

are about 2,200 small-scale marble units. White, black, yellow, chocolate and pink stones are cut and polished there. Real marble consists of only 20 per cent whereas chocolate, yellow, pink and black marbles are hard stones, we can call it limestone also. These small scale units have given it the name of marble in order to increase its market price.

This industry has just come into existence. Many educated young men have entered it and have started running it after experiencing many difficulties. They are not in a position to repay the loans taken by them from many financial institutions. Some of the small units have 95 per cent single diamond wheel. In some units a person has engaged all the members of his family and is selling his days produce daily. The entire family is earning its livelihood by working day and night. Some of the units were engaged in the manufacture of small marble tiles after purchasing the waste material which is available after the cutting of the marble.

All the small units have been lying closed since 17th March due to levy of excise duty on marble. One and a half lakh workers have been rendered jobless.

These units have been closed in my constituency Chittorgarh and in the adjacent areas of Kankroli and Nagaur. About ten years ago, some educated young men were attracted towards this industry in Chittorgarh. The work was undertaken after obtaining loans from the financial institutions. After their closure, when I visited that industrial area in my constituency for the first time, I found that the entire industrial activity there had come to a grinding halt.

I would, therefore, strongly urge the Finance Minister to withdraw immediately the excise duty levied on marble in order to save the marble industry in Rajasthan, which is still in its infancy. Government of Rajasthan are also suffering a heavy loss of revenue in the form of royalty and sales tax. Therefore the Government of Rajasthan have also demanded the withdrawal of this excise duty on marble.

13.35 hrs.

FINANCE BILL, 1985

[English]

MR. DUPETY-SPEAKER : Now, we take up Finance Bill for consideration and passing. 12 hours have been allotted for all the three stages of the Bill. If the House agrees, we may have 9 hours general discussion, 2 hours clause by clause consideration and one hour for third reading of the Bill.

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH) : I beg to move :

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 1985-86, be taken into consideration.”

Sir, the salient features of the main proposals in the Finance Bill have been explained in my Budget speech. The details of the proposals in the Bill have been set out in the Explanatory Memorandum circulated along with the Budget papers. I would, therefore, not like to take the time of the House by covering the same ground again.

During the general debate on the Budget, a number of hon. Members made valuable comments and suggestions on the proposals in the Bill. I have also received a large number of suggestions from trade and industry, professional associations, economists, tax experts and others. I would like to convey my gratitude to the hon. Members, and to all others for their suggestions.

I have given careful thought to these suggestions. While it is not possible to accept all these suggestions. I have decided to modify some of the provisions in the Bill in the light of these suggestions. In proposing these modifications, I have tried to remove legitimate grievances to the extent possible. I shall now briefly explain the main changes proposed to be made in the provisions in the Bill.

I shall first take up the suggestions relating to the Budget proposals in respect

[Shi Vishwanath Pratap Singh]

of customs and excise duties. Hon. Members will recall that during the reply to the General debate, I had already announced certain concessions in respect of biris, and certain items of leather machinery. Further, keeping in view the important role played by the farmer who is the mainstay of our economy, I had also given relief in respect of agricultural implement, specified poultry equipment and for medium power tractors upto 25 Horse Power.

Having regard to the various representations received I have decided to allow some relief in respect of some of the other levies. In respect of *pan masala* some doubts have been expressed by some hon. Members as to whether betel nut preparations like scented supari would attract duty as *pan masala* in view of the Tariff description. To put the matter beyond doubt, I propose to exempt from excise duty all preparations which do not include in it lime or catechu or both, besides betel nuts.

A number of representations have also been received from the small scale manufacturers regarding the new levy on marble, particularly that it would adversely affect the interest of their units being conventional technology. This being a labour intensive industry and bearing in mind the large number employed, I have decided to reduce the duty on marble slabs and tiles from Rs. 20 per sq. metre to Rs. 10 per sq. metre. Also I propose to completely exempt from excise duty, smaller units producing slabs and tiles using power upto 10 H.P. As a measure of simplification, I further propose to introduce a scheme of compounded levy for units producing marble slabs with the aid of conventional gangsaws.

As a measure of further relief to small units, I propose to liberalise the small scale exemption scheme for tyres, tubes and flaps by extending the exemption to all types of tyres, tubes and flaps as well as by providing for 50 per cent duty concession against the prevailing concession of 33.33 per cent of the duty otherwise payable. I also propose to fully exempt flaps of tyres for two wheelers and three wheelers.

In my original proposals I had reduced the duty for full cardboard matches in the

cottage sector from Rs. 4.90 to Rs. 1.60. In respect of cardboard matches produced by the other sectors there was either a slight reduction or increase in the rates. The maximum duty differential between the cottage sector and the mechanised sector thus went up from Rs. 1.70 to Rs. 5.25. I have had the matter reviewed. In the interest of employment of this industry as a whole, some relief is also warranted in respect of other sectors. I, therefore, propose to revise the rate of duty to Rs. 3.50, Rs. 4.15 and Rs. 5.85 per gross boxes as against the prevailing rates of Rs. 4.50, Rs. 5.15 and Rs. 6.85 per gross boxes respectively. These rates would apply for both cardboard and veneer matches.

Hon. Members would recall that in my Budget proposals I had liberalised the scheme of small scale exemption for goods falling under Item 68 by increasing the eligibility limit of Rs. 75 lakhs and by providing slab rates. The full exemption limit was, however, fixed at Rs. 20 lakhs as against the normal limit of Rs. 7.5 lakhs for specified goods. On consideration of various representations received from the small scale sector regarding this proposal, I have decided to give further relief to the small units manufacturing goods falling under Item 68. I propose to provide that units manufacturing Item 68 goods would pay only 25 per cent of the duty payable for clearances in the range of Rs. 20 lakhs to Rs. 30 lakhs as against the earlier proposal of 50 per cent payable up to Rs. 25 lakhs and 75 per cent up to Rs. 40 lakhs.

These measures imply a revenue loss of Rs. 2.42 crores on the customs side and Rs. 14.5 crores on the excise side.

I now turn to the proposals in the sphere of direct taxes. Under a provision in the Bill, companies engaged in the business of growing and manufacturing tea in India would be entitled to a deduction up to 20 per cent of their profits deposited in a special account with the National Bank for Agriculture and Rural Development. I propose to extend the scope of this concession to non-corporate tax-payers as well, as it has been represented that in certain parts of the country, particularly in the South, there are significant number of

small unincorporated enterprises engaged in the business of growing and manufacturing tea and they should also get the benefit. Further, this provision will be made applicable to tea growers who have other businesses also.

The Bill seeks to provide that exemption from wealth-tax will not be available in respect of any property forming part of a business carried on by a charitable or religious trust, except in cases where the profits of the business are exempt from income-tax under section 11 of the Income-tax Act. The income of institutions and funds is exempt in many cases under section 10 of the Income-tax Act. It is logical and necessary that the net wealth of such institutions and funds, whose income is exempt from income-tax, should be exempt from wealth-tax. I propose to make this clarification.

Under the Bill, income-tax at the rate of 30 per cent has to be deducted at source from income-tax by way of winnings from lotteries. Since the maximum marginal rate of personal income-tax has been reduced to 50 per cent and under section 80TT of the Income-tax Act, only 50 per cent of lottery winnings in excess of Rs. 5,000 are subject to income-tax, I propose to reduce the rate of deduction of tax at source in such cases from 30 per cent to 25 per cent.

The Bill provide that no deduction shall be allowed, in the computation of taxable profits, in respect of fees paid by taxpayer in connection with proceedings under the Income-tax Act or any other matter arising out of that Act, I also propose to provide that no disallowance will be made under this provision unless the aggregate expenditure of the specified category for an assessment year exceeds Rs. 10,000. While liberalising the provision in the Bill in this regard, I also propose to extend its scope to fees paid for advice in connection with tax, penalty, interest or any other matter under the income-tax Act. The Government have decided that returns filed by tax-payers with an income upto Rs. one lakh will be accepted, with the minimum of formalities. This places greater responsibility on the taxpayer to ensure its completeness and accuracy of the return. Bearing this in mind, I am not placing any restriction on

the fees paid by the taxpayer for professional assistance in the preparation of the return of income.

The other amendments are of a consequential or drafting nature and I would not like to take the time of the House in dealing with these amendments.

It will be recalled that in order to have the views of the hon. Members, I had put forward a set of proposals regarding corporate tax, which could be introduced in a phased manner in the next two years. It has been suggested to me that the time available for an open debate on this issue has not been sufficiently long. As the Government proposes to come forward with a long term fiscal policy later in the year, it may be better to announce the Government's decision on this matter at that time rather than during my reply to the debate on the Finance Bill.

I now turn to an important new measure for raising resources for the public sector. Government recognises the crucial role played by the public sector in our economic development and the imperative need to provide additional resources for its growth. Government proposes to introduce a new scheme for floatation of bonds by selected public sector undertakings in high priority areas, particularly telecommunications and power. These bonds, upto a specified limit, will be issued by the designated public sector undertakings, and will carry an attractive rate of interest. In order to tap rural savings and avoid inconvenience to those who may wish to subscribe to these bonds, but are otherwise not taxable, there will be no deduction to tax at source from the interest which will also be entitled to exemption under section 80L of the Income-tax Act. The value of these bonds will also be exempt from wealth-tax, without any limit. Necessary legislative measures will follow in due course.

I request the hon. Members to lend their support to the Finance Bill with the modifications I have proposed.

MR. DEPUTY-SPEAKER : Motion moved :

"That the Bill to give effect to the financial proposals of the Central

[Mr. Deputy-Speaker]

Government for the financial year 1985-86, be taken into consideration."

SHRI C. MADHAV REDDI (Adilabad) : I welcome some of the reliefs and concessions just now announced by the hon. Minister. I would have liked that these concessions to have been announced earlier so that we could have an opportunity to make certain comments. But anyway, I welcome, particularly the floating of bonds to help the public sector and to see that the public sector gets more allocations.

Now, it would be possible for us when we take up clause-by-clause consideration of the Bill to go into the merits of some of the concessions announced just now. Presently, I would like to confine my remarks to some general observations on the tax system.

13.48 hrs.

[Shri Sharad Dighe *in the Chair*]

Sir, as I had already spoken on the General Budget debate, at that time I had pointed out certain loopholes in the Budget system. The House is aware of these because we have been discussing this budget for about six weeks. Yet the full impact of the Budget proposals and taxation proposals would be known only after a time and this is the time to make a proper analysis of the impact of the Budget proposals.

Our Budget has been praised in this House by the Congress benches and outside stating that it has been epoch-making Budget, it is a structuralist Budget and there had been a lot of thinking gone into the making of budgetary formulations. I do not know whether there was any thinking or a lack of it, but one thing is very clear that it is not merely a book-keeper's Budget. It is certainly an economist's Budget. The proposals on the whole have certain directions and the whole approach and the conception of the Budget is very clear before us. Notwithstanding certain peripheral changes which have been announced by the Finance Minister just now, I would like to point out that this Budget has got a definite direction. And that is, this Budget. The conception is very clear.

The Government has come to a conclusion that the more the taxes that we increase, the revenue is going to be less, the concealment of income will be more and it will be counterproductive. This seems to be the whole concept. Now, I strongly refute this concept which the economists call the Laffer curve theory, because it has failed in all the countries wherever this has been adopted, and it has failed in our own country.

Sir, a decade ago we had the direct tax, the income-tax, up to a maximum of 97.5 per cent. We had the highest income-tax rate and this had been reduced to 65 per cent thinking that this would create a better atmosphere and it would be possible that the people who are concealing incomes would come forward and pay the taxes. Then we had reduced it to 60 per cent and again to 55 per cent. (*Interruptions*). And this year we reduced the income-tax maximum rate to 50 per cent and just now the Finance Minister said that the Government is going to have a fiscal policy and there is a proposal, though they may not announce it now, but it has already been indicated in the Budget that they are going to reduce it to 45 per cent. The underlying principle is that as you reduce this tax, it would be possible for you to bring out the concealed income and the revenue is going to be more. This is where we are making a mistake because we have seen in the past that whenever we reduced the maximum tax rate, the improvement was not there because this theory, the Laffer curve theory, does not work like the theory of diminishing returns in economic terms because there the theory of diminishing returns operates on certain natural forces, but here we are dealing with human beings, with human behaviour. People in this country had become used to this concealment of income, tax evasion, and no amount of concession is going to improve the situation and this has been proved beyond doubt because we have been making this exercise for the last 10 years with no results. Sir, I would say this that neither you are having the additional revenues by way of taxes nor are you are in a position to give reliefs to the people. I remember, in Lucknow they say :

na khuda hi mila na visale sanam

[Translation]

You worked so hard but no solution could be found.

[English]

My point is, that in this Budget and the tax proposals which are before us, whatever changes have been made now, they will certainly help the private sector, there is no doubt about it. There has been a lot of lobbying going on for the last several years that the Indian economy is very much controlled, there are a lot of regulations, lot of controls, high taxation and so on and have no growth. The lobby was so powerful that every time they were in a position to influence the Government and to get concessions and enjoy the fruits. I am sorry, the Finance Minister seems to have come under the influence of this type of theory that if you want growth, you go on giving concessions to the private sector. This is wrong. The argument that if there are less taxes revenue, more income is with the private sector, more funds will be available for growth in investment, is absolutely wrong. Certainly growth may be possible. But then in what direction would it be possible? All this growth is in the different direction. Public sector must have been making losses. But one thing is very clear that public sector is producing goods which are essential for the present day economy of the country. But private sectors is certainly not going to adhere to this principle. They are not bothered about the economic goals of our country. They are only bothered about their own profit. Today where are the profits? The Indian Institute of Applied Economic Research has come out with a beautiful analysis of the consumer goods industry in this country. For the last several years, our industry has been producing consumer goods in large number and this has been generally neglected by our policy-makers. When we go and see huge quantity of various goods which are available in the market, it is amazing. The consumer goods or articles which come in the market in the foreign countries, Europe or United States this year, the very next year you will have these goods manufactured in this country. You see the type of goods that we have today. We have a number of varieties. You have a very big choice. When we go and see the

things in the market, we are thrilled. We see a number of tooth pastes available, a variety of powders, variety of cosmetics and so on and so forth. My point is, these are essential no doubt, but not at this stage this is a stage when we have to curb the growth of consumer goods manufacturing in this country so that our scarce resources go to the desired line of investment. Our economy is at the stage where a lot of stimulation is required, proper direction is required. I see that this particular direction which has been taken by the Finance Ministry is wrong. This pampering of private sector will not do. Certainly we are going to suffer because of this.

I know what happened after the announcement of this Budget. As I has said the other day when I was initiating the Debate on the General Budget, it is not the common man who is happy about the proposals but it is only the rich who are happy. Immediately, within 4 days of announcement of the Budget—the Budget was presented on 16th of March and then by the 21st of March—all the shares of the major companies in the stock exchanges have gone up in value. I have got a study which will indicate that this increase was from 10 to 25% within five days. I will mention them :

	Share Value as on	
	16-3-85 (Rs.)	21-3-85
Total Steel	441	487
Telco	448	546
Tate Tea	70	89
Richardsons	87	109
Colgate	197	244
Ponds	108	117
Reliance Textiles	139	165
Food Specialities	120	140
Glaxo	31	40
Hind Levers	77	88
Britannia	54	58
Brooke Bond	52	59

[Shri C. Madhav Reddi]

14.00 hrs.

The share value of tea estate which was Rs. 77 went up to 96. This was the market. It was, of course, a welcome thing because the economy is buoyant. That means more funds will be available for investment. If that is the argument, yes, certainly it has to be encouraged. But then what is happening? Already there are plans for the major manufacturers to go in for consumer goods and there is no check. It is because you have removed controls, you have removed the licensing system also, liberalised several units and they are free to set up any type of industry and direct the Government investments, that is, the public sector back investments, to undesirable lines of manufacture. This has actually happened today.

How are you going to remedy the situation? What measures do you going to see that the investments go to the desirable units? The consumer goods industry in India is such that today that the top 20% of the people are consuming 50% of the industrial goods and the bottom 50% of the people are consuming only 20% of industrial goods. This fact is known to the manufacturers. They know who are their customers, who are their users and how to meet their demand. The demand for consumer goods is increasing very high. In this connection, I am also reminded of the smuggling of consumer goods which is going on. It is a very deplorable situation in this country, the smuggling of consumer goods like saris, synthetic fibre and synthetic textiles. A huge quantity of synthetic textiles is smuggled into this country. It is estimated that about Rs. 1,000 crores worth of saris which are used only in India are being smuggled into our country from Japan, Taiwan, China and other countries. They manufacture the saris and send them, smuggle them into India. What is it we are losing? Because of the smuggling, the Government is losing about Rs. 600 crores of tax revenue excise duty. In addition to this, it is cutting into the local demand because we have a lot of capacities for manufacture of saris and other synthetic textiles. Our capacity is much more than what is actually required for our country.

Yet, the smuggling is going on. I am really surprised. When you smuggle the consumer goods, it is a great loss to the economy. I know that some other goods are also being smuggled into.

I am immediately reminded of the smuggling of silicon chips, crores of rupees worth of silicon chips. Because it is a very small thing, it is very easy to smuggle that product and then it comes in millions of quantities. That silicon chip is an industrial raw material. Any smuggling is bad and it has to be checked. But when you smuggle the industrial raw material or when you smuggle the machinery or such other things into the country; or when you smuggle something which you can again smuggle it out, there is no harm though it is very bad.

I know there is one country. I do not mention the name of the country because it will embarrass our Government. Which is today embarking on the new neighbourhood diplomacy. But that country is smuggling some pernicious product and smuggling it out and the whole economy is boosted because of the smuggling. That is opium. But when think of our country, we are poor and we cannot afford to divert our resources to this type of nefarious trade of smuggling of consumer goods but still it is continuously being allowed and it is a sight to see the goods in display wherever you go. If the Finance Minister does not know, I would request him to ask his wife. She knows it better. Every housewife knows what is happening in the market and where these saris are available. They are being sold openly with impunity! Go to Bombay, Calcutta or any other place. Everybody knows about the centres where they are being sold; a very brisk business goes on there. Why should you not curb this particular commodity from being imported, from being smuggled into the country? There is a great need for curbing the consumption of consumable goods—not only manufacture of them but also smuggling of those goods.

Coming to the question of prices and deficit financing, I am very happy that the AICC has taken a very serious note of this problem. The AICC has also taken a very serious note of another problem. But we

are afraid that Government is taking a different direction; I am happy that they have made an announcement that they have not given up the goal of socialism. They have said that the prices are going to be brought down; they have said that action would be taken against those people who are hoarding and blackmarketing. But I do not think there is any such problem here; there is no hoarding or blackmarketing; if there is any such thing, certainly action could be taken. But the real point is that it is not hoarding or blackmarketing that is responsible for increase in prices. The real reason for increase in prices is the policy of the Government as contained in their budgetary proposals, the indirect taxes — the increase in duty in respect of petroleum and so on and so forth. During the general debate on the Budget, I had pointed this. Now I have clear picture. Even though the wholesale price increase was only 2.3 per cent or so immediately after the Budget, the retail price increase is very much higher. If you see the impact of this on the middle class people, you will be surprised how much the middle class people have to spend extra on conveyance and other things. I am talking of those people who constitute about a million of people because the Finance Minister has said that about a million people have been taken out of the tax-net; I am only talking of those people; I am not talking of the people who are below that because according to the Finance Minister, they do not exist, they do not pay any direct taxes. Of course, they are the worst hit people because the indirect taxes hit them most—the ordinary people who are not assesseees. Now I am talking of the assesseees, the million assesseees who have been claimed to have been taken out of the tax-net. Their position today is this. On conveyance, travel, they have to pay Rs. 150/- extra per month because of the increase in prices of petrol railways fares, etc.; he has to pay Rs. 50 every time when he undertakes a travel which he does twice or thrice a year. On vegetables he has to pay Rs. 25/- more. On milk he has to pay Rs. 15/- more. On other household stores he has to pay Rs. 20/- more, On domestic help he has to pay another Rs. 20/-. On fuel, cooking gas, he has to pay another Rs. 24/-. All these comes to Rs. 305/-; on an average this is the monthly increase in his budget. Per year it comes to Rs.

3,660/-. Now what is the relief that they have been given? Compared to the increase in his budget, the relief that he is enjoying is very little. What you are doing is, you have taken them out of the tax-net and said that they have been given relief. But actually you have burdened them with another Rs. 3,000/- per annum. This has affected his budget. Nobody can deny that. The Budget has been criticised on this account is several quarters. I need not dwell too much on that. I only wanted to point out that these reliefs have done very little to him.

Another study reveals another aspect the study on the tax reliefs given to various sections of the people. As I said, these are peripheral reliefs, the reliefs which have already been announced. On a taxable income of Rs. 25,000, the relief is 3.1 per cent; on a taxable income of Rs. 40,000, the relief is only 4.7 per cent. For a taxable income of Rs. 60,000 the relief is 7.2%. It is going on increasing. For a taxable income of Rs. 1 lacs, they will be getting a relief of 10.4% and above Rs. 1 lakh and upto Rs. 5 lakhs they will be getting a relief of Rs. 12.6%. Who are going to get these reliefs? It is very clear from this study that it is only the big people who are enjoying the reliefs given by the Government and not the poor people.

Then coming to uncovered deficit and inflation, they say it may be 7% but I feel it is not going to be less than 10% whatever they may say now. It will be going upto 10% because the deficit financing of the order of Rs. 3349 crores is not going to stay there. Deficit finance will be much more than that judging by the figures of last year. I estimate that it will go upto Rs. 8000 crores, not less than that because last year our estimate was Rs. 1700 crores but it went upto Rs. 3900 crores. If you take that into account, I feel the uncovered deficit will be much more. In this connection I am reminded of the deficit financing of the States.

Day in and day out we hear on the floor of this House and also outside that the States are not managing their economy well, that they are not very careful about the collection of taxes, about savings etc. I would like to point out that all the States

[Shri C. Madhav Reddi]

put together, the total deficit financing they have indicated now is very little because many States have not presented their budgets so far, but they have indicated these figures to the Government of India and according to that, the total deficit financing of all the States put together is coming to around Rs. 1400 crores, not more than that. It is not even one-third of the deficit financing that we are embarking upon at the Centre.

This brings me to the question of overdrafts. The States are being criticised day in and day out for the overdrafts position and the Government have been very strict of late to curb overdrafts and the Reserve Bank is coming with a very heavy hand. They have put a restriction on this. Let us examine what is this overdraft and why it happens. The Central Government has got the powers to resort to deficit financing but the State Government has no such power. There are certain periods during which the States require funds more than what they are able to raise or their balances are and naturally the overdraft becomes a necessity. Ultimately the overdraft is adjusted by themselves or adjusted because of certain loans given by the Central Government. That is OK. The overdraft position has come to exist in the present economy of the country. Otherwise, the whole budgetary system, the whole financial structure of the States will be paralysed if you are going to put restrictions. We get revenues at certain times and collections at certain other times and the States' base of taxation is reduced and they are working under great stress. There are certain taxes which we get only during certain periods while the expenditure is going on. The income is available only during certain periods but the expenditure is going on continuously. During this period overdraft becomes necessary. Many other reasons are there for this overdraft. The main reason is that the funds promised for the States do not reach them in time and there is a gap. Similarly, there are unforeseen difficulties, calamities, etc. and because of that the State Governments have to spend money. The overdraft position should not be seen with such a great concern because this overdraft has come to exist and will continue. I am very happy to say that of the

14 States which indicated their deficit this year, our State of Andhra Pradesh so far has not indicated any deficit financing this year. And overdraft position has to continue for some time because of certain Government of India's policies like administered prices. Of late I have been seeing that Government of India instead of imposing new taxes resorts to manipulation in administered prices. Why this manipulation takes place? Because whatever additional income administered prices give you, the States do not get anything out of that. During the last six months the steel prices have been increased twice and the increase went up to 50 per cent. Today the steel prices have gone up by 150 per cent over the last year's prices. Do you know what would be the impact of this on the States which are embarking upon schemes like building irrigation projects or other industrial projects. The costs of these projects has gone up terribly. Administered prices should not be increased without consulting the State governments. When such a drastic step is being taken, that is, the prices of essential commodities are being revised what prevents you from taking the States into confidence. You have JPC of the steel mills but not a single man from the State is there on it and also not a single man representing the small scale industries is there on the Committee. They consult the Steel Ministry and revise the prices. Whatever be the consequences they are not bothered.

Lastly I would like to say that the Finance Minister had said in the Budget and also several times on the Floor of the House that our revenue expenditure is increasing alarmingly. That means Central Government is living beyond its means. Government is not in a position to meet the revenue expenditure from the revenue it receives which means we are eating into our capital. What is it that we see in the budget? Budget this year increased the revenue expenditure by 23 per cent. I do not know how he is going to curb this revenue expenditure.

When Lok Dal was in power for a short period, Chaudhuri Charan Singh, set-up a commission to go into the expenditure of the Central Government. Immediately after he went away the commission was dissolved. How are you going to reduce the

expenditure on the revenue account because unless you curb this expenditure which is mounting day by day you will be having very little for the capital expenditure.

I think the revenue expenditure—the expenditure of the Central Government—is like a very sacred cow and I am sorry for the Finance Minister that he has been driven by this sacred cow to a corner and this cow is running amuck. I do not know how you are going to tame this cow. This is for you to think.

SHRI DINESH SINGH (Pratapgarh) :
Mr. Chairman, Sir, I am conscious of the fact that I am intervening in this debate at a time when the budget has had a life of almost two months and that there has been national debate on various aspects of it. I am also sure that the Government has had an opportunity to look at the impact of this Budget on the national life as a whole. But I would wish to concentrate on a few aspects of this Budget and the fiscal measures which are proposed by the Government.

This is not a run-of-the-mill budget. The previous speaker Mr. Madhav Reddy has mentioned that this budget is an indicator of Government's economic policies for the future. And as such, we welcome this and the opportunity to discuss these measures not merely in the short term of one year but its impact over a period of time. And I am glad that the Finance Minister has mentioned that there would be an opportunity for an in-depth discussion on this at some later time. The Budget this time has a clear impact of the Prime Minister's own economic thinking and as such we must welcome the dynamic changes that he has proposed to take the country into the next century. There are two aspects in this connection which I would wish to highlight.

The first is that this budget had made a determined effort to free industry in this country from the clutches of big industrial houses. By giving investible surpluses into the hands of the public the Government has given an opportunity for the market forces to operate on industry and at the same time give opportunity to the people to indicate their preference and the direction

in which they would wish the economy to grow. The hon. Member Shri Madhav Reddy had some difficulty in accepting that we are going to produce more consumer goods. At the same time he pointed out that consumer goods are being smuggled into the country on a large scale. I think the figure which he mentioned was about Rs. 600 crores. Now, if we accept that there is a need in the country for such large amount of consumer goods should we deny our people the opportunity to obtain them from local manufacturers? Even countries with somewhat regimented economic systems have permitted greater flow of consumer goods and I think that it is time, after 35 years or so of Independence, that we should think in terms of bettering the life of the people not merely those who can buy smuggled goods or those who can get them from outside, but also those living in the remote rural areas of this country who should be enabled to purchase them after being manufactured in this country and made available on a large scale.

The second point that I would wish to mention is that there is in this budget an opportunity to draw funds out of the financial institutions and to enable them to flow into smaller industries. It is an offshoot of what I had said earlier, that is, the effort to free industry of control by a few big business houses. I would say that despite the complaints which big business has made of restrictions on growth and on unnecessary regulations, their own assets in the last 3 years from 1980 to 1982 have doubled in the case of 12 large houses and they have been trebled in the case of 8 large houses; out of the particulars of 25 large industrial houses I have here with me. One would notice that 20 of them have grown more than double and four others have also registered remarkable increase. Only one of them has declined in its assets. But the turn-over of all the 25 has gone up. Therefore, despite the restriction, the large houses were growing. Anyhow the budget now gives an opportunity for other smaller houses also to grow.

Now, I mention this because there are certain novel features in this budget and bears the impact of the Prime Minister's own economic thinking. It is essential that

[Shri Dinesh Singh]

we must avoid pitfalls which could negate the thrust of this budget. I think that despite the fact that Government have tried to stress the importance of socialist economy with our firm commitment to socialism and the discussions that this subject has had in the latest A.I.C.C meeting held only a few days back in this city, there have been unjust criticisms, if I may say so, in some sections of the press where exactly the opposite of Government's efforts has been projected. I have the press cutting here from the newspaper "The Telegraph" dated 10-4-1985 where it has said in big headlines—

"Capitalism has now become respectable"

and Mr. Romesh Thapar says --

"We are to intensify the build-up of the two-nations-in-one nation model. An inner nation and an outer one. One with a face, the other without. How else can one interpret the present budgeting, the bonanzas included?"

Now, in the same paper, writing a few days later, that is, on 14th April 1985, Mr. Ranjit Sau compares our budget with Mr. Reagan's economic ideas. He goes on to say like this.

"Reaganomics essentially means, we are told, a policy package of tax reduction across the board to stimulate work, saving, investment and risk taking : elimination of wage and price controls ; and a steady and predictably moderate growth of money in the economy."

He further says—

"Our economic czars at New Delhi seem to have borrowed a leaf from Reagan's book to make this year's budget. They should take note of the fact that President Reagan, who to the US gave "the largest tax cut in history" in 1981, also presided over "the largest tax increase in history" a year later."

Now, my appeal to the Finance Minister is that these criticisms must be firmly replied to and the wrong impression that they are creating should be corrected. But the main thrust of criticism can really be met only if we are able to control the rise in prices. This is important not merely in terms of purchasing power of the people but it is essential for a healthy growth of the economy. I was in my constituency a few days back and I realised there how the impact of this budget has adversely affected the farming community. The prices of their own product had declined by 1.9 points of the wholesale price index for the 3-weeks ending on 6th April 1985. While those of non-food articles have gone up by 5.8 points and that of all commodities by 6.5 points. The fuel, power, oil and lubricant prices have shown a remarkable jump of 29.7 points. The other day there was a discussion in this House and the Minister for Food and Civil Supplies admitted that the prices have already gone up by 2.3% in the four weeks ending 13th April, 1985. The retail prices, on the other hand, have gone up further and I have to add the caution that has been mentioned by Shri Madhav Reddy that unless these prices are seriously checked now, we could run into a two figure inflation.

The rising cost of living, higher prices of fuel and inputs and falling prices of agricultural produce could bring extreme hardship to the overwhelming majority of our people living in the rural areas, particularly the farmers and the small scale farmers.

The Finance Minister has already referred to some of the reliefs that he is thinking for them and I welcome those as well as other reliefs that have been indicated, but I must add that the relief that he has talked about is not adequate enough to have an impact on the high cost of living that has now entered the lives of the farmers and the poor people. I would be failing in my duty if I do not mention to the Finance Minister that people are beginning to talk in terms of this budget being only a recognition of the existence of some four million people in this country instead of 780 millions that inhabit this land.

PROF. N.G. RANGA : Who are those people ?

SHRI DINESH SINGH : Professor Sahib is a professor and I do not have to teach him.

This issue of rise in prices is not a matter of mere supply and distribution. The Finance Minister has to give further consideration to imposts which have a cost push and price rise effect on the economy. Fuel is one of them. As I have mentioned, growth of 29.7 points within three weeks is not a small matter. It affects the lives of all our people and the economic condition in the country.

The second factor which we have to bear in mind is the uncovered gap of Rs. 3400 crores. Again, Shri Madhav Reddy while speaking took the advantage of mentioning it and I do not wish to give the impression that I am following his thinking; he spoke first, and it is my misfortune that I have to follow him. This uncovered gap would go up further if last year is any guide to the effect of demand over our resources. I feel that the Finance Minister must take a bold step to set up an Expenditure Commission which the Mathai Commission had recommended as early as the 50s. The Expenditure Commission could then give an indication to him how to control the growing Governmental expenditure and heavy demand on our revenue. Talking about revenue expenditure as such, may I point out that in the one decade preceding the revenue expenditure has gone up five times. Surely, the requirements of government could not have gone up and this revenue expenditure that I am talking of, does not include Defence expenditure. Therefore, there has to be a firm curb on Governmental spending. Would it not be possible for the Finance Minister to say that there should be an across-the-board reduction of 10 per cent on revenue expenditure and at the same time to ensure that all non-developmental expenditure is kept in strict check ?

Another issue which tends to push up the prices is the administered prices of the public sector enterprises' products, and I have in my mind the example of Coal

Industry, which despite many price rises since nationalisation, is still not economically viable. The question that comes to one's mind is why should people be punished for the mismanagement of certain key industries which have been guided by bureaucratic norms and bureaucratic management. It is time that in the modernisation that we are attempting, these must be made into professional run organisations responding to the professional requirements of the economy. And Sir, may I remind the Finance Minister that a socialist economy envisages public sector enterprises revenue givers and not revenue takers ? Therefore, there has to be a strict control by the Finance Minister over the funds and expenditure of the public sector enterprises.

One other aspect that I would wish to refer to in this connection is the nationalisation of private sick mills. This is casting an avoidable burden on our economy. When this Act was passed to take over sick mills, there was a clear direction in that mills once taken over will be reconstituted and modernised to add to economic activity and not merely to draw on public resources. We have to be quite clear that by spending money on these sick mills, we are really asking the public to pay for the sins of omissions and commissions of private industry. There is no earthly reason at all why it should be necessary for us to throw good money after bad. These should be reconstituted, even their product mix changed and made into viable companies, which can then be sold in the market and enable to work on their own.

Sir, the whole exercise of this Budget has been made to give money to sectors which have the highest growth potentiality. This is another thrust of this Budget, which I greatly welcome. But this would be possible only when there is a clear understanding of the responsibilities between Government and industry. Merely giving concessions to industry is not an answer to the rapid growth that is being attempted by this Budget. It would, in my view, be necessary for the Government to have a clear dialogue with industry to make sure that they make an equivalent capital investment in export industries, that they increase

[Shri Dinesh Singh]

their allocation on research and development, and update the technology, and that they have a time-bound programme for job creation and development. This is essential, to involve the industry in a meaningful manner in our developmental processes. At the moment, there is a total separation between Governmental action on fiscal policy and economic development, and industries acting on their own; and some measure of coordination is essential, if we wish to continue with this pattern of mixed economy.

While giving specific responsibility to the industry it would, in my view, be essential for Government to create the infrastructure which is necessary for our economic development. The first requirement is that of electricity. No industry can grow without electrical power.

I am glad that the Minister for Power is also here. We hope all of us would derive power from him.

PROF. MADHU DANDAVATE (Rajapur) : He is a 25 HP Minister.

SHRI DINESH SINGH : Prof. Dandavate has not fully estimated the power that he controls.

I would wish to emphasize that electric power generation is in a terrible mess; and asking users of power to set up diesel generators is an enormous waste of national resources. There is no reason why diesel, which is still largely imported, should be used in small, uneconomic generators when we have sufficient stock of coal to produce thermal power. If it is merely a question of investment, I am sure the Finance Minister would look at it kindly, so that over a long period of time which he is now planning to run the industry, there will be a nett saving rather than a nett outgo, which is now taking place with these small generators.

In this connection, the other aspect I would wish to emphasize is Communication. If we wish our industry to develop rapidly, we have to provide better communication, both transport as well as telecommunications,

This Budget has a total balance, a balance between controlled prices, diversion of resources into areas of maximum growth and the operation of market forces through generation of large investible surpluses into the hands of the public. But all of this rests on the control of prices. The Finance Minister has taken *pan masaala* from us. Even in the concessions that he announced to-day, he has decided to retain his take-over of the *pan masaala*. Let him not take away ice cream from the children. They are already paying 25% more for it.

PROF. MADHU DANDAVATE : He is concerned with the cream of the society.

SHRI DINESH SINGH : That is the section which consumes most ice cream. Even on that account, it would be necessary to hold the prices.

I had proposed an amendment to Clause 7 which related to the tea industry in South India. But now that the Finance Minister has very kindly come out with an amendment of his own, I do not think it would be necessary for me to press this. I only wish to express my thanks for his taking note of this.

May I say in conclusion that this Budget has a tremendous potential and the dynamism of growth. It is the responsibility of the government as a whole, particularly the Finance Minister to ensure that this dynamism is not wilted, is not withered away and that we are able to establish that there is a new thrust which will bring benefit to the largest section of our people, to the poorest of the poor; and if this is not done, I think we would have played a role in history which will not be well appreciated later. But, I am confident, on the other hand, that, with the ministers such as that of Power and Finance and various others sitting here, they are appreciative of the responsibilities that have been placed on them.

[Translation]

SHRI RAM SINGH YADAV (Alwar) : Mr. Chairman, Sir, I support the Finance Bill introduced in the House by the hon. Finance Minister. Not only do I support it but entire country supports it and I feel

that the Members from the Opposition also support the Finance Bill in their heart of hearts.

Sir, a budget of the type has been presented in the House for the first time. The hon. Prime Minister and the leader of the country Shri Rajiv Gandhi has said that in the Seventh Five Year Plan, Government's main thrust will be on productivity and employment. Keeping in view this aspect our hon. Finance Minister has taken certain bold steps to increase production and remove unemployment. I appreciate the steps taken by him.

On behalf of the Opposition, hon. Shri Reddy has said that our party has deviated from the basic policy and object of bringing in socialism. But he is under some misapprehension. The provisions made in this Budget indicate that there are not for millionaires but these are meant to cater to the genuine needs of the common people of our country and to benefit them. A budget which does not cater to the needs of commonman, cannot be called a practical budget. It is called an Utopian Budget. This Budget is a practical Budget.

Sir, there is need to understand the circumstances under which the hon. Finance Minister had presented last year's deficit budget. We know the reasons for last year's deficit budget. A great responsibility rested on our Finance Minister to meet that deficit. Last year there was a deficit of Rs. 3,660 crores. The present Finance Minister has kept this deficit to Rs. 3,359 crores in a very bold manner. I would like to thank the hon. Finance Minister for having only this much deficit in this Budget.

The hon. Finance Minister has said that there is no need to borrow loans from I.M.F. He is our first Finance Minister who has said this thing. When we used to take loans from the I.M.F., the Opposition used to criticise us. We should thank and congratulate the hon. Finance Minister who has announced that we need not take loans from any international agency at higher rates of interest. Besides this, you have said that the non-developmental expenditure has increased. But you should know that our first priority is to

make payments of interest. You might be aware that about 23 per cent of our revenue receipt goes in payment of interest only. On the Funding and Non-Funding loans outstanding against India. It has been said that the prices of foodgrains have gone up. A large amount of subsidy is being given on foodgrains and import of oil, crude and petrol. Does the Opposition want that this subsidy should be stopped? Will they favour it? I feel that the hon. Finance Minister has presented a very balanced Budget, and the present Finance Bill and the announcements made today have added more feathers to his cap. I would like to point out that India's population is 15 per cent of the total population of the entire world and her income is merely 1.5 per cent of the income of the entire world. Under these circumstances it is very difficult for the hon. Finance Minister of any developing country to prepare a plan the Seventh Five Year Plan to ensure the development and growth of the country having such a huge population. You all know that the population inflation is a very big problem. After a period of two years when the mid-term appraisal will be made, the present outlay on the Seventh Five Year Plan might be reviewed and more funds might have to be provided. Under these circumstances it is very difficult for the Finance Minister of any developing country particularly for the Finance Minister of the biggest democracy of the world, to present a budget which is meant for the welfare of the common man. We appreciate the fact that the hon. Finance Minister has taken up and completing this task with great efficiency.

I would like to submit that the hon. Finance Minister will have to pay attention towards certain things particularly towards increasing the employment opportunities in the country. Sir, you know that the maximum production of foodgrains in the country so far was 153.4 million tonnes in 1983-84 and this production was from 166 million hectares of cultivable land. We should not be complacent over the rate of production of foodgrains in 1983-84. It is not adequate. The average agricultural production in our country is much less as compared to other countries. This is the question which is before our Finance Minister. There are only two sectors

[Shri Ram Singh Yadav]

through which we can create employment opportunities. The greater problem facing the country today is the provision of employment to the people, and employment can either be provided through industries or by using improved methods in agriculture. You have got 68 million hectares of irrigated land. During the Sixth Five Year Plan, you have increased the area of irrigated land from 56 million hectares to 68 million hectares. Today we have got only 68 million hectares of irrigated land out of 166 million hectares. It is a very challenging task to bring more and more land under irrigated area. This will help increase our foodgrains production and it would also increase our rate of growth of GNP. During the Sixth Five Year Plan agricultural production has contributed the maximum to the rate of growth of the GNP. Production will increase in the country with the rate of increase in GNP. During the Seventh Five Year Plan the main aim is increase the production of foodgrains. This will be achieved only then. It will help in achieving production target as well as the target fixed for creating employment opportunities in the Seventh Five Year Plan as it is the major factor responsible for the ushering in of a socialistic pattern of society. It is were to utilise the manpower resources which are in abundance in our country. This can be utilised in two sectors only i.e. the industrial sector and the agricultural sector. I admit that you have provided many facilities to the industrial sector and the development works undertaken by you will definitely yield results in the coming 3-5 years. During the period of the next 3 to 5 years, crores of people will get employment. Employment opportunities will further increase due to the direction given by you to the Budget and the commendable work done by you through this Budget and more people will be able to get employment.

I would also like to point out that the progress of work on all irrigation projects in the country such as the Indira Gandhi Canal Project in Rajasthan, previously known as the Rajasthan Canal Project, the Mahi Bajaj Sagar Project, the Narmada Project etc., is very slow. The country is

not being benefited by the capital invested in them. The reason is delay in the execution of such projects. Due to delay not only the cost of the project goes up but the country is deprived of the required benefits and the people have not get employment which they should have got otherwise. The project estimates go on increasing. In this way our country is suffering a lot. I would like to say that the hon. Minister should pay attention towards improving the situation.

I would like to submit that you should treat the agricultural sector at par with the industrial sector. Only then the average yield of our farmers can increase. I admit that great concessions have been given to farmers in the matter of fertilizers. Besides, the fertilizer input has also gone up and the farmer has started using more fertilizers. Still, the rate of consumption of fertilizers is very low in India as compared to what it is other countries of the world. There are two reasons for this. One reason is that there are no irrigation facilities for the dry farming land in our country. And the second is that the farmer does not have enough money at the time of sowing. Therefore, you ought to pay attention towards both these points. As the sowing season approaches, whether it is rabi or kharif, you should make an arrangement to make available fertilizers, hybrid seeds and other inputs to the farmer. If you reconsider the Budget with this viewpoint and make provision in this regard, I think it will have a very good and favourable impact on the economy of the country.

At the same time, I would like to express my thanks to the hon. Minister who has announced these concessions in the matter of industries and has presented in this House for the first time a budget which has no parallel. This is not merely a budget but a living reflection of our party's as also of the Government of India's economic charter; economic philosophy and economic ideology. We have to fix some norms in industries on the basis of the package announced by you and the foremost need is to see how in the matter of setting up of industries we can change the unit to block level from the present district level during the Seventh Five Year Plan which is due to start

after 8 to 9 months from now so that unemployment could be removed from our country and industries could expand. With the expensive of industries, more and more people will get employment.

Sir, there are 24 million unemployed people in our country of whom 2.5 crores of people are registered with the employment exchanges. According to one estimate this figure is as high as 4.5 crores, out of which 2.5 crores of people are registered with the employment exchanges and the rest two crores are not registered with the employment exchanges as they are uneducated. The biggest challenge facing the country as also this House is how to provide employment to these 4.5 crores of people who seek employment. This Budget is an answer to that challenge as it generates such employment resources which will provide employment to more and more people. Our Finance Minister has announced certain concession to industries, but more and more facilities are also required to be given to the village and cottage industries and other rural industries, and to the small artisans such as, cobblers, potters and blacksmiths working in the villages. They should be kept free from the influence of big industries. Therefore, they need to be encouraged. We see that during the last year as also this year, the amount of foreign exchange earned by us from the finished products of cotton industry is commendable and today there is a great demand abroad for the products manufactured by the cotton industry in our country. Therefore, you should especially, pay attention to that field.

15.00 hrs.

In the end, I would like to say that the concessions which you have announced, whether they be in wealth tax or in Income tax, or by way of estate duty abolition are commendable by themselves. These concessions have been welcomed by one and all. At the same time I would also like to draw your attention to the fact, at which you had also hinted in this House, that the tax structure needs to be simplified; whether it is the public sector or it is the individual tax-payer, tax structure should be further simplified. Today, we find that whether it is the public sector or it is the individual tax-payer, they face a lot of difficulty in paying taxes. You have

simplified it and the whole country acknowledges it, but at the same time, there is still need simplify the tax structure further.

You have revised the limit for summary assessment to Rs. 1 lakhs. This step of yours is also commendable. The way you have set about to bring in the socialistic patterns of society, you endeavour towards the betterment of society and the concession allowed by you in excise duty on two-wheelers and three-wheelers are also welcome steps. The benefit of these steps will directly reach the people in the lower income group.

With these words, I express my thanks to you. Our public sector has many commendable achievements to its credit and the view of one of the hon. Members of the Opposition who spoke today, that adequate attention was not being paid to the public sector does not seem to be correct. I am sure that our country will progress and flourish under the leadership of our leader and our party. Our party and our leaders are heading towards achieving the objective of 'service to the nation', the usury in of socialism and the progress of the public sector are our principles and our country will achieve a great deal of progress by adhering to these principles.

With these words, I support the Finance Bill.

*SHRI V.S. VIJAYARAGHAVAN (Palghat) : Sir, I rise to support the Finance Bill. This Bill which gives effect to the proposals contained in budget signifies a turning point in the Indian economy. We have heard a lot of criticism against this budget. The Leftists have said that this Budget is an attempt to move away towards a capitalist economy. They have done so because Shri Palkhiwala and other spokesmen of big business supported it. If we are going to devaluate the budget merely on the basis of what Palkhiwala says then I am afraid we are not going to make an objective assessment.

This year's budget signifies two major attempts into directions. One is that certain

*The speech was originally delivered in Malayalam.

[Shri V.S. Vijayaraghavan]

controls which were unnecessary have been sought to be removed. The main purpose of this exercise is to accelerate the pace of production. The reduction in the corporate tax, personal tax and many other concessions have been given with a view to generating more investible surplus. Besides, Government expects that this will lead to less tax evasion and more revenue. What is wrong about this approach? A modern Government cannot operate on the presumption that all the tax payers are thieves. It has been proved from experience that high rate of taxation will lead only to higher tax evasion. Therefore, a change in the existing rate of taxation was necessary.

The second direction is with regard to the problems of the working class. Hereafter in the event of closure of a company the dues of the workers will be treated as par with secure credit. This shows the sincerity of the Government in solving the problems of the workers. The Government has also promised to bring many important legislations for the welfare of the workers.

Thus, with regard to two basic aspects of the productive sector the Government has taken a realistic approach. One is in regard to the generation of investible surplus and the other is welfare of the workers. The Government under the leadership of Shri Rajiv Gandhi has brought about a change in the Indian economy. In this context I must caution the Government about a very important thing. That is about the need for maintaining the price level. The Government itself has admitted that during March-April the wholesale prices have gone up by 2.3%. This is the result of the taxation proposals in the budget as well as the fresh imposts in the railway budget. Normally there is no relation between the wholesale price and the retail price. Even when the wholesale price remains stable there will be rise in the retail prices. Therefore, it is anybody's guess as to what will be the increase in the retail prices if the wholesale price moved up by 2.3% during such a short period. Therefore, I request the Govt. to take all measures necessary to check the rise in prices. The Government has adopted the policy of distributing more and more

items through fair price shops. But in order to make the P.D.S. successful the financial position of State Civil Supplies has to be strengthened. I would request the Government to give financial assistance to these corporations and formulate a comprehensive scheme for strengthening the public distribution system.

India is an agricultural country and 80% of its population depend on agriculture. In 1983-84 our farmers produced more than 151 million tons of foodgrains. This year it is expected to be more. It may be recalled that we have decided to export wheat this year. In the 60's we had imported foodgrains from America but in the 80's we have reached a position where we can export foodgrains. This has been made possible by our farmers. But I regret to say that many of the problems of our farmers remain unresolved. The major problem is that they do not get remunerative prices for their produce. There is a general complaint that the APC does not fully take into account the increase in cost of production while fixing the prices. Therefore, a more realistic approach should be adopted while fixing the prices of foodgrains.

While I am on this point I must draw the attention of the Government to the miserable plight of the paddy cultivators of Kerala. The paddy production has come down from 16 laks tons to 12 laks tons during the 6th five year plan. The main reason is the decline in price of paddy and the steep increase in the inputs. The farmers of Kerala are unable to repay the loans which they have taken from the banks. Unless they repay the previous loan on fresh loan will be given and if no loan is available they cannot start agricultural operations. Thus the farmers are in a dilemma. I would request the Government to declare a moratorium on the repayment of loans for a period of two years. Besides pesticides and fertilizer should be supplied to them at concessional rates. I would also request the Government to fix the support price for paddy. Another suggestion that I would like to make is that farmers should be given production bonus. Thus my request is that Government should take all steps possible to help the paddy cultivators of Kerala.

Sir, I would bring one or two more problem to the notice of the Government. Kerala is presently being ruled by a united front under the leadership of Congress. This Government has been able to bring about many achievements in that State. Law and order has been re-established, 20-point programmes has been implemented and industrial peace has been established. It was during this period that the man days lost has been reduced to the minimum. Because of the greater emphasis on social services the Government of Kerala has been facing financial problems. Since the Finance Commission has placed Kerala in the category of advanced States the Central allotment has come down. The result is that the total outlay of 7th plan is going to be the same as that of the 6th plan. This will lead to curtailment of many of our developmental programmes. Therefore, I would request the Government to increase the plan outlay for Kerala.

Kerala is very backward in respect of industrial development. The Central investment in Kerala is negligible. The State has to provide employment to 23 lakhs of unemployed persons. If there is no industrial development it would not be possible to provide employment to them. Therefore, I would request the Central Government to provide financial assistance to the State for industrial development. In this context I would remind the Government about the railway coach factory. The Government of Kerala had assured of infrastructural facilities at concessional rates. But it has not been set up in Kerala. My request is that at least in the 7th five year plan a coach factory should be set up at Palghat. Similarly, industries can be set up by using the commercial and other crops. For example, a large number of processing units for rubber pepper etc. can be set up in the small scale sector. Thus if chain of such industries is set up we will be able to make a dent in the unemployment problem. The hon. Prime Minister has taken keen interest in the welfare of the youth and I would request him to give special consideration to the problems of unemployed youth in Kerala.

Sir, as I have said in the beginning this year's budget was a bold step. We will be able to change the complexion of

this country during the next five years if we implement the policies initiated by the Government. Once again I support the Finance Bill and conclude.

15.10 hrs.

[Shrimati Basava Rajeswari *in the Chair*]

[*English*]

SHRI AMAL DATTA (Diamond Harbour): Mr. Chairman, this is the last leg of the Budget proposals and this Finance Bill puts the stamp of finality on that. We have already had a discussion on Budget generally and, at that time, we expressed our apprehensions that the increased relief in direct taxes and increase in indirect taxes, will have the effect of generally increasing the prices. That was a month and a half ago and, in the meantime, the prices have moved in a way which far exceeds our apprehensions. They have moved much faster in an upward direction. In this one and half months, they have risen 2.5 to 3%. That is the wholesale price. I do not know the increase in index of retail prices. It must be much more. This is because of the Government having followed a particular philosophy, giving it the benefit of doubt that it does believe in a philosophy and, also, try to follow it bonafide that if there is saving through tax reliefs, that saving will be channelised into investment and that investment will give more employment and output. Now this is a theory of a school of economists, the supply side economists.

This Government may have shown a touching faith in that particular school of economic thought while formulating this Budget. Or, on the other hand it may have just taken advantage of that particular school of thought to give relief to people to whom it wanted to give relief for political considerations. Even though it may be possible that it acted bonafide thinking that investment would be stimulated, the output would be stimulated, employment would be generated, I think, in the Indian context what we have seen is this: unless they prescribe some penalty for keeping or holding wealth in an unproductive form, people would tend to do so. You have given relief in respect of wealth tax all around and not only on specific items

[Shri Amal Datta]

which are necessary for increasing production in the economy. If relief was given only in respect of wealth held in a productive form, in the form of plant and machinery and things which produce goods and services then I could say that you have shown that you want to go the whole hog in embracing a particular school of economic thought. But now with the decrease in wealth tax, people can hold their wealth in whatever form they want to and still enjoy the benefit of lower tax. They can hold it in the form of land, real estate, which is not productive; they can hold it in the form of gold or whatever other precious items, whose value goes up as prices rise. So, they can hold their wealth in all kinds of such items as a hedge against inflation. There is no penalty for that. If there was such a penalty, I would have given full marks for this bonafide action, at least for having faith in a particular school of thought and trying to implement that. But that has not been done.

The Government's concern, the ruling Party's concern, in socialism, in public enterprises, has recently been demonstrated or rather spoken of from the forum of AICC. But I do not find it in the Government's conduct in this final act the Finance Bill. In this there is nothing to show that the Government has a great faith still in the public sector and that it is not supporting the private sector. On the other hand, whatever concessions have been given point to the other direction, namely, that the Government is trying to have more private industries, that the Government is giving more emphasis on the private sector as against the public sector. So, they are speaking in two voices: speaking in one voice when they speak to the people; but when it comes to this final act which will ultimately decide the fate of the economy at least for the next one year, they are doing something quite different. This is the type of double speak, speaking in two voices, in which the ruling Party has been habitually indulging. So, I would request the hon. Finance Minister to consider whether he will make some changes to see that whatever tax reliefs are given are channelised into productive processes

and not held in the form of unproductive wealth.

The prices have already risen. What are you going to do about that? The rise now is nothing compared to what it will be at a future date when the full impact of the Finance Bill, the increase in the indirect taxation rates, the increase in railway fares and freights, etc., is felt. Are you going to give the people some relief through controlling prices of at least the essential items?

The West Bengal government and the left have been advocating or canvassing for 14 items to be brought under the public distribution. The prices of those items must be controlled and distributed all over Indian and even to the remotest village at the same prices. That is possibly the only solution for giving relief to the poor people against price rise. Anything else you may say will not go any way at all in relieving the poor. It will remain a saying but if you can still get the votes you will go on saying that. But I am sure you are not going to budge an inch from what you are going to do.

In giving the tax reliefs certain peculiarities are there. For instance, the wealth tax rate has been decreased. The rate has been decreased rather drastically I would say, from 5 to 2 per cent. I am told even by businessmen that they have never expected that kind of a sudden and drastic reduction. They are very happy. But it does not really conform to the Government's or the ruling Party's profession of belief in socialism. So I think they should speak at least in a language in which their action can be interpreted. In reducing the wealth tax from 5 to 2 per cent and at the same time talking of socialism cannot be harmonised.

Similarly Estate Duty. The reason given for its abolition is that the cost of collection was too much. Now what efforts have been made for reducing the cost of collection over the years—that we were not told. We are simply told that it is too much and uneconomic and, therefore, it is being abolished. So I think on that ground some other taxes can be abolished later on.

Wealth tax will now be very little, after the reduction. Next year the Finance Minister may come up with a proposal for abolition of the Wealth Tax because it will then become so little, and so the cost of collection is no longer justified. Like that taxes can be reduced on various pleas. I think it is the duty of the Government to tell us exactly what steps they have taken to economise on the cost of estate duty collection or to simplify the structure and all that. Why has it not been done? In Western capitalist countries they still have the Estate Duty.

About the attitude towards the public good which has been so much talked about from their platforms by the ruling party, this attitude does not find any expression when the question of redistribution of wealth between the Centre and States comes up. We are still following—Madam you will be surprised to hear—the same attitude which was given to the Government of India by Sir Otto Nimeyer in 1930s—the Centre's total neglect of the finances of the State Governments, keeping the State Governments as a kind of super municipalities and giving them doles and not arranging for sufficient finances for the State Governments to carry out their constitutional duties. The same attitude is prevailing. Of course, the bureaucracy remains the same and the people who stepped into the shoes of the former rulers have somehow imbibed their philosophy. As a result, I can quote some figures to show what has been happening in the last few years. In 1977-1980 we find the Plan budget of the Centre was Rs. 6412 crores and the Plan budget of all the States together was Rs. 6099 crores. The position remained approximately the same upto 1982-83. In 1984-85 the Centre's Plan budget became Rs. 17,351 crores whereas the States' Plan budget was Rs. 12,781 crores. It is less by one-third. The Centre's Plan budget is increasing whereas the States Plan budget is not increasing.

Sir, who is to look after education, health, agriculture and all the things which go to make up an ordinary citizen's well-being. It is the State Government who is constitutionally responsible. The Central Government only comes to the assistance of the State Governments through some

specific Centrally sponsored schemes. Nothing more than that. Yet the State Governments are being left in the lurch while the Central Government's finances go up. Central Government is no longer dependant on taxation for doing that. They are taking loans from the market. Out of all the loans raised by all the State Governments the Central Government gets 80 per cent. Centre even dictates how much loan the State Government can get. Why should not the Centre sit with the State Governments, and seeing to their needs give them additional finances? Why should the Central Government determine what loan the State Government should get and in what specific direction they can spend the money. I asked in the Planning Commission's Consultative Committee meeting as to who approves the Plan? I was told that it is the NDC. In one of the NDC meetings the Chief Minister of West Bengal and Tripura walked out because they said that they are not given any information as to what is going to be the agenda and they are not even given time to give their suggestions. So, this meeting is only a Centrally managed thing. The Central Government formulates and the State Chief Ministers are brought to give their consent and raise their hands. There is no real consultation. It is a stage managed consultation. One should get away from this kind of attitude. This attitude has not helped us in the past nor will it help us in future. We are the most backward country of the world and whatever we may say our progress during the last 30 years has been the least in the world. (*Interruptions*)

Some gentleman said before me that in 166 million hectares of land we are producing 153 million tonnes of foodgrains. The Prime Minister and other Ministers have been praising the Government for its efforts. Sir, China with 100 million hectares of land produces 400 million tonnes of foodgrains. That is 4 tonnes per hectare whereas as we produce 9 tonnes per hectare. Is that our achievement! (*Interruption!*) I just replied to him. I did not want to raise this. The ignorance of the hon. Member appalled me! That is why I said it.

Then, Sir, there is the Overdraft

[Shri Amal Datta]

question raised by Mr. Madhav Reddy. I fully support him. Overdraft question is something regarding which you must consult the States. You cannot say that 'your overdraft will be as it existed on a particular date in some year'; it cannot be done like that. It all depends upon the exigencies of the State to determine how much overdraft is needed by them. Take a businessman who is doing business; his money does not come in time for him to go in for production. It is the same case with Government. Similarly, sometimes, Government's money does not flow in time. They have to carry on the Government business. They have to pay the salaries. They have to go ahead with construction works. Everything is being brought to a standstill. I don't know whether it was just wilful—it may have been—because of the political pressures and all that, in order to topple the Left Front Government in West Bengal. But it did affect the development of West Bengal. Very bad, because of the position taken by Centre on overdraft suddenly, starting from 1982. Now, what happens when a Government borrows money from the banking system and that Government does not pay back? What happens when a State Government owes money or a State Government Corporation owes huge sums of money to a Central Government Corporation and it makes no effort to pay back? Nothing happens, if they happen to be States where the ruling party is the same as the ruling party in the Centre. Sir, I have been told that the Punjab Government had borrowed Rs. 600 crores from the banking system for the purpose collecting foodgrains. It is all very well. Foodgrains have to be collected. But the money also has to be paid back. Now, Sir, I would like the hon. Finance Minister to tell this honourable House how much of this Rs. 600 crores has been paid back. My information about a month ago was that they were holding back this amount of Rs. 600 crores. Why? Sir, this is a Centrally-administered State now. Similarly, the U.P. the S.E.B. owes a fantastic sum like Rs. 200 crores to the NTPC. They have not settled that bill. Now what happens? There are many more such examples. I cannot waste the time of the House by citing all of them, nor do I have all the material in detail. But I would like

to ask the hon. Finance Minister as to what happens when there is indiscipline all along the line, when some of the various Government undertakings owing money to the Central Government Undertaking or the Central Government and do not pay? Why do you only pin-point a particular State? That is not proper. But you have been doing that. You know it very well. You refuse to increase their overdrafts or you refuse their cheques. Fortunately for us, we were able to keep it below the level of some States under the control of the ruling party at the Centre, and therefore we somehow escaped the full rigour of it.

Sir, employment has not been the goal of this Government. Now, in spite of what has been stated by various hon. Members, I would say, we are going for high-technology industries, without understanding the implications.

Sir, I doubt whether those people who advocating the import of Computers and various other high-tech equipments in this country all along the line (without paying the customs duty and all that) realise all the implications. There is no customs duty now I believe for some kind of advanced computers, called 'Advanced Computer System'. We don't know what is meant and in fact some computer specialists also could not explain what is meant by this 'Advanced Computer System' and what goes under the word 'System'. Anyway, my point is only this. Unless certain definite safeguards are taken with regard to employment, if such import is allowed without any restriction whatsoever, what will happen? What will happen to our economy? What will happen to our foreign exchange position? We do not know. We are apprehensive that this will reduce the employment potential in a very large way unless some other measures are taken to see that employment increase in some other sectors.

Sir, a company which reduces its clerical staff by putting in a Computer or couple of Computers, must have a duty to see that the people made redundant by introduction of computers must be employed somewhere else. Employment opportunities must not go down at all. Now, where are those provisions? There is

nothing in the Finance Bill or in the other measures brought before this House by the Government.

Regarding the problem of 'Sick Industries' I must say that this problem has not been understood by anybody in the present Cabinet. Regarding various sick industries I have approached number of Ministers. But all have got the same attitude towards the sick industries; "could not careless attitude", I should say. They say : If you are sick, either you pay off, or you just get wound up and the employees will be paid off. There is one concession which the Finance Minister has announced. If the employers are to be paid off, what happens is, their entire wages will have to be paid. That will have priority. Very well. But what will be there with which to pay off? Nothing really. In most of the cases, the sick industries with which we are now concerned, are industries the management of which has been taken over by the Central Government, 6, 10 or 12 years ago. But no investments have been made. They have been carried on, on a hand-to-mouth basis. Although wages have been paid and some production has gone on, on investments have been made. There is no question of technological upgradation or anything like that. So, what has happened in the meantime? They have all become unviable. But if the Central Government takes us this attitude that 'You are not viable now; why should we make investment?' then those industries will have to close down.

Now, what the Central Government says in this context is exactly what the Chairman of Employers' Association also stated in some newspaper which I read the other day. It exactly looked like what the Prime Minister said about the sick industries. If industry dies, then, what will happen to the people who are employed there? Sometimes there are thousands of people who are employed there. Now, what will happen to them? Nobody thinks about this thing. Nobody thinks in depth. But many of them can be made viable by making use of the skill and experience which the workers have got. We have got today in India an industrial capacity which is not being utilised to more than fifty or sixty per cent. Now, why is this so? It is

because these industries are not able to sell their produce. They are not able to sell their produce because the market base for industrial goods is very narrow. It is because very few people have enough surplus after their food budget to spend on industrial goods. In fact, very few people in India can have two square meals a day. Whoever can have two square meals a day, has got very little money left, to spend for industrial goods. Employment opportunities must be increased; but I see no indication of this in the entire Budget or in any of the Departmental Damands for Grants, etc., to say that there is some real, concrete, effort to increase employment.

Sir, even in regard to the Rural Development sector, what has been done is, just to more or less carry on, on the same lines. Of course, there has been some increase; there must be increase because prices have been rising. They have to make rather a 'quantum jump' in this kind of Rural Asset Creation, and this can be done only through giving employment to the people who are working only for 30 or 40 or 50 days in a year and for the rest of the year they are just idle. So, those people will have to be given work and through their work, assets have got to be created. For this, a big, massive, employment programme for Rural Development has to be initiated. But the Government has done nothing like that.

Our main emphasis should be not on Industry; I am not saying that we should not have anything; but what I say is that great emphasis should be put on agriculture and on Rural Development. I am sorry to say that I see no indication of that in the Finance Bill or even in all the Departmental Grants.

Now, Sir, the Finance Minister has said one thing; he has taken credit for that elsewhere also. He has said that there is a Crop Insurance Scheme. But, this is a very, very small measure and an experimental measure. This measure will mean that only those people who are taking loans from the Banks will get the benefit of some kind of Insurance, so that the loan taken can be re-paid to the Banks. It is not for the benefit of the farmer or for the benefit of the agriculturist and the poorest that

[Shri Amal Datta]

this Crop Insurance Scheme has been instituted. What is required—and this is a suggestion which I made to the Planning Commission also earlier—is that the high-yielding varieties, which have now been introduced only in a part of India—only in the Northern India, —have to be introduced in all parts of India. Farmers being basically conservative have to be given insurance cover for introducing high-yielding varieties. If this could be done and the farmers take to high-yielding varieties, that would generate enough employment, because these high-yielding varieties are labour intensive. As I said, if crop insurance scheme could be introduced for these high-yielding varieties, particularly in areas where they have not yet become popular, then you would have done something good. This is a monetary measure, not a fiscal measure. You can think of it.

There is another thing which I do not like. Companies engaged in rural development used to enjoy a concession; deduction in respect of funds spent for rural development. That deduction has been withdrawn. In the last budget, deduction with regard to expenditure incurred by the Chambers of Commerce on rural development was withdrawn. This year the provision with regard to expenditure on rural development by companies has been taken away. I do not think, it is good because you just do not have enough people to do the extension work. Some of the companies who were doing this extension work were doing quite well.

SHRI VISHWANATH PRATAP SINGH : New-found faith in the private sector.

SHRI AMAL DATTA : Some people happen to be basically interested in the development of rural areas. Some money was, therefore, being spent. In fact, they are not interested in spending money just out of their pocket, but if by spending some money they could save the tax or reduce the tax, some people would always come forward. Some companies were doing good work in this behalf. I have got personal experience in regard to that. I would be happy if the Government could substitute them; in fact, I want the Government to

substitute them, but are they in a position to do that ?

There are more than 100 laboratories who are engaged in research relating to agriculture and allied products in some form or the other. What happens to the knowledge which is accumulated in these laboratories ? These laboratories are financed with the public fund. More than Rs. 1000 crores are being spent on scientific development, but the results do not reach the farmers. The Government do not have the extension service. I have talked to the heads of various laboratories and asked them why they do not go to the people and make available the knowhow to them. They said that they did not have the money. They could train 15-20 trainers a year. How in a country like India are 15-20 such people going to help ? That does not help in the progress of agriculture at all. You have to have a very good extension system in this country. There is enough knowledge in our laboratories which must be taken to the farmers, and this is exactly what China has been doing. Everything there has been taken to the farmers. But in our case, everything has remained in the laboratories and a very limited portion has gone to the farmers.

PROF. N.G. RANGA : We have a very good lab-to-land programme in our country in all the States.

SHRI AMAL DATTA : Lastly, you have said that political contributions should be allowed by companies. This is on the ground that this will reduce corruption. No doubt, political contributions were one of the reasons for corruption and we always said this, but the question is that if you say that political contributions can now be made by companies openly and that totally take away corruption, that will not be so. This is because your black money sector would remain. Black money sector is more powerful than the white money sector. With regard to companies, business sector, black money is more powerful than is the white money. How are you going to reduce the generation of black money by merely reducing your tax rate ? That is not going to happen. You have said that your tax collection will go up by Rs. 200 crores. That is what you have said. Only with Rs. 200

crores more of tax collection, how can you do away with the black sector? You cannot do that. It must be generating at least Rs. 10,000 crores every year. The black sector will remain. Political corruption will remain. This will only be another head under which the Ruling Political Party will get big donations. It is, therefore, absolutely a political consideration. There are no *bona fides* in it.

SHRI VISHWANATH PRATAP SINGH : Does the hon. member know that 'ruling political party' includes that of West Bengal also?

SHRI AMAL DATTA : West Bengal ruling party is ruling only in respect of those on whom it has got power. It has not got any power with respect to companies. It has got power with respect to people cultivating the land, the landless people the bargadars and so on. They pay to our party. Otherwise, our Party cannot exist.

Coming to the end, I just want to say a good word. I appreciate the fact that concession is given to the tea industry. Originally it was limited to companies. Today the hon. Finance Minister extended it to partnerships and proprietorships, etc. I hope that cooperatives are also included in that. Because of the recent increase in tea prices, this will go a long way. The value added export tea is sold at a very high rate. The tea which we export at Rs. 30 per kg. is ultimately sold at Rs. 90 or Rs. 100 or even more than that, when it is sold to the consumer in the Western countries in a package form. Encouraging this value addition on a long-term basis and not on a short-term basis, must form part of a scheme to boost the export of tea in value added form. This will go a long way. If that is done, I would have been very happy. Please remember that the TTCI was established by the efforts of Late Shri Jyotirmoy Bosu who went out to all the Western countries himself, to find out at what prices tea was being sold compared to India in a package form. Thereafter, he urged the Government and TTCI was set up. But this has been in doldrums ever since. The Finance Minister, who doubles as Commerce Minister also may kindly take some steps to revitalise the TTCI and see

that all its exports are in value added form.

[Translation]

SHRI MOHANBHAI PATEL (Junagarh) : Madam Chairman, We have been debating both the aspects of this Budget for the last two months and today the Finance Bill is before us for consideration. This budget has been appreciated by all sections of the people from all corners of the country and the hon. Finance Minister has received appreciation from all parts of the country. Before preparing this budget, he had paid ample attention towards the problems prevailing in different parts of the country and had listened to the views of the people and even after the presentation of the budget, he has been continuously listening to the reactions of people. He remains in touch with the people up to two O'clock at night, listens to their views and is trying to adopt a positive approach as far as possible.

The budget presented in this House has drawn a mixed reaction from society. Whereas many people have praised the budget, at the same time some people have criticized it for the deficit shown in it as also in regard to the growth rate envisaged therein. I do not want to go into all these points but instead want to make two or three points before the hon. Finance Minister on the Finance Bill presented in the House. You have given a lot of relief and concession in agriculture and still continue to do so. The first point which I want to raise is about engines of less than 10 H.P. which are used only in agriculture. Mr. Chairman, the irrigation facilities in our country are scanty and the position of availability of electricity is also not satisfactory. Therefore, the only means of irrigation in the entire country where irrigation is done through tube-wells is oil engine. Those who have electricity at their farms also keep oil engines for agricultural operations, because nobody knows when the electricity will go off. Therefore, it is necessary to keep oil engine as a substitute and it is for this reason that oil engine has a vital role in the agricultural development of our country. The importance of oil engine increases all the more in the areas where there are no canal irrigation facilities.

[Shri Mohanbhai Patel]

Therefore, it has an important role in the agricultural development of our country.

Today, this oil engine is covered under Tariff item 66. I would like to ask what its position was earlier and when it come under it. In this connections, my submission is that before 1960 neither the oil engine nor its components were covered under tariff.

[English]

In 1960, agricultural diesel engines were covered under Tariff Item 29, for the first time. Then in 1965, the above engines upto 10 HP were exempted by Notification No. 138/65. Then in 1975, the diesel engine components were covered under new T.I. 68. This is the present T.I. 68. For the first time, the components were covered in 1975. After representation, the components of the diesel engines were exempted, *vide* notification No. 114/75. Again in 1979, I think during the Janata regime, the above concession was withdrawn, *vide* Notification 26/79. It was withdrawn.

[Translation]

So, it has vital role in the development of agriculture and the country for that matter. The common man, who cannot afford to keep a tractor or some other accessory, keeps an oil engine. As such, this is a primary need of the farmer. Many changes have since taken place in it and now it has come under tariff item 68. Therefore, my submission is that there is no duty on oil-engine of 10 H P. capacity, but there is duty on its components. When there is duty on the components, the duty automatically comes on the engine as well. The second important point in it is that if somebody manufactures only components the tariff is levied under item 68, but if someone manufactures oil engine, there is no duty on it, as the duty is levied only on the manufacture of components. If the person manufacturing engines manufactures components and assembles an engine, there is no duty payable. Therefore, a situation has arisen today in which it is difficult for the manufacturers of components to stay in competition with the manufacturers of engines. Therefore, I want that engine should not be kept under tariff

item 68, because it was never under this item. As such, it should be totally exempted. 20 days back when we made a request to the hon. Finance Minister in this regard, he had said that they wanted to totally exempt oil engine but it had many such components, such as bearings and fuel injection pump which could be used for other purposes also. There is a separate tariff on them and there is no question of set off in this regard. Our demand is that the components which are exclusively used in that engine should be exempted from excise duty. You had said in part (B) of your speech—

[English]

“The rate of duty in respect of item 68 of the excise tariff is being raised from the existing level of 10 per cent to 12 per cent. This is likely to yield an additional revenue of Rs. 125 crores by way of central excise duties and Rs. 60 crores by way of counter-vailing duty in a full year. I must hasten to add that this increase will not affect the raw materials and manufactured inputs which are intermediates, as the existing provisions for the set off of the duty paid on goods falling under item 68 used in the manufacture of other excisable goods, would continue.”

[Translation]

What you have said does not apply in the present case because an engine of 10 H.P. is totally exempted and if an oil engine set is not installed, it does not apply to it.

You have exempted many components of common use, such as, of cycles and sewing machines in the last budget. This is also necessary for having more production and it should also be totally exempted.

With regard to tariff item 68, I would like to say that before I had raise. This matter, changes hand already been made in respect of all other items except oil engine. So I do not know whether our request will now be entertained or not, as you have just now made certain changes. But, my submission is that you have

reduced the exemption limit from Rs. 30 lakhs to Rs. 20 lakhs and the rate of excise duty between Rs. 20 lakhs and Rs. 30 lakhs has been reduced from 50 per cent to 25 per cent. What I want to say is that the people who run these factories are very small persons. Even if they install two machines in one room, the production thereof touches the Rs. 20 to 30 lakh limit. There are 40,000 such units throughout the country which have now come under tariff item 68. Some of the owners of this industry are such that they are themselves the artisans and have become owners from artisans by taking loans from the banks and due to Government's policy. They cannot afford to maintain accounts regarding excise duty and they do not have even a clerk to maintain such account. They are so much uneducated that it will become an obstacle in their way. When this limit was Rs. 30 lakhs, they used to stop production at the point of Rs. 28 to 29 lakhs and did not want to be covered under excise duty. Today, what has happened is that you have reduced this limit from Rs. 30 lakhs to Rs. 20 lakhs. Now, they will have to stop at Rs. 16 lakhs lest they should come within the excise net.

16.00 hrs.

My request to you is that the problem can be solved to a greater extent if the limit is allowed to be retained at 30 lakhs. You have reduced the rate of duty to 25 per cent, but had you fixed this duty at 40 per cent instead of 25 per cent, we would have had no objection to it. But you do re-consider the exemption limit which you have reduced from Rs. 30 lakhs to Rs. 20 lakhs because two thousand small scale industrial units out of four to five thousand units in our Rajkot, have been closed down. They have also sent a representation. Two days back, I also received a telephone call that they were going to launch an agitation. As long as the Finance Minister does not intervene in this matter, the problem is not going to be solved.

I hope, you will certainly consider giving exemption to the components of 10 H.P. engine which is used in agriculture. With this request, I support the Finance Bill.

SHRI RAJ KUMAR RAI (Ghosi) :
Mr. Chairman, Sir, I rise to support this first Finance Bill of the Eighth Lok Sabha. This Finance Bill, which has been presented by the hon. Finance Minister to give legislative shape to the General Budget presented earlier, have some merits for which Members from both sides of the House have commended it very much. It is a practical budget. Prior to it, the collection of used to be difficult as many formalities had to be completed and Government were unable to collect the intended amount of tax in spite of their best efforts. But our hon. Finance Minister has admitted those things with an open heart and by eliminating those formalities has created an atmosphere in which Government could collect more taxes and at the same time could get rid of unnecessary expenditure and labour in the observance of those formalities.

There are many incentives for the industries in this budget and we hope that in the coming days more and more industries will be set up in the country leading to generation of more and more employment. The good intentions with which our hon. Finance Minister has presented this budget will certainly bear fruit. In this connection, I would like to refer to two or three points.

Many of our people have expressed the apprehension that in spite of a marginal increase in taxes and increased facilities provided in this budget, the prices have risen so sharply that it has adversely affected the common man. The price of salt which is the smallest item of use by the common man, the prices of foodgrains and other essential commodities have risen so sharply that I fail to understand how it has so happened in spite of such a practical budget.

In the capacity of Finance Minister, it is his responsibility to provide more relief to the people.

So far as the discussion on this Finance Bill is concerned, I had submitted earlier also that there are many areas which have been lost sight of, such as our eastern U.P., every inch of which is known to our hon. Finance Minister. He knows that that area is not going to be developed in

[Shri Raj Kumar Rai]

this way. It is such a unit whose communications, industry, agriculture and irrigation needs to be developed on separate lines under a special plan. If a separate authority for the development of this part of the State is not created, if special attention to its development is not paid, what to talk of one budget, hundreds of budgets will continue to be presented and all States will go on making progress, but eastern Uttar Pradesh will continue to groan as a backward area. I do not say that the other parts of the country are not weak and poor, but the position of eastern Uttar Pradesh is very critical.

Broad-gauge railway line is almost negligible there. It was in this context that I had requested through the hon. Finance Minister, the hon. Prime Minister and the hon. Railway Minister that the work on the Shahganj-Balia broad-gauge railway line should be completed early so as to power the way for the progress of that area. The progress of work on the Bhatni-Varanasi narrow-gauge line is so slow—about 16 kilometres of track has so far been constructed—that many five year plans will be over, but the track will not be completed.

Another thing which I want say is about the Thermal Power Station at Dohri Ghat, Azamgarh, the installation of which was announced by the former Prime Minister, Shrimati Indira Gandhi. In this connection, I had written to the hon. Minister of Power, the hon. Finance Minister and the Hon. Prime Minister that the announcement made by the former Prime Minister should be honoured and provision in this regard should be made in the Seventh Five Year Plan so that, keeping in view its utility, the work on this project could commence early. A similar project was drawn up in case of Unchahar and the work has also been commenced. If that project is not taken up along with this project, the districts of Deoria, Gorakhpur, Basti, Balia, Azamgarh and Ghazipur of eastern Uttar Pradesh which can get the benefit of development with the setting up of only this thermal power station, will remain undeveloped as at present. But no project has been taken up there. Whenever

this issue is raised, the paucity of funds and resources is made out to be the reason and the matter is evaded.

We are fortunate to have a most competent person as the Finance Minister of the country but nothing can be worse than that the districts and the poor sections of the people of eastern Uttar Pradesh should be ignored as here to before in spite of having a Finance Minister who has carried experience and has seen the backward and poor regions quite closely. Who will then improve their lot?

Without going into detail, while I support the Bill, at the same time I request the hon. Finance Minister to ensure that attention is paid to all these things. The Congress Government is a socialist government. We are committed to socialism. Therefore, it was envisaged and the hon. Indiraji had also said so, on the basis of which the programmes, such as, N.R.E.P. and R.L.E.P. were introduced so that the poor farmer who goes to the field with his spade could get some foodgrains, some food, some wages and India may not remain that India about which anybody in the world dare say that here is a country where nobody has any work to do. Therefore, such schemes were formulated in which work was made available for all those who wanted work. Although this guarantee of work was given, yet at the same time I would like to say that the benefits of such a big scheme involving huge funds are not accruing to the people due of misuse of funds during implementation. These funds are not reaching in poor. If a survey is conducted of N.R.E.P., it will reveal that the entire funds to the tune of crores of rupees are being spent on the contract system. We provide the money so that it could be utilized by the poor for earning his livelihood, and at the same time the construction of a road, a path way or a canal could also be undertaken. We do not provide this money to be usurped by the contractors in connivance with the government employees. The last man in the queue, the poorest of the poor whom we want to benefit and for whom we and sanction this huge amount, does not get this money. You do distribute it for the sake of doing so, but it never reaches him. Therefore, what is needed is that whatever

money is provided should reach him and its proper benefit should accrue to him. I remember I was an M.L.A. in Uttar Pradesh and the hon. Finance Minister was then the Chief Minister of the State. Once we decide that the money is to be given, we shall certainly give it to the intended person. We shall do away with the formalities, as you have removed the formalities in taxation. I would like to submit that if a person is finally selected by the concerned authorities for being provided with a buffalo for earning livelihood for his family by selling milk, why should he undergo so many formalities and restrictions? Sometimes has to run after the doctor, at other times he has to make rounds of the bank. With all these formalities, your help becomes meaningless for him. I would like to say that when you have decided, and it is your policy also, that the poor man is to be assisted by the administration, then what is the meaning of imposing so many formalities on that poor man? The hon. Finance Minister when he was the Chief Minister of U.P., had said that he favoured decentralised planning, but after his moving out from the State, that situation did not come about. Today, fortunately, he is the Finance Minister in the Centre. I request him through this great institution that he should remove all those restrictions because of which the funds intended for the poor do not reach them. I hope that he will announce today the lifting of those restrictions and the doing away with those formalities. There should be no contract system in the implementation of schemes like the N.R.E.P., R.L.E.G.P. If contract system has been adopted anywhere, the concerned authorities should be penalised. With these words, I express my gratitude to you.

[English]

SHRI G.L. DOGRA (Udhampur) :
Madam Chairman, I am very grateful to you for giving me the opportunity to say a few words. I am not going to deliver a long speech, but I will only draw the attention of the hon. Finance Minister towards a few facts.

Madam, this is an excellent budget from the growth point of view. For the growth of industry and commerce probably a

very congenial atmosphere has been created by this Budget. Even for those who have export trade, those who deal in export of goods, very heavy concessions have been given and I think we will be able to earn a lot of foreign exchange because of this Budget. It has been a very bold budget and as far as production is concerned, as far as trade is concerned, it is a budget which at least most of us, Members from this side and that side, wanted, and I should call it ideal from that point of view. But, for whatever concessions that are given, the alternative revenue has to be found out and because of that, I think, a harder exercise was necessary to find out an alternative. Whatever may be the taxes that were imposed on petroleum products, some concessions were also given and also the increase in the railway fare and freight has led to price rise which is disproportionate to this increase. If this factor is taken into consideration, probably the cost of transport is a very small factor in the price rise. But this has been made misuse of by the producers of goods, by the wholesalers, by the retailers, and in particular areas where there are no roads, the people have to carry the goods on mules and horses and camels, and those poor people have to pay very heavy prices. Somehow or the other an atmosphere of price rise has been created and people all over the country, particularly people in the rural areas—my friend was talking about only U.P. and I come from a place which is away from U.P. There the people have been complaining about the price rise. Unfortunately, the exchange rate of dollar also raised at the time when our Budget was presented. The price rise in diesel is partly due to the Budget. But the major part of it is, probably due to the exchange rate of dollar. This actually synchronised with our Budget. So, people think that the rise in the price level is all due to the Budget. But that is not the fact. Somehow we have been controlling it in the past. Now the people are feeling the pinch of it, particularly the people who are living in the rural areas. So, I will request the Minister to find out what can be done because if we take only harsh and casual measures probably it may again give a boost to corruption—policemen and civil supply officials might be let loose on distribution system. So, naturally that will

[Shri G.L. Dogra]

also create problems. So, a very serious consultation is required so far as this aspect of controlling price rise is concerned.

Concessions were given by our hon. Finance Minister at the time of conclusion of the General Discussion on the Budget. But the benefit of those concessions or reduction in the rate of taxes has not been passed on to the consumers. It has been appropriated or misappropriated by the people who have been dealing in this field—producers, wholesalers and retailers. But as far as the people are concerned, the prices once raised have not come down. There is also laxity so far as the State Governments are concerned. The difficulty of the Central Government, and particularly the Finance Minister is, they have to implement everything through the State Governments. I have seen from my own experience that it was not allowed to raise the freight or even the carriage rate or passenger rate by the transporters without the approval of the State Government. But this time, it so happened that even fares and freight in all the States were raised by the transporters themselves without consulting the State Governments, without making them to fix the reasonable increase, if necessary.

Today in Delhi we are feeling the difficulty because the three-wheeler drivers and owners and even the taxis are on strike and our people, particularly who have come here to attend the AICC Meet and also the Congress Centenary Meet have to face lot of difficulties and they have to go on foot for a long distance, and pay very heavily if by chance they could get vehicles. So, we have to think of these things and solve the problem.

The atmosphere of price rise has been generated. Even the atmosphere of scarcity has been so created that even after we introduced this computer system in the booking of air tickets, we are feeling the pinch of it. I think, everybody is feeling it. Otherwise, you never found that there was scarcity of tickets. But now, everybody feels that. Whenever one goes for a ticket, it is not available. In mofussil area, it is worse. If you go a month earlier and

book a ticket, people in the Airlines say that the booking will be finalised at Delhi and then they will come to know. I have written a letter to the hon. Minister also that people having booked the ticket a month earlier have not got the confirmation till the last date, till they reach the airport on the day of journey, they do not know whether they have got a seat or not. So, when you go for booking of the air tickets or for booking of the railway tickets, the atmosphere of scarcity faces you and people are just feeling helpless. Yesterday I want to get the ticket, to the railway counter in Parliament. Even though it is meant only for MPs, I could not reach the counter. This is the environment prevailing. You have to take note of it.

I would like to bring to the notice of the hon. Minister of Finance that various members have spoken on the need for even development of the country. India is making development in both industry and agriculture but the development is not even. There are certain parts developing like anything and the rest of the country is lagging behind. This uneven development is dangerous. The people living in under-developed pockets are feeling about it. The hon. Minister of Finance can just look to this because he can guide those States and those Departments which are ignoring the backward areas or under-developed areas. Only the hon. Finance Minister can help in the even development of the country. The socially and financially weaker sections deserve special attention.

So far as agriculture is concerned, I have already pointed out that there are certain areas which are developing very quickly. But there are the irrigated areas. But as regards the multi-cropped areas, single crop areas, backward areas, desert areas and hilly areas, all are feeling that they are not able to make progress in agriculture. An effort is being made by the Agriculture Universities and Colleges of the Government also to develop agriculture all over. We have to pay attention to this.

Drinking water is another problem. In spite of our best efforts, there are villages which are feeling the pinch of lack of water supply. Therefore, we have to see that the drinking water is made available.

Afforestation and deforestation is connected with drinking water problem. Afforestation is necessary because all the forests which have been there are our wealth, as well as conserve the source of water-supply. Therefore, they are very necessary and they have to be protected.

We have a Department of Environment. I think most of the Officers of this Department do not go to see how; the programmes are implemented. What is the use of giving money? My suggestion to you is that every Ministry should have an Inspection Team. It should go to the field and see what steps are being taken to implement the programmes irrespective of the party which is ruling there. They should see that the money given is spent for the purpose for which it is given. Forests have become the casualty of the lack of these inspection teams.

Another point which I would like to bring to the notice of the hon. Minister of Finance is that the fees being paid to the lawyers and consultants on income-tax by the assessee to defend the cases are not being treated as permissible expense under this Finance Bill. This is very unfair. This is a very unfair restriction. If whatever a man has to spend on defending his own case is not permitted, it is very unfair. I would request the hon. Finance Minister to reconsider this.

Another point I would like to make is this. The rural areas, particularly those areas where the national integration movement is weak, may be Jammu and Kashmir or eastern States or hilly areas, may be exploited. There, we need a thrust for development and employment especially in villages. Without that, it is not possible to strengthen the feeling of oneness of the country. It is a very good and a welcome gesture that the Prime Minister has made so far as Punjab is concerned; he has spoken about the Thien dam and other projects; a coach factory is also being established there. Some such steps are necessary in other areas also. We should go the whole hog at it and we should make the people feel that they are a part of the country and that the Centre is taking a great interest in them so far as their employment is concerned, so far as their economic development is concerned.

It has been brought to our notice that the credit channels, both in agriculture and in industry, are not free from corruption. Everybody who goes to get the credit is rubbed on the wrong side. The agencies are exploiting the people who apply for credit. That has got to be stopped. I know, so far as banks are concerned, the Finance Minister has taken some interest, he is trying to improve the situation. Even in the state agencies like the State Finance Corporations, there is a lot of corruption prevalent. They are, of course, supposed to be State institutions, but the money goes from the Central kitty for re-financing. I would request the hon. Finance Minister to see that this evil of corruption is stopped in these institutions, because they are the guarantor of development, particularly in backward States. If they start misbehaving, it will become very difficult for those people to get the concessions which you are giving.

In the end, I would say that whatever you are trying to do is very laudable indeed. But kindly have a monitoring cell so that you keep on checking the implementation. We have to learn from the people, we have to listen to the people. If you have your monitoring cells for all these programmes, you will know the real thing.

These are the few suggestions I wanted to make.

[*Translation*]

*SHRI P. SELVENDRAN (Periakulam) : Madam Chairman, I wish to say a few words on the Finance Bill for 1985-86. The Finance Bill gives legislative sanction to the taxation proposals announced by the Finance Minister in his Budget.

At the outset I would like to bring it to the notice of the House that it has become a convention on the part of industrialists to rush to a Court immediately after the Finance Minister announces taxation proposals. This has become a recurring annual phenomenon. I would give the example of what happened this year after the Finance Minister announced the rationalisation of

*The speech was originally delivered in Tamil.

[Shri P. Selvendran]

excise duty match industry. On the next day scores of writ petitions were filed in Madras High Court and interim stay was obtained. Naturally the Government cannot proceed with the collection of excise duty from match industry. This also impedes the industrial growth of the country. I would also give the illustration of the recent judgment of the Supreme Court about the post-manufacturing expenses for calculating excise duty. Now the Government has got the opportunity to recover the outstanding excise duty of Rs. 800 crores or so from the industrialists. Madam, the Government had to wait for five years or so to go ahead with the collection of excise duty and also to proceed with the recovery of arrears. During this period of five years the industrialists were enabled to utilise this money for personal aggrandisement. This is highly reprehensible and the Government should endeavour to stop this kind of references to Courts on financial levies proposed by the Government. I would suggest that the Government may get a law passed for prohibiting references to Courts about the financial proposals. The Government is the arbiter of the destiny of the country and not the Courts. We should not encourage such legal quibblings on fiscal matters. I request the hon. Minister to ponder over this and ensure that the convention of taking to Courts and getting stays on fiscal measures is eradicated from the national scene.

Secondly, I came across the statement of our hon. Finance Minister that the Centre had to meet the entire Plan investment of two States in the country—one State on account of chronic drought and the other State due to financial mismanagement. None can dispute that drought is a natural calamity; it is beyond the control of Government. The Government of India should go to the rescue of such States afflicted by drought. In the other case also, the financial mismanagement in a State comes about on account of wrong fiscal policy of the Centre. Recently the Central Government has announced interim relief to the Central Government employees and also further instalments of Dearness Allowance. This is going to cost the Central Government annually Rs. 380 crores and

more. You can well imagine the consequences in the States. The State Government employees will start ventilating their genuine demand for enhancement of D.A. and interim relief. After all, the prices rise is common to all. The rice is sold at the same price to the Central Government employee and the State Government employee. Both have to pay the same price for vegetables. They have to buy cinema tickets at the same price. They have to buy edible oil at the same price. There is no discrimination in this regard between the two. Naturally the State Government should try to redress the grievance of the State Government employees and sanction more D.A. and increase the interim relief. The question is where will the State Government go for money. All the elastic revenue resources are with the Centre and the inelastic revenue resources are with the States. If they enhance the non-plan expenditure like this, naturally the financial constraints stand in the way of implementing Plan schemes. The Reserve Bank of India is very strict in sanctioning overdrafts. There is rigid adherence to the rules in the matter of overdrafts. We cannot expect the State finances to be sound enough to meet such frequent increases in D.A. and in interim relief.

Our Chief Minister, Puratchi Thalaivar Dr. M.G.R. has been repeatedly stressing in the meetings of National Development Council that the State Government should be consulted by the Centre before the announcements are made regarding D.A. and interim relief. With prior intimation the State Governments will be able to take some preemptive steps and prevent agitations on the part of the employees demanding higher DA and interim relief. We cannot prevent the State Government from exercising their constitutional right to agitate and to ventilate their genuine demands. But the State Governments should have finances to manage this. I suggest that the Central Finance Minister should take into confidence the State Chief Ministers while the Central Government employees are given DA and interim relief. I am sure that the hon. Finance Minister will ensure this.

I will now refer to the increasing foreign debt. In 1985-86 we have to pay Rs. 1438

crores, in 1986-87 Rs. 2010 crores and in 1987-88 Rs. 2396 crores. The hon. Finance Minister has to find ways and means for this. In our national income, the foreign debt is of the order of 25%. We have to pay the debt in foreign currency. We have taken 68% loan from America and American supported international financial institutions, 12% from Britain and 10% from West Germany. I have to say this because we have to pay back the debt in dollars and pounds.

According to the recently announced three-year Import and Export Policy, I am afraid that the imports will be increasing substantially and the exports will be depleting. The natural consequence is adverse balance of trade and our inability to pay back the foreign debt in foreign currency. Unless we accumulate foreign exchange, we will not be able to repay the foreign debt. I would quote here what our great Tamil poet KAMBAR had stated in his Ramayana, while describing the state of mind of King Ravana at the time of the defeat of his mighty army. His state of mind has been compared to the state of mind of a debtor. You can imagine the plight of mother India who is steeped in such heavy foreign debt. The hon. Finance Minister must take energetic steps to clear the foreign debt burden as early as possible.

It is estimated that the Central Government's revenues resources are becoming scarce because of heavy incomtax arrears to the tune of Rs. 1200 crores and the tax evasion of the order of Rs. 2000 crores. The tax evasion leads to generation of black money and I need not narrate the havoc being created by black money in our country. Stringent measures should be taken to root out black money through tax evasion. Tax arrears should be recovered expeditiously. Then only the finances of the Central Government will become sound. I request the hon. Finance Minister to take up urgent steps in this matter.

Before I conclude, I would refer to the nutritious meals scheme being implemented by our Chief Minister Dr. M.G.R. He is feeding 80 lakh children every day. Even the worst critics of this scheme have

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[Mr. Deputy Speaker *in the Chair*]

become admirers. We find it difficult to feed our hosts for a day. Here 80 lakhs children are being fed every day. It has received universal acclaim. Even international organisations have hailed this scheme. I want that this scheme should be treated as Plan scheme. I request the good offices of the Finance Minister in this regard. Similarly, I am sure that our Finance Minister would be generous enough to ensure the approval of the Seventh Five Year Plan allocation for Tamil Nadu.

With these words I conclude my speech.

SHRI GIRDHARI LAL VYAS (Bhilwara): Mr. Deputy Speaker. Sir, I rise to support this Finance Bill. The Budget presented this year by the hon. Finance Minister has been appreciated by all sections of the society. This Budget will provide an impetus to the growth of our industry and this will push up the development of the country speedily. With this Budget we shall march forward on the path of economic progress.

There is no point in the criticism of this Budget by some of the Opposition Members. They say that this Budget deviates from the path of socialism. Our view is that with the provisions made in the Budget, our country will definitely develop further and it will generate more and more employment opportunities and thus it would benefit the people of the country. It will give an impetus to the economic development of the country, but there are certain points to which I would like to draw the attention of the hon. Finance Minister.

There is a principle that the lesser the tax, the more would be the collection of revenue. From our experience of the last two to three year, it has been prove that the reduction in the tax rate has enhanced our income and keeping that in mind, you have taken good steps this year also.

I would like to draw the attention of the hon. Minister towards income tax. The

[Shri Girdhari Lal Vyas]

concessions you have given are welcome steps, but I would like to draw your attention to certain shortcomings. You have given more concessions to those people whose income is more and have given less concessions to those whose income is less. If you calculate the percentage of the concessions given up to Rs. 25,000 and the concessions given to the people with income between Rs. 1 lakh and Rs. 5 lakh, you will find that the big people have been given more concessions as compared to the people with less income.

SHRI VISHWA NATH PRATAP SINGH : Though I will give a detailed reply to the hon. Member's point yet at the moment I would like to tell him that the figures are just the reverse.

SHRI GIRDHARI LAL VYAS : I am submitting my point as I have understood. It is good if you say that you have given more concessions to the people with less income. That is what we also want.

You have been kind to Rajasthan. You have reduced the excise duty on marble from Rs. 25 to Rs. 10, but still it is on the higher side. Thousands of people are engaged in the marble industry in Rajasthan and because of the imposition of this excise duty the whole marble industry has come to grinding halt.

In this connection, a representation has also been submitted to you. You have reduced the duty, but even Rs. 10 is also on the higher side. It will be better if you reconsider it and reduce it little further.

Sir, you know that the Rajasthan marble is sent not only to the different parts of the country, but it is also sent to the foreign countries and thus it helps in earning foreign exchange and provides employment to thousands of people. The majority of the workers in this industry are poor. In such a situation it will be better if you reduce the duty even further. This will lead to running of the factories regularly which will ultimately increase the production.

Now I would like to make a submission

about the excise duty. The excise duty which you impose is recovered by your officers. We have seen at various places and have examined also that it is not levied to the requisite extent because the concerned officers get their own fixed share in it. This results in loss to the exchequer to the tune of crores of rupees. At the time of audit many discrepancies are found. Thus, there is a lot of bungling in its recovery. Consequently we do not get the amount of revenue which we should have got. You should take action against these people also. There is need to streamline the procedure to avoid loss to the Government.

Now I would like to make certain submissions about customs duty. You have opened customs offices at various airports. All over India, check-posts have also been established but in spite of all this, smuggling is going on at many places resulting in substantial losses to the exchequer. To avoid this, you will have to make proper arrangements, particularly in the border areas where smuggling is going on. All the poisonous drugs are being smuggled into our country. They are creating a very bad effect on our youths. If this thing is not checked, it will have a very bad effect on our society. You will have to take strict action in this regard. Strict action should be taken against the big gangs who indulge in smuggling.

The Border Security Force personnel and the personnel of other enforcement agencies posted in the border areas and hand in glove with these gangsters resulting in large-scale smuggling. Proper action needs to be taken in this regard as well.

The Opposition Members have made it a point to criticise the estate Duty. Estate duty has now been abolished totally. That is why they have got a chance to say that our Government are giving relief to the big people from taxes. I have gone through the detailed statistics regarding the Estate duty. On the basis of the study, I have found that around one hundred crore rupees are in arrears, the cases for which are pending in the Courts because of which the money is not being recovered and dates of hearings are extended time and again. If you think that this system should be streamlined, then I would submit that

Estate duty should continue on the properties of big people, maybe at a very lower rate. Otherwise, the system will be disrupted. This tax was levied long back and on many occasions many misgivings have been expressed. Therefore, such taxes should continue, even if the recovery is less, because our ideology has been to take more money from the rich. Otherwise unnecessary doubts and misgivings creep in. This aspect should also be kept in mind.

You have reduced the wealth tax also from 5 per cent to 2 per cent. This reduction in the wealth tax is alright, but special efforts are needed to be made to find out ways and means to collect wealth tax and also to get the details of everyone's property. This principle, of course, is correct that the lesser the tax more the collection. That is why you have reduced the tax rate but a complete list of the assesseees should be prepared. If you prepare a complete list of the property-holders and the persons who possess wealth, then even with 2 per cent we can collect more revenue than we used to collect earlier. Therefore, you should do something in this connection also.

There are two or three problems of my area. I would like to draw the attention of the hon. Finance Minister towards banking facilities. There is a provision to provide loan upto Rs. 25,000 to the educated unemployed persons so that they may be able to run their own business and may become self-reliant. But if the procedure is not streamlined, then we shall not be able to provide benefit to the people through such a good scheme which can help in providing employment to lakhs of people, because it is being misused presently by your banks and because of that we have to hear many things from the people. Particularly, the element of subsidy is the main cause of chaos in this scheme. My submission is that if this subsidy factor is taken out and instead an interest-free loan is given, then the corruption which is rampant today will no more be there and the people will get money as well as employment. The system will then function properly.

In our area, small farmers and marginal farmers, particularly the Scheduled Castes and Scheduled Tribes people are given a

loan of Rs. 3,000 per head by the banks but due to certain unforeseen calamities like floods and famines they are unable to repay those loans in time. The result is that those people have to pay compound interest on that amount. A person takes a loan of Rs. 3,000 and deposits Rs. 6,000 instead but even after that a sum of Rs. 7,000 to Rs. 8,000 still remains due against him. I have got a list of such cases with me. I can give it to the hon. Minister if he wants. I have received this list from the District Magistrate. There are at least two hundred persons who have deposited double the amount that they had borrowed and even then four times the loan amount is still due against them. The result of all this is that the lands of those persons whom we want to give employment, are being auctioned and they are suffering in many ways although there is a provision in the Civil Procedure Code that the amount recovered against any loan should not be more than double the loan amount and a similar provision exists also in the Act governing money lending. If five to six times the principal is recovered it is definitely a great injustice. There is no such provision in the banking system that the loan recovery can be less than the amount given or cannot exceed double the amount given as loan. Therefore, you should make such a provision in the Banking Act also as has been provided in the Act governing money lending and other laws. Double the loan amount is recovered from the poor. Just a few days back, the hon. Minister of State had informed us by giving figures that lakhs of rupees were due to for recovery from the poor. I would like to submit that when a person has already deposited twice or thrice time the amount he had taken as loan, how can there then, be arrears against him? When industrialists are provided with loans, they do not repay double the amount. One reason for these arrears is that when a person becomes defaulter, the amount against him goes on increasing. A great injustice is being done to them. I, therefore, draw the attention of the hon. Minister to this and hope that he will take some steps in this matter so that the poor people get some relief and their lands are not auctioned. We want to give him employment so that he may earn his livelihood but if his land auctioned, his well is auctioned, then how will he be able to

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earn his livelihood? Therefore, necessary amendment should be made in the relevant law to save them from the injustice being meted out to them and also so that they may be able to draw benefit from these schemes.

One thing I would like to say about the price rise. The prices of the items on which you have increased taxes and freights have not increased in that proportion. They have rather gone up more than double. The prices of all the items have soared up so high that there is great resentment among the people. Two days back the hon. Prime Minister had said that stringent steps should be taken to check the price rise, but until we do that, these hoarders, profiteers, black-marketeers will go on fleecing the people. I would, therefore, request you to take stringent steps soon so that the benefits reach the masses.

One submission I would like to make about the textile mill of my area. You have promised to make the funds available. My submission is that these funds should be made available at the earliest so that the Mewar Textile Mill may start functioning. Your action in this regard will be an act of kindness and two and a half lakh workers will be grateful to you and they will bless you.

With these words I support the Finance Bill.

SHRI YOGESHWAR PRASAD
(Chatra) : Mr. Deputy Speaker, Sir, I rise to support the Finance Bill introduced by the hon. Finance Minister.

It is a very progressive Bill. It does not present any short term policy, rather it propounds a long-term policy which will benefit us in the coming years. Without this long-term policy, we cannot move ahead. The Finance Minister is the custodian of the poor people of India and their upliftment. Therefore, he has presented a well-thought Budget. We hope to get many benefits from this Budget. It is a matter of regret that our Opposition Members have expressed their reservations on it. The people of our country having the

capitalist-view apprehend that we are moving towards communism and the communists are of the view that we are tilting towards capitalism. But there is no remedy for such misgiving. These people should know that the reduction in the prices of fertilisers has been made in the interest of the small farmers and it has boosted the morale of the farmers. The crop insurance scheme has been enforced which is a progressive measure and I think this will check the tendency of the farmers fleeing towards the cities.

Mr. Deputy Speaker, Sir, now I would like to put forward two or three suggestions before the hon. Finance Minister. Regarding irrigation, he has explained the position in detail which will benefit the farmers a lot but there are many backward areas in the country where the irrigation facilities are negligible. In Bihar also, there are many backward areas for which several small schemes were formulated but all these schemes have been lying at the planning stage for the last 15 to 20 years. If we do not pay attention to these areas, our dream of the farmers' upliftment will not be fulfilled. I would, therefore, like to submit that for the schemes which are pending at the planning stage, a final decision should be taken for their approval at the earliest after having discussions with the State representatives and the Irrigation Minister.

Some people have said that we are losing faith in the Public Sector and are paying more attention towards the Private Sector. I would like to tell these people that recently on the Labour Day, our Prime Minister had gone to Dhanbad and in his speech at the labour colony he announced about the workers' participation in management. This announcement is a very progressive step which will give a thrust to our socialistic programme. Our Finance Minister is anxious that more capital and more resources should be created in our country so that the developmental programmes could be speeded up. In this connection I would like to submit to the hon. Finance Minister that in our Private Sector there are certain industries which take the maximum money from Government but utilise the same in other industries and even then they create a

crisis in respect of their own industry. For example the industries in Dalmia Nagar or certain jute mills in Bihar which take crores of rupees from the Government by showing losses time and again, still show losses by diverting that money for other purposes. They try to black-mail Government by saying that they do not have money and as such they will have to close the mills. There is need to take stringent and step against such people so that they neither be able to misutilise Government money nor close their industries.

Our public sector should earn profit. Ours is a welfare State and work should be done for the welfare of all. We have seen that the functioning of our public sector units is not satisfactory. The high officials of these units lack industrial experience because of which these units incur losses. The generation of power is very essential to remove the backwardness of the country but the importance of coal is also not insignificant. I would like to draw the attention of Government to coal-mines. If proper attention is paid towards this sector, I think we can earn much revenue from this industry. I would like to say something especially about certain areas under Coal India Ltd. In the figures given about coal production, it has been stated that in Bilaspur in Madhya Pradesh, coal production has been very high but that coal is not being utilised. Lakhs of tonnes of coal have been piled up there but no arrangement has been made for its transportation. If coal is not moved from there, then our public distribution system will be of no use. My submission is that alongwith coal production, you should pay attention towards its transportation also. In our area, hard coke was produced in B.C.C.L. but since August 1983, its production has been stopped. Now-a-days in all the idle collieries, the hard coke ovens are lying idle and crores of rupees will have to be spent on their repairs, whenever these collieries to recommissioned. On the one hand we are incurring losses but on the other hand, we have been observing that the hard coke ovens have been running on a large scale in the private sector and those people are earning a profit of Rs. 200 to Rs. 300 per tonne. In this way Government are being deprived of huge profits.

Slurry is our highest quality coal but

that is being allowed to be washed away deliberately and we are losing this quality of coal due to certain corrupt officers. This requires strict monitoring.

I would like to draw the attention of the hon. Minister towards one more thing. Although large and highly technical works are being done in our public sector Units, yet the atmosphere in which the workers have to work is not proper. The workers' living conditions are not good and they live in squalor and slum. Proper arrangements have not been made for their accommodation. Earlier also I had drawn attention towards this aspect. In the first National Coal Wage Agreement, it had been provided that 12,000 houses will be constructed but these houses were not constructed to that extent. Only 4,500 houses were constructed. In the third National Coal Wage Agreement provision for construction of 17,000 houses had been made but the work has not so far been started and the Agreement is going to expire shortly.

I would like to draw the attention of the House to the condition of the workers. Our hon. Prime Minister has taken many progressive steps and has spoken about many measures for the upliftment of women, but I would like to bring to his notice that the women who work in the collieries are being thrown out of their jobs and it is being said that their posts are not transferable and therefore there is difficulty in transferring them. They have been asked to leave the job and instead, get one of their dependents posted in their places. This procedure was earlier adopted but a lot of bungling was indulged in and person who had impersonated as dependents got the jobs. Certain shrewd persons got others appointed by paying illegal gratification. Therefore, a certain approach is required in this matter.

Government are very much concerned about the employment situation. I would like to draw the attention of the hon. Minister towards the fact that in Bihar there are certain backward areas where there are huge reserves of coal and we can generate large-scale employment opportunities there. In Palamu and Balumath in Bihar, there are huge coal reserves. Rail

[ShriYogeshwar Prasad]

and road facilities are also available in these places. If we run coal mines in those places, lakhs of people, specially Harijans and Adivasis who are being exploited will be benefited and they will get employment. It would definitely lead to their upliftments I would urge the Finance Minister to take steps for the development of these collieries.

I would like to say one thing more. The work relating in slurry and hard coke ovens in the coal fields should be taken over by Government. Everywhere there is mushroom growth of coke which is polluting the atmosphere and an acute problem of pollution is arising. The problem of dust spreading in the collieries should be tackled in a scientific manner. If proper arrangements are not made, a serious environmental problem will be created.

I would also like to add that arrangements for drinking water for the workers should also be made. In the Mines Act, there is a provision which makes it obligatory to provide drinking water to the workers in the coal-mines but today the situation in coal-mines is pathetic and there is no arrangement for drinking water. An authority was set up there with the help of the Central Government but although many years have passed, yet no work is being done. Even the work which was being done earlier has also been stopped and an acute water problem has arisen there.

I would like to say something about drinking water. The Damodar River, which is a source of drinking water for people there, has become very polluted. The slurry from coal washeries flows into it and it is destroying the very beauty of the river. Drinking water is being supplied from this river. The drinking water supplied from the river is so dirty that after taking it, one may fall ill. The water, which is not fit even for taking bath, is being utilised for drinking purposes. It is causing great harm. Hence, the programme announced by the Hon. Prime Minister regarding control of pollution should be implemented immediately in the coal mine areas also.

I would like to say one thing about

the coal-mine workers. Shrimati Indira Gandhi had given a new direction to the task of improving the living conditions and removing the poverty of the seven and a half lakh poor coal mine workers. The wards of the retiring workers used to get employment, but now this scheme has been abandoned. I request Government and the hon. Minister that immediate arrangements may be made to provide employment to the children and dependents of the retiring workers.

The water problem is also there. Wells, ponds and rivers get dried up in the rural areas and the drinking water problem also arises thereby. In addition, the people these are facing great difficulty in providing water to their cattle also. Government should pay attention towards this aspect also.

Besides, I would like to draw the attention of Government towards the matter of acquisition of land. People are not paid any compensation for acquired from them. Earlier, there was a provision under which a person, whose land was acquired, used to get employment. There is a rule in West Bengal under which a person, whose one acre of land is acquired, is provided with employment but in Bihar this limit is 3 acres. This difference is not justified. Besides, the pending cases should be disposed of immediately so that their problems could be solved.

Recently, I had gone to Dhanbad. There I saw some extremists cutting the road and creating bottlenecks. Coal is used for generating power and it contributes a lot in the production of steel also. Still no attention has been paid towards it. If the extremists are allowed to dominate the Dhanbad area, the work will not go on smoothly and the production of steel would also go down. Government should pay attention towards it.

With these words I support the Finance Bill presented by the hon. Finance Minister and express my thanks to you for allowing me to speak. I conclude.

[English]

PROF. NARAIN CHAND PARASHAR
(Hamirpur) : I support the Finance Bill presented to this House by the hon.

Minister of Finance. As it is, it is the third reading of the Budget and our Minister has been pleased to make some concessions and give some reliefs earlier while making his speech in this House. So, it is a welcome measure that he has given a new hope to some of the hard hit sectors.

Sir, one of the things that I would like to appreciate in this Finance Bill is the extension of exemption in respect of income-tax to the residents of Ladakh. It was to have been over by the end of the current financial year. Now, it has been given a further extension of three years. So, on behalf of those people—of that mountainous region—I think the Minister of Finance for giving an extension of three years for this exemption.

Secondly, he has promised to add some new sub-clauses. A new sub-clause 3(a) in Clause 15 to Section 10 of the Income-Tax Act is going to be added, in respect of interest payable to any foreign banks which are performing the central banking functions here provided they have deposits with the Indian nationalised banks and of course this is subject to the permission to be issued by the Reserve Bank of India. So, this is also a welcome step. Similarly, there has been insertion of a new clause 33 AB. This is in respect of tea companies in account with NABARD. I welcome insertion of these new clauses in the Finance Bill.

There has been a radical re-structuring of taxation since 1963 when the two Boards for Direct and Indirect Taxes were set up. Since then various reforms have been going on. They are in the right direction. We need not reply to the criticisms from various quarters. Somebody is saying that the Finance Minister speaks in the language of the left and moves in the direction of the right and so on and so forth. These are certain observations borne out of perceptions which are not in tune with the indepth study of the Budget.

The Finance Minister has various measures in mind. He has given promise to the country of a comprehensive fiscal policy to be announced in the month of September. Perhaps, at that time, he would

announce the decision regarding the financial year. It is for us to see what he brings in that packet when he comes before the House.

The economy of the country has been regulated on a new initiative. He has called his new measures as the philosophy of *satyam, shivam, sundaram*. I have my reservations about it. But I would like to see that his hopes are ultimately realised in practice and a new direction which he has tried to give ultimately results in this concept of socialism, planning and democracy. If these critical concepts and aesthetic ideas are translated into hard realities of economic thinking, that would be good for the country. But at the moment, we are faced with rise in prices. Prof. Raj Krishna had said in the beginning of April '85 in the course of a talk in a seminar, that the prices were going to rise. The prices have risen. Now, our Minister has also admitted that. So, the need of the hour is to do something to control them, because, at the moment, in Delhi we are having a strike of three-wheelers because of a hike in petrol prices. The general public is facing a lot of difficulty in getting transport. What is the effect of these policies has to be seen and analysed in the day to day functioning and day to day working of the life of people and Delhi is the index of the entire country. The people are feeling the pinch. It is high time that something could be done to reduce it. There should be some sort of an organic link between what we propound in this House and what we expect to happen outside, because we are not talking in a vacuum. I suppose, the Finance Minister would understand that with the rise in prices of petrol, the general public is bound to feel the pinch because the people who ply three wheelers and taxis generally start over-charging or try to pressurise the people or the Government. When you increase the price of petrol, there should be concomitant increase in the fare also. After all, the people who ply three wheelers are not richer sections of society. At the moment, we are having acute shortage of transport in Delhi because of this strike and the consequent inconvenience to the people and to those who ply these vehicles. This should be looked into.

[Prof. Narain Chand Parashar]

The Finance Minister has withdrawn some concessions given to the publishers. The publishing trade has been hit hard. Recently I received a reply from the Finance Minister to my letter saying, "Well, this provision has been mainly misused earlier and it has been only helping the well-established publishing firms and publishing houses, and therefore, the better way would be to give direct aid or subsidy to new publishing houses or to new entrepreneurs in the field of publishing". But it is unfortunate and it must be understood that the new publishing trade and the new entrepreneurs will take time to come up whereas the old publishing houses will refuse to publish the books of poor scholars who are already hit hard in this country. So, I would plead with him to reconsider his views in this regard because India is already a country having mass illiteracy and there is not much scope of scholarship here. Many authors die without getting their work published because no publisher is available and the Government agencies which are responsible for publication of these works, are also not very large establishments. Therefore, any incentives or any concessions which have been given to the publishing trade earlier, should be continued. If you are not going to give them any relaxation, well, you can at least think of the extension of those which are continuing. India has a large number of languages. The Minister for Information and Broadcasting told us one day here in Lok Sabha in reply to a question that radio programmes are broadcast in as many as 142 languages, but books cannot be published in all those languages. The Constitution accepts only 15 or 16 languages and the Sahitya Academy adds another eight or so. So, total 23 or 24 recognised languages are there. Any person who writes a books in a language other than these, must be able to publish it himself, bear the entire cost as he would not find a publisher. So, there is a case for considering the hardships caused to the publishing trade by the withdrawal of the concession which had been incorporated by the Finance Minister in this Budget and which has been taken away. Until a new scheme of subsidy is announced and implemented, this should be continued. That is my plea.

There is one point that I would bring to the notice of the hon. Minister. Our Minister for Finance and his Minister of State are appreciative of the demands of the hill States, but they allow the special hill allowance to Central Government employees only at a certain altitude. They give it at Simla which is 6,000 metres above mean sea level but they refuse to give it at places which are beyond Shimla with height less than 1000 metres. Although the altitude may not be 1,000 metres, the place may be located on the bank of river Sutlej, and the prices are higher. It is a more remote area. It is an area which is inaccessible. This will be clear from the very fact that the three Assembly constituencies which are located beyond Simla, are going to the polls on 26th of May. They cannot march in tune with the rest of the country. The entire parliamentary constituency of Mandi is having election on the 25th of May. You would give allowance only at a certain fixed altitude, above 1,000 metres or at least 1,000 metres, but there are places which are far beyond. So, what I would plead is that since the Planning Commission accepted the idea or the concept of the hill area by a resolution of the National Development Council in March 1965, why not extend this benefit of hill allowance or special hill allowance to all those areas which were accepted by the Finance Commission about twenty years ago? They are not new creations...*(Interruptions)*.

PROF. N.G. RANGA : What about the North-Eastern States ?

PROF. NARAIN CHAND PARASHAR : They are covered. By the resolution of the National Development Council, the Planning Commission accepted certain States as hill areas and they generally cover them under the special category States. Of course, slight modifications can be made. There is no grouse about that. But when you give them 90 per cent grant and club them under the title of special category States, they are in for a special treatment in the matter of planning. The Central Government employees who are working there, feel disappointed that their State counterparts enjoy large allowances, they draw more fat salaries than the Central Government employees. There was a time when the Central Government employees

used to be the envy of the State Government employees.

The wheel has turned full circle now and it is the State Government employees who are the envy of the Central Government employees. So, what has happened? Every Government employee who is posted in Himachal Pradesh or Ladakh or somewhere in Arunachal Pradesh or Meghalaya and Mizoram would try for transfer immediately to Delhi or other big cities through pull or push whatever you call it and he will be able to manage it, with the result that we have constant instability in administration. It is in a state of flux because no senior officer would like to go there because of distance, because of poor emoluments, because of larger costs and because of the inconvenient conditions of living there. Therefore, here is the case that I want to bring to your notice.

The most important case is the ban on recruitment of new posts and filling up of existing vacancies. You think that by imposing this ban you are regulating the economy of the country as if you are doing it in a paradise.

PROF. N.G. RANGA : We want to economise.

PROF. NARAIN CHAND PARASHAR : You know your needs are expanding. While earlier there were three telephone exchanges, there are five now, but you are refusing to increase that staff strength. So, what has happened? One line man who would operate one telephone exchange, to look after its repairs and functioning has now to run about in five places. You are getting more money through larger number of subscribers. You are earning more, but you are refusing to spend. What is this logic, I do not understand. When you are earning more money by giving more telephone connections, you must be able to provide more persons for service, for monitoring and for maintenance. The result of this ban is that there is a sharp deterioration in telecommunication services. There is a sharp deterioration in other activities which are required. In this wonderful country in the entire one year the Minister for Communications, Mr. Mirdha, told us that only 62 branch post-offices have been opened, whereas

in one State alone more than one hundred branches used to be opened in every circle in every year of the Plan. So, this is the effect of your ban on new recruitment. You refuse to open even a branch post office where the entire work is for two hours and not much money is to be spent because it is a part time job. You say, he is not a government employee. You say, since it is a government subsidy, we refuse. The result is that it has caused deep gloom in inaccessible and remote areas resulting in the deterioration of services and creating frustration among the employees. There is additional workload but no additional incentives. There is no recruitment. Even people who are promoted, their vacancies are not filled up. People who have been given training, they are waiting for one year, but they have not been appointed so far. For what is the training then? All this is because the Ministry of Finance in its wisdom has thought that by regulating the non-plan expenditure and by reducing the size of the Plan expenditure, they are able to keep the economy well on its wheels. This is no way of managing the economy. You consult your administrative Ministries and find out their reactions. You say, you give exemptions in individual cases. How many individual cases can be processed by your Ministry which is so fast that according to one Professor of the Bangalore University it takes 289 days for one file to be processed? This is the research finding of the bureaucratic functioning in India. When these things happen like this, the common man in the village feels the pinch. So, I plead with you to reconsider your concept of the ban and think in terms of efficiency, in terms of its normal functioning.

PROF. N.G. RANGA : You should say in regard to commercial services.

PROF. NARAIN CHAND PARASHAR : Yes, in regard to commercial services, so that something can happen and subscribers can get a better deal for the investment that they are making. When you are receiving money from him in the form of deposits or payments for the services, he must also be assured of better services at least, if not better than the normal services. Or is it that we are going to have this spectacle that deterioration in services in 1986 is

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going to be sharper than what it was in 1985 and that it has to be still sharper than what it was in 1984 and so on and so forth. So, we are moving on to the Seventh Five-Year Plan and we are going down in our efficiency. Therefore, I would plead that this matter should be reconsidered in the interest of efficiency and better services.

Similarly there are certain things which require a word of appreciation. This crop insurance scheme is something which has to be appreciated. The Finance Minister has been right in saying that the vagaries of weather should not spoil the fortunes on Earth. When the farmer loses his crops, he does not get anything whereas the factory owner, if he meets with an accident, he gets a compensation. So, the farmer is entitled to relife at the hands of the State. At least the farmer is not the step son of the soil. He is as good citizen of this country as the owner of a factory or a businessman is. Therefore, I would plead with you the case of the farmer and say that this should be processed at an early date.

Similarly, I would also plead that our Finance Minister should take a total view of the economy. It is not that we have only a financial approach. When you think of the total economic picture of the country, you should not reduce the investments on new railway lines or which are on-going projects. It is not fair because ultimately the backward areas of the country have also to be brought upto a certain level with the rest of the country. So, I would plead with you that all the on-going projects should not be subjects to any cuts and kindly keep the 1984-85 budget in view and restore all the cuts that you have put on various on-going projects. The welcome move to allow the public sector undertakings to raise resources through loans for telecommunications and Power should be extended to Railways for new Railway lines especially for the on-going projects. I say this for all the States who have been subject to cuts in respect of their on-going projects. At last you are going to enter into the Seventh Five-Year Plan; let it not be lower than the Seventh Five-Year Plan not only in size and the volume, but

also in the nature of allotment in each one of the projects. There is the way that through a regulated economy and through wise control we would be able to give a better shape to the national economy a better hope to the nation in the days to come. Thank you.

DR. P. VALLAL PERUMAN
(Chidambaram) : Mr. Deputy-Speaker, Sir, I thank you very much for giving me this opportunity to say a few words on the Finance Bill, 1985-86.

The Finance Bill is the most potent instrument for ushering in the era of economic reforms. The credit for introducing such a Finance Bill goes to our hon. Finance Minister who has in fact heralded a new economic order with his very first Finance Bill.

We should be proud of ourselves because India is perhaps the only country which has generated resources to the extent of 93 per cent for its development. The country is now producing 151.5 million tonnes of foodgrains in sharp contrast to the situation in 1966 when India was going around the world for the import of foodgrains.

Some prophets of doom have started harping on sudden spurt in prices. This price rise is a seasonal factor. The full impact of 1985-86 budget is yet to be felt. I would take this opportunity to suggest that special courts should be set up to try tax evaders. There should be no 15 days' grace for declaration of assets by those whose premises had been raided by tax men. All loan transactions above Rs. 10,000 must be through cheques only. Those caught contravening this rule twice should be sent to jail for six months to seven years. While I appreciate that the Centre has to be liberal in extending financial assistance to States with chronic drought, the same approach is not necessary towards States wallowing in financial mismanagement. Similarly, we cannot afford to forget that public sector industries alone had been responsible for the main thrust of industrialisation in the country as it is not motivated by the profit orientation of private industry. It is time for us to stop degrading the public sector industries.

The private sector industries are always crying wolf, wolf. While majority of private sector industries survive or credit facilities to the tune of 90 per cent from public sector financial institutions, they do not hesitate to undermine the interests of public sector industries. I suggest that the representatives of public sector financial institutions on the Boards of Management of private sector units should be more effective and energetic in looking into the financial management of such units. They are the guardians of public money in these institutions.

Secondly, I would suggest that the non-plan expenditure must be cut down heavily. There should be a moratorium for two years on unwarranted non-plan expenditure. I would suggest even reviving the Expenditure Commission for this purpose.

Thirdly, there should be strict adherence to the schedule of work undertaken in public sector industrial projects. Unnecessary delay leads to escalation in costs. The public sector projects must be completed on time.

Tax arrears running to thousand crores should be recovered on war footing basis. Tax avoidance and tax evasion should be dealt with severely. I had suggested earlier certain steps in this direction.

There should be very strict control on inventories in public sector industrial projects. We cannot allow huge sums to get blocked in unnecessary inventories.

I would now refer to an area where the Government should formulate a clear-cut national policy, I mean, the national policy on alcohol. I would refer to article 47 of the Constitution of India which says :

“The State shall endeavour to bring about prohibition of the consumption, except for medicinal purposes, of intoxicating drinks and of drugs which are injurious to health.”

Unfortunately, the State is endeavouring to encourage the consumption of liquor. As per the declared policy, since 1975 licences can be given for production of alcohol only for industrial purposes. The

State Governments are violating the licensing provisions with impunity. The Union Government is a silent spectator of the increasing incidents of diversion of alcohol for potable purposes. In the annual meeting of the Central Molasses Board, the Minister for Chemicals and Fertilisers has stated that in 1976-77 industrial alcohol accounted for more than 60% of the total alcohol production; in 1983-84, however, this came down to as low as 46%. In 1984-85, it seems to have gone below 35%. Though the hon. Minister Shri Veerendra Patil states that diversion of alcohol would amount to a violation of the provisions of the Industrial (Development and Regulation) Act, yet no penal action is initiated against such people who indulge in this.

The State Governments seem to rely more and more on growing revenue from liquor. The economy of our States seems to be based on quick-buck from liquor. Near the school, adjacent to temple, church, mosque, close to factories and cinema halls, you will find arrack shops and wine shops in our towns and cities. The Government of India talks about uplifting the people above poverty line but more and more people are taking to liquor, i.e. country liquor. The Government declares that there will be balanced industrial growth in country; unfortunately, there is balanced growth of liquor trade in the country.

The alcohol-based industries are on the verge of being exterminated. We do not have a national policy on alcohol. The hon. Minister of Finance is aware of the progress made in Western countries for using alcohol as an alternative source of energy. I understand that in Brazil 10 lakhs of cars are run on alcohol. Alcohol has become a primary raw material for many industries in Western countries. In India, we have not made any significant progress in this direction. There is a pioneering styrene butadiene rubber manufacturing unit in Bareilly, U.P. This was set up by one of the Congress stalwarts, Shri Tulsidas Khilachand on the understanding that the entire alcohol requirement of this unit would be met. This solemn assurance was given by Shri Govind Ballabh Pant. Today this unit is starved of alcohol. From U.P., alcohol goes to West Bengal and not to this unit located in U.P.

[Dr. P. Vallal Peruman]

It is really ironical that the Government has been forced to import industrial alcohol after exporting molasses about a few months ago. While the Government allows duty-free imports of industrial alcohol by actual users, I do not know any valid reason why butadene required for producing synthetic rubber should not be allowed duty-free import for the actual users. Similarly, while natural rubber is free from all taxes, the synthetic rubber made out of industrial alcohol, which is an agricultural product coming from sugarcane, is subjected to very heavy taxes. Our Finance Minister knows about the problems of Synthetics and Chemicals Factory at Bareilly. He should order the import of butadene free of all duties, in the interest of survival of this unit located in the backward area.

The Government should gradually reduce the consumption of liquor by strictly implementing the Industries (Development and Regulation) Act and by issuing licences for production of alcohol only for industrial purposes. Presently, the State Governments find that the potable liquor is among their major sources of revenue. The Centre should compensate the loss on account of prohibition by giving 100% grant.

If this is done, besides removing the pernicious effect of alcohol on human body, industries will come up generating more employment for able-bodied persons.

Khandsari molasses represent an untapped source of industrial alcohol. The jaggery sector can supply alcohol by adopting the electrolytic method. We must give greater attention to alcohol-based industries in the country, leading to generation of more employment opportunities.

These steps will ensure remunerative prices to sugarcane cultivators. I would give the example of Brazil which also started production of industrial alcohol in 1974. Brazil produced 615 million litres of alcohol in 1974 while in India we produced just 318 million litres. In 1983, Brazil had produced 741 million litres and India produced 540 million litres.

For India to enter 21st Century with

great confidence we should emulate the example of Brazil in producing more quantities of alcohol which has great potential for revolutionising the industrial scene. There should be total ban on diverting alcohol to distilleries in pursuance of the Directive Principles of State Policy as enshrined in our Constitution.

In conclusion, I request the hon. Minister for total prohibition and also to constitute a National Alcohol Policy.

[*Translation*]

SHRI RAM PUJAN PATEL (Phulpur): Mr. Deputy Speaker, Sir, while supporting the Finance Bill introduced by the hon. Finance Minister I would like to put two or three suggestions.

The hon. Minister has presented the budget with great care and foresight and every effort has been made in it to give benefit to the people of the country. The hon. Finance Minister deserves congratulations for announcing concessions in taxes on various items. So far as the price rise is concerned, he has admitted that the prices have increased considerably in the markets. I would like to know from the hon. Minister about the circumstances under which the prices have gone up in the markets. The hon. Minister has stated that stringent action would be taken against those working against the interests of the country. I would like to urge the hon. Minister to ensure proper implementation of the policies of Government.

I would like to make one thing absolutely clear that even a peon in the country knows that Government are spending a huge amount for lifting the people above the poverty line, but this amount is not being utilised properly. If a survey is conducted, it will be found, I believe that hardly 10 per cent of the people might have got the benefit out of such schemes. Not much benefit is accruing out of them otherwise. The money allocated for these schemes is being pocketed by the officers and employees concerned. I would like to urge you to set up an enquiry committee for each block. It will then become very clear how much money has actually been given

to each block and how many people have got benefit therefrom. In the meetings Government officers come and give figures that so many crores and so many lakhs of people have been brought above the poverty line. But in practice the situation is quite contrary. I think that everybody is aware of it, but the question is how it should be controlled. Some of our friends have said that the middlemen pocket the money meant for either I.R.D.P. or N.R.E.P. or the scheme meant for providing employment to the educated unemployed persons. I want that it should be enquired into. As a result of the 25 per cent concession given under it the poor people and the weaker sections do not get any money and whatever they got, 1/8th of it is pocketed by these people. So the furnishing of figures here will not help in the development of villages. Our officers are incapable of implementing the assurances given by you here. Moreover, they do not want to implement them. When we point this out to them, their reply is that M.Ps. are in the habit of making criticism only. I would like to point out to the hon. Minister that the development of villages is not going on as desired. I would like to give you an example. Today, we purchase a buffalo which gives 10 kgs of milk for Rs. 5,000. If we purchase it with the help of loan provided by Government though we might spend the same amount but it will give only 3 kgs of milk. Why is it so? Everybody knows it. Hence, I submit to you that arrangements should be made to give money direct to the poor people in villages. If it is done through middlemen, then the poor people will definitely be exploited.

I would also like to say that a ceiling on wealth should be placed on the pattern of land ceiling. It should be provided under the rules that any persons found having more wealth than the prescribed wealth would be punished in the same manner in which a murderer is punished. A law should be enacted that a person who exploits the poor farmers and accumulates wealth shall be hanged as he is exploiting the living human beings. Unless it is done, upliftment of the poor is not possible. A provision should be made in the Constitution for awarding capital punishment to such persons.

My Constituency is Phulpur from where the hon. Finance Minister was also elected once. So, he is well aware of the difficulties of that area. There is an IFFCO factory, in our area. Some time back the Minister of Agriculture Rao Birender Singh had announced in the presence of our former Prime Minister, the late Shrimati Gandhi that a soda-ash factory would be set up there, but neither such a unit has been set up there nor is any action being taken in this regard. I have come to know that some people having technical know how have opened that the setting up of a soda-ash factory there would not be beneficial. If this be so, then some other factory may be set up there so that Shrimati Indira Gandhi's soul may rest in peace as this announcement was made in her presence. In this connection, I had written a letter also but no reply has so far been received. I request the hon. Finance Minister to take easy action in this regard.

You might be aware that very good quality sugarcane used to be produced in Allahabad, but because of lack of facilities for sugarcane crushing, the farmers have reduced the average of the sugarcane crop there. Recently a proposal was submitted for the setting up of a sugar mill in the Soron tehsil of Phulpur the Government of Uttar Pradesh have forwarded the said proposal to you for according early sanction as funds are to be provided by the centre.

When the hon. Finance Minister was the Chief Minister of U.P., he had given sanction for the construction of the Curzon Bridge in Allahabad and the work on this bridge has also started. I would like to express my thanks to you for the same. In the end I again request you that a soda-ash factory in Phulpur and Sugar factory at Soron may be set up and if one more factory each is established at Soron and Phulpur the local people would remember you for generations to come. It is a very backward area. The first Prime Minister of India, Shri Jawahar Lal Nehru was also elected from this area. We shall be grateful to you if the backwardness of these people is removed. We shall have to enact stringent laws to save the poor from exploitation because the capitalists exploit the poor and I think at present the officials

[Shri Ram Pujan Patel]

have also become the capitalists. If an inquiry is instituted in their cases then we find that there would be 60 to 70 per cent of officials who are multi-millionaires. There should be a check on them because the administration does not run only on figures. We shall have to see whether the farmers are getting the amount meant for them or not. I do hope that you will enact laws for the upliftment of the poor, the landless and the Harijans of this big country in the same way as you have benefited the farmers and the landless Harijans of Uttar Pradesh by enacting laws in their favour.

With these words I express my thanks to you and hope that you would pay attention to suggestions.

SHRI UMA KANT MISHRA (Mirzapur) : Mr. Deputy Speaker, Sir, I rise to support the Finance Bill. We had supported the Budget earlier also when it was presented in the House and a general discussion was held on it. We had welcomed this Budget very much at that time and even today I say that this Budget deserves our appreciation. There are some measures which have been incorporated in the Budget for the development of the backward areas of the country and for speeding up its economic development. These measures were necessary also. With the presentation of this budget, we think we have not deviated from our basic economic policy. Our hon. Finance Minister as well as Hon. Prime Minister have repeatedly said that we believe in mixed economy and are shall work for the development of all the three sector, i.e. the private sector, the public sector and the Cooperative Sector. This is our basic policy which had been formulated by Shri Jawahar Lal Nehru and taken forwards by Shrimati Indira Gandhi. But a confusion is being created in the country in a big way that the Budget, which has been presented this years, is rightist in character and our economic policy is moving from the Centre towards right and our hon. Finance Minister wants to shift our economic policy from the Centre to the right. This confusion is being created in the country and a wrong kind of propaganda is being carried on. We have to counter this confusion and propaganda

because we know that our basic economic policy is based on mixed economy in which we have to work for the development of the private sector, the public sector and the Cooperative Sector we are also moving in this direction and it is essential also.

The reason for the confusion is that after presentation of the Budget rightists like Nani Palkhiwala have praised the budget, when Nani Palkhiwala who is a supporter of Swatantra Party's policy, praised the Budget, people thought that by presenting this budget the Government were shifting from the Centre to the right and giving up the leftist approach and that the policies of Pandit Jawahar Lal Nehru and Shrimati Indira Gandhi had been dropped. The industrial and trade organisations like the FICCI have also started praising this budget. They have welcomed it. Of course, the private sector should get an opportunity to work for the development of the country. To that extent it is welcome. But the opposition parties have been saying that since the capitalists of the country are praising the budget so this is a capitalists' budget. They are also saying that this Budget does not belong to the poor, the farmers and the common man. The people have neither gone through the Budget more care to know its aim. When the industrialists praised the Budget, they said that this Budget belonged to the industrialists and when Nani Palkhiwala praised it, they said that it was a rightist Budget based on the policies of the Swatantra Party. This provoked the people of the country.

I have read an article written by him in which he has said that the mainstay of the economic system of the country is the private sector and tax should also be levied on the agriculturists. We are against it. No tax should be levied on the agriculturists. He says that tax should also be levied on the agricultural sector. If he praises the Budget, the people say that it is inspired by his views. In fact the people have not appreciated the good aspects of the budget. A general feeling has been created among the people that the budget presented by the hon. Finance Minister is a rightist Budget and is anti-poor, although our hon. Prime Minister has refuted it at the massive rallies and in A.I.C.C. meetings. The hon. Finance Minister has

also explained it in detail that we are following the economic policy as enunciated by Pandit Jawahar Lal Nehru and taken forward by Indiraji. It is true that it is a Socialist Budget. We are taking our economy in that very direction.

We had said that unless you adopted a liberal view towards the private sector and gave encouragement to it, neither the production would increase nor would the backward areas of the country be developed expeditiously. It is our basic policy to develop the backward areas expeditiously. So the general this Budget reflects the hopes and aspirations of the common man and hence this Budget has to be welcomed.

Although we welcome the Budget it is surprising that in spite of its being a good Budget, the prices in the country have risen sharply. The hon. Finance Minister had stated in detail the other day that the Budget was not responsible for the increase in prices in the country. We belong to villages and travel in buses and visit the villages. It is my personal view and it is a feeling among the people also that the prices of articles have increased know in comparison to taxes and excise duties which have been levied. If the increase in the prices would have been in proportion to the taxes which have been levied, it would not have created any bad effect, because every one knows that the prices will rise in that proportion. But the price rise has been three times more than the taxes and the excise duties levied. Besides, the prices of those articles have also increased on which no taxes and excise duties have been levied. There was no justification for such increase in their prices. This has caused concern.

There is no doubt and you had also stated the other day that the Budget was responsible for only one or two per cent increase in the prices. The Budget is not responsible for any increase beyond this level. The reason for the greater increase in the prices is the seasonal factor. What I want to say is that the prices do not increase so sharply on account of the seasonal factor. I think there is a psychological factor working behind it, i.e., the people think that this Budget belongs to the trading community and the profiteers so one should earn as such profit as one

can. But this is not true in the case of this Budget there is no truth in it.

(Interruptions)

As I have submitted earlier also, this is a socialistic Budget and people's budget. This Budget is production—oriented and a progressive one. But when Nani Palkhiwala, the FICCI and all other big industrialists as well as the rightists praised the budget, then this propoganda was given wide publicity that it was a traders' budget. The traders indulged in profiteering by increasing the prices of those commodities in where this increase in price was not necessitated. The prices of salt, oil, cloth, and Vanaspati also started increasing. The prices of those items on which no duties were levied have also shot up. This has caused concern. So my submission is that efforts should be made to remove this impression from the minds of the people that this is a traders budget *(Interruptions)*.

18.00 hrs.

I would like to urge that the increase in prices should be checked. I firmly believe that the prices have not increased due to the Budget. This increase is due to the confusion created by the people. These people sitting on that side have a hand in creating such confusion and impression. The opposition publicised this view that this is a Capitalist's budget and not a people's budget. Such propaganda as well as praises showned by the rightists have helped in increasing the prices. This is a wrong impression. In the end, I shall conclude by giving some suggestions.

Strict measures should be adopted to check the rise in prices. Our hon. Prime Minister and the hon. Finance Minister have not deviated from the basic economic policies. This budget is a socialistic, progressive, production—oriented, budget as also a budget aimed at people' welfare, but by suggestion is that drastic steps should be taken to curb price rise.

The Seventh Five Year Plan is going to commence and at present there is the acute problem of drinking water is every State and in every region. We are at a fix how to solve the problem and satisfy the people. It is not as if only a few districts

(Shri Uma Kant Mishra)

or regions are facing water famine. Today, vast regions in every state are facing acute water shortage. I would therefore, like to urge the hon. Finance Minister through you, Sir, to invariably make provision to solve the drinking water problem in the Seventh Five Year Plan. If pruning is necessitated, then it can be done in other items but clean potable water should be provided to all the people in the villages of the entire country. This is my submission.

My next suggestion is regarding the farmers. You have presented a very good Budget and given many concessions to the farmers, but the farmers are not getting fair price for their produce. The support price has been declared. But you may go to the villages and see the situation for yourself. Though the support price for wheat has been declared as Rs. 157 per quintal yet wheat purchase centres have not been opened in the villages, with the result that the "bania" is purchasing wheat at the rate of Rs. 115 and Rs. 120 per quintal and in this way the produce of the farmers is being sold at throwaway prices. I would, therefore like to suggest that arrangements should be made to provide the farmers with fair price for their produce.

In the end, I would like to say that today the work of the land distribution to the poor under the 20-Point Programme of Shrimati Indira Gandhi is lying standstill. If land distribution work is not undertaken to rehabilitate the tribals and the Harijans in agriculture, then discontentment will prevail among them. Besides the IRDP, the work of land distribution for the economic upliftment of the rural masses is very essential. This is a part of the 20-Point Programme and this work should be taken up further.

My last point is regarding power. Power is an important prerequisite for the development of a country whether it in the field of agriculture or industry or for lighting purposes power is synonymous to development. Power is progress and in the words of Stalin, Power is the second name of socialism. But in our country the problem of electricity is very acute. The power situation is causing concern. As I have been elected from Uttar Pradesh, I am

aware of its power situation very closely. Although the situation is the same in the entire country, yet the people of Uttar Pradesh are suffering the most. So long as the Electricity Boards continue to exist as a white elephants, the situation in the power front cannot be improved at the State level. All the central undertakings under the Union Government are working well, but the Electricity Boards of the State are not working well neither in the matter of power generation nor in the field of distribution of power. So my suggestion is that the States should be asked to wind up their Power Boards and constitute small Power Boards in every division which should be responsible for the generation as well as the distribution of electricity. Unless the power situation in our country improves, the dream of development in the country, the dream of Shri Rajiv Gandhi to take the country to the 21st Century and the dream of increasing production and the programme put forward before the country will not succeed. While supporting the Budget, I would like to mention only one more point.

You have provided facilities to the Private Sector. When they get licences, they set up industries wherever they like. I would like to suggest that with a view to bringing about balanced development of our country, industries should be set up only in those regions which are backward. I would like to suggest that whenever an entrepreneur is given licence, he should be told in unambiguous terms that he will have to set up the industry in the backward region, backward tehsil or backward districts and if this is not done then the licence will be cancelled. Shri Birlaji has been given licence to set up a carbon black factory in Mirzapur but he wants to establish it in Pimpri. He should be told that Mirzapur is a very backward region and hence the factory must be set up in Mirzapur proper or in Mirzapur Tehsil. This will help in the development in that area. With these words I convey my thanks to the Hon. Prime Minister and the hon. Finance Minister and support the Finance Bill.

[English]

PROF. SAIFUDDIN SOZ (Baramulla):
Sir, I was called upon to speak sometime back. I am sorry I was not present in the

House at that time. I have to seek a clarification from the hon. Minister. I want to know whether the hon. Minister would apply his mind and examine regional imbalance in the country in so far as industry is concerned. I wanted to bring this fact to his notice. I do not speak as a politician essentially this time. Planning is something different and ultimately the Finance Minister should apply his mind in regard to regional imbalance. There are Ministers who nurse their own constituencies. Therefore, I want to bring to his notice that during the last 30 years or so, a sum of Rs. 25,550 crores has been spent on public sector. The share of Jammu and Kashmir is very low, abysmally low. We need railway lines and water in the State are wastefully running

into Pakistan. Against a total capacity of 15,000 megawatt, our harnessed capacity is only about 200 megawatt. I would therefore request the intelligent Finance Minister kindly to apply his mind in this respect and help the Jammu and Kashmir State.

THE MINISTER OF FINANCE
(SHRI VISHWANATH PRATAP SINGH):
In my reply to the debate, I will clarify this point.

18.10 hrs.

*The Lok Sabha then adjourned till
Eleven O'Clock on Thursday, May 9, 1985/
Vaisakha 19, 1967 (Saka).*