

presented to the 9th May, 1984."

MR. CHAIRMAN : Motion moved :

"That the House do agree with the Seventh Report of the Business Advisory Committee Presented to the House on the 9th May, 1985."

*The Motion was adopted*

14.18 hrs.

FINANCE BILL, 1985-CONTD.

[English]

MR. CHAIRMAN : The hon. Finance Minister will reply to the debate now

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH) : Madam, we have been discussing this Finance Bill and it was almost a second review of the Budget and quite a number of subjects were covered ranging from deficits to debts, from prices to public enterprises, from overdrafts to socialism. I thank all the hon. Members for their compliments as well as their criticisms. I have been benefited by both. Criticisms I take to be well-meaning and in good faith to give another perspective to the issues which we are commonly facing.

Before coming to details, one major point was made that there has been a departure by the present Government from its path of socialism. The hon. Members from the benches opposite gave a date to it also, 16th March, 5 p. m. or 4. p. m., whatever it may be the time of presentation of the Budget. By this very contention of theirs, they at least confirm that we were on the socialist path till 16th March, and I am happy that those leaders who criticised Shrimati Indira Gandhi, our late Prime Minister,

at least today they do confess that she was on the right track and on the socialist path. So, it is to be diagnosed whether the deviation has been for seven weeks, as they suppose it to be. That is the only argument that is to be made. But without scoring debating points, I would take the issue of ideological context of the debate because I think that is more important than the details of it. It is in this overall ideological context that we can understand the individual details also and we should not in counting the trees lose sight of the wood. The basic issue in this whole debate has been whether we are going to the socialist path or the capitalist path. In fact, as I perceive it, the approach between the two is basically one of attitude, not only of social ownership or State mechanism, but also the approach of both and the psyche of the human-being himself. The socialist philosophy puts a trust in man, in his innate goodness, with the dismantling of the exploitative super structure, the initial goodness of human beings will come forth to harmonise while the Capitalist System essentially believes in the greed of man. And that is the main force to draw in the mechanism between the two systems.

But coming to very specific, rather very broad debate, it is the social ownership of the means of production that is the essence of the debate. On socialism, to frame the issues properly and to answer points of the debate that have been framed, what is important is the extent and content of social ownership as envisaged by the founding fathers of the nation.—Have we deviated from the path as we envisaged it to be? So, let us see what after Independence as the extent and what would be the content of social ownership. Was it our contention that agriculture will come under social ownership? No. Was it postulated that handicrafts will come under social ownership? No. Was it postulated that small-scale industries will come under social ownership? No. Was it that the basic industries will come under social ownership? Yes and positively yes. That has been the concept.

In this connection I want to quote Pt. Jawaharlal Nehru himself :

"In any event in India by far the greater part of life and our industry is bound to be governed by the private enterprise. Take the whole sector of land. We are an agricultural country. Take the whole small-scale industry. It is a very big sector in India. All these form a private sector and private industry."

And when we come to the basic industries, he goes on to say :

"We think in terms of what may be called the basic industries under State control."

Here he very pointedly out that the basic industries have to be under State control.

And further on 24th May, 1956 in this very august House in a debate he said and I quote :

"When there is such a vast field to cover, it is foolish to take charge of the whole field, particularly when you are totally incapable of using the huge areas yourselves."

So, the extent of social ownership was envisaged to cover the basic industries and heavy industries.

There may be very serious ideological differences on socialism, whether it should be collective workers or there should be guilds or in what form the workers should exercise their ownership. But so far this was what we had envisaged.

And again in his own words he said and I quote :

"The basic strategy governing planning is to industrialise and

that means, the basic industries given the first priority".

Madam, I may also quote the Industrial Policy Resolution of 1956 in length because we have to answer this basic issue. It goes out to say this :

"The adoption of the socialist pattern of society as the national objective as well as the need for planned and rapid development requires that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector. After consideration of all aspects of the problem in consultation with the Planning Commission, the Government of India have decided to classify industries into three categories. The first category will be the future development of which will be the exclusive responsibility of the State. The second category will consist of industries which will be progressively State owned and which the State will therefore generally take initiative in establishing new undertakings but in which private enterprise will also be expected to supplement the effort of the State. The third category will include all the remaining industries and their future development will, in general, be left to the initiatives and enterprise of the private sector."

So, we have to see this. Have we in term of what was envisaged by the founding fathers of the nation, as envisaged by Jawahar Lal Nehru and also as spelt out in the Industrial Policy Resolution, achieved those objectives and followed those policies mentioned in the Industrial Policy Resolution? And in those industries, the State ownership has to be there and commanding height has to be established as ordained at that moment. What are those industries? I will read the Schedule. 'A' They are :

Arms and ammunition, Atomic energy, iron and steel, heavy electricals and plant, coal and lignite, mineral oils, mining and processing of copper, minerals specified in the schedule of atomic energy, aircraft, air transport, railway transport, ship building, telephone, generation and distribution of electricity. I am proud to say that our Party and our leaders on each and every count have established the commanding height of the public sector in all these fields which were envisaged and we have established the concept and ideal of socialism. It was not in words but it is in concrete terms today in our country. It was the genius of Jawahar Lal Nehru who combined modernity with our ancient culture which gave socialism in our Indian context, who did not sacrifice development to dogma, who was aware of the various stratified structure of our society and economic conflicts and interests. Yet, he had the audacity to synthesise this into a mass movement. For him, the nation was supreme and that is true even for our Prime Minister, Shri Rajiv Gandhi. And the emphasis on public sector was made and it was valid then and it is valid today even.

**SHRI NARAYAN CHOUBEY :**  
Diluting it.

**SHRI VISHWANATH PRATAP SINGH :** Let me come and I will answer each and every point that was raised. Precisely that is why, I have taken that first. We had started from the colonial economy where we were doing it in spite of crisis that might have come. The pattern of colonial economy is that the colonised country shall be the regular and permanent suppliers of raw materials. Even if they have manufactured, it should be in the consumer items. Heavy industries were regularly discouraged and we could not expect the private sector to give a push to an economy which was stagnant and where poverty was a reality and, therefore, it had to come from the State and that is why the

public sector came. Otherwise also, considering the dimension of investment and the rich factors, private capital was shy to come in to these areas of critical importance to our economy. The public sector is the engine of our growth. If we evaluate our public sector, it should not be by the audit book. The audit of the public sector is not the cash balances. It is the balance to the economy it is the viability to the economy and not its monetary viability, that is to be seen. Had this public sector not been what it has been the private sector today should rest on the shoulders of the public sector. Its benefits flow. It gave benefits right from the start. When contracts of civil construction start, supplies made, and when the public sector produces the profits, even then the private sector takes benefit out of it and many times, prices are subsidised in the public sector and that is also the benefit of the private sector. Today the private sector has no face to come and criticise the public sector. But now we have to see what role we have to play. We have established the commanding heights of the public sector. If you put your hand on a switch in the morning, the public sector is there is there. Open your tap for water, the public sector is there. Open your newspaper, the news print is brought by the public sector. If you want a cup of tea or gas there is the public sector. Telephones and the banks are in the public sector. If you want to travel, it is public sector. You go on scooter to a petrol pump, that is a public sector. Public sector is in every part of our life and it has become integrated to our existence. That is the commanding heights we have established and we proudly say that in spite of your criticism that you made, we established it. It is not in hypothetical terms. We will continue to do so. There are no uncertain terms on that.

The share in the general gross domestic product of the public sector in 1960-61 was 11%. In 1983-84, it went up to 23%.

The share in total investment of the public sector in 1950-51 was only 27%. In 1983-84, the share of the public sector in total investments of the country went up to 46.2%.

In mining and quarries, power, gas, water supply, banking and insurance, the role of this public sector is more than 90%.

It employs more than 16 million people.

Having achieved all this, now we have to see what are the strategies for the future. We have not only to increase it in size or in area where 'B' List is concerned that is also an objective ordained by the industry, but we have to make it stronger also.

Yesterday Mr. Dinesh Singh made this point that the public sector has to make a positive contribution to resources and not a negative one and the flow of investible resources are expected from the public sector now.

Rs. 35,000 crores are being invested and it is not a wrong thing to try to attempt to do it. It is not that they are put in the cold and are asked to do it. We are all in it. We are all responsible to see that it does come up and we have to contribute to it. Even in this year's Rs. 18,500 crores Central Budget, Rs. 11,747 crores is envisaged in the Budget from taxation and other resources and Rs. 6,753 crores out of Rs. 18,500 crores is expected as internal resources generation of the public sector. The Seventh Plan very much rests on the performance in the public sector. We cannot afford to neglect it; even if we wish, it cannot be. It just banks on it because on taxation we are reaching the limit, approaching 20 or 19 per cent of our GNP. On borrowings we are reaching the limit—internal borrowings and not external borrowings for the information of Shri Indrajit Gupta who was worried about this

yesterday; I will come to that point later. On borrowings, we are approaching the limit. We cannot go on increasing deficits. There are only two ways to fund our Seventh Plan: the internal resources of public sector and the growth of the economy itself, of the GNP itself, which will broaden the sources of our resources. There are only two routes open to us. Otherwise, we get into a debt. Certainly we have the resources constraint. We will have to make some changes in the management; maybe, we have to give more autonomy as well as accountability to the public sector. That is a question of detail; that calls for a different debate, how to deal with it and improve our public sector. But with our resource constraint, we have to look for completions where we start getting the result of our investments, consolidation, using of existing capacities, because public sector investments are highly capital-intensive. Non-utilisation of capacity is bound to lead to loss; net loss is inevitable if capacities are not used. So, we have to get more out of the same rather than more of the same when we have got resource constraint. If we increase the plant load factor by a few percentages, it is equal to a new plant where crores of rupees will have to be invested. Just by improving the management, using existing potential, we can do. This will be our technique to get more out of the same rather than more of the same—when there is resource constraint. It is not because any one wants, but because there is a physical limitation. And why it is so, I will come to that later.

Today the public sector is facing supply constraints as well as demand constraints. In many of the basic inputs of the public sector, be it power or coal or sometimes transport itself, we are facing one problem, and it is for us to solve it. On the demand side, there is a main constraint; we have to split it into three parts. One, where the output of the public sector is consumed by the private sector itself; the market of

the public sector is in the private sector where consumption is there of all these items. The other is capital goods whose demands originate from private sector, but it is quite sensitive to the overall investment in the economy. Those demands grow if there are overall investments ; and if the overall investments diminish, the demands do not grow and hit our public sector. The third category of products of the public sector are those which are consumed by the other public sector units. Here there is need for coordination. Shri Indrajit Gupta yesterday mentioned about wagon factories. If the Railways' demand for wagons goes down, the wagon industry gets affected. In all the three you will find that inter-relationship is necessary to ensure that the whole economy is stimulated, is active, alive and healthy—to sustain the public sector. Because sickness in one area is bound to affect the health of the other. This is the internal relationship we have come to. This is what the Budget and the economic policies are attempting to do, and it should not be misinterpreted in any other sense except in this sense that we see it and pursue this. I have mentioned what are the compulsions about further investments or the constraints. I want to share with you. Mr. Peruman yesterday mentioned that non-Plan expenditure should be cut down. I think this could be one answer. I think every one, it is non-plan, would say 'Yes, Yes, cut it down.' But I am mentioning some of the items of the non-plan expenditure. Defence should we cut it down ? ...

SEVERAL HON. MEMBERS : No.

SHRI VISHWANATH PRATAP SINGH : Interest which we have constructed and instalments we have to pay. Could we cut it down ?

SOME HON. MEMBERS : No.

SHRI VISHWANATH PRATAP SINGH : Subsidies on fertilisers and food,

SEVERAL HON. MEMBERS : Not at all.

AN HON. MEMBER : It should be increased.

SHRI VISHWANATH PRATAP SINGH : Hon. Members you have made the very budget which I have made. I get your stamp. This is how we process in arithmetic. 64% of the non-plan expenditure you cannot touch. In the balance, there also there are commitments to social welfare activities of the States and other factors where you think you can cut down and finally it will come to 4 or 5 per cent. That is not going to solve your resource problem which you have in thousands of crores. Now what actually happens ? When we debate such issues, what is happening is that on the non-plan side your constraints do not get reflected. When you debate the budget and the plan, debate on development—why that has not been increased, why that has not happened and so on, it is because the non-plan has not been cut. We are seeing through the window while we have to see through the roof. For instance, with pressure on our borders—thanks to some big countries—anyway, I need not mention it. What happens ? Resource commitment at least has never been aggressive. But at least for our defence, for our own protection, resource does get committed and this is a reality. Some people had estimated that one tank cost can build 75 hospitals of 100 beds each. One modern bomber can give us 1000 class-rooms to teach 30,000 boys and a modern nuclear submarine which we do not have still cost can give 4 lakhs houses which can house 20 lakhs people. What happens ? The development you are asking for—the tubewell, the roads, the hospitals, the schools, everything gets converted into gun powder. There are only two options before the country—not only our country but before many countries. Curtail development. What is the consequence ? There is political discontent expressed, as you see, in

agitations leading and helping destabilising forces. Alternatively, when you are faced with a resource crunch, you go and take lone. What has happened to South American countries? You walk into a debt trap. And it is to the credit of Shrimati Indira Gandhi that in spite of this, she led this country to victory and also to economic independence and could face the difficulties also. Now, coming to the private sector and where it should be placed and what role it should play if there is a role. But certainly its role cannot be the Government's one. It has been our persistent policy that in the private sector the concentration of wealth is something which we have been against always and this is so even today. But we have to trace the history of our public sector, as of private sector, and only then we can come to remedies and responses. When after independence we were in shortage of foreign exchange, in order to conserve our foreign exchange, we had to have a protectionist policy. Import substitution became the banner of industrialisation and development; it was the correct path and there was a demand saying 'Let there be growth of industrialisation' and that is how we have reached here. And today, by the same instruments of licensing and protection, those units in the private sector which are not economically viable are still financially viable because of our system. Though they have no productivity, yet, they have high profits—high profits for which they are not justified to attract investments in those areas. It is this economic injustice that we have to confront them with—that no longer you will be babies which the Government will be carrying! You will have to stand on your feet. And if you have some grouses you will have to take those grouses. And that is precisely what we have behind the thinking of the process we have put forth. In this process, while I do not say that we cannot dismantle physical control, for the monopoly houses we will have to keep it; for FERA companies we will have to keep it. For certain imports we will have to keep it. But it

is time that we move from discretionary controls to non-discretionary controls. It leads to lot of corruption. I have a right to say yes or no. On licensing quota if I say you will get institutional finance or no, if I say you can get foreign exchange or no, at various levels, discretionary element comes in. But if we can fix up priorities of financing, of foreign exchange availability, that these are national priorities, there are what is for the common people, not for luxurious consumption and institutional finance will flow according to patterns of national priority, then we have developed a much more sophisticated instrument of controlling our economy. Now we have established ourselves in public sector. And I think when the age of remote control has come by the sophisticated methods of credit policy, of interest policy, I think these are the instruments now we should adopt. And slowly wherever the areas are possible discretionary control should give way to non-discretionary control. This is another thing. It is in this sense that things were said about sickness. Of course there can be objective conditions of sickness also; textiles or power shortage are some areas where there are objective conditions about them. But where there is sickness out of siphoning of money—and there are many cases—there is no reason why the same person takes institutional finance, siphons off the money, goes to another licence and come to institutional finance and they give him the money. So, that was the sense. Of course, if there is power failure and the unit has not got it, it is not to be applied blindly or mechanically. So these considerations will be there. But where there is syphoning off money, those units will be answerable and a management which has been responsible for syphoning off money should not be made accessible to institutional finance. I have seen in the newspapers that Mr. Modi has very strongly reacted to it, Mr. Birla has also very strongly reacted to these budget proposals. But I must very firmly say that we cannot squander our resources. We cannot go in an *ad hoc* manner as

whoever may come and put it anywhere, we will fix priorities and the exercise is on. Madhu Dandavate mentioned about one preliminary point which is about propriety of making an announcement.

PROF. MADHU DANDAVATE (Rajapur) : After Rusi Modi, you have come to....

SHRI VISHWANATH PRATAP SINGH : Now, I have come to a very relevant point. Besides you, Shri Indrajit Gupta has spoken and jointly for both of you I can answer. One point has been made about the philosophy, about the budget and the economic policy pronouncements and its stance. Prof. Madhu Dandavate specifically used the words 'it is pro-affluent and it is not social.'

PROF. MADHU DANDAVATE : Greatest good for the smallest number.

SHRI VISHWANATH PRATAP SINGH : Now, the scheme for the social security is for the smallest number and is it anti-social? The crop insurance scheme is for the smallest number and is it anti-social? Now, to get the workers' dues *pari passu*—to secure that first—is for the very few and is it anti-social? Increasing the bonus calculations from the limit of Rs. 750 to Rs. 1600 is for the few and the rich and is it anti-social?

Now, coming with a policy of stock options where it will be possible when the Government is de-investing the shares to offer to the workers and the employees, it is for the few and is it anti-social? Increasing the retrenchment allowance from Rs. 20,000 to Rs. 50,000 is for the few and is it anti-social? For protecting labour wages to the industrial labour, it was raised from Rs. 1.3 to Rs. 1.65 and it is for the few and is it anti-social? All this come from the resour-

ces provided in the budget. How can we say that it does not from part of it? Food subsidies of Rs. 1100 crores is precisely—this is an element of the budget—for the few and is it anti-social? Now, 35% hike which we have given to the States against 30% which will go for agriculture, education, irrigation and poverty programme is for the few and is it anti-social? The excise duty removal for agricultural equipment is also for the few and the fertiliser subsidy of Rs. 18 crores which we have provided is also for the few and is it anti-social?

SHRI INDRAJIT GUPTA (Bashirhat) : I wish you mention about Reagan.

SHRI VISHWANATH PRATAP SINGH : I will come to Reagan. There is only one difference for us. These are socialist measures for us; these are concrete measures. It is not the abstract socialism of yours, but it is the concrete socialism of ours.

(Interruptions)

Because we are going to set up special courts to try the tax evaders, we are pro-affluent!

PROF. MADHU DANDAVATE : In order that you should be able to try them before special courts, probably you want that tax evaders should be created. That seems to be the priority. That is what is going to be the result of this.

SHRI VISHWANATH PRATAP SINGH : I am going to raise no taxes Dandavateji, if what you are saying is that there would be no further revenues to come.

SHRIMATI PHULRENU GUHA (Contai) : Smugglers also will have to be tried.

SHRI VISHWANATH PRATAP SINGH : I am coming to that. We

have provided this year that if anybody takes a loan or a deposit more than Rs. 10,000 and if it is not by cheque and if the person commits this offence twice, he can be punished with six or seventh months imprisonment.

Regarding the total realisation from the corporate sector, we are raising Rs. 251 crores this very year from the corporate sector. This is envisaged in the budget. And you are saying that we have given away everything to the corporate sector. Just by raising one per cent of the statutory limit as a law, by which the banks have to deposit a certain amount with the Reserve Bank, Rs. 100 crores which would be available to the private sector has come to the Reserve Bank. We raised it just by one per cent. This is where there is competition between public sector and private sector. It is in the distribution of resources. It is not in other areas and both go together in other areas. If you see the availability of institutional finance, what is with Government and our foreign exchange and what comes out from abroad—it is here we have to strike a balance and a judgement can be made as to which side we are taking. There is this clamour between the two. That is how we have to ensure and this might have become too subtle, but that is different.

It is being paraded and trumpeted that Government has opened its treasury to the private sector and that there is a loot and that we have given them a bonanza gift. But, out of the direct taxation of Rs. 4000 crores it is only Rs. 116 crores. That is all. And it is being trumpeted like this. You can work out the percentage.

Another point is made that rates have come down and therefore the socialist path has been given up. As regards rates, we have come down from 97 per cent to 62 per cent. When we came down up till 35 per cent, we were not considered capitalistic. We were still socialists.

SHRI NARAYAN CHOUBEY : You are never socialists. We never said that.

SHRI VISHWANATH PRATAP SINGH : All right. Now you change your stand.

PROF. MADHU DANDAVATE : We never alleged that you are socialists. We have made such an allegation.

[MR. DEPUTY SPEAKER *in the Chair.*]

14.59 hrs.

SHRI VISHWANATH PRATAP SINGH : I will corner you on that also. Anyway, they have got a pocket thermometer for socialism. As soon as the tax rate came from 97 to 62 per cent, they applied their thermometer and seeing the temperature they said that it was still socialism. But when it came down from 62 per cent to 50 per cent, the temperature in the thermometer shows that it is capitalism.

The debate is not about the tax structures. The fundamental issue is about ownership of property and it is a much bigger debate than this tinkering with tax rates hither and thither. I have not trumpeted it as such.

15.00 hrs.

This is the essence of debate. Let us discuss areas where the debate lies, and not where the debate does not lie.

SHRI C. MADHAV REDDY (Adilabad) The most important is the direction. In what direction are you going.

SHRI VISHWANATH PRATAP SINGH : Yesterday, Mr Madhav Reddy raised this point of direction. He made the thesis that we have raised the liquidity with the private sector, without giving a direction. He said that the private sector would go into consumer products and push up the prices. That was



his basic theory. Yesterday, I had announced certain things here itself, for the power and Communication sectors. We are giving those things where this channelization and direction can take place. We are thinking on the same terms. That is a valid point not that we are not aware of it.

About smugglers, one lady Member had spoken. She will be happy to know that in the first four months, Rs. 20 crores worth of gold has been seized, whereas in the whole of last year, Rs. 10 crores worth has been seized. So, that is our step-up on smuggling.

Similarly about contraband : Rs. 60 crores worth has been seized, as against about Rs. 60 crores worth for the whole of last year. What could be achieved during the whole year, we have achieved in the first four months. That is the step-up we have been able to achieve here.

Now comes the question of prices. That was what was reflected in the speeches of the hon. Ministers from this side, as well as from that side. I am not aside of it. I am part of you as far as prices are concerned. I think we should calmly and collectively face it. But I would like to say one thing about diagnosing the disease. Suppose there is fever. It should be diagnosed correctly. Fever is there, but instead of typhoid, if you diagnose it as malaria, you will give Quinine, and the patient will die.

**SHRI NARAYAN CHOUBEY :** It is an enteric fever

**SHRI VISHWANATH PRATAP SINGH :** So, you have to find out what are the various factors. I do not say that the Budget does not have an impact. To my perception, there are 4 or 5 elements which have gone in. One is the seasonal factor; the second is the Budget. The Budget has two elements :

the tax, and the deficit. At this moment deficit cannot i.e. within five weeks, play that sort of a thing. So, what is the element of tax that has gone into prices ?

Then about our administered prices. There also, how much has been the cost-push from the administered prices of things like steel or railway freight ?

Then there is the factor of shortfall in production also as in sugar. This year, sugar is 22% down, Budget or no Budget. The shortage constraint on production will have a pressure on prices.

The fifth is profiteering—sheer—profiteering, out of psychological reasons, using a situation, and using the Budget as a facade. So, all these five elements are there.

Coming to the first factor, viz. seasonal one, I want to draw the attention of the hon. Members to the graph which I have submitted before them. Perhaps they have got it. If you look at it . . .

**PROF MADHU DANDAVATE :** I wish you had given figures for 1977-78 and 1978-79 also there.

**SHRI VISHWANATH PRATAP SINGH :** I think it is not going to be very different, Prof. Dandavate. That is why I included one year, viz. 1979-80—just to include one Janata year also. But that is a general factor. You can see it over the years. You can see things for seven years, if you look at this graph. This is the wholesale price figure. Let me make my point. This is the graph for movement of wholesale prices for seven years. You will see that from March to August, during all the seven years, the wholesale prices have gone up, and that has been the trend in the previous year also; and it is only after August that prices start falling. So, every time it is the budget which increases the prices, that is the general impression, which is not correct.

Perhaps if we change the year to September, the Finance Minister will be the happiest man, because this is inevitable, seasonality that is super-imposed on the perception of the budget. But I don't say that the budget will not have any impact. Here it is not a question of defending a Ministry or a party but it is a thing which I want to share with you ; and let us see how we can get over it.

Some of the things have come to our notice—the prices of vegetables, milk products, soap and gur have gone up. For gur, even last year, there was a rise during this period between March-August—60.9 per cent ; in the previous year, it was 37.1; then it was 33.1. I will not take time in this data because the Private Members' time is coming.

Now, the analysis that has been done is, the impact of the budget that has come to our notice is that due to the effect of taxes there has been 2.4 per cent rise between 16th March and 20th April of the price index. The effect of taxes is .53 out of 2.4 which includes petroleum products, soft drinks, cigarette cement and vanaspati; I mean this is the range where taxation has been made. There are not other things much. The effect of increase on administered prices is .56. So, the total impact of administered prices as well as on taxes out of 2.4 is 1.10 and other reason, that is seasonality plus profiteering is 1.30; so, it is less than half ; and I think here there has been a fall of prices also; some prices have fallen of wheat and pulses, etc. But these are details. Let us go to the wholesale prices index. It only shows that there are other factors than the budget for the fall of prices and here I must say, what are the options; the option is of cutting expenditure—which side, plan, non-plan, about non plan, you have seen it. Then borrow more money, more taxes ; more taxes, more prices. Here I am already criticised.

**SHRI EDUARDO FALEIRO (Mormugao) :** Produce more. ?

**SHRI VISHWANATH PRATAP SINGH :** That is what the budget is. Another point was made that in two months, there is a rise of 2.4 multiplied by 12. It is not true. If you see the figures given in this graph, you will find that whereas in 1983-84 in the first six months, the rise was 7.3, but in the whole year, it was only 5.2. So, it was not multiplied because the first impact gets absorbed. Once prices have been adjusted, the prices become low. So, what can now this adjustment affect is the deficit ; that can have an impact over the year and that is what we have to manage and see that it is in control. With the debate, I have been strengthened in the sense that I feel that it is the general consensus of the House to take very strong measures.

(Interruptions)

**PROF. MADHU DANDVATE :** It is a prospective applause.

**SHRI VISHWANATH PRATAP SINGH :** May be, but there will be some unpleasant measures also, but if prices have to be controlled we have to take them. We have the strength of the House to take those measures. I may be coming with those steps. Because, the people are more important than any proposal and people is the essence of all the proposals and for their sake I think we should be flexible enough to accommodate what is necessary.

Now, a point was made about overdrafts, and also of the Eighth Finance Commission. In the Sixth Plan the States budgetary resources—all right ; I will not pick on States, too much of picking on is going on, that everybody knows what is what. In totality the States budgetary resources and contribution of States enterprises was estimated to be Rs. 26,033 crores for the Sixth Plan, originally, and the performance of the States was, against Rs. 26,000 Rs. 17,966 crores, there was a decrease of Rs 8,067 crores. While

there was an increase of borrowings by Rs. 1.60 crores, central assistance, what was envisaged was increased by Rs. 204 crores, overdrawing from RBI—that has become a resource to the States—of Rs. 6,128. This was the position.

Now, when this ban on overdraft came, in one day—I monitored—the overdraft went up by Rs. 30 crores, next day it went up by Rs. 40 crores in one day. This financial situation had to be saved. That is why this ban came, to stabilise at Rs. 1,850 crores. So, this had to be brought down, we are not happy about it. Not only here. It is the country, in the sense that if the States develop the country is being developed. But there is a certain system of monitoring. I do not want to go into the Eighth Finance Commission and other things. But I may tell you that under the system that is existing, the Eighth Finance Commission would not have given more in 1985-86 than what was given in 1984-85. The figures which went from the Centre during 1984-85 were given.

Now, one thing has to be done very frankly. The items for which the money is allocated in the States, that will have to be monitored. Diversion cannot be allowed. If it is 'Plan' spending on 'Non-Plan' will not be possible and that is our discipline. That will have to be there. When I say 'discipline' I want to discipline myself also. I want discipline on myself also.

**SHRI NARAYAN CHOUBEY :** No objection.

**SHRI VISHWANATH PRATAP SINGH :** Now I have strengthened my hands on that.

One point was made about the debt—Shri Indrjit Gupta has gone away that there is too much of borrowing of external debts. Shri Ram Singh Yadav made a point that we did not accept further instalments of IMF, that was the

strength of our economy, that as our external debt servicing has definitely a relation on our export earnings and also invisibly—it is ranging from 12 to 13 per cent, which means that India's credibility is very high. There is no problem on that, as also the domestic and external borrowings; as a percentage of total Central Government expenditure has been in 1970-71 about seven per cent; in 1985-86 it is 4.5 per cent. So that is being very well managed on this count.

**PROF. MADHU DANDAVATE :** Are you sure that those figures are correct? I think in 1970-71 the total expenditure was of the order of 3 per cent and in 1985-86 the proportion of borrowing is 10 per cent.

**SHRI VISHWANATH PRATAP SINGH :** This is what I have been given. Anyway, I will check up. Even if it was 3 per cent and now it is 4 per cent, the point is well made. We have improved upon the situation and that the country has managed it.

Did you say 10 per cent or 3 per cent?

**PROF. MADHU DANDAVATE :** 10 per cent.

**SHRI VISHWANATH PRATAP SINGH :** That is not my figure.

**PROF. MADHU DANDAVATE :** There was an increase from 3 per cent to ten per cent.

**SHRI VISHWANATH PRATAP SINGH :** I do not think it is 10%.

**PROF. MADHU DANDAVATE :** This is not what I have spent, this is what you have spent.

**SHRI VISHWANATH PRATAP SINGH :** I will check this. But it is in the order of 4%, 4.5% or 5%.

I just want to touch upon the trade policy and then conclude. Much was said that it is a very liberalised trade policy and that this will lead to debt crisis and that there will be an outflow of foreign exchange. But if you look towards the import structure policy, free or restricted, 65 per cent of your import is beyond your policy. The bulk of your imports are: petroleum, edible oil, cement—you are exporting non-ferrous metals. These are under Government decisions to import. These are not policy decisions. So 65% goes out of the policy parameters. And if you add to this aid, which you need for projects, it is 35 per cent of the capital goods and raw materials, if you judge at least more than half, for which credit will be necessary. So, whole of your policy debate on liberalisation is on 10 per cent of the imports. On this 10 per cent you say whether we have made it liberal or made it restrictive. Yes, this 10 per cent should not grow like cancer. Have an eye on it and this should be contained.

If you look at the trade gap, this will point towards growth. But the trade gap has to be taken in the strength of the economy. If we take trade gap as percentage of GNP it has gone down. In 1981-82, the trade gap was 5 per cent of our GNP and in 1983-84 it was 3 per cent of the GNP. So, this is not that we have an unmanageable trade gap.

Some issues about the developing countries were made here. Here I must raise my voice and say that we should be proud that as NAM leader, our late Prime Minister and our present Prime Minister have taken initiatives. It is true the picture is not a very happy one. Concessional borrowing flows are drying up; pressure is building up to go in for commercial borrowings, which is a high cost money. And then there are high rates of interest. We must remember that one per cent rise of interest rate causes a burden on the developing countries on \$3 billion.

These high interest rates are having crushing impact.

Then in the very fields in which we have comparative edge, we face protectionist barriers against all international trading rules of the GATT. Those who are the contracting parties at the GATT and those who are big countries, do not follow it. In textiles we have an edge, but we come across textile protectionism. It is not that we only pay. In the US it has been calculated that to protect their textile industry from the developing countries, the US Government has to spend \$ one against 7 cents as a cost to its workers. It is 14:1 ratio. In Canada the ratio is 70:1. They also are paying, but are not dismantling, the protectionist barriers. This is what we took up in Washington and it had been said in the Press that I came back as a sad man. I think what India stood for was there. The second round of the GATT negotiations was on the cards. There was high pressure that services and everything should be taken in the round of negotiations. It was India which reserved this position first; that became the rallying point of the developing country that they reserved this position and the developed countries had to change their draft to concede to the developing countries that first they will be rolled back on protectionism, that on the work programme, after the Tokyo round, of dismantling protectionist barriers on textiles, agriculture etc. substantial progress will be there. Only then this could lay the foundation for a second round. Consider, everybody was expecting that in Washington after the Development Committee meeting there will be announcement that the second round is going on, but it was India's stand, I am happy to say and report and I am proud of the Indian team also to have taken this stand by which the developing countries could consolidate and it was because they could get this change and get the developing countries incorporated in the document and in this forum the developing countries have a voting strength of 96.2

per cent because that is according to the shares in the world money that they have taken and all the developing countries together have a voting strength of 3.8 per cent only. In that forum we could stress our point and it was at India's initiative that we could get it and bring it to them.

PROF. MADHU DANDAVATE : Before you conclude at 2.20, I would say that I had raised a very important question of propriety.

SHRI VISHWANATH PRATAP SINGH : I am coming to it. It will be very improper for me if I don't.

PROF. MADHU DANDAVATE : At least there should be no impropriety.

SHRI VISHWANATH PRATAP SINGH : I will answer both things, of Reaganomics and impropriety. (*Interruptions*). Dandavateji, you know it well that any change in indirect taxes can be done and is done regularly outside the House ; it does not come here.

PROF. MADHU DANDAVATE : By an executive order.

SHRI VISHWANATH PRATAP SINGH : So, when that power is already with the Government, is it not greater propriety that I have come to the House and told you and took you into confidence ? And you are charging me with impropriety'. I could have done that without announcing it here.

PROF. MADHU DANDAVATE : Right on 1952 up to 1985, tell me a single budget in which prior to the consideration of the Finance Bill the Finance Minister made any additional levy at the stage of the reply of the discussion.

SHRI VISHWANATH PRATAP SINGH : Dandavateji, history alone is not the sole test of propriety.

PROF. MADHU DANDAVATE : Geography also.

SHRI VISHWANATH PRATAP SINGH : And geography, yes, because for what I can do outside the House without reference to the House, my mistake is that I have come and told the House. Indirect tax, I can do any time, it is not needed to be passed in the Budget. And about the excise duty on cigarettes, I came and told you, and that is my mistake.

PROF. MADHU DANDAVATE : Are you satisfied, Sir ?

SHRI EDUARDO FALEIRO : Let us go to substantial issues.

SHRI VISHWANATH PRATAP SINGH : The only last substantial issue, I think....

PROF. MADHU DANDAVATE : You have given goodbye to conventions and traditions.

SHRI VISHWANATH PRATAP SINGH : Dandavateji, I will end with that.

You have raised the very basic issue of the dignity of man and that issue should be subordinated to machine and that is the statement and that precisely the dignity of man should be maintained, it should not be sold in the market place, that the dignity of man should be maintained and should not be crushed under authoritarian system, that this 'commoditisation' of human and mankind, to make it an object either of power or money should not be there. This is precisely our socialism and that to what we have been fighting for, and this is the dignity of man on which our policies will be maintained.

With these words, I conclude.

MR. DEPUTY-SPEAKER : The question is :

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

*The motion was adopted.*

MR. DEPUTY-SPEAKER : The House will now take up clause-by-clause consideration of the Bill.

#### CLAUSE 2

MR. DEPUTY SPEAKER : Shri Mool Chand Daga not present. The question is :

"That Clause 2 stand part of the Bill."

*The motion was adapted.*

*Clause 2 was added to the Bill.*

#### CLAUSE 3- (Amendment of Section 2)

SHRI VISHWANATH PRATAP SINGH : I beg to move :

Page 5, line 47, after "inserted",  
*insert*

"and shall be deemed to have been inserted" (2)

MR. DEPUTY SPEAKER : The question is :

Page 5, line 47, after "inserted"  
*insert*

"and shall be deemed to have been inserted". (2)

*The motion was adopted.*

MR. DEPUTY SPEAKER : The question is :

"That Clause 3, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 3, as amended, was added to the Bill.*

#### CLAUSES 4 AND 5

MR. DEPUTY SPEAKER : The question is :

"That Clauses 4 and 5 stand part of the Bill"

*The motion was adopted.*

*Clauses 4 and 5 were added to the Bill.*

#### CLAUSE 6 —(Amendment of Sections 17)

SHRI VISHWANATH PRATAP SINGH : I beg to move :

Page 6, line 40 for "item", substitute "paragraph" (3)

MR. DEPUTY SPEAKER : The question is :

Page 6, line 40 for "item", substitute "paragraph" (3)

*The motion was adopted*

MR. DEPUTY-SPEAKER : The question is :

"That Clause 6, as amended, stand part of the Bill.

*The motion was adopted*

*CLAUSE 6, as amended, was added to the Bill.*

#### CLAUSE 7—(Insertion of new Section 33 A B)

SHRI DINESH SINGH (Pratapgarh) : In view of the Government's amendment which is to the same effect as that of my amendment, I am not moving my amendment No. 1.

SHRI VISHWANATH PRATAP SINGH : I beg to move :

Page 7, for lines 4, 5 and 6,  
substitute.

“33AB. (1) Where an assessee carrying on business of growing and manufacturing tea in India has, during the previous year, deposited with the National Bank any”. (4)

Page 7, line 8, for “it”, substitute “the assessee” (5)

Page 7, line 14, for “it profits”, substitute “the profits of such business” (6)

Page 7, line 30, for “its business”, substitute “the business referred to in sub-section (1)” (7)

Page 7, line 35, for “its” business”, substitute “such business” (8)

Page 7, line 40, for “its business”, substitute “the business referred to in sub-section (1)” (9)

MR. DEPUTY SPEAKER : The question is :

Page 7, for lines 4, 5 and 6 substitute—

“33AB. (1) Where an assessee carrying on business of growing and manufacturing tea in India has, during the previous year, deposited with the National Bank any” (4)

Page 7, line 8, for “it”, substitute “the assessee” (5)

Page 7, line 14, for “its profits”, substitute “the profits of such business” (6)

Page 7, line 30, for “its business”, substitute “the business

referred to in sub-section (1)” (7)

Page 7, line 35, for “its business” substitute “such business” (8)

Page 7, line 40, for “its business”, substitute “the business referred to in sub-section (1)” (9)

*The motion was adopted.*

MR. DEPUTY SPEAKER : The question is :

“That Clause 7, as amended, stand part of the Bill”.

*The motion was adopted.*

*Clause 7, as amended, was added to the Bill*

CLAUSES 8 AND 9

MR. DEPUTY SPEAKER : The question is :

“Clauses 8 and 9 stand part of the Bill”.

*The motion was adopted.*

*Clauses 8 and 9 were added to the Bill.*

CLAUSE 10—(Amendment of Section 36)

SHRI VISHWANATH PRATAP SINGH : I beg to move :

Page 8, line 47 after “applies”, insert “no such deduction shall be allowed unless” (10)

MR. DEPUTY SPEAKER : The question is :

Page 8, line 47, after “applies”, insert “no such deduction

shall be allowed unless"  
(10)

*The motion was adopted.*

MR. DEPUTY SPEAKER : The question is :

"That clause 10, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 10, as amended, was added to the Bill.*

#### CLAUSE 11

MR. DEPUTY SPEAKER : The question is :

"That clause 11 stand part of the Bill."

*The motion was adopted.*

*Clause 11 was added to the Bill.*

#### CLAUSE 12—(Amendment of Section 40 A)

SHRI VISHWANATH PRATAP SINGH : I beg to move :

Page 9, lines 2 and 3, omit "clause (c) of" (11)

Page 9, line 10, for "shall be allowed" substitute "shall be allowed in excess of the ten thousand rupees for any assessment year" (12)

Page 9, line 13, after "services" insert "(not being services by way of preparation of return of income)" (13)

Page 9, line 16, for "court; or" substitute "court;" (14)

Page 9, for line 19, substitute—  
"under this Act; and

(c) for any advice in connection with tax, penalty interest or any other matter under this Act." (15)

MR. DEPUTY SPEAKER : The question is :

Page 9, lines 2 and 3, omit "clause (c) of" (11)

Page 9, line 10, for "shall be allowed", substitute "shall be allowed in excess of ten thousand rupees for any assessment year" (12)

Page 9, line 13, after "services", insert "(not being services by way of preparation of return of income)" (13)

Page 9, line 16, for "court; or" substitute "court;" (14)

Page 9, for line 19, substitute—  
"under this Act; and

(c) for any advice in connection with tax, penalty, "interest or any other matter under this Act." (15)

*The motion was adopted.*

MR. DEPUTY SPEAKER : The question is :

"That Clause 12, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 12, as amended, was added to the Bill.*

#### CLAUSES 13 TO 18

MR. DEPUTY SPEAKER : The question is :



“That Clauses 13 to 18 stand part of the Bill.”

*The motion was adopted.*

*Clauses 13 to 18 were added to the Bill.*

MR. DEPUTY SPEAKER : Now we will take up private Members Business.

SEVERAL HON. MEMBERS : Let the Bill be passed.

MR. DEPUTY SPEAKER : I have no objection.

SHRI E. AYYAPU REDDY (Kurnool) : The third reading will be on Monday.

MR. DEPUTY SPEAKER : Yes.

SHRI VISHWANATH PRATAP SINGH : There will be loss of time and it has to go to Rajya Sabha also.

MR. DEPUTY SPEAKER : Whatever the Members say, I am ready to accept,

*(Interruptions)*

SHRI EDUARDO FALEIRO (Mormugao) : Suspend the rules and pass it.

SHRI G. G. SWELL (Shillong) : It is the power of the Chair, to vary the proceedings of the House. Even if the private Members Bill comes five minutes later, it does not matter. Heavens are not going to fall. We are also private Members. Not only the opposition.

MR. DEPUTY SPEAKER : I will just tell you. We can extend the time.

SHRI NARAYAN CHOUBEY (Midnapore) : Do not create very bad precedents. It is a very bad precedent.

MR. DEPUTY SPEAKER : The Minister of Parliamentary Affairs wants to say something. Let us hear him.

THE MINISTER OF PARLIAMENTARY AFFAIRS (SHRI H. K. L. BHAGAT) : I am making a very earnest appeal to the Opposition Members. It was the decision of the Business Advisory Committee that the Finance Bill will be passed on 10th May, 1985. We have always cooperated with each other. All of us have done everything with complete cooperation. If you want that the Private Members' business be taken up right now, I have no objection; that can be done. But in that case after 6 O' Clock, we have to take up the Finance Bill and finish it today.

SHRI NARAYAN CHOUBEY: The Private Members' business should have been taken up at 3.30. Five minutes have already passed.

*(Interruptions)*

SHRI E. AYYAPU REDDY : There is Half-an-Hour Discussion to be taken up at 6 00 p. m. That will go upto 6.30 p.m. We can clear the entire business on Monday, if necessary by sitting late, by sitting after 6 P.M. on Monday.

SHRI H. K. L. BHAGAT : We must carry out the decision of the Business Advisory Committee. It has been decided by the Business Advisory Committee that the Finance Bill will be passed on or 10th May. On every topic, we have been with you. You should also Cooperate.

*(Interruptions)*

MR. DEPUTY SPEAKER : It has been decided in the Business Advisory Committee that the Bill will be passed today.

As some hon. Members are saying, we must not encroach on the Private Members' time. I accept that. We shall take up the Private Members' business now. But after 6.30 p.m., the Finance Bill has to be taken up and finished.

SHRI E. AYYAPU REDDY : On Monday we can do it.

MR. DEPUTY SPEAKER : No; we have already decided. That is why I had requested the Members to be brief. But Members took their own time. What can I do now ?

SHRI NARAYAN CHOUBEY : The Heavens will not fall if it is taken up and finished on Monday.

(Interruptions)

MR. DEPUTY SPEAKER : There are now two alternatives open. One is, if the House agrees, we finish the Finance Bill and then take up the Private Members' business for two and a half hours; and thereafter the Half-an-Hour Discussion. This is one alternative. The second alternative is this. If the Members press that the Private Members' business should be taken up now, we shall take up the Private Member's business, then the Half-an-Hour Discussion; and thereafter we take up the Finance Bill and finish it. Now you can take a decision on this.

SHRI H. M. PATEL (Sabarkantha) : Private Members' time has always been considered as sacrosanct. That has always been observed. I do think if you make an exception . . . (Interruptions) Let them quote a precedent.

SHRI BHAGWAT JHA AZAD (Bhagalpur) : Many times it was done.

SHRI H. M. PATEL : Never.

MR. DEPUTY SPEAKER : If the Members are willing, I will accept.

Now we are going to take up the Private Members' Bills. After 6.30, after the half-an-hour discussion, we will again take up the Finance Bill.

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CONSTITUTION (AMENDMENT  
BILL\*

(Amendment of article 130)

[English]

PROF P. J. KURIEN (Idukki) : I beg to move for leave to introduce a Bill further to amend the Constitution of India.

MR. DEPUTY SPEAKER : The question is :

“That leave be granted to introduce a Bill further to amend the Constitution of India.”

*The motion was adopted.*

PROF P. J. KURIEN : I introduce the Bill.

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HIGH COURT AT CALCUTTA  
(ESTABLISHMENT OF A PERMA-  
NENT BENCH AT SILIGURI)  
BILL

[English]

SHRI PIYUS TIRAKY (Alipurduar) : I beg to move for leave to introduce a Bill to provide for the establishment of a Permanent Bench of the High Court Calcutta at Siliguri.