolate down from the top to the bottom and whatever reaches the grass root level, that will be the development and gain for the people at the lower level. This is not Gandhi. Unfortunately, this is Gandhi in reverse. Marx said, "I have put Hegel outside down". today Rajiv Gandhi probably must be saying, "I have put Mahatma Gandhi upside down through this Budget". Therefore, as far as the Finance Minister is concerned, probably after this Budget, his slogan is, Mahatma Gandhi is dead. Long Live Rajiv Gandhi".

[Translation]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr. Chairman, Sir, hon. Members from both sides of the House have expressed their views on the Budget which has been presented here. I had been listening to the speakers from both sides and I was listening to the speech of the Professor with rapt attention.

[Shri Virldhi Chander Jain]

It is true that we have been presenting deficit budgets right from the beginning and the deficit has been increasing year after year. The budget which has been presented this year carries a deficit of Rs. 3,394 crores. This presentation of deficit budget leads to price rise. The deficit in the budget will increase in spite of our best efforts. If we resort to borrowings, the prices will tend to go up.

In today's modern economy, we have also to ensure acceleration of the pace of development. At the same time, we are not to cut the size of our plan. It has to be increased progressively to achieve progress and development. But, while increasing the size of the plan and expanding it, we shall also have to keep in mind that the rate at which the prices are rising, the people can no more bear them. The post-budget price rise, to which the members have drawn attention through a Calling Attention Motion has also been admitted by our hon. Minister of Food and Civil Supplies. Therefore, this price rise might create a situation in which the present 4 to 5 per cent rate of price-rise might cross the 10 per cent mark (*Interruptions*)

We have to give attention to it. This Budget does give some benefits. The richer section of our society has been given comparatively more benefits. But, we shall have to see whether it brings about any change in their attitude. The rate of income tax so far was 90 per cent which has now been reduced to 65 per cent and it is proposed to be reduced further to 50 per cent. If, with this reduction in the rate of income tax, any change in their tendency of tax evasion is noticed, only then it can be said that the benefits given have shown results and the change in their mentality, if at all it takes place, will be an important achievement. Earlier we had some provisions in the income tax laws under which if on conducting a raid, an assessee was found in arrears, he used to pay them off and, no punishment

used to be awarded to him and he never used to be arrested. No action used to be taken against such a person. But now, we have incorporated some penal provisions. I want to submit to the hon. Finance Minister to ensure that they are strictly implemented. It will only then be an achievement. The tendency of tax evasion will continue as long as the penal provisions are not rigorously enforced. Therefore, the hon. Minister should pay attention to it.

A notable feature is that even the Western countries have praised this budget. Shri Palkhiwal has also applauded it. We need to be cautious on these complementary reactions. We shall have to be critical why the western countries are praising it, why Mr. Palkhiwala is praising it. We shall have to be very cautious in our assessment. I want to tell, particularly, the hon. Finance Minister that the post-budget results of this budget will only determine whether this budget has been a success or a failure. We can judge it only on the basis of results, not otherwise.

One thing I want to say about regional imbalances. There are gross regional imbalances in our country. So far as the Gadgil Formula is concerned, only the developed States get a lion's share. The under-developed States are not benefited from this formula. This issue is decided in the National Development Council and in that forum they have greater strength. Along with population, we have given more importance to the States, which mobilise more resources. But you should also attention to those states which do not have enough resources. Take for instance our State of Rajasthan, a major part of which is desert. Areawise, my own constituency is double the size of Kerala, it is equal to Punjab and so far as Haryana is concerned,.....

SHRI HARISH RAWAT (Almora) :  
After him it is my turn.

SHRI VIRLDHI CHANDER JAIN :  
When you are adopting Gadgil Formula, you should also keep in mind the area,

This aspect needs to be given consideration because the cost on roads, when built, in our State will be double as compared to that in other places. Ground water level in our State is also very low. The people have to cover a distance of 10 to 20 kilometres for fetching water from other villages. What I meant to say is that you should give consideration to this area as well.

Another thing which I want to say is that you have taken some steps to remove the regional imbalances and have given special assistance for the development of hilly areas. Special assistance has had a big impact. Uttar Pradesh got a sum of Rs. 300/ crores under this programme during the Sixth Five Year Plan. This Central Grant is made up of 90 per cent Central assistance and 10 per cent loans. I want to speak specifically about desert area. In the past also I had made submissions on this issue. I had pleaded the case with the Planning Commission and also at the time of the debate on the Mid-term Appraisal of the Plan. The conditions in the desert areas are worse than those in the hilly areas. When famine strikes, it strikes hard in the desert areas. When there is drinking water crisis it is this area which is affected the most. This area is backward in all fields, in the means of communications, roads, education and medical facilities etc. There is wide scope for development there. The Rajasthan Canal, now known as the Indira Gandhi Canal, was started in 1957 and we have already spent Rs. 450 crores on it, but it is nowhere near completion. The Government of Rajasthan cannot complete it through their own resources. Centre's full assistance is needed for that. The water problem in our State can be solved by this canal but it needs an outlay of Rs. 3,000 crores. I want you to ponder over it. If you really want to develop that area, you should give assistance for it at once.

You have started Sand-dunes Stabilization Programme and Forestry Programme in our State which have been quite successful. Gases, flora, and a fine variety of grass have grown there. Therefore, there is ample scope. That area is

a border area and its development should be taken up on the pattern of the Hill Area Development Programme.

With these words, I support the Finance Bill.

[English]

SHRI SATYENDRA NARAYAN SINHA (Aurangabad): Sir, I rise to support the Finance Bill moved by the hon. Finance Minister.

When the Budget was presented, a great deal of misgivings had been created that the new Finance Minister was going to adopt a new path, give a new direction to the economy. Most of the Opposition Members expressed their apprehensions that the goal of socialism was being abandoned, that the public sector was being undermined—those who felt perturbed by the benefits being given to the better-off sections in the society and the opportunities being given to the private sector...

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH): Since it is point is being repeatedly made, I want to give one piece of information. Out of the corporate sector we are going to raise Rs. 251 crores. Regarding the direct tax exemption that is being pointed out, out of Rs. 4,000 crores, relief to the extent of only Rs. 200 crores is being given.

SHRI SATYENDRA NARAYAN SINHA: I will come to this point later. The Members of the Opposition, as I said, have raised this point and raised their misgivings I would like to submit that these are misplaced misgivings or politically motivated misgivings. If we go through the whole speech of the Finance Minister and the taxation measures that he has proposed and the concessions that he has given, one thing is clear that he has placed faith in the honesty of the people and he thinks that if the rate of taxation is reduced, his assumption is that there will be a better compliance with the taxation. For long years it has been urged that the rate of taxation should be reduced. Taxation Laws

[Shri Satyendra Narayan Sinha]

(Amendment) Bill was on the anvil and a joint Select Committee was there and the witnesses who appeared before the Select Committee urged committee to recommend that the marginal rate of taxation should be reduced. I remember that it was recommended and it was brought down to 66%. This time the Finance Minister has reduced the marginal rate of taxation so far as the corporate Sector is concerned to 50%. But at the same time he has withdrawn certain concessions. I will come to that point later on. I only want to say that those who have raised the cry and tried to create an atmosphere of apprehension for the country should feel satisfied that our party, has in most unequivocal terms reiterated its commitment to socialism. That has been accepted by us long time back and that continues to be our goal even now. The Finance Minister himself has said that we must ensure that the pattern of growth conforms to our socio-economic priorities. Nowhere has he said that he was only going to favour the affluent section and going to ignore the deprived section.

We should view the entire proposal in a proper perspective. You should look at the entire financial package together along with the concessions that the Finance Bill has given to the private sector. He has also suggested the following measures to give a better deal to the poor. The measures are the scheme for a comprehensive crop insurance. You will remember that since 1952 in every session it was being urged that crop insurance should be provided. The Finance Minister has come forward with this and we should be thankful; (ii) the workers' dues in the event of closure of a company would rank in priority with the bank dues and government dues, (iii) then there is the social security scheme to cover death by accident in respect of earning members of poor families, landless labourers, small and marginal farmers and traditional craftsmen not covered by any other insurance scheme. This is an innovation and it has to be welcomed. I am sorry that nobody from the other side has taken note of it

(iv) Continuance of the poverty alleviation programmes. There, my friend, Mr. Dandavate said that the allocation made for poverty alleviation programmes are the same as was made last year. The Finance Minister has clarified that the State Plans have not yet been finalised and the states will make 50% provision as is required from them. I hope there will be adequate allocation of funds for this programme because due to price rise whatever allocations we have made to-day will certainly be depreciating in value. You have already said with regard to plan outlay that the plan outlay has been raised by Rs. 12,5000 crores.

But in actual terms the Finance Minister said on account of the price rise the outlay is less and in physical terms we have not achieved the targets. Similarly, while dealing with poverty alleviation programme my submission to the Finance Minister would be that he should ensure that adequate allocations are made for this programme and more than that-going by our past experience-we should streamline the administration and ensure that the benefits intended for the target groups reach those groups and are not eaten away by the middlemen who have come up now.

MR. CHAIRMAN : Please conclude.

SHRI SATYENDRA NARAYAN SINHA : Although I have just now started yet I will be very brief and mention only the points.

Sir, I need not repeat what has been said earlier with regard to the deficit that has been shown in the budget. Our past experience has shown that deficit tends to grow larger. As the Civil Supplies Minister was kind enough to admit the prices have started rising steeply and in one month the rise has been 2.4 per cent. Therefore, I will submit to the Finance Minister to apply his attention to this aspect of the question so that the inflationary pressure is kept in check otherwise the poorer sections will generally suffer.

Then I would like to say about the

figures that have been given for dearness allowance. It is an unfortunate thing that the figures given are not correct, Sir, keeping in view the provision in the last budget for dearness allowance, nine instalments had to be paid and the total amount paid was Rs. 715 crores. This year also the Finance Minister has provided only for Rs. 300 crores. Already the Fourth Pay Commission has made certain recommendations as a result of which Govt. had pay Rs. 327 crores and another instalment of DA has been granted recently from first January which will come to another Rs. 90 crores. So, this provision will also prove to be very much below what would be required ultimately.

Sir, I am at one with Prof. Dandavate who suggested that there is need for expenditure commission or a high powered body to look into the expenditure side of the government because you will find that non-Plan expenditure is everyday rising and unless we take some steps to control it the prices will further go up. It is unproductive expenditure which will ultimately harm the nation's economy. I wanted to give the figures as to how the number of government employees has been increasing during the last one decade.

I want to say something about budget figures. Unfortunately these budget figures are not quite correct. They are grossly under-estimated. We find that the figures given are later on revised. For instance, I will mention, 2 or 3 figures. Take the case of revised figures given by the hon Finance Minister which only leaves you to think that the budgetary technique is rather loose, and suffers from imprecision.

I am giving some figures in support of my contention. The subsidy (i) on food increased from Rs. 850 crores to Rs. 1100 crores (2) the subsidy on domestic fertilizers increased from Rs. 930 crores to Rs. 1200 crores (3), The subsidy on imported fertilizers increased from Rs. 150 crores to Rs. 630. crores. (4) Interest payments increased from Rs. 5600 crores to Rs. 5990 crores. The total non-plan expenditure

increased from Rs. 26,066 crores to Rs. 29,740 crores, that is, by Rs. 3,674 crores. This upsets all your calculations and projections made on the basis of these figures. The figures given in your budget speech are revised upwards with the result that your projections go awry. My submission to the Finance Minister is to look at the budget framing as a whole more carefully.

I am glad that the Government have decided to accord certain stability to our fiscal system. The desire of the Finance Minister to make our budget proposals co-terminus with the plan would definitely impart the desired stability.

I have already dealt with the Corporation Tax. The Finance Minister has reduced the rate of Corporate taxation and he has abolished the tax shelters or exemptions. There are many such examples which are not being used for the benefit of shareholders but for the captains of industry for those who manage the companies.

Now I congratulate the Finance Minister for taking bold steps to rationalise and simplify the tax structure. I further wish to submit to him that the tax law need to be more simplified so that there may be better compliance with it. I am sure that the trust placed on the taxpayers (by reducing tax rates) would be honoured and they will respond to his gesture.

I appreciate the decision of the Finance Minister to allow public sector to issue bonds for raising resources. At the same time I would submit that these public undertakings should also be pulled up. Their functioning, management, and expenses should be scrutinised. I am in agreement with what Mr. Dinesh Singh and Prof. Madhu Dandavate said that there should be a High Power Body or an Expenditure Commission to go into non-productive and non-plan expenditure of these bodies also. If there is one air-conditioned car for the hon Finance Minister, there will be dozens of such air-condi-

[Shri Satyendra Narayan Sinha]

tioned cars for the management of a public sector undertaking. So, they are also living in the same ostentatious way as any private industrialist.

**SHRI VISHWANATH PRATAP SINGH :** For your information, I do not have any air-conditioned car. There is a ban on the Minister having an air-conditioned car.

**SHRI SATYENDRA NARAYAN SINHA :** You can buy it. Sir, the Prime Minister has made a declaration that he will curb corruption and black money. It is a very noble declaration welcomed by the people and I would submit to the hon. Finance Minister to take stringent measures for controlling generation of black money.

Sir, I will only, in the end say that the Finance Minister has taken a very bold step and the House must give him full support so that the measures that he has proposed may be fully implemented and he may be able to provide a proper direction to the economy and lead the country to the goal that has been set long before by Pandit Jawaharlal Nehru. Thank you.

[Translation]

**SHRI DALCHANDER JAIN (Damoh) :** Mr. Chairman, Sir, this is the first General Budget that has been presented by our hon. Finance Minister under the leadership of our young Prime Minister. This General Budget has been presented after a through study and it is a very good Budget. I congratulate him for this.

I shall not waste the time of the House by going into the statistics and by referring to the many concessions announced by him. What I want to say is that our Opposition Members have spoken about the rising prices. The prices have risen but to say that this price-rise is attributed to the budget alone, is not correct. Our young Prime Minister wants to carry the country speedily towards development, and when development, takes place,

when the country progresses fast, some price-rise is inevitable. I am quite sure that our country is certainly poised for development. We need the people's support and the administrative machinery's full cooperation in the development of the country so that complete coordination is maintained in developmental works.

One thing I want to bring to your notice, Today who soever steps into the administration considers himself to be an administrator and the people his subjects. This feeling which has crept into their minds needs to be changed. This tendency needs to be changed; because, first of all, we are the citizens of the country we are all borthen. Therefore, our relations with the people should be cordial and our attitude cooperative.

We attained Independence in the country under the leadership of Mahatma Gandhi. Thereafter, the country progressed under the leadership of Pandit Jawaharlal Nehru and Shrimati Indira Gandhi and now the responsibility has fallen on the shoulders of our young Prime Minister, Shri Rajiv Gandhi. Mahatma Gandhi's dream of a benevolent State is now going to be realised under the leadership of our young leader and Prime Minister of the country, Shri Rajiv Gandhi.

I represent Damoh, Panna and Bundelkhand, most parts of which are backward having no roads, no school buildings, nor any other faulters. Therefore, I want to make a suggestion that for each Member of Parliament representing such backward areas, some funds should be earmarked through the concerned State Government, say, at least a sum of Rs. 5 lakhs annually, which should be spent by the State Government there on the suggestion of the Member of Parliament of that area.

**AN. HON. MEMBER :** You are suggesting a very difficult proposition.

**SHRI DALCHANDER JAIN :** We need very small things—a school building, mats for the students to sit on,

small roads and drains. Most of the poor people of our country live in these areas and as such, such type of facilities should be provided there. This is my suggestion.

I think, all Members of this House agree with me that whenever something is said here, it comes the reply that it is the responsibility of the State Government. The State administration takes up the suggestions of MLAs first and then those of MPs. Therefore, what answer the Members of Parliament have to the question as to what we have done for the people? Many of our hon. Members of Parliament are scared of visiting their respective constituencies. The development of each region of the country should be balanced.

**SHRI NARAYAN CHOUBEY** (Midnapore) : It should not remain confined to Amethi only.

**SHRI DALCHANDER JAIN** : Not so. The pace of development in some areas is rapid and we all know which these areas are. A few days back our Minister of Information and Broadcasting had said in the House that 70 per cent of our population is getting the television facility. I want to know what crime have the rest 30 per cent committed that they have not got this facility so far? If they have not committed any crime, this facility should be made available to them without further delay. At least in this area, the work should be completed so that it can be said that a facility is available to the entire country.

**SHRI NARAYAN CHOUBEY** : You speak on drinking water problem.

**SHRI DALCHANDER JAIN** : Now that concessions have been given by Government in the direct taxes it is the duty of the tax payers to submit correct return of their income and assets. I would like to draw the attention of the hon. Finance Minister to some other matters also.

The limit for compulsory audit has been fixed at Rs. 40 lakhs. This limit should at least be Rs. 1.00 crore. In our country, there is great dearth of auditors and the people are facing difficulties on this account. Tax Practitioners with B. Com. Degrees should also be allowed to conduct audits. They should be registered as is done in the case of Valuers.

Exemption in income tax has been given up to an income of Rs. 18000. It would be better if this limit is raised to Rs. 20,000.

The concessions allowed earlier to small manufacturers within the limit fixed in Tariff item 68 in the Finance Bill should have continued. With the removal of the limit, they will not get the facilities they had been getting earlier.

It is compulsory for the Charitable Trusts to deposit their funds in the banks but they get only 10 per cent interest on their deposits whereas the rate of interest in Government undertakings is 15 per cent. I request the hon. Minister that there should be some provision for payment of a little more interest by the banks to the Charitable trusts.

For rural development, cooperation of the companies and firms used to be taken earlier. If this practice is re introduced it will help in the development of our villages.

There is very little repayment of bank loans—big or small as a result of which the bank at times find it difficult to make payments. Full payment is not made by the banks against cheques presented.

I would like to tell you about the position obtaining in Sagar. There are 15 national sed banks in Sagar but due to non-receipt of remittances, the situation is becoming very difficult. People present cheques but payments are not made against them. One of the reasons is that there is no branch of the Reserve Bank in Madhya Pradesh. It is in Nagpur. I would appeal that a branch

[ Sri Dalchander Jain ]

of the Reserve Bank should be opened in Madhya Pradesh also. Presently the banks in M.P. are being controlled from Nagpur in Maharashtra.

There should be mutual exchange of views and cooperation and coordination amongst various Government departments which are lacking at present and the work should be taken up after mutual deliberations. This will hasten the process of development.

I would request the hon. Minister that special attention should be paid to the backward areas.

[English]

15.01 hrs.

[SHRI SHARAD DIGHE *in the chair*]

SHRI INDRAJIT GUPTA (Basirhat) : It is just a little less than two months since the Finance Minister presented his Budget proposals for 1985-86, and also expounded at great length the new philosophy, economic and financial policy and philosophy of the Government, which created a lot of agitation, I should say, in different quarters. The Finance Bill, of course, seeks to put on the Statute Book the specific taxation measures and other measures which are to translate that philosophy into practice.

At the moment, I am not going into those measures in detail, except the concessions that he has announced yesterday. Especially, those which he has made to the small scale sector are welcome. But it does not very fundamentally change the character of the Budget. I wish that he would really think about concessions; I hope he is still in a receptive mood and that he will consider 1 or 2 more things, e.g. the increased excise on paper—I mean writing paper and printing paper. This, in our opinion, is really a very unjust impost, because it is a tax on education and a tax on knowledge. It will affect badly the education of children in

schools and colleges. It will also affect the publication of important text-books and journals which disseminate educational knowledge. I would request him to consider seriously the question of reducing or withdrawing the impost on writing paper and printing paper.

Another thing which I just wanted to point out is that the Government is professing, of course, that in the backward districts, industrially undeveloped districts of the country particularly those districts which are called 'No-Industry Districts', they will give special attention to developing industries there. I just want to point out to him that these professions are not followed up in practice; e.g. this one example has occurred to me, because it concerns the State of Punjab, and because we know what kind of a situation is prevailing now there. There is a district called Sangrur which, industrially, is certainly a very backward district. In fact, as far as I know, there is only one industrial unit there, and that unit is jointly owned by the Central Government and the State Government. Its name is Punjab Maize Products, a small unit, perhaps employing about 200 or 300 workers—not more than that. But it is jointly owned by the State Government and the Central Government. That Punjab Maize Products factory has been closed for the last two years. The workers are unemployed, production has come to a stop, and the workers are rushing about from Punjab to Delhi and back again, trying to meet various Ministers concerned, somehow to get that concern going.

Though it may not fall directly within the Finance Minister's responsibility, I hope he will draw his colleague's attention to this, particularly in the present explosive situation in the Punjab where a number of workers employed also happen to belong to the Sikh community—not only for that reason; I am not saying that. Government should pay special attention to see where they are the owner, the employer—that such type of factory is not allowed to be closed down, let alone the question of starting new industry.

What is the biggest single development that has taken place since 16th March? He knows as well as I do; and it was admitted here the other day by his colleague, Rao Birendra Singh.

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH) : I know what you are going to say.

SHRI INDRAJIT GUPTA : What can I do? You have said about it. Your colleague, the Food Minister had admitted on the Floor of the House that there has been unjustified price rise since the budget was presented. It is what he said not I. I had said during my budget speech that there was going to be a very sharp hike in prices and that prices would rise far above what is justified by the burden of the new duties and taxes, the indirect taxes and duties. I said that the prices will go beyond that. You cannot control these prices; you have not got any system of controlling prices; and the people who are selling these things, who are trading in these things, these businessmen, they are not amenable to any kind of control by this Government; they do not care for your appeals. You are appealing to them every day. I know, that they should play the game and be fair to the public and all that. But who bothers? And Rao Birendra Singh had admitted here, the other day, that if you calculate the burden of the new taxes and duties, then it is not justified. I think, he said, 3.2 per cent rise which has already taken place in the wholesale prices. Of course, he said that it is not due to budget burden; it is due to other factors; it may be partly due to other factors. Surely, one cannot make a clear line of demarcation as to what extent the transport cost which has gone up, steep hike in prices in diesel and petrol and railway fare, freight and all that, how contributed to this. It is bound to contribute; it may not contribute within a short period of time; in the long run, it is bound to contribute to the cost of bringing everything to the market. To what extent, it is due to man-made factors? Of course also the

profiteering is going on, taking advantage of the general atmosphere in the country, the apprehension of the public and the general character of the budget. There are unscrupulous traders, businessmen who are making hay while the sun shines. But what has to be done about that? Here we are hearing every day threats from the government to such people saying that we will not allow you to go on profiteering. I think the Finance Minister himself has said the other day that such people who do blackmarketing and profiteering will find themselves very soon in jail. I do not know.

AN HON. MEMBER : In jail.

SHRI INDRAJIT GUPTA : He said in jail. Is it?

AN HON. MEMBER : Yes.

SHRI VISHWANATH PRATAP SINGH : They are none here. So, I do not have to mention what I said.

SHRI INDRAJIT GUPTA : While all this is going on the people are trying to give all sort of different explanations for what is happening. The prices have begun to rise and are rising substantially. They are rising even above the level which is justified even by your taxes and the spokesmen of your Ministry and the spokesmen of other economic Ministries who are supposed to be big panndits, I know, trained in the World Bank and all that. They have been assuring the public that it will be a marginal rise and it will be very fractional and all that. But all their prophecies have been proved to be wrong as they had been done in the past. I want to point out that the whole scheme of the budget—even his budget which I do not support at all—his budget will be distorted out of all shapes: his budget is going to be distorted if this price rise cannot be controlled. This monster of inflation which is galloping, if it cannot be checked, then all the various projections of his budget that are going to be thoroughly derailed and lopsided, and if it goes on at this rate, I do not know, at the

[Shri Indarjit Gupta]

end of the year, what the rate of inflation will be? Certainly, it will be a double digit inflation if you cannot check this price rise. The whole philosophy was that if taxes are reduced, that if the direct taxes are reduced, it will leave bigger surpluses in the hands of not only the corporate sector—that we will come to later—but it will lead to bigger surpluses in the pockets and in the hands of the ordinary man and that will act as a cushion against any rise which may take place in the prices.

But the Minister admitted that some inflation will be there. "Of course, prices will rise; but I am giving more money to the consumer. He does not have to pay so much as taxes and he will have money at his disposal. He will be insulated against that price rise." But what is happening now? The figures Rao Birendra Singh gave were of the wholesale prices. If we go to the market—we do not go to the wholesale market, we buy things from ordinary retail shops—in the retail market you ask any ordinary man in the country, any employee, any middle class consumer working class man what the condition in the retail market now is, how prices are shooting up. And nobody bothers to explain why this should be so. What will happen to these surpluses, the imaginary surpluses, left with the poor man? I do not say that the tax payer did not get relief. They got relief. They all got relief from the lowest to the highest income slab. Altogether, they are only 40 lakhs of people, out of 70 crores. Anyhow, you gave them some relief. But what I am saying is, as far as the ordinary average consumer is concerned, the ordinary middle class man, whatever little surplus you may have given him by way of less direct taxes, is going to be much less than and eaten up by the rise in the prices. Then, on the balance he will be worse off than he was before. This is the most disturbing thing that has taken place. Because, generally it does not occur so soon after the budget and I hope the Government will give its serious thought to this matter and will be able to tell us something about some

specific measures and steps that they propose to take in order to combat this price rise.

Another thing which I had mentioned in my budget speech was, I think the Finance Minister remembers that he has in his budget speech said, or in his proposals, he had set aside or provided for a sum of Rs. 300 crores for 1985-86 to cover payments of extra Dearness Allowance to Central Government employees. That in itself was an admission that prices are going to rise, because it is only when the cost of living index reaches a certain figure that, according to the present scheme of Dearness Allowance, additional slabs will have to be given to the Central Government employees. But he set aside for that Rs. 300 crores only. I have mentioned in my budget speech that this is a completely disproportionate and insufficient figure. Last year he had provided for Dearness Allowance—he had not provided, he had to shell out—for these extra Dearness Allowance slabs some Rs. 700 crores. And this year he has provided only Rs. 300 crores. On what basis? And now what has happened in these two months? The Central Pay Commission has awarded an interim relief of 10 per cent—with a minimum of Rs. 50/- for the Central Government employees. And I think one additional slab of D.A. also became due. These two items taken together already far exceed that Rs. 300 crores which he has provided for the whole year! So, my point is, I do not want to repeat, but by these hopelessly unrealistic figures he was only trying to show to the House that the eventual deficit at the end of the year would be of the order of only Rs. 3600 crores, which is absolutely absurd. That deficit of Rs. 3,660 crores or something is completely unrealistic and many people have expressed their apprehension that at the end of the year it will be—some say Rs. 5,000 crores and some say it will be Rs. 8,000 crores whatever it is I do not want to prophesy. One thing is that this figure of Rs. 3,660 crores is absolutely absurd. That means we will end up with a much bigger deficit and deficit financing will be taken to a higher level and that will again

have a spiralling effect on prices.

PROF. MADHU DANDAVATE :  
The Minister will be a part of that deficit.

SHRI INDRAJIT GUPTA : I do not know. That depends on other factors, including what we do.

SHRI VISHWANATH PRATAP SINGH : Anyway, we will not go in for borrowing.

SHRI INDRAJIT GUPTA : I hope not.

So, Sir, you would pardon my referring to what happened in the last few days here in Delhi. Not I only, but many people had made criticism of the Budget philosophy to which you had reacted very sharply that we were wrongly accusing the Government for giving up old ideals and principles and the old economic objectives which had been traditionally expounded since Independence by the leaders of the country and which on the whole we consider to be in the right direction. Whether they are properly implemented or not is a different matter. I had said that you are giving up all that ; you are changing and are making a shift in the opposite direction. There was a Talkatora Stadium. Now everybody is commenting on this magical act of whitewashing which took place there.

PROF. MADHU DANDAVATE :  
That was for football.

SHRI INDRAJIT GUPTA : First something was expended, which was more or less in line with the Budget, in the opening and major speech of that meeting. And then something happened behind the scene. We do not know what that was. But some people began to ask uncomfortable questions and they started making criticisms and all that. And within twentyfour hours another resolution—an amended resolution—was brought forward, which again seeks to dispel all the fears and says “No we are still firmly on the old road. Who said we are drifting away from it ?” And that has angered very much those people who were loudly praising your Budget earlier.

SHRI BASUDEB ACHARYA :  
Reagen also praised it.

SHRI INDRAJIT GUPTA : I mentioned Reagen earlier. Let us take one newspaper. I choose that newspaper because that very much represents the viewpoint of the House of Tatas. And after all Palkhiwala and Company and Rusi Modi, all belong to the Tata clan. The Statesman says : how angry they are now I am quoting : “the voice of economic logic was drowned by populist rhetoric measures.”

First, you were, according to them, on the sound rails of economic logic, not going on and running after the public sector, not talking about socialism and all this business. And now because of all these gathering you had here and they had to be satisfied and placated, you took populist rhetoric measures. The public has seen the country's new leadership changing its earlier tune at the first manifestation of discontent.

Then you see how clear they are. You cannot say that these spokesmen of big business are not clear. They are complaining that you went out of your way unnecessarily for populist reasons. To make it clear I quote : “The public sector would not be neglected, nor the private sector pampered, that eradication of poverty remained the central goal, that the use of modern technology would not be given a dominant role to the multi-national corporations, that self-reliance would continued to be pursued” and so on. This is according to Statement where you have relapsed.

SHRI VISHWANATH PRATAP SINGH : There is no change of tune so far as the public sector is concerned. In the Budget itself its dominant role was spelt out. There is no question of change of views or tune as he is saying. Our tune is same whatever interpretations you give.

PROF. MADHU DANDAVATE :  
Shall I tell you what is your tune ?  
Public support to the public sector and

[Prof Madhu Dandavate]

private support to the private sector

**SHRI INDRAJIT GUPTA :** Anyway, it was during the course of these few weeks that one development occurred which throws into very sharp focus this struggle which is going on. And then see this gas pipe-line project from the Bombay High, from Hajira to the fertilizer plants which are supposed to be set up in Uttar Pradesh and Madhya Pradesh. This shows actually what the Government is saying openly and in public is not actually matched by its deeds at all. And it also shows that the basic criticism that we have made is actually coming true. It was the Government which had itself committed that the work of this new gas pipeline would be entrusted to the public sector, for that purpose the Gas Authority of India Ltd. was set up and suddenly that commitment has been gone back, on, reversed, and now global tenders have been floated on the single argument that for such a complicated and high pressure pipeline you must have a single agency, you should not have too many agencies, which means that all the consultants and sub-contractors and manufacturers who are available in our country, our indigenous Indian consultants, manufacturers, sub-contractors who would have been involved in the construction and commission of this pipeline will now be elbowed out of the picture because any foreign fellow who is brought in on the basis of a global tender will naturally prefer to see that the work is passed on to foreign consultants. (*Interruptions.*) My point is that this is really a major project, probably one of the biggest projects in the public sector because you are hard up for money. Please see how much money you could save on this project if it was dealt within a different way. First of all the fertiliser plants themselves are to be located at a distance of 1700 km from the source of the gas. I have nothing against your setting up fertiliser plants in those regions which you have selected, but to take the gas 1700 kilometres through a pipeline

means it will be more expensive, it will be a slower process and it will be more risky also. But anyway you have decided to do that. And then you have to find private sector promoters for the fertiliser plants. Mr. K.K. Birla has obliged with one of them. But it is an expensive affair, you need about Rs. 800 crores to invest in one of these fertiliser plants. So, there is delay because you have to delay to get hold of suitable private sector promoters and this delay means that in the mean time you are importing the Bill for imported fertiliser is going up and will remain at a high figure, some Rs. 2500 crores which we could have saved.

15.23 hrs

[MR. SPEAKER *in the Chair*]

Now, of course everybody is talking about, openly writing about the pressure being exercised by certain representatives of certain foreign multinational firms to see that this contract is given to them.

**SHRI VISHWANATH PRATAP SINGH :** How can there be a pressure in a global tender ?

**SHRI INDRAJIT GUPTA :** Not for the tender. There was no question of a tender in the beginning at all. It was going to be the Gas Authority of India and Engineers India Ltd. That is being scrapped now. That is my complaint. And if you are so keen of a single agency, I want to know why you never consulted the Soviet experts who have built the biggest gas pipeline in the world, the biggest, the most difficult and the most complicated gas pipeline carrying gas, from Siberia to Western Europe to supply gas to France and Germany and all those countries. Politically they are not friends, politically they are deadly enemies. But what is sauce for the goose is not sauce for the gander here. If the people in sophisticated, advanced countries like West Germany and France can be satisfied with the quality of the Soviet gas pipeline which is coming thousands of miles from Siberia to their countries, did you at least ever consider consulting them, taking their expert advice, even if you

do not want them to do the job? You have got the Indo-Soviet Commission, and a meeting was held in Moscow only two weeks ago. Have you ever explored the possibility of consulting them who are acknowledged to be the top people in the construction and commission of gas pipelines? Instead of that, you are running after global tenders for some—I do not know, somebody says it is Italian firm, somebody says some other firm, I do not know to whom you are going to give it eventually. (Interruptions). But how does all this fit in with the philosophy that you have expounded at Talkoara Stadium in your amended Resolution? It does not fit in with that at all.

This is not a Party issue. Mr. Minister, please understand. Everybody in the country is concerned because it is a country which is fighting big battle for resources. We want development, I agree with you. But how it to be done, if you have to give up the path of self reliance and developing our own indigenous resources...

MR. SPEAKER: Hon: Member's time is up.

SHRI INDRAJIT GUPTA: Sir, I want only three minutes more.

MR. SPEAKER: You have taken 25 minutes.

SHRI INDRAJIT GUPTA: What can I do? It is my misfortune and your misfortune also.

All right, I will say one or two points.

I am repeating again that the allocation made for railways is Rs. 1,650 crores which is the same as that of last year. There is no change. But in actual effect, there is a change. It is because, this year's value of Rs. 1,650 crores will be naturally less than the value of last year Rs. 1,650 crores. But you are asking the coal people to step up the production of coal. You want more steel to come out of the steel plants. You want more food grains to be moved around the country. And yet, you reduced allocation for the Railways and it has resulted in what you are hearing

every day that the orders for the railway wagons which are to carry all these materials have been sharply slashed down. The total order placed for this year is 5,000 wagons whereas the need is for about 24,000 wagons. Last Year, even the orders given were for about 42,000 wagons. This Year, it has been reduced to 5,000 wagons. Even the Railway Ministry is weeping and wailing about it because how will they perform their job. They cannot do it. Apart from the fact that many of the big wagon building factories are going to virtually become idle and workers are going to be unemployed—apart from this fact—already the other day, Mr. Vasant Sathe said, which was a sort of complaint, that 70 million tonnes of coal is lying at the pitheads because they cannot be removed as there is no wagon to take them. Then, what kind of planning is this? So, I would beg with him to revise either now or let them do as least after a couple of months. But the allocation made for the Railways particularly earmarked for wagons must be revised. Otherwise, as I said, just now, your whole Budget scheme is going to be completely distorted and pushed out of shape.

Finally, I want to make two points. Of course, I welcome your idea of public sector floating bonds—public bonds. It is a good idea. It will raise some resources, I hope, if the rate of interest is attractive. But the other thing on which you are depending, namely, the higher export earnings, do not appear to be very promising or prospective as you yourself admitted the other day, after you returned from the meeting in the U.S.A. It is the attitude of these people which is not at all helpful. They are not going to help us. We will have more articles to export. But you would not have the markets in which you can push those things. So, we have to think of other sources also.

I will make the last point though I know it is very controversial and I know that it rouses a lot of controversy and Sir, you also perhaps would not like it. At some stage or the other.

MR. SPEAKER: It might be,

SHRI INDRAJIT GUPTA : Are you going to think of raising any resources from the rich section, from the affluent section in the country-side ? That is all, I want to know. Or, are they for ever going to be kept out of the taxation net ? I am not talking of the small farmers, marginal farmers or the medium farmers or anybody. I am talking about the affluent sections who are earning more in a year than those people who earn and qualify for paying income tax. Who should they not be taxed ? The people who go above the exemption limit are being made to pay income-tax. But there are many rich farmers who earn much more than that.

MR. SPEAKER : Define that.

AN HON. MEMBER : Have you come across any affluent farmer who is taxable, from your point of view ?

SHRI INDRAJIT GUPTA : Listen, comrade, this controversy has taken place in my Party also. (*Interruptions*) It is a good line or bad line...

MR. SPEAKER : There is no debate on this now. I think, it is after putting a ceiling. That is what he wants to say. What is the definition of it ?

SHRI INDRAJIT GUPTA : For that, you have to sit down and work out. The conditions are not the same in all parts of the country. There are irrigated areas, dry areas etc. I agree. One cannot apply by the rule of thumb. But the principle I am trying to get pushed is, are you going to contemplate taxing the rural rich or not. Whatever the definition may be, we will come to the definition later. If you do not, you please tell me, what are the other sources from which you are going to raise the resources. You are coming to a dead end. At the end of another year, we will be in a very very difficult position. You are not going to borrow from abroad. You said it, I am thankful for that. You hold on to your word. I do not want you to go on borrowing from abroad. (*Interruptions*). Other loans are available. Commercial

loans are available. I hope you will not go in that direction because our throats will be properly cut. We are not yet in a position to repay the interest on the previous loans. Your friend Fidel Castro whom you met and who showed you round his country, he has just now said something in this regard. I do not know whether you have read about his last interview to a Mexican journal in which he has analysed the tax crisis in the Latin American countries and he came to the conclusion that the original debts...

SHRI VISHWANATH PRATAP SINGH : I have got a copy of that in my hotel room in Washington.

SHRI INDRAJIT GUPTA : Americans are very much worried about it because he is suggesting that the original amount of the debts should be cancelled for the simple reason that they can never be repaid. Physically, they can never be repaid. They have reached such a dimension. He said ' You cannot repay even the interests on the loans, leave alone the original loans.'

MR. SPEAKER : I was there in Columbia the other day. It is something they cannot. Physically it is impossible

SHRI INDRAJIT GUPTA : If they cannot repay, then, many American Banks will close their doors. It is not a one-way traffic. There are many Banks in America which will collapse if these debtor countries do not repay their obligations. It is better to write-off those debts. It is better we fought for that as the Leader of the Non aligned Community. At least the poorer countries should have their debts written off. Think of some new things, Think of some new initiatives.

SHRI VISHWANATH PRATAP SINGH : We have taken this stand for the developing countries.

SHRI INDRAJIT GUPTA : Give it more publicity. We have not read about it anywhere.

MR. SPEAKER : Some day, I will

take the opportunity to speak about the rural side. I am helpless because I cannot come and say what it is. I would have liked to take you to the fields. I would like to take you. I would like to put you in charge of a farm which is the biggest farm according to a ceiling and then work out according to it what you can get out of it and then I will ask you.

(Interruptions)

THE MINISTER OF PARLIAMEN-  
TARY AFFAIRS (Shri H.K.L. Bhagat):  
I am happy hon. Member Shri Indrajit  
Gupta is here. With your kind permis-  
sion, I wish to point out one thing.

In the morning, some discussion took  
place on a Call Attention Motion. I  
have nothing to say on the merits and  
demerits of what Shri Indrajit Gupta  
said. That is for the hon. Minister  
concerned to say. I cannot say any-  
thing about it. But one thing has been  
pointed out to me that a name\*\*

was mentioned in the debate though he  
himself was hesitant in the beginning.\*\*

SHRI INDRAJIT GUPTA : I asked  
the Chair.

SHRI H.K.L. BHAGAT : I know.  
That is against the accepted rule and I  
feel that should be expunged. Whatever  
is against the rules, should be expunged.

MR. SPEAKER : I will see to it  
and do whatever I can. I will look in  
to the record. I will see.

SHRI INDRAJIT GUPTA : Three  
times I asked the Chair "Should I  
mention the name or not"? He said  
"Yes. You can." Because it was not  
in his capacity as a Member of the  
other House but in his capacity as a  
chairman of the Bank.

SHRI H.K.L. BHAGAT : I am not  
casting any aspersion.

PROF. MADHU DANDAVATE :  
You can expunge that remark but not

\*\*Not recorded.

expel that Member.

MR. SPEAKER : I will expunge  
but not expel.

[Translations]

SHRIMATI PATEL RAMABEN  
RAMJIBHAI MAVANI (Rajkot) : Mr.  
Speaker, Sir, I rise to express my views  
on the Finance Bill, 1985.

Sir, India is predominantly an agri-  
cultural country. In order to bring in  
Green revolution in the country, oil  
engines have been installed in each farm  
to irrigate land. We have yet complete  
the gigantic task of providing electricity  
in many villages of the country. There  
is also acute shortage of power in the  
country. Therefore, in order to make  
the green revolution a success use of oil  
engines for irrigating land is the only  
source. That is why government have  
exempted oil engines upto 10 horse  
power from levy of excise duty which  
has resulted in some improvement in  
agricultural development.

Government have given this exemp-  
tion under Traffic Item No. 29. But it  
is a matter of surprise that spare parts  
of oil engines upto 10 horse power have  
been included included in Taiff Item,  
No. 68 in this Finance Bill for levy of  
excise duty. This policy of Govern-  
ment will defeat the very purpose of  
manufacturing oil engines at cheap  
cost. The engines will cost the farm-  
ers more and their economic burden  
will increase, consequently irrigation  
facilities will decrease and agricultural  
production will come down.

Sir, I am greatly surprised to know  
that a big manufacturer of oil engines  
is free to manufacture any number of  
spare parts of oil engines for his own  
factory and no excise duty is levied on  
such parts, but if small manufacturers  
who have a small investment in their  
factories due to paucity of funds and are  
manufacturing spare parts of oil engine  
supply these spare parts to big manufac-  
turers then these spare parts will be sub-  
jected to levy of excise duty, The  
result will be that spare parts manufac-

[ Shrimati Patel Ramaben Ramjibhai Mavani ]

tured by small manufacturers will be costly. Who will purchase the spare parts manufactured by them? Sir, if this thing continues, I am afraid that their business will come to a standstill and lakhs of workers engaged in these factories will be rendered jobless.

I order to avoid such a situation I suggest that spare parts of oil engines upto 10 horse power may also be exempted fully from levy of excise duty. Sir, in Rajkot alone, which is my constituency, there are more than 300 small factories in which spare parts of oil engines are manufactured. They all will have to face this difficulty.

The hon. Finance Minister had announced in this House yesterday certain concessions under the Traff Item 68 of the Finance Bill. I welcome these concessions. But these are not adequate. Exemption limit in taxes must be fixed at least at Rs. 30 lakhs, so that the small manufacturers who are illiterate and who have no managers and who do not have financial resources, may get octroi licencing control relief.

Sir, I hope that the hon. Finance Minister will accept my suggestions in order to boost agricultural production and encourage small manufacturers.

Mr. Speaker, Sir, I am grateful to you for allowing me to express my views. I also express my gratitude to the hon. Members of the House with these words I conclude.

**SHRI AZIZ QURESHI (Satna) :**  
Mr. Chairman, Sir, I rise to support the Finance Bill. Through you, Sir, I would like to congratulate the hon. Finance Minister for presenting a very good Budget. With this Budget we shall be able to realise our dreams for the benefit of the people of this country.

There are certain matters to which I would like to draw the attention of the House and the hon. Finance Minister. Regarding the defence of the

country, I want to point out that you have allocated only 15 percent of the Budget for Defence whereas in last year budget it was 17 percent.

Today the neighbouring countries of India, particularly, China and Pakistan have prepared themselves well militarily and transfer of technology is taking place in these countries. These countries have acquired full knowledge of the secrets of our technology and weapon system, whether we have obtained them from Russia or the U.S.A. and there is an obvious change in the strategic environment due to large scale defence preparedness in these countries.

Iraq and Iran are fighting the war with Russian weapons and Chinese weapons respectively. In addition to her own technology China has come in possession of Russian technology also through the big haul of Russian arms captured by Iran from Iraqi forces. This is not my version. This has been said in the U.S. Congress Senate and House of Representatives and concern has been expressed there over this matter.

With the allocation made in our Budget for Defence, we not be able to induct a new weapon system in our Defence Forces or shall we be able to modernise them.

We shall spend the funds allocated for the Defence Department on stores and other connected items and shall not be in a position to pay special attention to other aspects. I want the hon. Minister to see to it and pay special attention towards this so that we are able to defend our frontiers.

Sir, we have done many things and promised to do many more but in spite of all this, there are many parts of our country which are backward and where even today, we have not been able to provide the basic amenities of life. I would like to mention the position of my own area, Satna which is fortunately adjoining the constituency of the hon. Finance Minister, Satna. is a region in which is situated the town of

Chitrakoot, which gave shelter to Lord Rama. It is a city where Lord Rama not only lived during his exile, but during his stay made preparations to destroy Ravana and Ravanism. Now a days though thousands of tourists come to that place, yet no special facilities have been provided there. You should see that they get all the facilities.

Sir, the border areas of U.P. and Madhya Pradesh are dacoitinfested area and the dacoits harass the people there. I would like you to pay special attention to ending this problem of dacoity.

There is another town named Maiher which is famous for mother Sharda's temple. Lakhs of people from every nook and corner of the country go there to pay their respects. This is a city where the melodies of the the music of Ustad Allauddin Khan still echo in its atmosphere, but it is matter of regret that the city lacks civic amenities for the tourists as well as the local population. Potable water is not available to the people there. Unemployment is another problem. Thousands of cattle die for want of water. We are unable to help these poor people. For these areas special directions and instructions should be issued to the concerned State Government so that the problem of large scale unemployment there can be solved and all the civic amenities provided to the poor.

Sir, this is an area where even today the labourers are paid Rs. 4 to Rs. 5 a day as their wages. Sir these labourers are not able to subsist. Most of the unemployed persons are educated persons and we cannot provide them jobs even at Rs. 4-5 a day. I, therefore, want that hon. Minister should pay attention to such backward areas. So far as boring machines are concerned their use is confined to influential people. The rest of the people cannot make any specific use of them. I, therefore, want that you should earmark for and provide these machines, without any discrimination, to those problem villages where drinking water is not available even for cattle, not to

speck of human beings. You should make immediate arrangement for drinking water.

Mr. Chairman, Sir, I want to draw the attention of the hon. Finance Minister to another area of my constituency, Satna where there are only two or three cement plants of Birla and Tata groups, a mention about which I have already made. Injustice is being done to the local people because they are not being given employment in these plants and instead outsiders are being appointed. The people from the neighbouring States are brought and given jobs. This practice needs to be rectified. I want that you should pay special attention to these backward areas where we have not been able to provide basic amenities to the people. This will give employment to the local people and they will find their dreams fulfilled.

Sir, I am grateful to you for giving me an opportunity to express my views. I support the Finance Bill.

DR. G. S. RAJHANS (Jhanspur): Mr Chairman, Sir, I am in a fix what to say and what not to say, but I support the Finance Bill.

THE MINISTER OF WORKS AND HOUSING (SHRI ABDUL GHAFOR): From where to start and from where not to start.

DR. G. S. RAJHANS: I am in a fix because during the discussion on the General Budget I had said that never had such a good Budget been presented after Independence. I reiterate today that it is the best budget after independence. The new schemes incorporated now by the hon. Finance Minister for providing relief to the poor, to the farmers, agricultural workers had never been brought forward before, but earlier also, we had expressed our apprehensions that deficit financing to the tune of Rs. 3,349 crores might lead to price rise in the country. I had also expressed apprehension that this deficit financing might increase to Rs. 6 to 7 crores, but I feel that deficit financing cannot lead to such steep price rise in

[Shri G. S. Rajhans]

six weeks time as we are witnessing to-day. Sir, I should not be misunderstood. I have no intention to criticise. I have already earned a bad name for calling a spade a spade. There has been a steep increase in prices in the markets. An item which was available at Rs. 10/—previously is now costing Rs. 15/—. Where this price—rise will take us, I do not know. I myself go to market for purchasing things. I urge the hon. Finance Minister to go to the market to day evening with a plain-clothes security-guard and see for himself how the prices have increased. Raja Dinesh Singh had said yeasterday that he had visited his constituency and the electorate there had asked him; "the prices have risen so much, had we voted you for this?" I also visited my constituency recently. The people asked me "You had made tall promises, is this price rise the proof thereof?" The people have an apprehension that the prices will increase further. It is not a small thing. You go through the history—checking price-rise is more important than the defence of the country. You may go through China's history. Price-rise caused the downfall of China, and the Chiang Kai Shek Government fell on this account. The people there used to carry gunny bags full of currency notes for a cup of tea.

I went to the Parliament House Branch of the State Bank of India on three days for getting notes of smaller denominations, but I could not get them. When I told them that I would raise this matter in the House, they replied that I could do so with great pleasure. Small currency notes are not available anywhere to day. Notes of one rupee and two rupee denominations are not available at all. Five rupee notes are available with great difficulty. Where have these notes gone? This is a matter to be thought over seriously. A big rocket is operating in the country to malign and create trouble for Government and we are not able to understand it. We are under the impression that the prices have increased because we have increased some taxes. I would

like to tell you that the prices have not increased due to enhancement in taxes. Profiteers and black-marketeers are responsible for it.....

DR. DATTA SAMANT (Bombay South Central) : What remedy do you suggest ?

[DR. G.S. RAJHANS: I shall tell you. I shall tell a practical thing. Two days ago I went to the market for purchasing mangoes. A lady came there in her car and asked the fruitseller to pack such and such fruit. After this she took out from her purse some 100-rupee notes. I do not know the number of notes. She gave those notes to the fruitseller and left without caring to get back the balance.

You may attend any marriage party. You will see ladies laden with ornaments. I would ask whether their guardians have earned this money with honesty. The fixed income group people are reeling under the impact of price-rise because black money has come to stay in our country to day and it has respectability. The people feel that Government are not doing anything and will not be able to do anything. I read about 8 to 10 newspapers daily and read between the lines to know the number of raids conducted, but I get disappointed. Some raids used to be conducted previously but now they are hardly conducted anywhere.

I would like to tell you about the state of affairs in Bihar. One engineer spends Rs. 10 lakhs on the marriage of his daughter. You can verify this I am not telling a lie. From where does he bring this money? Has he earned this money by honest means? How will a teacher or a professor or an M.P. bring so much money to solemnise the marriage of his daughter? I may tell you a true story. I had gone to my constituency. A road was under construction somewhere. I went there along with some party workers. The Assistant Engineer there asked quietly one of the workers, I narrate it in the

local language. Maithili—I will translate it later on. “Ye ho L/4 mein chhatin ki.” (Is he also included in L/4)” The worker asked him to keep silent. He perhaps could not understand and to the other man repeated the question. The worker again asked him to keep silent. I grew suspicious that there was some secret behind it. I gently told that worker that I had heard everything and asked him what that L/4 meant. He said that there was no such thing and that I had nothing to do with that. I assured him that I was not going to tell anybody about it. I asked him to tell me what it was. Then he told that L/4 means “loot divided by four.” The illegal money received in the construction of a road or bridge is divided among 4 persons. L/4 includes engineer, Contractor, bureaucrat like collector or B.D.O. and the politician belonging to any party. So far as I was concerned, he replied in the negative.

Sir, the amount is not being spent on the project for which it is allocated. It is a very serious matter. Unless you take stern action against those who are responsible for generating black money, you cannot wipe out black money from the country. You come out on them with a heavy hand.

You will also have to be some what liberal in this regard. Three or four years ago, a bearer bond scheme was introduced in the country. With the introduction of this scheme, price-rise was checked to a great extent. Sir, Government had got some money through those bonds. You should again introduce such a bond scheme. There should not be any hesitation in doing it. Under this scheme you should declare that who so ever purchases these bonds, his money to the extent of Rs. 10000 to Rs 20000 will be treated as white money and the rest will go to the Government treasury.

Sir, you will recall that three or four years back Government had made an announcement that if the holders of unlicensed radios or transistors obtained their licences they would not be

questioned about the source—whether they purchased them from within the country or outside the country—and in this way Government received a lot of revenue by way of licence fee.

Sir, I am a very realistic man. I would like to tell you that a big racket is operating in the country. God forbid, if the monsoon fails, nobody knows where this price-rise would lead us. Many years ago, Prof. Kaldar of Cambridge had visited this country. He had said that if black money was to be contained in this country, then expenditure on luxury items would have to be checked. He had, therefore, recommended the levy of expenditure tax on all luxury items. If tax is levied on such expenditure, others will feel satisfied that money earned by illegal means is being taxed. You should adopt such measures.

Sir, we are a poor country and you have to work for the welfare of the poor. I have been a Professor in the country as well as abroad. While people say that the prices have gone up like anything, I can present statistics in whatever way you want and prove that there has been no price rise. So, I ask you to be practical. If we fail to take action against the black-marketeers and profiteers, price rise will not stop and these people will eat up this country. This fact should not be glossed over easily.

We have come here as the representatives of the poor and we should plead for the cause of the poor. Today, the people are worried over the rise in prices. My point should not be taken as criticism, for criticism sake. I have made all these submissions, thoughtfully.

[English]

DR. DATTA SAMANT (Bombay South Central) : Mr. Chairman, Sir, before coming to various main points, I would like to mention here that the Central Government is getting Rs. 1000 crore from Bombay by way of income-tax and an equal amount is collected

[Dr. Datta Samant]

by way of Excise and property tax. So, the total amount works out to be about Rs. 2500 or Rs. 3000 crores every year. So, with this huge resource of income to the Central Government from Bombay you may be able to wipe out the budget deficit. It is a hen which lays golden eggs and it is more useful for the country and the Centre.

16.00 hrs.

Therefore, I want to point out to this House that the industrialists are trying to take this hen or the Central Government is trying to keep it in their possession. At least there is an apprehension and every body feels so. During 1958-61, efforts were made by the Central Government and there were agitations for samyukta Maharashtra and things like that all over Maharashtra. In Bombay there is an apprehension that Bombay will be centrally administered because it is giving good resources to Centre. This is what is happening for the last few months and it is reflected very badly in the elections of the Bombay Corporation. Therefore, Sir, the time has come for the Centre to come forward and announce that this is not going to be done and that Bombay is not going to be centrally administered. They have to announce it at least to assure the people of Maharashtra. The people are very seriously concerned because the Centre is getting Rs. 3000 crores and twice efforts were made prior to this in this direction. Therefore I expect the Centre to come forward and say that Bombay will be left to Maharashtra as the capital city of Maharashtra.

Another point which I would like to mention is this. Centre is getting Rs. 3000 crores as revenue from Bombay. All of us feel that Bombay is very rich and Bombay is very happy. But it is so for a few people only. If you get down at VT or if you get down at the airport, it is not the Cuff Parade or the Malabar Hill or the big multi-storeyed buildings, that show you the real picture of Bombay. More than 60 or 70 per cent of the people live in poverty.

These poor people of Maharashtra live in the centre of Bombay and the houses of more than three lakh families are on the verge of collapse. Every year 25 people are dying but the State Government is not doing anything. They are telling that they want revenue from the Central Government and the Central Government says that it is a State subject and they will not be able to do anything. There is an apprehension among these Maharashtra people that they may have to leave Bombay because their houses are collapsing. Maharashtra people are leaving Bombay and the Centre or the State or the Congress Government are not doing anything for them. Two day back, it is announced that the Chief Minister met the Prime Minister and they said that Rs. 60 crores will be given to Bombay. It is a press statement and the Minister may correct me if I am wrong. I appreciate the fact that you are giving Rs. 60 crores to Bombay. Out of Rs. 3000 crores, you are giving them Rs. 60 crores. But please give specific instructions to Maharashtra Government that this money will have to be used for Central Bombay where poor Maharashtra people and others who live in slums are staying. These are my preliminary observations.

I think our Government has given a lot of concessions, like tax concessions, MRTP concessions, delicensing system export system and so on, to the employers. You have given a lot of concessions to the employers. But what have you given to the workers, and to the poor people? What you have given to them is just minimal concession, of the size of an ant, where-as the concessions that the employers got are of the size of a big hill.

So far, what has happened to this country's economy? Factories are coming up with 90 per cent help and infra-structural facilities from the Government. Is this money properly used by these employers or the mill owners? Government has given some figures but my figures say that more than 80,000 units are sick in this country. And more than 50 per cent of them are made sick.

This is a business nowadays, to take all the concessions and then to become sick. The Finance Minister is giving so much concession to the industrialists and the business people. But based on his experience, does he feel that they are going to behave with the Government by paying taxes? Do they behave with the workers? Are they going to be a part of the economy of this country? With my experience I can say that it is not going to be like that. There is no time to describe in detail but I mentioned it when I spoke on the Demands for Grants of the Labour Ministry. They are not paying the taxes and their electricity supply is being cut and 80,000 sick units are lying idle and more than two crores of people are forced to be unemployed. Further more, Rs. 3000 crores of Government money is blocked. It is not the question of Government money blocked. But in the last so many years, how much misappropriation they have done! In Bombay for the textile mills, you are paying Rs. 100 crores every year as a loan. But they are not paying you any taxes because there are the manipulated accounts.

How is the Government's foregoing the revenue from the industrialists going to help in the future, in planning? Whatever money you are giving to the industrialists, there should be some restrictions on how they use it. If there is black money with anybody, it should be taken as a cognizable offence, and as a serious crime. Unless 3 or 4 such people are put behind the bars, I don't think you will be able to correct the economy, by sweet talks or discussions.

Now about unemployment. At present, there are 4-1/2 crore unemployed in this country. Planning Commission says that industries developed during the 6th Plan. We are afraid that the targetted employment is short by 3.10 crores. Your employment exchanges have 2.5 crores registered with them. At present, 4.5 crores are unemployed. With your automation, computerization and other things, this number is going to increase day by day. I have got the figures. The *per unit* employment is going down. The *per unit* capital and turn-over per worker are increasing. This

shows that unemployment is increasing. This is going to be a serious causes of dissatisfaction in our country. What is happening in Gujarat is because of serious unemployment.

Whatever good economic plans may be given in this Budget for development, unemployment which has touched the figure of 4.5 crores already, is going to increase, because whatever loans you are giving, there is no complusion on the employers that they should generate a particular proportion of employment. This is going to be a serious problem. But unfortunately in our country, only separatism, provincialism and communalism are talked about. There is nobody to worry about the rising unemployment. Your future plans are not talking in this vein.

There are the poverty alleviation schemes, 44% or 42% of our people are poor. The number is the same since independence. While giving the recent figures in Parliament, you have agreed with this. But what I say is that all your employment guarantee schemes and other schemes are not going to work; and they have not worked. Giving some money or giving small things to the poor is not enough I have repeatedly said in this House that 18% of the population of this country constitutes farm labour. In the tea, sugarcane and coffee plantations the owners are earning a lot. Why not implement the minimum wage of Rs. 25/- or Rs. 30/- a day there and for construction labour, *bidi* industry labour and the labourers in shops? Why don't you ensure a strict implementation of the Minimum Wages Act and the Factories Act? I think Government can easily do this: and if this is done, you can easily eradicate 50% of poverty in this country.

There is black money. I think Prof. Madhu Dandavate spoke about it. I have got some figures given by the Wanchoo Committee and other committees. Government is not prepared to give these figures to the House. I am afraid that whatever norms you fix, this figure has gone up to Rs. 70,000 crores. The Datar Committee, Wanchoo Committee and some experts like Rangnekar and

[Dr. Datta Samant]

Gupta & Gupta have studied this problem. I have studied them. Government is trying to hide these factors. About 50% of our GNP has gone as black money. If that is the economy which you are developing in this country, you are not going to control this black money which is a parallel economy functioning. Whatever honest views you might have expressed in this House, I do not think we will be able to achieve anything, with this price rise and other things happening in this country. If you compare India with other countries—I have got the figures relating to some of them—you will find that in USA it is only 20%, in Canada 15%, in Italy 10% and in USSR and Japan It is only 5%. But in our country, 50% of our GNP is black money, I think this is a serious point I hope the Minister will take note of this.

You are revising the Bonus Act. I think it is a good think. We are agitating for it for the last 20 years. It is a small thing done after a long time. But I want to say something about the calculations, under the Bonus Act. I am again making this statement in this House, viz. that no employer is showing correct gross profits. From them, he will deduct income tax, depreciation, reserve fund and shareholders' amounts. Whatever small amount remains thereafter is to be given to the worker. That is the formula of the Bonus Act. You are keeping the formula of the Bonus Act as the same, and then raising it from Rs. 750/- to Rs. 1600/-. The employer says that there are Rs. 5 lakhs for distribution. Instead of dividing it by Rs. 750/-, you divide it by Rs. 1600/-. So, instead of the previous 20%, the employer will now say that he will pay 11%. So, that way, it is ultimately what that man is showing. Therefore, you change the formula of the Bonus Act. The Bill is already introduced. We are moving some amendments. I request the Finance Minister to consider them. Now, as per the 1965 Bonus Act, the maximum ceiling where a worker is eligible to get bonus is upto Rs. 1600. At that time, it was paid at Rs. 750. Now, you have raised the ceiling from Rs. 750 to Rs. 1600.

Now, if a man is getting Rs. 1601 as salary, he will not get bonus. I request the Finance Minister to raise this ceiling from Rs. 1600 to Rs. 3000. Actually, it needs to be made Rs. 4800, but I am not asking for that. But you are keeping that figure the same—minimum and maximum you are bringing the same. I hope the hon. Finance Minister, if he is really interested in it, will look into some of these points.

As far as government undertakings are concerned, 1.3 was the formula for paying D.A. In the House, the hon. Finance Minister has made an announcement to make it to 1.65. A few units are paying it at 1.3; they are new units. But units like Bharat Petroleum—it is an old unit—is going on for 100 years earning profit worth thousands of crores. Mazagon Dock are employing about 15,000 workers. They are having D.A. for the last 30 years. All these government undertakings, a majority of them pay 1.3; some of them pay 1.5; it varies as per salary. In the case of certain category of people, it goes on increasing. When the hon. Minister made an announcement in the House, I asked him whether he was going to reduce that. Since you have started it recently, I request you to make it 1.65. But in the case of those people like Bharat Petroleum, Mazagon Dock, where existing D.A. pattern variation is more than 1.65, the Government should not disturb it; it should be kept as it is so that workers will be benefited.

In Bombay, 60 to 70 per cent of the people are staying in the old building, Central of Bombay. Mr. Chairman is also from there. You know every year 30 people die and the Maharashtra Government pays so much because of insurance. The old buildings collapse and no repair is done. So, this time, revenue should be diverted for such poor people because there is a very strong dissatisfaction among them. I hope the Finance Minister will consider these suggestion of mine.

[Translation]

SHRI K.N. PRADHAN (Bhopal):  
Mr. Chairman Sir, I rise to support

the Finance Bill presented by the hon. Finance Minister. Sir the economic climate in the country is somewhat good, if not very good and the rate of growth is also satisfactory. I feel that conditions for investment have never so favourable as they are today. The saving ratio of 22 to 23 per cent is the highest in our country among all the developing countries. We are also very comfortable so far as foreign exchange reserves are concerned. The heavy expenditure on oil imports that created the gap in foreign exchange reserves is coming down because we are now concentrating more on indigenous production of oil. But, Sir, there are some black spots also towards which I would like to draw Government's attention.

Just now, several hon. Members have said that we should pay attention towards the problem of increasing black money in the country. The economy is dearer today. We shall have to look into this. The hon. Finance Minister has himself realised the importance of the public sector in our country and has incorporated a scheme to issue bonds to increase their resources. Sir, it is true that as regards profitability, there will remain some difference in private sector and public sector. The private sector does operate on the concept of profitability while the public sector has to conduct itself keeping in view our social needs and our economy. It will not be an exaggeration to say that the present state of the public sector is quite unsatisfactory. The return on an investment of Rs. 20,000 crores made in the public sector is less whereas in the private companies the return is more. If today the public sector starts getting a return equal to that of the private sector, then Government will receive a return of Rs. 1800 crores annually. Hence, the conditions prevailing in the public sector today should be reviewed and steps taken to ensure more return from it.

I feel that the country is facing two major challenges. One is of population. I am not aware of the position of our hon. Finance Minister so far as family planning methods are concerned but he has said very little about the population

problem. In this entire Budget Speech, he did not say anything about the population problem. Similarly, the *Economic Review* has devoted only one paragraph to this problem. We are all well aware that if we fail to contain the population increase during the Seventh Five Year Plan period, then I am afraid the situation will become explosive in our country.

The second grave problem facing our country is of under-employment. It has been admitted in thy *Economic Review* that if we fail to increase industrial production, we shall not be able to overcome unemployment problem. Today, the tendency is to set up industrial units big or small in cities. Even the rural people want to do like that, unless we build up infra-structure in rural areas and set up small industries at small places, we shall not be able to solve this problem.

We have introduced the self-employment scheme and we give subsidy. But the statistics show that in most of the cases productive enterprises have not been set up. Can we not utilise this subsidy for setting up small industrial units in rural areas?

I would like to draw Government's attention towards an important matter. Today, there is much talk that we want to reorient our education policy. People had wanted and thought before Independence that after we attain Independence we would change the educational system. For 38 long years the enlightened citizens of this country have been expecting Government to come forward and tell them that they want to make these changes in the country's educational system.

It is for the first time that our young Prime Minister Shri Rajiv Gandhi as said that Government are going to change the educational system. But unless we examine it thread-bare, unless we lay down of flawless policy, unless we see it in its right perspective, it will not be free from danger and it will not be useful.

[Shri K. N. Pradhan]

Sir, we have spent crores of rupees on adult education in our country, but, today, I want to say that we have not received due return on this investment. That money has been pocketed by a few and it has gone to such organisations as have misused it for their political ends. Similarly, the objective of non-formal education is good, but there too, we have not received returns.

So, the chief reason for all the ills, problems and hurdles facing the country today is that we have not given the post Independence generation all that was required to assess properly the problems facing the country. We have not taught them about the sacrifices made by our countrymen for attaining the freedom of the country, We have not told them where we stood when we got Independence. How much gap is there in the pace of development of our country and that of the countries which became independent along with us? We shall have to tell them all about it. In this connection, I would also like to say that our speed of development has been more than that of the U.S.S.R. and the U.S.A since they became free, since they attained Independence. We shall have to teach our children all these things, incorporate them in the curriculum of their education, then only shall we be able to overcome these problems.

Today, there is a great hue and cry over reservation throughout the country. I want to draw your attention to the policy of reservation which has created two types of citizens in the country first class citizens and second class citizens. Those whose children study in Government schools are second class citizens and those whose children study in public schools are first class citizens. Today, the politics of the entire country, the entire power of the country, whether it is social, political, industrial or administrative is in the hands of those whose children study in public schools. The reforms in our education system do not take place, because those who are at the helm of affairs are not worried about it. Therefore, my suggestion with regard to the educational system, which is being examined, is that an

important point which is to be kept in mind is that Government should take over all public schools, and should adopt a uniform educational system.

Now, I would like to speak about Union Carbide. It is true that the victims are getting assistance the proceedings for their compensation are going on in a court in the USA but no concerted effort is being made in the matter of giving them medical treatment and payment of compensation even by now cases of not more than 25 percent of the victims have been prepared. Even today most of the officers feel obliged to the Union Carbide and they do not want Union Carbide to pay heavy compensation. Therefore, it is necessary that the Central Government pay attention to it so as to help the victims get the maximum possible compensation. The rainy season is about to set in. Even today, 15000 to 20000 people are such as have lost their capacity to work. 50000 families have no means of livelihood. Government should pay attention to these problems.

All the hon. Members have stressed the need for effecting reduction in expenditure. People's faith in and respect for Government must increase. They should be convinced that Government are spending the money in a judicious manner. Certainly, Government will have to think over it and curtail their expenditure wherever possible, so that the common man is convinced that Government are committed to checking extravagance. If we fail to convince the people about this, the rising prices on the one hand and their impression that the Government are indulging in extravagance on the other will not be good for the country as also for our Government.

The entire country should know about the progress being made by the nation and the way we are surging forward. Most of the people who live in villages should also be made aware of it. For this, it is necessary that television should reach most of the places. At least one Television set should be given to each Panchayat free of cost so that

the people of every village come to know how we are marching forward.

With these words, I conclude and support this Finance Bill.

**SHRI ZAINUAL BASHER** (Gazipur): Mr. Chairman, Sir, it is now more than two months since the Budget was presented. In the meantime, the hon. Finance Minister has received bouquets and brickbats as compliments for his budgets.

**MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH)**: What is he going to give?

**SHRI ZAINUL BASHER**: I have always been giving bouquets. He knows and understands well from where he has received bouquets and from where brickbats. Mr. Chairman, Sir, I had participated in the discussion on the General Budget. At that time, I had expressed my apprehension that this Budget was tilting from the left of the centre to the right of the centre. I am very happy that all such apprehensions were allayed during the session of the All India Congress Committee held recently in Delhi and confidence was once again categorically expressed in linking the poor with our socialist policies, and with the economic mainstream of the country. The Congress party has been linked the mainstream of its economic policies with the poor from the very beginning. The Congress has always been engaged in raising the living standard of the people, particularly of those living below the poverty line and this time also the Congress has expressed confidence in it. Many of the apprehensions which were expressed over this Budget should now be allayed. Mr. Chairman, Sir, I want to draw the attention of the hon. Finance Minister to some points.

First of all, I want to speak about black money, because our hon. Finance Minister is very keen to flush it out. During the past two or three months, his Ministry has also taken some very good steps in this direction. Arrests of some people and conducting of raids

have created some fear among the people, there are no two opinions about it. Mr. Chairman, Sir, there are two sources of black money. The first is evasion of taxes, excise duty, income tax, direct and indirect taxes-which are the sources of our revenue. The other source is smuggling. The revenue that we get after this evasion in tax is spent on our various schemes, such as, N.R.E.P., R.L.E.G.P., etc., and at that stage also, the funds are misappropriated. The funds also leak at the source of income. I put this leakage at 50 percent or more at present, not less than that. 50 percent leakage is taking place in the funds meant for these schemes. If you spend Rs. 1,000 crores on a certain scheme, Rs. 500 crores of it will go into the pockets of the people responsible for its implementation-the officers, the employees or other agencies-as black money. What programme have you got to tap that money? How will you check this money from going into their pockets? You are taking steps to check evasion at the source of income, I welcome those steps, you have taken good steps and it was expected of you too, but, what programme have you got to check generation of black money through the leakage in funds that is taking place at the implementation stage?

Black money does have an impact on the prices. The demand for all goods, whether consumer goods or building material, is increasing because of this black money. The people are prepared to buy them at any price. Obviously, it will push up the prices and goods will be available to the genuine consumer at very high prices. Our price index is going up for which black money only is responsible. Both types of black money are pushing up. The prices sharply. An employee at the lowest level getting a salary of Rs. 1000/- per month is earning Rs. 10000 to 20000 per month from extraneous sources. How do you propose to check it? I want to draw your attention to it.

Another point is that Government have always been giving assurances that Government spending will be curtailed

[Shri Zainul Basher]

but the fact remains that the expenditure is not being reduced but is increasing instead. Government expenditure is increasing in every field. First of all I would like to draw your attention to the Union Minister. Their telephone bill are mounting day by day. Daily we see the newspapers carrying news to this effect.

SHRI SHYAM LAL YADAV (Varanasi) : The same is also true of hon. Members.

SHRI ZAINUL BASHER : Hon Members have to bear it. If an hon. Member does not pay bills, his telephone is disconnected. But the expenses of the Ministers on telephones furniture, traveling allowance and all sorts of other expenses are on the increase. I remember the days when we used to go to the railway station to receive a Minister, he used always to travel by train. But, as things stand now, I think it is very rare that a Minister travels by train, so much so that even the Railway Minister does not travel by train. Who else will then go by train? All travel by air these days. Recently, it has appeared in the newspapers.....

SHRI VISHWANATH PRATAP SINGH : Which mode of transport will you suggest for the Minister of Shipping?

SHRI ZAINUL BASHER : He should travel to the Andaman, Nicobar and Lakshadweep by ship. By so doing, at least he would be able to know the difficulties being experienced by those who travel by ship.

I was talking about expenditure—the expenditure of the State Governments is also increasing. The telephone bill of one of the Chief Ministers is Rs. 600/- per hour. I do not want to name...

SHRI RAM PYARE PANIKA (Robertsganj) : Who is he? Name him.

SHRI ZAINUL BASHER : I shall not divulge his name, you find out for yourself.

PROF. MADHU DANDAVATE (Rajapur) : That amount pertains to telephone repair charges.

SHRI ZAINUL BASHER : All are sailing in the same boat, whether it is the Central Government, the State Government or the public undertakings. These people stay in five star hotels and do not avail of the facility of Guest Houses. Almost all States have their guest houses here in the capital, Uttar Pradesh Niwas, U.P. Bhawan, Bihar Bhawan, but instead of staying there the Ministers stay in the five star hotels.

SHRI RAM PYARE PANIKA (Robertsganj) : Samrat Hotel.

SHRI ZAINUL BASHER : Why do you name? What programme have you got to check this ever increasing unproductive Government expenditure? This has got to be checked. How do you propose to check it? During the course of replies to questions, all along, you have been saying that you are reducing Government spending and expenditure on public undertakings. I want to know from you how you propose to reduce this expenditure.

One thing more I want to bring to the notice of the hon. Minister namely that the people throughout the country have welcomed our programmes for the eradication of poverty, such as, the N.R.B.P. and there are no two opinions about it that many people have been lifted above the poverty line through these programmes. Many people have been benefited under these programmes. But there are lacunae in the implementation of these of these programmes. Still, in spite of these lacunae, the poor have been benefited and a lot of good work has been done.

16.36 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

With the prices going up, the people who were lifted above the poverty line are again going below the poverty line. Therefore, I request you to increase the

wages of the workers working under the NREP and the NRDP. You raise their minimum wages and also try to ensure that they get these wages direct and no middle-man could usurp a portion of it. There should be no middleman like the contractor or the one who may effect a cut in their wages. The wages should reach the worker directly. Only then, your programmes aimed at lifting the people above the poverty line will succeed and the people who have been lifted or likely to be lifted above the poverty line will get the benefits,

Ever since the banks were nationalised in the country, they had been doing a very good job. There was no complaint of any kind at that time. But today you are providing assistance through the banks under the Self-Employment Programme and other programmes for the unemployed and complaints of corruption in the banks in this regard are now increasing. These banks do not advance loan to anybody without taking money. Even those who are sponsored for giving loans by the Central Government agencies are refused loans by these banks. If the State Governments sponsors somebody's name for advancing loan, he is refused loan by the banks. Either you accept the authority of the State Government or else they should not be authorised. What happens today is that the persons seeking loans have first to go to the local offices, then to some other offices and thereafter they have to go to the banks time and again. But, in spite of all this, they do not get loan. I would request the hon. Finance Minister to evolve such a system in which these people may not be required to visit these offices and the banks time and again and the complaints of corruption in Banks, which are being received today stop pouring in.

The branches of the banks are opened at such places as are connected by means of communications and roads. If a place is not linked by road, will the branch of a bank not be opened there? I want to quote the example of my own constituency about which I

have also written a letter to you. A branch was to be opened at Daudpur in our area. It is a big place. The concerned bank must have sponsored it. That is why the Reserve Bank had approved it. But, now that branch has been opened near the city, seven kilometers away. When I came to know that the proposed branch was being opened somewhere else, I wrote a letter. That branch has been opened near the city one month after my writing the letter and I have received no reply to that letter. They say there is no building there of pucca bricks duly cemented. If that is so, there is no building with cemented bricks in 90 per cent of rural branches, you may go and see; nowhere does it exist. They further say that there is no metalled road, pucca road. If pucca road is not there, the people of that area, the rural people are not to blame. The blame squarely lies on you and us that we have not constructed roads there. This is also a backward area. Do the banks feel shy of going there? One reason for this is that you are recruiting boys from urban areas only in the banks and are not giving any opportunity to those having a rural background. You will say that it is an open recruitment, anybody can compete, but where are the equal opportunities for the rural youth for this purpose? English has a predominant say there, how a village lad speak English in the interview? And then if he is not appointed, the bank will not go to the villages.

Therefore, hon. Finance Minister, Sir, you try to solve this problem the way you think proper. I have always been giving you bouquets.

**SHRI VISHWANATH PRATAP SINGH:** And in the end you have given a brickbat.

**SHRI ZAINUL BASHER:** I did criticize your budget, but I believe that because of efficient management of economic policies, you are a good manager. With the hope and confidence that these policies will ultimately yield good results because of

[Shri Zainul Basher]

good management—which you claim they will—I support your Bill.

[English]

MR. DEPUTY-SPEAKER : Prof. P. J. Kurien.

SHRI SURESH KURUP (Kottayam): Sir, I want to bring an important point to the notice of the House. It is reported that the correspondent of PTI in Sri Lanka has been arrested by the Sri Lankan authorities and nothing is known about his whereabouts...

MR. DEPUTY-SPEAKER : Please sit down. In the morning itself one of the hon. Members raised this matter...

SHRI SURESH KURUP ; Will you please direct the Minister of External Affairs to make a statement ?

MR. DEPUTY-SPEAKER : That is not connected with the Bill under discussion.

Prof. Kurien.

PROF. P. J. KURIEN (Idukki) : Sir, I rise to support the Finance Bill.

The Finance Minister's approach to the problem of the economy of our country is welcome. He has tried to remove the restraints which hold back our economy. He has taken a number of steps to liberate the economy from unnecessary controls and put it in the proper direction so as to achieve a fair measure of growth. For example, I would like to cite the bold step he has taken in de-licensing a number of industries. Our entrepreneurs are not to go now from pillar to post in order to get licences. I am sure this is a proper step, a step in the right direction, in order to increase production and productivity and to encourage more entrepreneurs to set up industries.

Then, raising of the MRTP ceiling from Rs. 20 crores to Rs. 100 crores is a welcome step. This was criticised here. I would like to ask them as to

what was the value of the money when it was limited to Rs. 20 crores. Even Prof. Madhu Dandavate has remarked that those companies expected a lesser amount than this. I do not know how, being a number of the Janta Party, he is criticising this. This is a right step to generate more investment in our country. And when we consider the decline in the value of the money, this is not a big amount. Again he has taken proper steps in rationalising the personal taxation. There are concession given to all sections of the people and all sections of the society. I welcome it also. But in this connection I would like to point out certain points regarding the income tax payers at the lowest, that is, at the first slab. For the income-tax payers of the first slab the basic tax was initially 20% and surcharge was 12.5%. This worked out to 22.5%. But now the basic tax for this slab has been raised from 20 to 25%. Therefore, the concession they get is not in this basic tax but the concession they get is only with regard to exemption limit which has been raised from Rs. 15000 to Rs. 18000, that is raising it by Rs. 3000. I would like the Finance Minister to look into this aspect. When all other categories of tax-payers, the high income groups get the benefits of a higher exemption limit and abolition of surcharge, this low income group, that is, those who are coming in the first slab get only the benefit of higher exemption limit. They do not get the benefit of the abolition of surcharge. Therefore, I would like the Finance Minister to look into it and give some more concessions to the people at the first slab. I suggest that the limit may be raised from Rs. 18000 to a higher amount, say, if possible to Rs. 20000 or Rs. 24000. This is also in keeping with the value of the money. The exemption limit of Rs. 15000 was fixed in 1981. That Rs. 15000 is more or less equivalent to Rs. 20000 now. Therefore, considering the shrinkage in the value of money we should raise this limit to Rs. 24,000.

You have already assured in this House that the tax laws will be made more simple. Actually our tax laws are

very-very cumbersome and I would say that are so much complex due to a number of annual amendments. They have become so complicated and complex and so inscrutable that I would suggest that a proper amendment should be brought as early as possible and they are made very simple so that the tax-payer himself can study and keep his accounts accordingly instead of taking the help of a chartered accountant or an expert.

You have given a number of concessions to the corporate sector. I welcome it. But I have a fear that the purpose for which the concessions are being given may be defeated or may not be achieved. You have already said that even though the rate of taxation has been lowered, earlier tax exemptions will not be given. You have already done away with the tax exemptions which used to be given in the corporate sector. I welcome that. In business, the kind of policy you have adopted, I do not think, will work in favour of the exchequer because private companies are in the habit of showing losses even when there are profits. Though there is actual profit, they show losses. They may not show in the accounts the available surplus for ploughing it back and invest it again in the business. Again if there is investment surplus it is not necessary that they should invest it in consumer items of the common man. They may prefer to invest it in luxury items because that is more money-spinning and they can get more profits. Therefore, in the absence of a mechanism by which you can find out whether a company has actually made profit or not, I am afraid, the concessions you have given to the corporate sector will not yield the desired result. There should also be proper regulations so that investible surplus is ploughed back in to the productive sector.

**SHRI KOLANDAIVELU (Gobichettipalayam)** : Sir, I rise on a point of order. One Mr. Krishnan, who is PTI correspondent in Colombo has been arrested and detained.

**MR. DEPUTY SPEAKER** : There is no point of order. Already one hon. Member has raised this matter.

**SHRI KOLANDAIVELU** : There is no safety for correspondents in Ceylon. Although he has been detained for more than 24 hours, Government has come forward with a statement.

**MR. DUPTY SPEAKER** : There is no point of order. I am very sorry.

**PROF. P. J. KURIEN** : There was criticism from some quarters that the budget presented by the Finance Minister is right of the Centre and not left of the Centre. I would like to remind them to look at the concessions that the hon. Minister has given to the workers. It is for the first time that the worker's dues are being treated at par with secured credit. It is a welcome step. This alone is enough to prove that this budget is not anti-workers but is directed to help the workers.

Again, Sir, everybody has welcomed the raising of the bonus from Rs. 750 to Rs. 1600 but in this connection I want to request that Rs. 1600 higher limit was fixed years back. An employee who is getting a salary of above Rs. 1600 is not getting bonus at all. Therefore, I submit that you should extend it to those people who are getting salary beyond Rs. 1600.

Sir, it a proper step that the certain concession are given to the electronic industry especially the excise duty concession given to television. That will boost the television industry in the country which will generate additional employment for thousands of people. It is a employment generating scheme. Due to electronics development alone lakhs and lakhs of people will get employment opportunities. Therefore, these concessions given to electronics industry are most welcome. In the years to come it will generate employment for lakhs and lakhs of people which will be beneficial to the poorer sections of our society.

[Prof. P. J. Kurien]

Sir, you have allotted Rs. 1300 crores for anti-poverty measures. I want to submit that this amount is not enough. It should be increased. Sir, there has been a criticism that in the past years the poor has become poorer and the rich has become richer. I would like to quote from the Study of the National Sample Survey. This study has also been published in the newspapers. According to the Study, the per centage of rural population below poverty line has declined from 56.6% in the year 1966-67 to 39.1% in the year 1977-78. Again, there is also a study conducted by the National Council of Applied Economic Research. It has revealed that the per capita consumption of rural households increased by 127.97% in 1981-82, compared to the consumption in 1970-77, in the poorest of the households, which formed 1/10th of the Sample studied, that is to say, within 10 years the consumption power has increased by 127.97%. I don't understand why our opposition friends are not reading all these things which have been published in the newspapers.

Certain criticisms have been made that the budget proposals are going to lead to rise in prices, that price rise will be unbearable to the common man and so on. Since March 16, when the Budget was presented, till the 20th April, the total price increase was 2.4%: The effect of budget proposals is 0.53%. The effect of increase in administered prices is 0.56%. So, this total is 1.1%. The remaining is due to other factors. But it will be interesting to note that in the last 7 years from 1979-80 to 1984-85, there has always been an increase in price from the month of March to the month of August. For example, in 1981-82, the increase was 6.1% in the first six months, that is, from March to August. But the year ended with 2.4% increase in price rise. So, for the first six months the increase is much more and later on this increase is absorbed in the subsequent months. Therefore, this increase of 2.4 per cent of this current year can easily be absorbed by the economy in the subsequent year.

Having said this I will now come to some of the problems of Kerala.

I have got only two points to mention about my State. The Eighth Finance Commission did not do justice to Kerala. Kerala entered the Sixth Five year plan with a deficit of Rs. 290 crores. But yet, our State is considered to be a surplus State. Therefore, the Finance Commission has given an Award treating it as a surplus State whereas Kerala is having a deficit of the order of Rs. 290 crores.

17.00. hrs.

Sir, at the end of the Seventh Plan, the deficit of our State may be around Rs. 1100 crores. I do not know how the Finance Commission has arrived at the conclusion that ours is a surplus State. They have simply taken into account those incomes which we are not getting at all. For example our State Transport Corporation is making a loss of Rs. 30 crores per year. They have taken it as profit making concern. Moreover, the income from Forestry is also not taken into account on realistic basis and because of various Forest Conservation Acts, we are not getting any income which we used to get earlier from Forestry. So, Sir, I would request the Government that the award of the Finance Commission should be reviewed again in the light of the new information I have given and also in the light of the representation given by the Chief Minister of Kerala requesting the Government to treat Kerala as a backward State so that higher allocation of funds can be considered for the State. With these words, I support the Bill. Thank you.

[Translation]

\*SHRI M. MAHALINGAM (Nagapattinam): Hon. Mr. Deputy SPEAKER, Sir I rise to say a few words on the Finance Bill for 1985-86.

In our country the livelihood of 70% of our people is agriculture. It is no exaggeration to say that agriculture is

\*The speech was originally delivered in Tamil.

the backbone of Indian economy. In order to meet the growing needs of ever increasing population and to tackle the menace of unemployment, we are per force to pay greater attention to the development of agriculture, because agriculture alone has the potential to solve these two problems. But I am dismayed to discover that the interests of agriculture are being callously treated.

As on March 31, 1984, the outstanding Bank credit from agriculture was just Rs. 6133 crores and on the same date the outstanding bank credit from industrial sector was Rs. 25,000 crores. From this it is clear that a grave injustice is being perpetrated on agriculture which has provided livelihood to 70% of our people and which has potential to generate more employment opportunities. On the other hand, it is surprising that 100% more credit had been given to industrial sector which absorbs only 10% of our people and which has restricted scope for more employment opportunities. Even with this step-motherly treatment, our agriculturists have created an unprecedented record last year by producing 1510 lakh tonnes of foodgrains.

I would like to illustrate that our peasants do not get agricultural inputs like fertilisers pesticides etc. besides necessary credit facilities. As on March 31, 1984 in 281 districts of our country there were 8213 branches of Regional Rural Banks. In 170 districts of the country there was not even a single branch of regional rural bank. The Reserve Bank of India has directed that no branch of a commercial bank should be opened in rural areas. In these circumstances it becomes all the more necessary to open branches of regional rural banks in all the districts of the country so that financial requirements of agriculturists can be met in full. In Tamil Nadu we have 116 regional rural bank branches in two districts only. I demand that in all the districts of Tamil Nadu we should have branches of regional rural banks.

In our country we have 95,000 primary agricultural cooperative societies.

For the past twenty years a scheme to revamp them is being implemented. So far under this scheme only 3000 primary agricultural cooperative societies have been converted into multi-purpose societies. If progress is being made at this snail's pace, how can we claim that we are keenly committed to progress of agriculturists in the country?

There is a scheme for adopting the village by a public sector bank to ensure composite development of the village. We have 5,60,000 villages in the country. So far 1,40,000 villages have been adopted by the banks, 51 lakh accounts have been opened and advances to the tune of Rs. 1557 crores have been given so far. I welcome wholeheartedly this endeavour. I take this opportunity to demand that all the villages in the country should be brought under this scheme so that the villages in our country also enter the 21st century along with urban areas.

In our country 73% of agricultural land is dependent upon monsoon rains. Our hon. Minister of State for Agriculture and Rural Development has stated in the meeting of the Ministry's Consultative Committee held yesterday that even after implementing several Five Year Plans, all the agricultural land in the country cannot be brought under irrigation. I say this to emphasise that the hon. Minister of Finance should extend more financial assistance to agriculturists doing dry land farming. He is aware of the fact that 42% of the total production of foodgrains comes from dry land farming. Dry land farming has been given greater emphasis in the 20-Point Programme. I would like to draw the attention of the House that agriculture, particularly dry land farming, has not received its due by referring to what has been stated in the Mid-Term Appraisal of Sixth Five Year Plan. For assisting dry land farming, research schemes are being undertaken. Out of 5.6 lakh villages, only 2760 villages have been taken up for implementing the scheme of micro-water sheds. I need not say that micro-water-sheds are the primary need of dry land farming. I suggest that micro-water,

[Shri M. Mahalingam]

sheds should be created in all the villages of the country. Necessary financial assistance should be provided by the hon. Finance Minister.

I take this opportunity to say here that the interests of the peasants are the soul force of our beloved Chief Minister, Dr. M.G. Ramachandran. He has ordered the supply of electricity free of charge to the farmers. Naturally this has adversely affected the finances of the State of Tamil Nadu. I demand that the Central Government should give as grant the entire money involved in the free supply of electricity to farmers.

Sir, in America only 15% of the people are engaged in agriculture; yet America supplies foodgrains to the entire world. The tiny nation Japan has no land to cultivate. The ingenious people of Japan has created artificial land over ocean and they are producing foodgrains on such land. They do terrace cultivation on the roof of the houses and they meet their requirement of vegetables. The small nation Israel has succeeded in producing foodgrains in desert. We are an agricultural country. We have to bear in mind that if our villages are decimated then the nation is destroyed. It is the primary duty of our hon. Finance to provide more funds for the development of agriculture in our country and I am sure he will do that.

After the presentation of this year's Central Budget the wholesale price index has gone up by just 0.7%; this is what the hon. Finance Minister has stated in the AICC meeting. Just four days ago on the floor of this House, our hon. Minister of Food and Civil Supplies has conceded that the wholesale price index has gone up by 2.3%. We do not know whose contention is correct.

[English]

SHRI VISHWANATH PRATAP SINGH: I did not say 0.7%; I said that the wholesale price index had gone up by 2.4%.

[Translation]

SHRI M. MAHALINGAM: Thank you, Sir. After the presentation of General Budget and after the presentation of Railway Budget, the prices of essential commodities have gone up by 10% to 15%. This is not merely the assessment of economic experts. All of us are experiencing this in our day to day activities. We cannot brush it aside by saying that this is a seasonal aberration. I take this opportunity that if necessary Army Action should also be resorted to for bringing to book the hoarders and the profiteers who are indulging in such anti-national activities. Unless we wipe out for ever these anti-national forces of hoarders and profiteers, we will not be able to hold the price line. I am sure that our dynamic Finance Minister will attend to this. With these words I conclude my speech.

[[English]

MR. DEPUTY SPEAKER: I would just like to say that the time is very short and we have got only one more hour. I request the hon. members to take only five minutes. After five minutes is over, I ring the bell and the speaker may finish within one minute after that. That means you have six minutes only. But I want to tell you that nothing will go on record if you go on speaking. I want to accommodate more members. To help others only, I am requesting you.

SHRI K.S. RAO (Machilipatnam): I take part in this discussion to support the Finance Bill introduced by the Finance Minister. I have great admiration for the Finance Minister because he has taken a new line of approach, not caring or fearing the possible criticism that may come under the impression that he has reduced taxes on companies and other business firms, etc. Usually, it is the general opinion that if the quantum of taxes is more, it is more on the Left and it is in the interest of the poor and all that. But in reality, it is not the quantum of tax that decides the welfare of the poor. The present Budget is giving more importance to production. Unless

production is improved, by whatever method it may be, there is no point talking about doing any good for the nation.

The basic thing necessary for increasing production is to concentrate on human beings, i.e. making them more skilled, more trained, whereby by the time they come out of educational institutions, they do not seek Government employment, but are in a position to have self-confidence and necessary skills, so that they can be used by a production unit. This requires more allocation and an immediate revolutionary change in the system of education, if necessary by allocating more and more funds to the educational system. Unless this is done, there is no point questioning the quantum of allocation to the different Ministries or whether revenue is less or tax is less or expenditure is more and all that. The moment a boy comes out of an institution, if he can be useful to the society irrespective of the profession he belongs to, then production can be increased. Whatever be the quantum of tax, that will then be useful to the nation.

Similarly, concentration on distribution is also equally essential. Unless distribution is all right, and there is control on prices, no amount of measures taken would be of any use. In this connection, I am confident, seeing the way the Minister has taken steps for improving the character of different sectors, and his interest in checking evasion of taxes. This will go a long way in increasing revenue and increasing the effectiveness of the system. This price control is possible only by giving some guarantee to the producers about the reasonableness of the price. Dignity of labour should be given prominence. So long as people clamour for white-collared jobs, I do not think any change will come about in our economy. This is possible only when the unorganized sector, particularly the labourer in the agricultural field, farmers in agriculture and workers in some other fields are given more incentives with regard to their products. When this is done, when more and more people divert to these lines, then production can be increased, prices, can be

controlled—and then there will be a change in the economy.

I appreciate the Minister for his action in de-licensing for liberalizing the MRTP Act, the subsidy given to the poor, and the rise in the bonus limits etc. While implementing these measures, if a better concentration is given by the staff working in the field, the desired results can be achieved, i.e. by reducing the energy spent on effecting the check on the low income groups and by concentrating on checking the high income groups.

I suggest to the Finance Minister that the limit of Rs. 18,000/- might not be sufficient; it may have to be increased, taking into consideration the money value to-day. In the end, I support the Finance Bill and the Finance Minister for the bold line he has taken under the guidance of Shri Rajiv Gandhi. I am very confident that the Minister will also take effective measures to implement these policies which are essential for the nation.

SHRI ANAND SINGH (Gonda) : I will be brief, since we are hardpressed for time. Mr. Deputy Speaker, Sir, I hope you will not ring the bell, and disturb the Finance Minister.

First I would take up my suggestions about direct taxes. The proposals do attempt rationalization, but there is a lot more to be done in this regard, to make direct taxation more rational, intelligible and a positive instrument in the hands of the Government. There have been a number of committees that have been set up for the last 20 years on this subject to from a comprehensive legislation. They have worked on it. A lot of time has been spent on it; a lot of money has been spent on it but the reports have never been studied in this light and they are gathering dust in the office of the Finance Ministry. I request him to have these reports dug out and put a separate outfit to go into them so that a new comprehensive legislation can be formed, because, as it is, the present tax planning unit of the Central Board does not have time to do it and also

[Shri Anand Singh]

the man power is not there hence they have not done anything about it.

What the department has been doing is picking up one proviso from here and one clause from there and separately studying it, applying it and implementing it without taking into consideration the overall impact; and this has resulted into a jungle of laws. What Prof. Kurien had pointed out some time ago is that we have plethora of laws, sub-sections, proviso, Explanatory notes, etc. Today the situation is such that even the wisest of men in this country cannot understand the income-tax laws; and they have to depend on some one else. I don't think—that along so many colleagues of mine who are sitting here and have to pay income tax can do it themselves. But I am doubtful whether they fully know what they are doing. This has resulted into a paradise for the practising people because no one can understand it; the ambiguity is so much that we have to depend on some one to explain it; It is not that people do not want to pay the tax; but the question is walking into the trap; and the fear of unknown is there. So, it is not that many people do not want to pay the tax, but they do not want to walk into this trap because they feel that they will get trapped.

This is becoming more and more counter-productive, rather than being productive. So, a separate committee to form this law afresh and a comprehensive law should be there.

I welcome the summary assessment scheme. The tax collection comes from two sources: one is, what you call a voluntary pre-assessment scheme; the man himself declares that he has to pay so much of tax and the other is, what you call the officers doing all the work, catching people, assessing, etc. But what is actually happening here is that 95 per cent of your total direct taxes come from the voluntary pre-assessment scheme; that means for 95 per cent, the department does not have to move a muscle. Now, the entire department,

with all their demands, appeals, assessment appeals, penalty clause, only accounts for 5 per cent of the total assessment being done: and if you take away the expenditure on establishment, then it would not even be 5 per cent; it will be much less. Now, the time has come when we should take away this huge trained skilled man power and use them for better purposes rather than going into the drill of making assessment and a whole bundle of paper work which in the end yield nothing. So, I would suggest that, like many other countries, whenever a man files his return, it should be deemed to have been accepted by the department the moment it is put at the counter; and an official is to go into the check only periodically on every assessee and not every time, which will save a lot of time. We all know that all income tax cases of 1981-82 are not being finalised as yet and this is 1985. And people are lucky to have their 1983-84 assessments finalised, if at all now. This will save lot of time. It will of course mean putting into the computer for cross checks and it will mean changing the format of the tax papers. But it certainly save lot of time and lot of punishment to the people who are paying taxes for no rhyme or reason. I do not have to go through the details. Otherwise, every five years whenever there will be a check. It will not mean a any superfluous procedure but it will mean going into the tax payer's returns and physical checks and assessing him. Or, else the ITO says, 'Let me increase your tax increase in this respect; after all you are going deep to get relief from the higher courts.' But my point is it should be more to save the tax payer from the trouble.

I would point out one more thing, and that is the excise incentive to the small scale sector. We have given them exemption up to 7.5 lakhs now. What is happening is the exemption given is not very productive. It has its own drawbacks. It tends every entrepreneur to remain within this limit. He does not want to grow out of it. If he grows out, he grows out only by his brother

establishing a smaller units, or his mother establishing a small unit. He does not grow up. Producing the same thing he grows like a mushroom uneven unit not fit enough or good enough to absorb new technology or absorb higher skilled labour and so he remains down there. I would like to suggest that these units should not be subject to a tax relief of 75 lakhs. There are many units which are not even viable up to 7.5 lakhs. Five years ago the limit was 5 lakhs. When the input cost was significantly lower than that what it is today, that is 75 lakhs, his money was not invested in the industry properly, he produces more to remain viable to show less production to get this exemption generating unaccountable money. They can get relief in other forms also such as they can be given subsidy machinery and plants, they can be given money on low rate of interest by financial institutions, they can be allowed to pay a lower income-tax and that will give them incentives/and and cut down the cost of production and though they will be paying excise duty. They will be able to complete with big units. This is another point I would like to make. Since you are so insistent on ringing the bell and as I see lot of seriousness behind it I thank you and I support the Bill.

MR. DEPUTY SPEAKER : Shri Brahma Dutt.

[Translation]

SHRI BRAHMA DUTT (Tehri Garhwal) : Mr. Deputy Speaker, Sir, as there is not much time at my disposal, I want to raise three or four points while supporting this Finance Bill. All the Budgets which will be presented in the course of the coming five years will face only one major problem i.e., how to finance the Seventh Five Year Plan. A provision of about Rs. 1,80,000 crores has to be made for the public sector in the Seventh Five Year Plan. Now, it is learnt that this falls short of about Rs. 30,000 crores. I most humbly sak the hon. Finance Minister not to worry about it but keep it at Rs. 1,80,000 crores. The Finance Minister of the country is competent enough to mobilize resources for this purpose.

For this, you have proposed the issue of public sector bonds, but the question is not only of issuing bonds. I want to speak by departing a bit from the convention. We all admit that there is black money in our economy. My colleague Shri Zainul Basher has said that black money is generated at the expenditure and income stages. Why do you not take courage and come out with a plan to canalize the black money to some productive use within ten years? This deficit of Rs. 30,000 crores can be brought down by Rs. 10000 crores to Rs. 15000 crores. The other way out is by small savings. Secondly, we have seen that there are a number of benefits of small savings and we get good results therefrom. But to process needs to be simplified so that the people could be assured that they will get their money back on time and that the money could be deposited and withdrawn easily. The third thing which I want to say is that our resources which fall short of our requirement can be made up by mobilizing additional resources. Of course, use do all that. We run short of our resources in the power and transport sectors. I want to repeat again that the Ministries of Railways, Power, Coal and Heavy Industry will have to take strict measures to help our power sector. You have made a financial provision to rectify the generic defects of our thermal power houses and to carry out repairs to them. But, this erosion will go on unchecked if we fail to make timely arrangement for coal, quantitatively and qualitatively. As long as we do not remove the ills of our power sector, industrial and agricultural production will not increase. I once again humbly submit that we must think in terms of using alcohol in place of petroleum as no big petroleum source is going to be struck in the coming five years.

You say there is shortage of molasses for alcohol. I am talking of industrial alcohol and not of potable alcohol, for which molasses of sugar mills are used but the khandsari units are a potential source of molasses which we can utilise. We should exercise some control on that use. Besides using it in place of petrol, we should make use of molasses

[Shri Bhanu Dutt]

in the chemical industry also. I have to make one more submission. Much has been said about price-rise. There is need to further strengthen our public distribution system in order to check the price rise especially in the remote areas where the goods do not reach. We shall have to make necessary arrangements right from now, so that there is no difficulty during the monsoons and the September and October seasons of price rise. We should make arrangements through the public distribution system in the hill areas, deserts and flood-affected areas so as to contain price rise. The main objectives of the Seventh Five Year Plan are to increase production and provide employment. I would like to make a submission in respect of the Seventh Five Year Plan that while physical and financial planning is being done there is need for manpower planning also. It has been my experience that sometimes when we set up an industry after much effort, it proves very dangerous because we fail to provide employment to the local people as we do not find suitable persons. Therefore, first you decide what sort of persons you would require for a particular industry and then impart suitable training to the local people. So, there is immense need for manpower planning.

Many things have been said by Shri Basher about banks. I would like to say that attention should be paid to Regional Rural Banks which can function in kutchha houses at very low cost. Commercial banks will not be able to function in villages. I would like to point out that the credit-deposit ratio of backward States is too low. In case the position of credit resources improves it may provide a great potential for the Five Year Plan. Regional rural Banks will have to be set up in every district to improve the situation. This would meet the small requirements of the local people and also provide them with employment which would meet the objectives of the Seventh Plan.

I welcome the concessions given to the small sector. But I would like to

draw your attention to some discrepancy in the concessions extended to the agricultural sector. We have many big industrial units manufacturing agricultural implements located at Ghazibad, Shamli, Baraut, Allahabad and Kanpur in U.P. Why is the concession given in respect of tractor not being extended to tractor-trolley? I wonder how axle wheels and drums of tractor-trolley are lost sight of by the State and the Central Government while granting the concessions. This small industry is suffering a lot on that account and there is need to pay attention to it. With regard to other matters I shall send a separate note to you as there are many difficulties. With these words, I congratulate you for showing courage and hope that you would maintain it in future also.

SHRI ABDUL RASHID KABULI (Srinagar): Mr. Deputy Speaker, Sir, I would like to bring to the notice of the hon. Finance Minister, through you, that as far as the official policy is concerned he wishes to take the country to the left of the Centre and he is striving hard for it, but we would like Government to move completely towards the left because we are committed to the welfare of the poor and the weaker sections and have to deal with the exploiters who are responsible for the country's poverty and backwardness, the mafia that is spreading throughout the country, the moneyed class and the Tatas, Birlas and Dalmias, who had a few hundred crores in 1947 but have now acquired assets worth thousands of crores of rupees. We are facing a situation in the country which is dividing the people into haves and have-nots and if you try to look into it seriously and sincerely, you will find that this big difference is not because of official policies but because a parallel economy is operating in the country which is not easy to deal with and any amount of sincerest efforts will not do. Therefore, if they are committed to bring about socialism, then they should perform an operation to achieve this goal. The cure to the cancerous growth that has soread in the country, does not lie in indulging in these insignificant measures. A few concessions here

and a few allocations there would not do. A major operation is the only remedy.

You were speaking of issuing bonds and you have taken up telecommunications on priority basis. You also like the power sector to be helped by mobilising resources through bonds. I would like to point out that whenever you are in need of funds you always go to the capitalists and the Mafia to collect funds without realising the repercussions thereof. These people have acquired crores of rupees through foul means and they are given concessions. We have been witnessing this for the last 35 years that you give them concessions time and again and you float bonds the benefit of which goes to those people who, you say, evade wealth tax. You have given such concessions before also. Mr. Deputy Speaker, Sir, through you I would like to warn the Government that through these concessions those people are getting encouraged who have black money and enormous resources.

Mr. Deputy Speaker, Sir, I would like to draw your attention to the problems of my State Jammu and Kashmir and through you, would bring to the notice of the hon. Minister that the people there are not getting bank loan even from the nationalized banks. I have been connected with artisans and have been representing them in the State and I represent them here also and it is very difficult for them to secure loans even of Rs. 10,000 to Rs. 20,000 from these nationalised banks. Our shawl weavers, carpet weavers, artisans engaged in carving and papiermache work, who have brought name and fame to our country and are earning foreign exchange worth crores of rupees from European and other countries, and also receiving orders now from South Russia, are facing difficulties and the nationalised banks are not giving them loans. When we recommend a loan of Rs. 10,000 to Rs. 20,000 and persuade them, from some percentage is deducted from the loan amount. There is corruption in the nationalised banks. So far as the handicrafts industry of Kashmir is concerned,

it is not only our wealth but it is national wealth. Now when we are discussing banks. I am sorry to say about the nationalised banks that a particular community is being ignored in respect of employment in these banks. I may be excused for my imprudence, but I cannot desist from pointing it out, if you allow me, that the Muslims of Jammu and Kashmir do not have enough job opportunities in these banks. I feel it is harmful as a gap is being created which is harming the interests of national integration. You try to find a way out and a solution to this situation. The officers who have come from outside the State and indulge in such practices are creating misunderstanding in the relations between Jammu & Kashmir and the country and harming the latter's interests. Government should take a note of it.

Now I come to tourism. Tourism has a great potential in Jammu and Kashmir. With the grace of Almighty we have a big tourist industry. As 'Tajmahal' is the living example of the craftsmanship of India, so are the terraces of Jammu and the dales of the beautiful valley of Kashmir and Ladakh where any number of tourists can come and enjoy for themselves fully.

We are lagging far behind in respect of tourism. There are many tourist resorts and Sonamarg is one of them. I am speaking about my constituency, from where the way leads to Ladakh. Many of our people are fond of going to Ladakh and there is a craze in Europe about it. 'Sonamarg' is a beautiful stoppage between Ladakh and the valley far more beautiful than 'Gulmarg' but nothing has been done till today for its improvement. I would request you to pay attention to its development.

Now, I would draw your attention to the question of forests. The destruction of forests is a dangerous game which has played havoc not only in Jammu and Kashmir, Himachal and Uttar Pradesh but throughout the country. With regard to forests, I would like Government to prevent the States from clearing the forest from destroying them and this would benefit the States

[Shri Abdul Rashid Kabuli]

alone. It is the duty of every one of us to see that ecological balance is maintained.

**SHRI P. NAMGYAL (Ladakh) :** Mr. Deputy Speaker, Sir, before I start speaking on the Finance Bill, I would request that I may be given a little more time to speak. It is the misfortune of my constituency that whosoever is elected to the House from there, he is unable to complete his full term. Now the Budget session is at the fag end and today we are going to discuss the Finance Bill. I want to say a few things about the Finance Bill.

As the outset I thank the hon. Finance Minister that he has exempted the Ladakh region from income-tax till 1989. We have been demanding this for quite long time and now you have fulfilled our demand.

**SHRI ABDUL RASHID KABULI :** Put some new demand.

**SHRI P. NAMGYAL :** So far as the tax reliefs given to the salaried class are concerned, I welcome them but our actual earning is from the business community. You should realise tax from them fully. Government employees cannot escape the tax. They cannot evade because their income is fixed and the tax due from the salaried persons is deducted at source. I welcome the reliefs you have given.

The second point I shall state in a nutshell. There is need to increase the compensatory allowance of Government employees posted in the tribal and hilly areas. If the prices rise by 5 per cent in cities, these rise by 15 per cent in our areas and they are badly affected by this. Because of the snowfall all the approach roads remain closed for 6 to 7 months. During that period, except aeroplane, there is no other means of communication. The firewood is also very costly there and without burning firewood, it is not possible to live there. Therefore, the price of this fuel will have to be brought down. The result of all this is that no efficient officer

wants to go to that region; only such persons as are punished are posted there. Consequently, the work suffers. I would urge that the compensatory allowance of the employees of different organisations like P&T, All India Radio and other services and para-military forces should be enhanced. Their service tenure should be of 2 years, whether they are civil or service personnel. I demand that they should also be exempted from income tax because the local people have already been exempted from this tax. Their number is not much. It will, therefore, be better if the persons other than the local people are also exempted from income tax.

The ban on recruitment is having a bad effect particularly in the hill areas. In the first place no one wants to go to these places and with the ban on recruitment, the position is becoming worse. At least the local people who get a little education should be given opportunity to join the service.

Regarding small savings, you should lay more emphasis on small savings and my suggestion is that it should start at the school level. These savings should earn a higher percentage of interest so that the children may acquire a habit of savings. You may give more interest at school level and reduce it at college level. For this you will have to create a consciousness among the children and give incentives also. Prizes can also be awarded for this. All these steps can achieve results.

Now, with your permission, Sir, I want to say two or three things more. Many things have been said in this House such as there was rigging and booth-capturing in the election for my constituency.....(Interruptions).....you people have always challenged it...

(Interruptions)

[English]

**SHRI ABDUL RASHID KABULI :** This has nothing to do with the Finance Bill. Sir, kindly intervene.(Interruptions) Please expunge this. (Interruptions.)

MR. DEPUTY-SPEAKER : You can make it at some other time. You raise it at some other time. That is all. Not now.

[Translation]

SHRI P. NAMGYAL : The Election Commission has used the fule of thumb in my constituency.

[English]

SHRI ABDUL RASHID KABULI : Sir, it should be taken off the record.

MR. DEPUTY-SPEAKER : Please sit down. I have requested him not to mention it now.

SHRI ABDUL RASHID KABULI : He is speaking irrelevant.

MR. DEPUTY-SPEAKER : That I will consider. (Interruptions)

[Translation]

SHRI P. NAMGYAL : Democracy is in danger. My constituency is located on the border and we have so far faced two hostile enemy countries, China and Pakistan. Till today, we have been strengthening the foundation of democracy.\*\* We have not given the slogan of Pakistan. We have not given the slogan of Islam like t es: people. We have fought of political and economic issues.

[English]

SHRI ABDUL RASHID KABULI : Sir, Government of India are trying to befriend with China and Pakistan. But he is mentioning them as hostile countries and enemies. We have already started parleys with them for normalising relations. So, it does not look nice. Therefore, this portion should not go on record.

[Translation]

SHRI P. NAMGYAL : There are 64

polling stations in Leh and 18 polling stations in Kargil whose results have been frozen. You should know that the smallest polling station is of 4 voters which is on the border of China. They ask how it is that there was cent per cent voting there My rejoinder is : why can it not be so ? There are only four voters...(Interruptions) ..There are 65 polling stations where the number of voters is less than 100. There can be cent per cent voting. If it is working seasons...(Interruptions)...I know this is not the forum, (Interruptions)

[English]

SHRI V. SOBHANADREESWARA RAO : Sir, he could give a separate notice for this. (Interruptions)

MR. DEPUTY-SPEAKER : Please listen to me. Please resume your seat. I will request the hon. Member to try to restrict his speech to the debate.

[Translation]

SHRI P. NAMGYAL : Just now Shri Rashid Kabuli was talking of lesser inflow of tourists in Kashmir. If you go on giving calls for bandhs and agitations, how will tourists go there ? You are shedding crocodile tears\*\* It won't work.

[English]

I know, this is not the time and forum. I know you have raised this issue. That is why, I am replying. The nation must know that we have been defending our borders. We have been defending the borders till now. We have fought wars with China and Pakistan. Our people are cautious enough to vote this way or that way it doesnot suit you because you have been defeated and I have got every right to put the record straight.

MR. DEPUTY-SPEAKER : Please sit down.

SHRI P. NAMGYAL : We are true Indians\*\*

\*\*Expunged as ordered by the Chair.

**SHRI ABDUL RASHID KABULI :**  
He says.\*\*

How can it be ?

**MR. DEPUTY-SPEAKER :** This is not the way. Nothing will go on record. It is enough. I have told you to sit down. I cannot allow. We are discussing the Finance Bill. (*Interruption*)

**Mr. DEPUTY-SPEAKER :** I will request all of you to sit down. This is not the way. Please sit down.

**SHRI ABDUL RASHID KABULI :**  
He said that they are true Indians and you must expunge this sentence.

**MR. DEPUTY-SPEAKER :** I will go through the record and then I will consider it.

**SHRI P. NAMGYAL :** Sir, I support the Finance Bill introduced by the hon. Finance Minister and it is a good Budget. But he will have to see that the prices do not rise. He has to check that. That is my request.

[*Translation*]

**SHRI SWAMI PRASAD SINGH** (Hamirpur) : Mr. Deputy Speaker, Sir, I am grateful to you for giving me an opportunity to speak on the Finance Bill. The hon. Finance Minister, immediately after his induction into the Finance Ministry, has presented a Budget which will give a thrust to the production in every field. It is true that our country is lacking in matter of industry and trade, and therefore, is not able to compete with developed countries. In this context, the impetus given to the industries by the Finance Minister is an encouraging step. This will bring good results and a day will come when we will be able to stand the competition with the developed countries. This policy has been fully incorporated in this Finance Bill and all out efforts have been made to assist the trade and industry in every way.

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\*\*Expunged as ordered by the Chair.

The hon. Finance Minister while presenting the Finance Bill has announced certain concessions in the taxes. It is true that these tax concessions will benefit less than one per cent of the people in industry, while 99 per cent of the people will not get the benefit of these concessions. These reliefs have been given to encourage one per cent of the people. It is a fact that the steep rise in the prices of essential commodities, as has been said by the hon. Finance Minister, is not due to the presentation of this Budget, the prices were ruling higher before the presentation of the Budget. Mostly the price rise is attributable to black money and black marketers. Today, the opposition parties and others are propagating that the concessions given by Government to the industrialists are responsible for soaring prices. To check this propaganda, I would suggest that if he thinks proper, he may withdraw these concessions because this lowers the prestige of Government. Wherever we go in our constituency, people ask why Government are giving them too much protection. And we have not been able to reply satisfactorily. We know that this is all false propaganda and I am also of the view that this has been done for the progress of the trade and industry. Even then, I feel that it will be better if these concessions are not given. By exempting taxes on essential commodities, the deficit of Rs. 3600 crores will increase a little more but the question is not of increase or decrease of the deficit...

**SHRI VISHWA NATH PRATAP SINGH :** I want to tell for the information of the hon. Member that in the corporate Sector we are realising Rs. 251 crores from the companies ; there is no exemption but so far as direct taxes are concerned some concessions have been given, concessions worth Rs. 200 crore against realisation of Rs. 4,000 crores.

**SHRI SWAMI PRASAD SINGH :**  
Sir, my intention is that to check this false propaganda, there can be a little more deficit and this difference in the deficit may be met in the same way as the earlier deficit. The tax incidence

on the essential commodities is not much. The deficit which will increase by withdrawing these taxes can, if you think proper, be met by other means.

Many of our hon. Members have said that this price-rise is because of intermediaries or black marketeers. This is true.

Sir, it is also true that our Government have formulated many schemes which are meant to lift the poor above the poverty line. These have helped in removing poverty and the percentage of the people living below the poverty line has come down. But regarding the schemes formulated for helping the unemployed persons through bank assistance, these, as many hon. Members have rightly said, have proved to be a boon to Government officials and the bank officials and the unemployed persons are not getting any benefit from them.

The present hon. Finance Minister has been the Chief Minister of our State and knows my area Hamirpur. In U.P., Bundelkhand is perhaps the most backward area and Hamirpur is the most backward district in Bundelkhand. Many complaints have been sent against the Manager of the Allahabad Bank that he takes away not less than 20 per cent of the loans sanctioned, etc. (*Interruptions*) Sir, our hon. Finance Minister was from Banda. Now if he prefers Hamirpur and is elected from there, perhaps Hamirpur too, like Banda, will be developed. Now a days imbalanced development is taking place and more money for development is spent on those areas which are already developed and in the process, the undeveloped areas remain undeveloped.

With these words I support the Finance Bill.

[*English*]

MR. DEPUTY-SPEAKER : There are some more Members who have yet to speak. In order to help them, my suggestion is if all of you agree, the time of the House may be extended by one hour...

SOME HON. MEMBERS : No, Sir. Tomorrow.

MR. DEPUTY-SPEAKER : Tomorrow we have no time. We have the Private Members Business tomorrow. Therefore, I request the hon. Members to take five minutes each. If the hon. Members stick to five minutes each, then we can finish in half an hour.

SHRIMATI BIBHA GHOSH GO-SWAMI (Nabadwip) : Extension upto what time ?

MR. DEPUTY-SPEAKER : Upto 6.30 or so. I am requesting the Members to cooperate and take only five minutes each. In that case, we can finish in about half an hour.

PROF. P.J. KURIEN : When is the Minister replying ?

MR. DEPUTY-SPEAKER : The Minister will reply tomorrow. Tomorrow I cannot allow Members to speak. If Members are interested to speak, I can allow them today; we can sit for half an hour more.

SHRI H.K.L. BHAGAT : Half an hour extension is alright.

MR. DEPUTY-SPEAKER : So, it is agreed.

Mr. Chiranji Lal Sharma.

SHRI CHIRANJI LAL SHARMA (Karnal) : At the outset, one thing that puzzles my brain and baffles my understanding is whether I should thank the Chair or I should thank my Party which has been good enough to include my name in the list of speakers for the day and too only for five minutes. I did not speak on President's Address, I did not speak on the Railway Budget, I did not speak on the General Budget. Yesterday itself I wanted to give expression to my views. Today my name stood 13th in the list. Anyway, I am grateful for the courtesy extended to me.

The discussion on the Finance Bill has been going on. I support the

[Shri Chiranji Lal Sharma]

Finance Bill, I would like to make a few points because the time given to me is only five minutes. I do not know whether I will be able to say what all I want to.

Mr. Zainul Basher was speaking an hour before touching on the performance of the banks. The 20 point programme has gone a long way in the changing the fate of the poor and the down-trodden, the farmers, the labourers, the Harijans and the Backward Classes people. For the implementation of that programme and for the execution of the policies of the Government the banks have to play a very important role. Provision has been made by the Finance Ministry. There is no paucity of funds. But does it properly reach the poor man? I know it for certain and can say with a sense of confidence and responsibility that the policy of the Government for the implementation of the programme and particularly when the loans are to be disbursed, the loans are to be a given is not at all implemented in letter and spirit. The Government is not to blame. It is the banks which are to blame. Suppose a loan of Rs. 5000 is sanctioned, then at least Rs. 500 must go out of the pocket of the loanee. I have been speaking on this point earlier also. It was stated let us have concrete complaints. I wrote letters and the usual reply I get is: 'Mr Sharma, I am in receipt of your letter. I am having the matter looked into and I shall write to you again'. That 'again' never comes. Who are the inquiring officers who are to inquire into the complaints? When the poor man knocks at the door of the bank for taking a loan, he has to face great hardships. The cases are recommended by the District authorities, the Industries Officer or the agencies who are competent to do it, but still it is an exercise in futility for the poor man. The Government took a decision to advance a loan of Rs. 25,000/- to the educated unemployed youth and this is another matter where the policy of the Government is not being implemented.

I would request the hon Minister in all humility to look into this aspect.

Allegations are not being made on the floor of the House with any sort of malice towards anybody. It is made in all seriousness. Therefore, if the Government means business, if the Government's means implementation of its policy, they should see to it that these banks do not exploit their position. This is one thing I want to say.

Corruption is rampant. When we go to the Deputy Commissioners to look into this they say that it is for the banks & that they are not under them. As the time is short, I will be brief in my submissions. One more thing I want to draw the attention of the Government to is the purchase of wheat. I am talking of my State. But the same thing applies in other States also. In spite of God having been unkind to the Kisans—there has not been a drop of rain throughout the rainy season—we had a bumper crop of wheat. They are being brought to the mandis and are lying for days together without being purchased by the concerned agency, whether it is the FCI or some other marketing board. And if at all it is purchased, complaints have come to me, not one or two but in hundreds, that they are not being paid promptly but they are paid a fortnight after the purchase. I would request the hon Finance Minister to kindly look into this grievance and see that the same is removed because the Kisans come to us or we go to the Mandis or we go to the villages and they say, 'The Government take away our wheat. We do not get the money. We have to wait in the mandis for days together.'

Then, Sir, I must congratulate the Finance Minister for having introduced crop insurance scheme for the first time. We were dreaming of it and I am glad it is going to be a reality in the days to come and very soon.

Now, I talk of the railways. I have written letters to the Railway Minister and usual reply I get is: Mr. Sharma, I am sorry. We have no funds. Sir

since we attained Independence not a single new railway line except to connect Rohtak with Bhiwani has been laid in the whole of the State of Haryana. We wish areas like Jhajjar could be connected with rail.

Now, I talk of the road over-bridges on the Northern Railway at Karnal and Kurukshetra. These projects which were cleared more than two years back are lying incomplete because of paucity of funds.

A loan of Rs. 53 crores has been given by World Bank for four-laning of the Sher Shah Suri Marg (GT road) from Muruthal upto Karnal. The work should be started. I asked the officers of the PWD because the execution is to be done by them. This department has been with me for five years when I was a minister in Haryana. When I asked why the work is not being started they said tenders are to be invited.

MR. DEPUTY SPEAKER : Please resume your seat. I have called the next speaker.

[Translation]

SHRI CHIRANJI LAL SHARMA : I am reminded of a saying :

*"Wokht Kotta Kissa toolani"*

[English]

Sir, a lot is to be said. It will be highly appreciated if you kindly give me five minutes more.

MR. DEPUTY SPEAKER : Very sorry.

SHRI CHIRANJI LAL SHARMA : Well, then I close.

SHRI V.S. KRISHNA IYER (Bangalore South) : Mr. Deputy Speaker, Sir, ours is a developing country and a developing economy. Of course, it is very difficult to run the government without taxes but whom should be tax? That is the point. If these taxation proposals had not touched the pocket of the poor, I would have certainly welcomed it even though I am in the opposition.

Sir, almost all the Members from the Treasury Benches have also said about the impact of the budget proposals on the public in general and the poor in particular. I mentioned in this House some time ago about the survey I made in my Constituency at Bangalore. I surveyed one or two lower middle class families and their family budget has increased by Rs. 100 per month. I am not speaking about those who are below poverty line. I am also not worried about the affluent sections of the society. I was surprised when one Member said that there is no increase. It is written on the wall that there is increase and in addition to your budget the Railway budget, electricity boards, water boards and milk dairies have increased their rates. So, Sir, it has really touched the poor sections. I would have welcomed had it not touched the poor man. When you presented your budget I believed that there would be no inflation but already there are inflationary trends. Whenever there is inflation and cost of living increases the Central Government sanctions additional dearness allowance but what about the States.

I will tell you one example. Last year, in the State of Karnataka, we have provided Rs. 20 crores for Additional D.A. But we had to shell out nearly Rs. 72 crores. It is because the Central Government had sanctioned additional D.A., therefore, we were also forced to sanction additional D.A. Where are the resources for the State Governments? Their resources are very much limited. My humble suggestion to the Finance Minister will be that when you sanction additional D.A. to your employees, you should take the State Governments also into confidence; you should consult them and then alone decided about it and have a uniform policy in this regard.

My next point is with regard to devaluation of the financial resources among the States. Many hon. Members have already spoken on this point. Lot of injustice has been done by the Finance Commission in respect of

[Shri V.S. Krishna Iyer]

Revenue Surplus States. It is not only an injustice done by the present Finance Commission but also by the previous Finance Commissions. Devolution of finances should be based on needs of the States, not resorting to gap-filling, as is being done. The action of the Union Government is unethical and unconstitutional because they have deprived the States of one-fifths of their resources by implementing the Finance Commission's recommendations from 1st May, 1985. There are States like Karnataka and Kerala which have been forced to go in for overdrafts.

There is another point which I would like to mention in this connection about the drought conditions in States. My friend from Andhra was complaining about the drought conditions there. The Central Government must give liberal aid and financial assistance to the States affected by the drought. So far as Karnataka is concerned, it has already spent Rs. 115 crores towards drought relief. Karnataka State asked the Centre for an assistance of Rs. 250 crores but the Centre has given only Rs. 42 crores. So, liberal aid sought for by them, must be given.

Finally I would suggest to the hon. Finance Minister to tone up the Tax Administration Department. Corruption is rampant. Shri Sharmaji also mentioned about it. You should streamline the administration. We can sit together and decide what should be done. I will also give whatever suggestions I have in mind. I have been a legislator for the past 16 years and also an Income-tax payer. But I have not been able myself to file the income tax returns because they are so complicated. Without the help of a Chartered Accountant you cannot file the return. So, these things should be simplified. Let alone the common man, even the educated persons cannot themselves fill up the forms or understand these tax laws. There are number of reports in this behalf. I request Government to bring an amendment in the next session for the simplification of the tax Laws.

With these words I conclude.

[Translation]

SHRI SHANTI DHARIWAL (Kota): Mr. Chairman, Sir, I support the Finance Bill and welcome especially the Crop Insurance Scheme incorporated in the Bill. Due to certain tax proposal included in the Budget for the year 1985-86, the people of the country have termed it as a pro-rich Budget. I think the broad reason for this is that, in this Budget, more concessions have been given to the affluent section as compared to those given to the poor and backward class people, and whatever concessions have been given to the latter have been off set by the sharp and unprecedented rise in prices.

The pinch of this Budget has been felt more due to increase in the duty on petroleum products. Middle and lower class people make limited use of petroleum products and these are heavily misused in Government offices and the public sector and the private sector companies. Therefore, if the intention behind increasing this duty is to check or reduce the consumption of petroleum products, then I think it will not at all prove to be correct because these are mostly misused in Government offices, the public undertakings and the private companies. The consumption level of petrol and diesel will remain the same. In this Budget a person having an annual income of Rs. 30,000 gets a relief of Rs. 680/ per year. With the increase in the prices of scooter fuel, gas and other articles, this relief has not only been neutralised but the expenditure on them has further increased. Hence, it is necessary to raise the incometax limit from Rs. 18,000 to Rs. 25,000.

In his statement yesterday, he said that the assessment of voluntary return involving upto Rs. 1 lakh would be completed with minimum formalities. I would like to submit that 'minimum formalities' is a very vague term and if the officers are conferred with this power they would ask the assessee to appear 25 times. I would like to submit that unless there is a specific complaint, voluntary return may be accepted as it is. It

will save time and the Income tax Department can make use of the time consumed in completing assessments, in conducting enquiries. If any complaint is received that a particular person has submitted a false return, department conduct an enquiry very easily. It will not take much time of the Incometax department in conducting an enquiry. A provision should therefor, be made for acceptance of returns upto Rs. 1 lakh without resorting to any formalities.

Agricultural income of Rs. 1 lakh should be taxed. What is happening today? The big industrialists are in possession of hundreds of bighas of land which is lying uncultivated. They show crores of rupees as their income from this source and thus are converting their black money into white money and they do not invest this white money also I do not know what they do with it.

I welcome the step taken by him for levying uniform export and import duty for a period of 3 years. Similarly, a trial should also be made to present the budget for three years. This will help the big industrialists, businessmen and common men to formulate their economic policy on a permanent basis.

The limit of incometax<sup>n</sup> deduction at source on interest may also be raised from Rs 1000 to Rs. 2500. It will pave the way for individual budgeting and planning.

Even today, non-resident Indians are prepared to deposit crores of rupees in our nationalised banks, but due to some unknown reasons the R.B.I. has asked the S.B.I. not to give bank guarantee. What is the objection in giving bank guarantee if anybody is prepared to deposit his money in the banks? It is causing heavy losses and also proving hinderance in the way of planning.

There is an investment of Rs. 60,000 crores in the public sector today. Even if we get 5 per cent return we shall be able to earn Rs. 3,000 crores per annum. The utmost attention should be paid towards improving their functioning.

I would also suggest that the private sector should be allowed to enter the power and communications sector. This should be considered without any further delay.

We shall have to increase the growth rate for industrial production to 8 per cent per annum. It will need review of the policy. The procedures should be simplified and the industrial policy should be liberalised.

I would like to submit that in order to check the rise in prices, retail items should be sold in packed form and the retail price displayed on them so that the rural and illiterate people are not cheated. The prices can be controlled by further strengthening the public distribution system. The prices are soaring high to day.

In the end, I thank the hon. Finance Minister and hope that he will keep my suggestions in mind.

**SHRI BHARAT SINGH** (Outer Delhi): Mr. Deputy Speaker, Sir, I support the Bill being discussed today. Our hon. Finance Minister has introduced the Finance Bill to give effect to the budget proposals made under the guidance of the hon. Prime Minister which will help us in removing poverty and bringing in socialism.

I am grateful to the hon. Finance Minister for having introduced the Crop Insurance Scheme this year which will help the farmers to a great extent. A Rural Development Corporation in Delhi was mooted a long time back but it has not yet started functioning—and when it starts functioning the rural areas will get more benefits—their development and progress will get accelerated.

You are aware that many jobs have come to a stop in villages these days due to shortage of electricity. And without power, tube-wells cannot be operated, crops cannot come up. So, power generation should be given top priority.

In Badarpur Thermal Power House, power generation capacity utilisation is

[Shri Bharat Singh]

very low, while, when winds blow, coal particles and dust from this power house reach even the kitchens of villagers and also get accumulated on the roofs of their houses. If its management is taken over from the Corporation and handed over to the Delhi Administration it will generate more power. Similarly, we can generate more power in the Indraprastha Power House which is already generating adequate power.

Very meagre compensation is paid to those whose lands are acquired. The rate of compensation should be increased so that the farmers can get full price for their land. Besides, some farmers get residential plots while many others do not. The village farmers are illiterate. Whenever they go to the concerned officers and tell them that they have not got the plots and that they should be given plots, the officers say that they are applying for the same for the second time. So, 250 to 300 plots should be earmarked for farmers in Delhi.

Government have done much to increase the production of foodgrains and vegetables. There are no two opinions that since the nationalization of banks, many types of loans have been given to help increase the production of food grains and vegetables. The rural land in Delhi is very fertile and the proposed 800 ft wide drain will pass through 14 villages. The result will be that irrigation and production will be either very low or will altogether come to an end there. As the width of the drain is going to be 800 ft. the farmers will not be able to reach their fields and irrigate them, as you are going to dig it 40 ft, deep. This will also create many difficulties. Therefore, crores of rupees which you are going to spend on the supplementary drain should be spent on other developmental works so that the farmers are benefited in every way and agricultural yield is also increased.

Now-a-days, unemployment is also a big problem. The boys who pass matriculation or come out as graduates

from the colleges seek only Government jobs. They do not bother to find an employment which may make them self-reliant. Therefore, the children should be imparted education in such a way that when ever they come out of the school, after studying upto the 8th class or 10th class, they should be in a position to stand on their own feet. They should do their own business. Presently, Government are giving assistance but there are very few persons who can do their own business because they have only bookish knowledge. In Delhi, D.R.D.A. provides loans for three-wheeler scooters, buffaloes etc. The funds of this Department should also be augmented so that the unemployed boys may find employment for themselves. Khadi Gramodyog, Delhi spend Rs. 60 lakhs for distribution among the artisans whether they are shoe-makers, carpenters, blacksmiths. Therefore, the boys who are imparted training should in no way remain unemployed.

In resettlement colonies, the schools are without buildings. Conservancy services are not available. More funds should be provided in the Budget for these resettlement colonies so that all the difficulties relating to provision of school buildings, parks, conservancy services etc. are solved.

Now-a-days you know that conditions are so unhygienic that there is filth all around & there are dirty water drains and mosquito menace everywhere with the result that the farmers who toil during the the day time are unable to sleep during night and fall sick. Government should find out ways and means to eradicate malaria. Insecticides should be sprayed to kill mosquitoes so that the people may be able to keep themselves healthy.

In every village, the consolidation of land has been done. The landless farmers given lands after this consolidation are not sanctioned power. Before 1985 power was sanctioned but now the small factories are lying closed as power is not sanctioned to them. My request is that DESU should be asked to release power to these people. Government have given assistance to

every village but that has been restricted to a holding of one hectare. My submission is that the farmers with 2 hectares should be covered in this scheme so as to maximise the production.

I support this Bill. It is a very good Bill in which many reliefs have been given to the poor. I want you to keep in mind the history of Delhi also. The people feel that our new Prime Minister Shri Rajiv Gandhi is considerate to all and that he will take the country forward in every field. You are all aware that when Pt. Jawahar Lal Nehru became the Prime Minister of India, he with his foresightedness thought of constructing the Bhakra Dam to increase the agricultural output. Earlier, we were 40 crores, now we are about 80 crores. Earlier we used to import foodgrains; now we have achieved self-sufficiency. One thing that I want to submit is that the farmer with his sweat and toil produces the foodgrain but when he goes to sell it in the market, he is not paid a fair price for his produce. Government have fixed the support price of wheat at Rs. 157 per quintal but the farmer is getting Rs. 149 per quintal in the market. I want that FCI procurement centres should be set up in more and more markets so that the farmers get the full price for their produce. The Agricultural Purchase Marketing Committee have sufficient funds with it. They should help the farmers by spending money when his crop is infested by pests and insects. They should spend on construction of roads where necessary, to help farmers take their yield to the market.

With these words I conclude and support the Bill.

**SHRI K.D. SULTANPURI (Simla) :**  
Mr. Deputy Speaker, Sir, I rise to support the Finance Bill. I think our hon. Finance Minister has give adequate relief to the farmers. He has given subsidy on fertilisers which has encouraged them much. Hon. Members of the House have drawn the hon. Minister's attention towards many things. I shall draw his attention to certain problems relating to Himachal Pradesh.

In our State, the maximum production is of potato and apple and certain other vegetables but there is no proper arrangement for their marketing. That is why the economic conditions of the people of the hill areas is not good. At least in new Azadpur market, the farmers should get fair rates, but what is happening there is that touts are getting more and more profits whereas farmers are not being paid a reasonable price for their produce. The hon. Minister should pay attention towards this.

So far as taxes are concerned, the big businessmen do not pay them. They are in arrears and the arrears have not been realised so far. Therefore, Government should pay attention towards recovering the tax arrears from these businessmen at the earliest by taking the most stringent measures. The tax-evaders should be punished at the earliest for their offence. You have introduced the Crop Insurance Scheme. My submission is that in the hill areas, apple crop is grown more. You should, therefore, set up more factories there because when our farmers send their apple produce to Delhi they ruined and they incur heavy loss they have to pay the maximum freight. I also want that a Fruit and Vegetable Insurance Scheme should be enforced immediately in those States which are known as Apple States—whether it is Uttar Pradesh or Himachal Pradesh.

There are many major turbulent rivers in my State. During heavy rains, the waters of these rivers carry mud causing loss worth crores of rupees to Punjab and Haryana. I request that maximum funds should be made available for the construction of check dams to stop soil erosion, and the earth being washed away.

More funds should be provided for hydro-electric projects in hill areas so that power shortage can be removed there.

Very few industries have been set up in our region and all of them have been set up in the border areas. If an industry is to be set up in Uttar Pradesh,

[Shri K. D. Sultanpuri]

It will be set up in the plains beyond Kotdwar, it will not be set up in Pithoragarh. Similarly, if a factory is set up in Himachal Pradesh, it is set up near the border of Punjab and Uttar Pradesh, not in the interior of the State. I would appeal to the hon. Minister that if he wants to improve the economic condition of all these areas, more and more industries should be set up in the inner parts of State where there are no industries so that the sons of the soil who are facing acute unemployment get employment.

No one wants to go to the hill areas from the plains. As Shri Namgyal has just now said—if some one has to go, he considers it as a punishment. Such persons do not work there, they just idle away their time. My submission is that the people who are posted there should be given hill allowance. This will give them satisfaction and they will also be able to maintain themselves.

More and more banks should be opened in the hill areas. In cities bank branches are opened but they are not opened where they are needed. I want you to pay attention to this aspect and make arrangements for opening more bank branches in the hill areas.

One thing I would like to repeat. Government employees drafted from here are not given hill allowance whereas Himachal Government employees get it. I want that the Central Government should also pay hill allowance to their employees on the pattern it is being paid by the State Governments to their employees.

You have presented a very good Budget which has given many benefits to the people. I pay my compliments to you for this and I support the Bill.

**SHRI RAM PYARE PANIKA** (Robertsganj): Mr. Deputy Speaker, Sir, I welcome the concessions announced by the hon. Finance Minister while introducing the Finance Bill yesterday, in general and the announcement made

by him in regard to the power and communications systems in the Public sector in particular.

In the 6th Five year plan a target was fixed for generation of 19,000 Megawatts of power. But when the Planning Commission made the mid-term appraisal, this target had to be lowered to 14,500 megawatts due to shortfall resources. Sir, no development can take place without power. I, therefore, congratulate the hon. Finance Minister on the announcement made by him in this regard.

We have been making efforts for a long time now to bring about land reforms in the country. For long, it has been an integral part of our programme of ushering in socialism, but no State has so far completed this job. The land found surplus in the village panchayats following the imposition of ceilings has not so far been distributed. When he was the Chief Minister of Uttar Pradesh, he had enacted very stringent laws in this regard. Even then those laws were not implemented. I would, therefore, like to submit that these laws should be included in the ninth Schedule to the Constitution so that they are not challenged in courts.

This Budget has been squarely held responsible for rise in price. It is true that there has been some price rise here and there because of the circumstances under which this budget was presented. But I would like to emphasise that this Budget does not go against the Industrial Policy Resolution of 1956, brought here during Panditji's time. A practical approach has been adopted in this budget keeping in view our mixed economy and the needs of the hour.

It is a matter for great happiness that the hon. Prime Minister and the hon. Finance Minister have explained all the things very clearly and in detail at the A.I.C.C. meeting. But the Opposition is misguiding the common man. We are satisfied with what has been said by the hon. Prime Minister and the hon. Finance Minister in regard to this Budget. I would like to submit that all

these things should be given publicity at block level in the country and printed material should be sent there so that the wrong impression being created among people that it is a rightists budget and that it is not a socialist budget can be countered. Our concept of mixed economy and the aim of removing unemployment should be made clear to the common man in each and every village.

We had enacted the Forest Conservation Act in 1980. After that works relating to construction of roads and dams and power transmission lines have come to a stop in various states. This Act needs to be amended. The Planning Commission has identified hill, tribal, drought-prone, flood, desert and coastal line areas. Our late Prime Minister had sent to all States a 12-point programme for improving the public distribution system. Directives should be issued to all States to implement the said 12-point programme strictly.

Much is being said about rise in prices. I have seen figures pertaining to last seven years and one factor can be attributed to seasonal price-rise. The other factor is the Budget which has contributed a 2 to 3 per cent price-rise and it has been admitted by our hon. Finance Minister also. But baseless rumours are being spread in the country. I have full confidence that the prices will come down gradually within a period of 2 to 3 months. The tendency is that if goods arrive in abundance in our metropolitan cities like Bombay and Delhi, the prices come down but if the goods are in short supply, the prices go up. I myself went to the vegetable market and saw that the prices of vegetables had started coming down. The articles, where production increases and which start arriving in the market in plenty become cheap. I am sure that the Opposition will not be able to take advantage by misguiding the people about price rise as this is by all means a balanced Budget. If the budget proposals are implemented properly then we are surely going to have a sound base for our Seventh Five Year Plan.

I request the hon. Finance Minister to create some machinery to oversee that the funds allocated to the States are not misappropriated. As I had said on the last occasion, there is need to discipline the States so far as overdrafts are concerned. Uttar Pradesh was hardly affected by severe drought and hailstorms in 1982-83. The Central Government had sanctioned Rs 700 crores for various states for meeting the situation created by these natural calamities, but U.P. got nothing out of this and it had to deal with the situation out of its own resources. If you do not convert the States' overdrafts into loans, then you will not be able to mobilise resources for the Seventh Plan and you will not have the infrastructure. Non-availability of Central subsidy and absence of public sector undertakings are responsible for this state. I hope you will proceed with the Seventh Five-Year Plan keeping in view the needs and backwardness of those States. With these words, I thank you for affording me an opportunity to speak.

SHRI RAM NAGINA MISHRA (Salempur): Sir, I thank you for giving me an opportunity to express my views even at the fag end of the day. Many learned friends have already expressed their considered views here. I do not want to go into them. Sir, I am a villager. So I would like to say something about villagers. I have been a socialist and our Government and our Budget are also socialist. I had gone to my village. The villagers asked me why kerosene oil had become costly? We live in villages where there is no electricity. We light lamp, which is called 'dhibari' we light lantern, kerosene oil is used in them. The villagers asked me what type of Budget is yours, we are not getting kerosene oil. There is no light in our homes". There is no electricity there. The poor people living in villages do not need electricity, nor do they hope to get it. They ask, what sort of this socialist budget is this in which kerosene, which we use for lighting our lamps at night, has become costly?"

Secondly, I would like to say something about salt for which Gandhiji

[Shri Ram Nagina Mishra]

had launched a Satyagraha. What should I tell the village people? Somebody here may tell me so that I can make the villagers understand. They say that they are getting salt at Rs. 1.50 or Rs. 2.000 per k.g. Is our Budget socialist? When I see that the farmer is not supplied with kerosene oil, and salt is supplied to him at such a high cost, I feel that there is something wrong with our policy. The administration of the country is in the hands of an able person and this Budget is a socialist one. Should the village people hope to get salt at a cheap rate and kerosene oil for lighting dhibari at reasonable price?

Sir, I have heard that the common man gets special concessions in a socialist budget. What concessions have been given to us? Crores of rupees are given to big persons in the form of loans at to 8 to 10 per cent rate of interest. Are you aware that the village farmers get loan at 19 per cent interest. The capitalists get crores of rupees as loan at 8 to 10 per cent interest whereas the farmer gets loan on 19 per cent interest. How much wrong it is. Besides, it happens that if the loan is not repaid within a period of 2 years, the farmer is put behind the bars. In addition to this 19 per cent, 5 to 7 per cent more is added and in all 25 per cent interest is recovered from him. Take the case of Uttar Pradesh. From where does the village farmer get loan? He gets loan from two sources—co-operative societies and sugarcane societies. He gets loan from these two sources for purchasing fertilizers. What are their rates of interest? You can verify them. The newspapers carry in bold letters that if the amount of loan is not paid back by the stipulated date, his land will be auctioned. I would like to know whether such action has ever been taken against any defaulting mill-owner and whether his mill has ever been auctioned? It is a matter for great surprise. For example, farmers, dues running into crores of rupees were outstanding against the mill owners in U.P. Not to speak of payment of interest, even the principal was paid after

great efforts and persuasion. Many thanks for this. What if he gets the arrears when his house has been put to auction and he is behind the bars. Should the farmers not get interest on these dues running into crores of rupees? He sold his sugarcane, gave everything what he had and he is getting his money after a period of one year or one and half years and that too not in a proper manner. Why should he not get interest thereon? Farmers dues' running into crores of rupees are outstanding against the mill-owners but no interest is paid to them on this amount and on the contrary, when the farmers do not get their money in time, they are subjected to many atrocities and are even put behind the bars. I am expressing my agony..... (*Interruption*). Our Minister is an able administrator and also an expert. It is a matter of satisfaction that Pan Masala has been made tax-free. I would like to submit that the prices of salt and kerosene may also be reduced. It will not only earn a name for you but for the entire party through out the country. (*Interruption*).

SHRI VISHWANATH PRATAP SINGH : You might be aware that salt is not subject to any tax.

SHRI RAM NAGINA MISHRA : But why is it so costly? You are the ruler. Why is the farmer, with whose hard struggle the country got Independence, not getting salt at cheap rates?... (*Interruptions*).

SHRI ARUN NEHRU : How much has it increased?

SHRI RAM NAGINA MISHRA : It is selling at Rs. 1.50 or Rs. 2/-a k.g. I would like to say one thing more. The number of Sugar mills is the highest in U.P. I would like to go on record, that if this attitude continues, all the sugar mills functioning in either the private or the public sector in North India will become sick. There is no sugar mill which does not owe at Rs. 10 least crores to 12 crores. The Khanpur Sugar works in which Government hold 48 per cent shares owes Rs. 14 crores to Government. Through you, Sir, I would

like to urge the Government to acquire 4 percent more shares and take over its management, Otherwise, only scrap iron will be left and the rest will be sold out. Our area is a drought prone area. I would urge the Government to set up some Commission to ensure that at least Gorakhpur and Deoria get the benefits of the rivers of U.P. Our hon. Minister is the representative of the people as well as an expert. I would request him to make some such sort of arrangements as would save the people of Gorakhpur and Deoria from drought. With these words I support the Finance Bill.

MR. DEPUTY-SPEAKER : Hon. Minister will reply tomorrow. Now Shri H.K.L. Bhagat.

**BUSINESS ADVISORY COMMITTEE  
Seventh Report**

*[English]*

THE MINISTER OF PARLIAMENTARY AFFAIRS (SHRI H.K.L. BHAGAT) : Sir, I beg to present the Seventh Report of the Business Advisory Committee.

MR. DEPUTY-SPEAKER : The House stands adjourned to re-assemble at 11. a.m. tomorrow.

18.49 hrs

*The Lok Sabha then adjourned till Eleven of the Clock on Friday, the 10th May, 1985/Vaisakha 20, 1907 (Saka).*