

[Shri Umakant Mishra]

the farmers. There has been a record production of wheat which is a very encouraging trend. But unless at least ten purchase centres are opened in each development block for the purchase of foodgrains at the support price, the farmers will not get fair price for their produce and they will be exploited. Their labour will go waste. I, therefore, request the Central Government to make arrangements for setting up at least ten purchasing centres immediately in each development block for purchase of rabi crop.

12.25 hrs.

FINANCE BILL

[English]

MR. SPEAKER : 12 hours have been allotted for all the three stages of the Finance Bill, 1986. If the House agrees, we may have 9 hours for general discussion, 2 hours for clause by clause consideration and 1 hour for third regarding.

THE MINISTER OF FINANCE
(SHRI VISHWANATH PRATAP SINGH)
Sir, I beg to move :*

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1986-87, be taken into consideration."

The Budget proposals made by me on 28th February, 1986 have been discussed very widely. In response to the debate and dialogue we have already announced a large number of modifications which in particular have provided substantial relief to the small scale sector. A number of problems relating to the implementation of MODVAT scheme were brought to our notice and I am happy to say that by now most of these have been resolved. The concessions already announced have been widely welcomed both in the House and outside.

It is proposed to reduce the excise duty on refined mustard oil or reseeded oil from Rs. 1500 per metric tonne to Rs. 750 per metric tonne in the interest of oilseeds farmers and for encouraging production of mustard oil. Refined oils produced from solvent extracted oils as well as castor oil and tobacco seed oil are being exempted from excise duty completely.

I had promised a separate scheme for small scale units engaged in body building. It is proposed to reduce and levy the excise duty at a specific and concessional rate of Rs. 4,000 per truck for goods transport and at the rate of Rs. 8,000 per unit for other type of bodies. The procedure for duty collection from independent body builders is also being simplified. They would be required to submit only a monthly account indicating the number of body build vehicles cleared, registration number and excise duty paid. Such units will be exempted from maintaining daily production account.

The relief from excise duty in respect of goods captively consumed is being extended in respect of additional areas of industry. For instance, parts of machinery, appliances and instruments etc. used for repairs/maintenance within the factory or any other factory of the same manufacturer; certain inorganic chemicals used in the manufacture of wood pulp and artificial fibre/yarn; hydrogen and nitrogen used captively; abrasive grains used in the manufacture of grinding wheels; gravure printing cylinders and lithographic plates for printing, carbon ink used for manufacture of carbon papers; china clay, refractory containers and plaster of Paris moulds used in the manufacture of ceramic products; sub-assemblies/assemblies/units/parts when captively consumed in the manufacture of computers of all sorts (including central processing units and peripheral devices); and parts used captively in the manufacture of one day alarm time pieces.

Another area where relief by way of sat-off of excise duty and/or additional duty of customs, as the case may be, will be available is in respect of urea going into the manufacture of urea formaldehyde

* Moved with the recommendation of the President.

resins ; certain organic chemicals going into the manufacture of textile fibres/yarns ; acrylonitrile used in the manufacture of acrylic fibre, and certain other goods used in the manufacture of paper/paper board and starch used in the manufacture of modified starch and other starches.

I am also providing full exemption from excise duty in respect of carded wool, paper splints for matches, paper labels, bamboo, ice, jute bags made from duty paid jute fabrics, fishing nets, hair fixer, ropes, twine, cordage etc. made from duty paid yarn ; resin and turpentine made without the aid of power ; and rubber balloons, 'made up' articles produced on weft pile knitting machines and cotton belting of width not exceeding 15 cms. and not containing any plastic materials.

I am also providing for reduction of excise duty in respect of wooden furniture from 25 per cent to 15 per cent and kerosene pressure lanterns and parts from 35 per cent to 15 per cent. Additional duty of excise on embroidered cotton fabrics is being restored to the earlier level equal to the duty paid on the base fabrics, if not already paid. In respect of larger paper mills using at least 50 per cent unconventional raw materials, excise duty is being reduced from ten per cent plus Rs. 850 per metric tonne to ten per cent plus Rs. 700 per metric tonne.

The small scale units have represented for enhancing the exemption limit for taking out a Central Excise Licence. The limit is being raised from Rs. five lakhs to Rs. ten lakhs. I also propose to include some more items under the general small scale exemption scheme. These are felts, all sorts, and evaporative type of coolers and parts thereof. Certain modifications to the MODVAT rules removing difficulties in respect of bringing back of waste arising in the course of manufacture of final products in the premises of a job worker are also being made. It has been decided to extend the proforms credit under rule 56A to all cases where the facility was available under the erstwhile tariff classification.

I propose to provide a separate specific rate of excise duty of Rs. 300 per typewriter in respect of portable typewriters where the

carriage size does not exceed 25 cms. In respect of other manual typewriters the specific rate of duties are being suitably modified.

I also propose to reduce the duty from 35% ad valorem to 25% ad valorem in respect of plastic films including cellular films but excluding polyurethane foam falling under certain specified subheadings of the Central Excise Tariff. The reduced rate of excise duty will apply in respect of such films produced or manufactured in India.

In order to help the smaller manufacturers of leather cloth with turnover not exceeding Rs. 1.50 crores, I propose to reduce the excise duty on leather cloth by 50% for the first clearance of 3 lakh square metres of leather cloth from such units. I also propose to allow set-off of duty paid on PVC resins used in the manufacture of leather cloth. A flat rate of excise duty of 30% ad valorem is also being provided for certain rejects and cut pieces of leather cloth.

The concessional rate of customs duty of 40 per cent ad valorem in respect of components for the manufacture of 15 identified medical equipments was provided in the Budget proposals. This concession is being extended to additional 19 highly specialised medical equipments such as cardioscopes, Hypothermic Unit for open heart surgery, ultra sound scanner, etc.

The House would also recall that I had provided for a specific rate of customs duty of Rs. 10,500 per metric tonne in respect of PVC resins mainly with a view to curbing the problem of under-valuation in imports and also to protecting the interest of domestic industry. It has been represented by the domestic industry that the import duty incidence on certain speciality resins like paste grade and battery grade PVC resins has come down considerably adversely affecting the interests of the indigenous manufacturers of such resins. In order to remedy this, I propose to provide a higher specific rate of import duty of Rs. 15,000 per metric tonne in respect of PVC paste grade and PVC battery grade resins.

[Shri Vishwanath Pratap Singh]

The exemption notifications relating to the above changes in the INDIRECT TAXES are being placed on the Table of the House. In addition, we have proposed some amendments to the Finance Bill which are largely formal in nature and have no important revenue significance.

The revenue sacrifice involved in respect of post-Budget exemptions and amendments is Rs. 79 crores on excise duty and Rs. 2.9 crores on customs duty.

DIRECT TAXES :

I now take up the suggestions relating to Budget proposals in respect of DIRECT TAXES. Hon'ble Members will recall that in the course of general discussion on Budget I had made a statement on 2nd April, 1986 envisaging certain modifications to my original proposals. The amendments proposed, accordingly, are as under :—

(i) The power of income-tax authorities to collect the prescribed information for purposes of survey will be restricted to business premises only.

But may I clarify that powers of search do remain and for that, residential houses can be searched under the specific orders of the competent authority. But this was in respect of survey. (*Interruptions*) Search you can do. But, this was regarding survey that has been dropped. But the Power for search even in residential houses, exists even today. That will remain.

- (ii) In respect of exempted self-occupied property which has been acquired or constructed with borrowed funds, deduction of interest upto Rs. 5,000 will be admissible.
- (iii) The proposal to delete section 80M of the Income-tax Act relating to deduction in respect of intercorporate dividends will be withdrawn.
- (iv) The scheme of Tea Development Account applicable to tea industry

will be brought at par with the new provision relating to Investment Deposit Account.

In addition to the above, the following further amendments are proposed :

- (a) As per one of the provisions of the Finance Bill, tax-payers claiming deduction under the Investment Deposit Account will not be allowed deduction by way of investment allowance. I propose to provide that benefit of carry forward and set off of the un-absorbed portion of the investment allowance will be admissible even if a taxpayer has claimed the benefit of Investment Deposit Account.
- (b) The Bill seeks to provide that a deduction upto 20 per cent of the profits of eligible business or profession will be allowable if such profits are deposited in accordance with the scheme framed or are utilised for the purchase of any ship, aircraft, machinery or plant. Since the investment allowance is admissible in respect of only a 'new ship, etc., I propose to build in the same condition in the Investment Deposit Scheme. It may, however, be clarified that second hand ships, aircraft, machinery and plant will also qualify for relief just as they were entitled to investment allowance on satisfaction of certain conditions specified in the Act.
- (c) The deduction relating to the Investment Deposit Scheme is allowable if the deposit is made or any amount is utilised for the purchase of ship, etc. out of income chargeable to tax as profits and gains from business or profession. In order to ensure uniformity in the manner of determining such profits for the purposes of claiming this tax benefit and also to reduce the area of possible litigation, it is proposed to define the term "profits" in this regard.

- (d) The Bill seeks to amend section 80T of the Income-Tax Act relating to deduction in respect of long term capital gains in the case of assessee other than companies. It is proposed to further provide that Gold, bullion and jewellery will henceforth also be treated on par with buildings or lands for capital gains. The redundant proviso to section 80T regarding a ceiling on the deduction is being deleted.

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

I would like to draw the attention of Hon'ble Members to the action proposed relating to the three items which had been included in my Budget speech for 1986-87. They are as under :—

- (a) In para 96 of my Budget speech, I had proposed to introduce a system of allowing depreciation in respect of blocks of assets instead of the present system of depreciation on individual assets. This proposal will be made effective from 2.4.1987 and will be implemented through a separate Amendment Bill.
- (b) In para 98 of my Budget speech, I had proposed to allow a deduction in respect of medical expenses by self-employed persons. This will be implemented through a separate Amendment Bill.
- (c) In Para 100 of my Budget speech, I had announced the decision of the Government to frame simple rules for the valuation of assets for the purposes of wealth tax. The draft rules dated 31st March, 1986 proposed to be made in this regard have already been published for the information of all persons likely to be affected thereby and objections and suggestions with reference to the said Rules have been invited by 15th May, 1986.

In the Budget proposals, a number of measures were introduced for boosting exports. During the post-Budget discussions with concerned Ministries, experts and export interest, the Government have received a number of representations for modifications of direct taxes for the export sector. These are being studied and I hope to announce certain further measures for the benefit of the export sector before the end of the current session of the Parliament.

I request the Hon'ble Members to lend their support to the modifications I have proposed.

Sir, I move.

MR. SPEAKER : Motion moved :

"That the Bill to give effect to the financial proposals of the Central Government for the financial year, 1986-87, be taken into consideration."

Now, Mr. Banatwalla

SHRI G. M. BANATWALLA (Ponnani) : Sir, I have a point of order before we proceed and I would request you to give your thought to the point that I am placing before you from the point of view of healthy parliamentary practice. We have just heard the speech of the hon. Finance Minister with respect to the Finance Bill. He has very clearly pointed out in his speech that several concessions have already been announced by him from time to time. Sir, we are thankful to him for that purpose. We have a very responsive Government, a Government that has immediate response to public demand, and from time to time, has been announcing various concessions. That is a good thing. But I want to draw your attention to a healthy parliamentary practice. Today we are having the Finance Bill and so many concessions were already announced. That detracts from the sanctity of the Finance Bill. Until and unless there was some urgency for prior announcement, as it is the Budget has lost its sanctity today. Even before the Budget comes in this House, several impositions already take place. The budget loses its importance. Though we welcome those concessions, in the interest of the propriety of the Finance Bill.....

MR. SPEAKER : We have already discussed that.

SHRI C. MADHAV REDDY (Adilabad) : It can be covered under speech.

SHRI G. M. BANATWALLA : Regarding the propriety of the Finance Bill, there should be a direction from the Chair.

MR. SPEAKER : We have already discussed it ; I have already directed that matter. We have already taken care of when we started it.

SHRI VISHWANATH PRATAP SINGH : Sir, whatever announcements we have done earlier were announced in the House. They were not announced outside the House.

Secondly, I say, Sir, in the Budget speech itself we said, we are introducing a new scheme of MODVAT and in the speech itself I said, I will be removing the anomalies. Now, in the removal of anomalies, if the industry is stalled to wait for two months and the industry and all the work gets stalled, I think that was not an advisable thing. You're member the criticism of MODVAT in the first week of March and within 60 days we have settled down, there is no problem of MODVAT. It took three years in U.K. to settle down, and we in 60 days have settled down in MODVAT.

SHRI SOMNATH CHATTERJEE (Balpur) : Also the small scale industry.

SHRI VISHWANATH PRATAP SINGH : also the small scale industry. What was the use ? If Members feel that we could keep it hanging for two months, there is no point.

(Interruptions)

SHRI C. MADHAV REDDI : Mr. Speaker, Sir, I do not agree with the hon. Member, Mr. Banatwalla, that the announcement was not proper.

SHRI G. M. BANATWALLA : I am not against it. It is a question of propriety and parliamentary practice. I welcomed those things but pertaining to parliamentary practice, unless there is an urgency, such a thing should not be done.

(Interruptions)

SHRI C. MADHAV REDDI : Mr. Banatwalla does not know that many of these proposals which contained in the Budget came into effect on the day when the Budget was presented on the 28th of February, and certainly it was necessary for the Finance Minister to go on making announcements so that it does not unnecessarily cause hardship to the industrialists. My point is that while there is lot of scope for criticism, it cannot be said that it is against the practice.

Now, Sir, just now I have heard another instalment of concessions announced by the Finance Minister. Sir, I was going through the various budget speeches delivered by the Finance Ministers right from 1952 when Mr. Chintamani Deshmukh was holding the portfolio. At no time preceding this budget—did a budget contain so many complications, so many announcements after the presentation of the budget. It is the fourth time that we are hearing the concessions announced today and I am still confused, Sir. I have to speak when I am still confused because certain new proposals which have come today have to be studied, and today only we know about it and it will be difficult for me to comment. I was thinking, for example, under Section 133B when it is withdrawn or when it is modified, it will not give scope for searches. But just now the Finance Minister said, 'No, searches will be permitted in the residential houses under this section.

SHRI VISHWANATH PRATAP SINGH : That was survey. These are for survey. 'Survey' means any Inspector can go into a house and survey the house. So, that portion has been dropped, but survey for business premises remains. But the power of search which has got a specified procedure and a competent authority orders

a search, that power of search of a house will still remain as it is in the law. There is no amendment to that.

(*Interruptions*)

SHRI C. MADHAV REDDI : I am happy the Finance Minister has clarified this point. But I would like to point out that an impression has been gained in the country after the announcement that once for all the searches are no longer there.

SHRI VISHWANATH PRATAP SINGH : That is what I clarified that.

SHRI C. MADHAV REDDI : But then this should have been clarified long ago when the announcement was made. In any case, I was only pointing out an example.

PROF. MADHU DANDAVATE (Rajapur) : He clarified only after the confusion. That was necessary.

SHRI C. MADHAV REDDI : But there are several other confusions... (*Interruptions*). And it looks to me that all these proposals, whether it is MODVAT scheme or whether it is new tariff rates etc., many of these proposals had been brought forward before this House without good home work being done. Otherwise there is no scope for so many changes. When so many changes are made and announced so many times, that only shows that there was not a very clear thinking as to what is to be done and all this shows to be that this Government is functioning on the basis of second thoughts. That means, somebody comes and points out to you that this is not proper, then again you change. Then some delegation comes and says, 'Sir, this will hit the industry', then you change it.

Sir, the Revenue Department people in the North Block are not the people who are so naive. They know and they have all the information at their command. The Finance Ministry is fully equipped with all the facts which are necessary and a better home work should have been done before the proposals were brought before the House.

Now, take the example of the small scale industry. It is now said that the small scale industry deserves this concession. Certainly I welcome the concessions announced by the Finance Minister because they are desirable. They are very welcome and they should have been given earlier. But the point is where was the need for him, in the first instance, to bring all these things? Does he not know that this is going to hit the small industry very badly? Does he need an agitation, a threat if a bandh, and then truck-loads of representations coming to Delhi everyday, hundreds of people coming and meeting the Finance Minister and all the truck-loads of materials being processed and being examined by the North Block secretariat? What is necessary?

SHRI SOMNATH CHATTERJEE : Threat of all-India strike.

SHRI C. MADHAV REDDI : There was also the threat of all-India strike.

There was a bandh. Not only a bandh. The Finance Minister is aware that clearances were stopped for about 15 days. No sales were there. Everywhere small industry suffered because they wanted, every day, cash. They cannot afford to withhold the sales and the sales were withheld because nobody knew what to do. The Excise Department people were also confused. They did not know what to do. Industrialists also were confused. They did not know what to do. And then, the result was that the clearance was stopped, no sales were there and as a result, the production suffered. One of my friends calculated that the small scale industry suffered a production loss to the tune of about Rs. 500 crores during the period of 20 days, when there was confusion. It took 20 days for him to announce. I am very happy that he announced it. Now, he realises that what he had done earlier was wrong, all the people, small industrialists who were doing the job work were hit. It took him 20 days to tell them that your job work is not affected and you are not going to be taxed.

Similarly, the small scale industry suffered because of people coming to Delhi all the way from various places, from

[Shri C. Madhav Reddi]

Madras, from Bombay, from Calcutta, from Punjab etc., and they came and went on meeting the Minister and wasting the Minister's valuable time and valuable time of the officials.

12 48 hrs

[MR. DEPUTY-SPEAKER *In the Chair*]

My point is, was all this necessary only finally to reach the stage of anti-climax and finally to say "No"! Is it all necessary? Now, this is a matter which has to be pondered over very carefully in future when we are going to bring forth these proposals before the House. Because, as I said earlier, these are not ordinary proposals. I am aware of the Finance Minister's anxiety for introducing an open budgeting. Open budgeting is very good which is being practised in some of the Western countries and the Finance Minister knew about it and he also wanted, "Why should I not do it in India?" It is very good. But open budgeting is done in respect of what items? Budget consists of several items. Regarding expenditure outlays which you have to make on various projects, on various items of expenditure, certainly you should have open budgeting. Regarding policies, you have open budgeting. You invite public debate on various fiscal policies. Yes, it is quite all right. But regarding levies, rates of taxes, I cannot understand where there is scope for open budgeting. Because, the moment you announce the tax, the moment the Budget is presented to this House, from that midnight onwards, the budget rates and freights take effect. Traders are affected. Are you not going to play with the lives of the people by the open budgeting system by subjecting them to these changes in rates and tariff and all that? Now, that is the mistake that was committed. Otherwise, I welcome the open budgeting system. I am convinced that this type of system should be brought about in this country. But the point is, while doing so, you unnecessarily do not create a turmoil in the whole economic set up of the country.

Going through some of the proposals which had been announced, I have to say that there are some proposals which are very good and the reliefs given to the small-scale sector, I certainly welcome. You said that in the small-scale sector, the procedures have been simplified and they need not go in for a licence, once an application is sent, and you have a certified copy of the application that is enough. Similarly, you said that, upto 50 lakhs of clearance, in the smallscale industry, self-assessment can be done. That is very good. It will save them lot of harassment and you have extended the exemption limit from Rs. 7.5 lakhs to Rs. 15 lakhs and then if the industry is manufacturing more than one item, falling under different Heads of Tariff, it can go up to Rs. 30 lakhs. These are all very welcome announcements.

But there are certain proposals in the Budget which I am not prepared to support such as the investment allowance. Just now I was hearing the Finance Minister. The impression I got was that he is allowing the investment allowance and the funding scheme both to go together. If I am wrong, he may...

SHRI VISHWANATH PRATAP SINGH : It is that the unabsorbed portion of the investment allowance will be allowed. And that is fair also.

SHRI C. MADHAV REDDI : In other words, your investment allowance will not be there. This is very good but the point is the funding scheme which has been introduced requires a little modification. You have to look into certain complications.

PROF. MADHU DANAVATE : You want to say something is bad.

SHRI C. MADHAV REDDI : You cannot do anything bad. You have to do everything good. That is what I say.

As far as funding scheme is concerned, (*Interruptions*) 20% of the profits are being allowed to be deposited in the IDBI and that could be utilised for further capitalisation, for the purchase of equipment etc, whenever it is withdrawn. Otherwise, they can straightaway purchase the equipment.

But while working the investment allowance, we found that there was lot of capital deepening and capital being diverted to undesirable channels by the industrialists. We looked into that, and fear that under funding scheme there is a possibility that the investment goes to the undesirable channels and that should be checked.

Coming to inter-corporate dividends, this is one announcement which was hailed by the big business because they thought that this is going to be a big bonanza for them. I hope you will agree with me that this has given them very good dividends and you wanted to take it away earlier. But again you came under the pressure of the big business, you seem to have come under the influence of Narielwalas and Palkhiwalas who are the very effective advocates today for free enterprise. Why did you regard it.....

SHRI VISHWANATH PRATAP SINGH : I have to safeguard the interests of the UTI.

SHRI C. MADHAV REDDI : I know you have to safeguard the interests of UTI but then UTI is not alone, that is not the only organisation.

Coming to the Section 133(B) which is sought to be modified, already we had 133A and 132 of Income tax Act which was applicable for various types of raids and searches. I do not see any difference between a raid and a search for collecting information because when you go to a residence for a search, and when the search is made and you find some information and you find some huge cash hidden, you cannot say, that the cash will not be touched. It will not be taken away but it does not mean that you are not taking note of what is there. You have noted that there is a cash of say Rs. 10 lakhs hidden. That is enough and then you can take action later. But while removing this 133 or modifying 133B what you are doing is that you are denying to yourself the authority to go to the house and then collect information and also have an eye on other things such as jewellery, cash, etc. so that follow up action can be taken by other officers under other sections. I do not know how you are

modifying this section 133B. But it all depends because it has already given a psychological satisfaction to the big business that you are not going to conduct any raids.....

SHRI VISHWANATH PRATAP SINGH : No, It is not. I will clarify. I do not want to take the time of the House. In my reply I will clarify. The power of search remains even to-day. Under the power of search residential houses can be searched ; anywhere if you can find hidden money, you can go ahead. Under the power of search there is a procedure. The competent authority has to order a search in writing and the search is made. Under 133B regarding search and raid the existing law exists and whatever is being introduced is the survey powers of the Inspectors. The survey power of the Inspector included also entry into residence. There was representation that this can cause harassment and is an intrusion into the privacy of individuals. So in our best judgement we said that we have got powers of search and where we have information we can go into residential premises. So we can have search operation. In our best judgement this is just to strike a balance. So when we have search powers, we can go into the House whenever we have any information.

SHRI C. MADHAV REDDI : I agree with you that search has to be differentiated from survey.

SHRI VISHWANATH PRATAP SINGH : We have search power and raid also we can do.

SHRI C. MADHAV REDDI : But there is a lot of talk in this country about these raids and to-day the big business has come out with all the vehemence at their command that you are doing something which is very bad because you are violating the privacy of the people and you are carrying out these searches day in and day out without caring for the comforts of the people and without caring for the reputation of the houses you are searching.

In this connection I would like to point out so that I may dispel the impression that has gained ground that what is being done

[Shri C. Madhav Reddi]

is something very wrong. I am very conscious of this because I know that because of these raids the revenue collection has increased and particularly the income-tax collection has gone up by 36% over and above the earlier projected figure and we, the States, have got a very substantial portion of that income. We are all very anxious that this effort should continue because I am not convinced of the theory that the better compliance of the tax is because of the lowering of the rates. The Finance Minister had been telling us in this House several times that the better compliance of the taxes is only because of the lowering of the rates.....

SHRI VISHWANATH PRATAP SINGH : Both.

13.00 hrs.

SHRI C. MADHAV REDDI : No. More because of the raids. I do not mean to say that you have terrorised the people, but surely you have struck terror in the minds of erring businessmen. There is no doubt about it and this has resulted in better compliance and this has been brought to your notice by your own officials. Only from Bombay alone, I have got certain press statements of your officers which reveal a good deal of facts. Sir, Mr. M.A. Twigg, Chief Income Tax Commissioner, Bombay, says that in the last two months i.e. January and the earlier part of December last year, they unearthed some concealed treasures. He also said that it was quite tough as the officers had to virtually dig out the hidden wealth from the cars, secret drawers, wall slots and from under the beds. They say these homes are inviolate. They keep all types of jewellery and cash etc. and what is the wrong in searching the premises. I can tell you that the officers know who is wrong and who is right. They do not carry out searches or raids unnecessarily. But the point is that there is a general talk that the traders are being raided; all traders are being identified as erring traders and their houses are being raided. That is not the fact. The traders or the businessmen as a class should have no grudge if the erring traders have been punished. That should be the attitude.

Another gentlemen Mr. D.N. Pathak, Director (Intelligence) says that his officers raided a textile processing merchant and seized cash worth Rs. 16.50 lakhs from his car. According to the officers who carried out the search operation, the merchant turned out violent when confronted with the evidence and armed police help had to be summoned.

Sir, another lady officer Mrs. Urvashi, I think she is the Deputy Director, narrated a dramatic seizure operation at a city jeweller's house. She said that the jeweller had ingeniously hidden emeralds, rubies, pearls, diamonds and gems and some of them of highly rare variety, in crevices in his home. Some of the rare jewellery worth Rs. 57 lakhs were seized. The jeweller's wife had feigned illness and under her bed there was cash worth Rs. 3 lakhs. These are the stories of raids. I was very pained...

SHRI SOMNATH CHATTERJEE : Was it raid or survey ?

SHRI C. MADHAV REDDI : It was a search. When I hear the people coming, particularly in this House, complaining against these raids, I was very much surprised as to what sympathy we should have with such people. All the fundamental laws, all the principles of our democracy and Constitution etc. are being quoted. They say : Why should you violate privacy of the people ? Can you do all this in a democratic country ? But I ask : Can you hide things in the drawer at your home ? I can tell you, Section 133.B was very very essential. I tell you why. Because, nobody is going to hide the documents or the duplicate cash books etc. in the office. What do you get by raiding offices, by searching the office. You will not get any documents in the office because all the documents are always kept at home or at somebody else's house or at the relative's house or at one's friend's house. Unless you do that, I mean search the names, I am afraid the object with which you.....

SHRI VISHWANATH PRATAP SINGH : I have to clarify again. I tell you the search procedure. We will continue our offensive and if we have information, we will go into the residences and not stop there. I

may assure you that there is no hesitancy of thinking on it. There is no question of modification. You withdraw it if you think that sections 132 and 133A are sufficient; then there is no need for section 133B. But having inserted this if you withdraw again, it gives the impression that you want to be very liberal...

SHRI VISHWANATH PRATAP SINGH : Not liberal; we have to take a balanced view.

[Translation]

SHRI C. MADHAV REDDI : I was going to say that you are a very courageous man but you turned out to be a paper tiger. But I shall not say this now. Be firm. Our co-operation is with you. We shall help you. You continue the raids.

[English]

SHRI VEERENDRA PATIL (Gulbarga) : Mr. Deputy-Speaker, Sir I rise to support the Finance Bill. Just now I heard my hon. friend, Mr. Madhav Reddi. It is not unusual that whenever we discuss the Budget proposals, the Finance Bill, efforts are made from both sides to extract the maximum concessions. The concern of the Finance Minister is that he has to mobilise lot of resources which are required for development works.

I begin by saying that we are a poor people of a rich country. Our country is very rich in natural resources and very rich—I think, next only to China—in human resources. But for exploiting the natural resources and the human resources, we require financial resources, and that seems to be our major bottleneck or snag. Everybody admits the fact that, if we are short of any resources in our country, it is the financial resources. So, the hon. Members, whether they belong to this side or that side, must do all possible exercise to see that adequate resources are mobilised in order to implement the Plan successfully. When the resources are scarce, then the question before the Finance Minister and the Government of India is how to utilise these scarce resources, whether these scarce

resources should be thinly spread over different projects or should be concentrated on the projects which are very essential for the development of the country like the infrastructure facilities, etc. In the Plan it is said that during the Seventh Plan period we are going to raise resources of the order of Rs. 1,80,000 crores; that is the outlay for the public sector. I must say with all sincerity at my command that we do not know whether we will be in a position to raise these resources. If we are not in a position to raise resources in order to reach the target of Rs. 1,80,000 crores, then we have to resort to deficit financing which will have its disastrous effect on the society and on the country. But the point that I am trying to make is, when the resources are scarce—I would be very happy if the Finance Minister is in a position to tell me that the capacity that we have created, the capacity by starting industries, the capacity by executing several projects since 1952 ever since the Planning has started in our country by investing thousands of crores of rupees for creating this capacity—I want to know from the Finance Minister whether he is in a position to say what is the capacity utilisation today in the country. I want to know whether whatever capacity has been created is being fully utilised.

In my opinion, I may be wrong and I am subject to correction, my information is that the capacity utilisation is not more than 60 to 65%. That means 30 to 35% of the capacity that has been created by investing thousands of crores of rupees is lying idle today. To that extent the country is deprived of the production and the country is deprived of the wealth.

So, I want to suggest that whatever scarce resources are there it is the duty of the Finance Minister to see that those scarce resources are invested in order to improve the capacity utilisation. I don't say that he should go upto 100%. I do not know whether it is possible for him to go upto 100% and I would be very happy if he can go upto 100%.

Sir, the main infrastructure, the very important infrastructure for the development is power. What is the position of power today? There is powercut in almost every State. There may be a few States, I don't

[Shri Veerendra Patil]

know, which do not have power cut. For illustration purpose I can quote my own State. The Finance Minister would be surprised to know that in my State there is 85% powercut for S.T. consumers. Very recently they have started unscheduled load shedding even for domestic purposes. That means the investment is there, machinery is there, labour is there, infrastructure is there; but simply because there is no power, they have not been able to produce what they are in a position to produce. They are now producing only 15% of their capacity. That means 85% of the capacity is utilised.

This is the case with other states also. I am mentioning it because I know that in the 7th Plan top priority has been given for power because without power it is not possible for us to achieve any development in any field of activity.

The earlier proposal was Rs. 54000 crores of rupees for power sector. But I understand that it has been slashed down to only Rs. 34000 crores. The Finance Minister can say that resources are scarce and there are limitations and I cannot provide and I have to satisfy everybody and, therefore, I had to cut down this. That is why I started saying that in so far as infrastructural facilities are concerned, these projects are concerned

SHRI VISHWANATH PRATAP SINGH : 1/3 of the Plan outlay is committed to power only.

SHRI VEERENDRA PATIL : Whether it is 1/3, whether it is 2/3 or whether it is 3/4, I don't mind. What I say is that whether the Finance Minister does not think that the capacity which has been created, if it is idling is it not a national waste? Is it not the duty of everybody to see that whatever is created is fully utilised? Therefore, if it comes to 2/3, the Finance Minister should provide funds that are required for the purpose.

Sir, when I am on power, I must say about transmission and distribution losses, and how we can save and increase resources also.

Sir, I am told that on transmission and distribution the loss of power is 21 percent and the concerned Minister admits that out of this 21 per cent loss the 12 per cent loss is on account of theft. That means if we can plug that 12 per cent loss you can imagine how many thousand crores of rupees we can save for the nation. So steps are required to be taken to see that power losses are curtailed. Even this 9 per cent I do not know whether any technology is available anywhere in the world which can further reduce the transmission losses but if it is there we must be in a position to import that technology and see that power losses are the minimal.

Sir, I am coming to the point that when resources are scarce the first priority is that resources should be provided for creating infrastructure and for anti-poverty programmes. If there are resources available after meeting these two demands, Government can think of other activities also because other activities are also equally important. Even if the resources are not available there are some projects which cannot wait. We cannot withhold the progress of the country because we do not have the resources. There are some Members who say that everything should be done in the public sector and nothing should be left to the private sector or to any other sector. I do not subscribe to that view. That is why I say for other developmental activities that we plan—already out of Rs. 325 thousand crores the public sector is earmarked Rs 180 thousand crores and the rest is for the private sector—why should we not allow the private sector to enter the areas where it is not possible for us to find resources.

Sir, I want to make it clear that I am for public sector but if we do not have the resources then we cannot hamper the progress of the country because the progress of the country is important. So if any other sector is there which is in a position to help the country take up the projects we should welcome it. I am mentioning this because since January 1985 there is a boom in the capital market. We may be having difficulties in raising resources but in the market there is plenty of finance.

There is no dearth of finance at all in the capital market. I can quote some figures. In 1983-84 450 cases were approved by the Controller of Capital issues for raising Rs. 1000 crores. In 1984-85 700 cases were approved for raising Rs. 2000 crores and in 1985-86 1150 cases were approved for raising Rs. 3700 crores. So from Rs. 1000 crores they have gone to Rs. 3000 crores and these people are approaching the Controller of Capital Issues because they are confident of raising these resources. That is why more and more companies are approaching and more and more industries are approaching for raising resources from the capital market. I am very happy to say that they have recently allowed the public sector undertakings to raise deposits by way of bonds, debentures and all that. This is a very happy sign. Government allowed Rural Electrification Corporation, ITI and the National Thermal Project Corporation for inviting deposits and what was the response? It was very encouraging.

With regard to the private sector, I must say that the private sector is raising lot of resources from the market. I can quote, but I do not want to give the names of those companies. When they got the consent from the Controller, Capital Issues for raising Rs. 7 crores and go to the market for equity shares, you will be surprised to know that as against Rs. 7 crores, they got applications for allotment of Rs. 75 crores. I know of another company, where the Controller, Capital Issues, gave consent for raising Rs. 180 crores by way of debentures and as against Rs. 180 crores they got applications for Rs. 390 crores. What does it indicate? I am giving these figures in order to bring home that there is sufficient finance available in the market. People are prepared to finance; people are prepared to purchase the shares instead of keeping the money in the bank. I have heard it myself; when I was in the office, several people complained that they had applied for hundred shares or one thousand shares, but they got only five or ten shares. They are not getting shares for which they are making applications. Why? This is because the moment the share is allotted to them and they purchase, the next day, the Rs. 10 share in the stock exchange will go up to Rs. 80 or Rs. 100. I know of a case where the book value of share of a particular company is only Rs. 10 and today,

its market value is Rs. 450 per share. When private parties are in a position to raise the resources, why not allow them to raise the resources? Why not should we allow them wherever it is not possible for us to take up a particular project which is very very essential in the interest of the country. Let the private party come and private company come. If a private company is there to exploit the situation, you can seriously think of providing safeguards so that they do not exploit the situation. I am telling this, because the hon. Finance Minister is aware of the fact that there was a proposal and there is a proposal even today to have two refineries, one shore-based refinery and another in the interior. Sites were selected, land has been acquired, preparations have been made and when the Minister was asked here in this House the Minister himself admitted that these two refineries were very essential for the country, but what he could do; because of resource constraint, he was not in a position to take up that. I am happy that the Government has taken a decision to have those refineries in the joint sector. I do not mind if you want to have these two refineries in the public sector. You can ask IOC to raise funds or debentures and ask them to finance these. I do not mind. I am not holding any brief for the private sector. But I do not want to involve myself in this controversy. I am interested in the project. Whether the project comes in the public sector, or the project comes in the joint sector or the private sector, it is immaterial, because we are interested and the country is interested and that project is very essential in the interest of the country.

Now, with regard to the Mangalore refinery and the Karnal refinery. Our consumption is going up. Naturally, we have to produce more. If we are not in a position to produce more, then we have to import and for imported crude, we have to refining capacity. We do not have sufficient refining capacity, we have to create that. Government has taken a decision to have it in the joint sector. Government have received applications; nearly one dozen companies are standing in the queue before the Government. They are only asking you to clear the project. I do not want to mention the names of the companies. They say, "Do not give anything. If you

[Shri Veerendra Patil]

want us not to approach your financial institutions, we are prepared to give an undertaking that we will not approach the financial institutions. We will raise the entire resources in the capital market. Only give us the licence, give us the permission or the clearance. But, till this day, I am sorry to say that those two projects have not been cleared.

I want the Finance Minister to make up his mind. If he feels confident that he can do it during the Seventh Five Year Plan in the public sector itself, let him do it by all means. If you have come to the conclusion that you cannot do it in the public sector, then please allow somebody else to do it, whether it is private sector or any sector. I say this because the country's interest is in getting these two refineries. These two refineries are very very essential, for the development of the country.

Sir, now I would like to say something about industrial growth. The hon. Finance Minister is aware of the fact that a lot of concessions are given to the industrialists. A series of liberalisation programmes have been announced. But I do not really know what the result is. Is there any significant industrial growth after making these announcements? I do not think so because according to the Annual Report that has been circulated, industrial production is varying around 6 to 6. Something and it has not gone beyond that. Therefore, I want to suggest that whatever concessions that have been offered to those industrialists, beyond that, no more concessions should be given to them. On the other hand, because you have given them so many concessions, they must be told to show the results and then only to approach you for further concessions. They are in the habit of asking more and more concessions. They are not satisfied at all. Every time you go to FICCI or any other chamber, they will come forward and submit a big memorandum enlisting their demands.

AN HON. MEMBER : The more you give, the more they want.

PROF. MADHU DANDAVATE : Only in this Chamber, we do not ask for anything.

SHRI VEERENDRA PATIL : With regard to technology also, you must be selective because our foreign exchange is very scarce. Only that technology which is going to help the country should be allowed because even now a doubt is lurking in my mind in this regard. I do not think that there is any country in the world which is prepared to part with their latest technology. They will keep the latest technology for themselves and they will sell only the second-hand or obsolete technology. So, we have to be very careful about this technology aspect also.

PROF. MADHU DANDAVATE : Only in the 22nd Century, they will give us the technology of 21st Century !

SHRI VEERENDRA PATIL : Now, I come to the performance of the public sector. If the performance of the public sector was satisfactory, I do not think that it would have become necessary for you to think of so many taxes and other things. You have done it out of compulsion. You have not done it for the sake of pleasure. I know your difficulties. What is the performance of the public sector? There was a time, when we used to criticise the public sector, we were branded as anti-socialists or we were branded as pro-capitalists. After all whatever investment is there in the public sector, it belongs to the nation and it belongs to the tax payer. And it is not a small investment. It is nearly 40,000 crores of rupees or to be precise, it is Rs. 42,811 crores. But what is the profit? After the taxes, the profit is only Rs. 928.59 crores.

PROF. MADHU DANDAVATE : That is the figure for 1984-85.

SHRI VEERENDRA PATIL : That is figure available. When I do not have the latest figure, how can I quote it? If the Finance Minister is in a position to say that the profit is gone up, I will certainly congratulate him. If the public sector performs better and if they get more profit

to that extent we will be getting more resources for our developmental activities. Even if we take it before the taxes, it is Rs. 2190 crores and if you multiply it with five for the whole Seventh Five Year Plan, it is not more Rs. 11,000 crores. But you have taken into account that the internal resources that are going to be generated by the public sector undertakings during the Seventh Plan, will be of the order of Rs. 27,000 crores. It is unrealistic. With my experience I tell you that you cannot get Rs. 27,000 crores from the public sector undertakings. And about the public sector undertakings, I do not think, within the limited time, it is necessary for me to go into the details.

Now I come to industrial sickness. I am very sorry to say that it is causing concern to everybody and more to the Finance Minister and the Government, because the number is going up every year. I have got the figures. The number of sick units in December 1980 was 24,550 and in December, 1984—that is the latest that is made available to us—it has gone upto 93282.

PROF. MADHU DANDAVATE : After that hospitals are closed.

SHRI VEERENDRA PATIL : The percentage in 1983 was 13.3 and it has gone up to 15.4 in 1984. What is the amount locked up? The amount locked up in December, 1980 was Rs. 1809 crores and in December, 1984 it has gone upto Rs. 3638 crores. This is the amount which has been advanced by the banks and other financial institutions to these industries. Only God knows when this amount is going to be realised.

PROF. MADHU DANDAVATE : Even the God has given up the hope.

SHRI VEERENDRA PATIL : I know from this side that whenever an industry becomes sick, according to the Members from that side the only panacea is nationalise it, take it over as if once it is nationalised, automatically, it becomes healthy. After all even after nationalising it or allowing this sick industry to incur losses, whose money are we paying? We have to consider that

point. One thing I want to know and you must apply your mind on that. I am not talking about the investment in the small scale industries or advances given to them.

Financial institutions advance loans to major industries. When they are advancing loan, they are also putting their directors on their boards. These industries do not become sick overnight. They start giving signals of becoming sick. What are these directors of the financial institutions doing when they are on their boards? Are they writing to their head officers? Are they asking their head offices, IDBI, etc. to take necessary action? I am very sorry to say that they are not doing that. Although so many industries have become sick, no director representing financial institutions, has been subjected to any punishment or any enquiry.

MR. DEPUTY-SPEAKER : Sometimes, the same director represents so many industries. That is the problem.

SHRI VEERENDRA PATIL : I am coming to that also. Similarly, these industrialists are making the units sick. But I must say that industries are becoming sick but not the industrialists. The industrialists are becoming healthier and healthier at the cost of industries. Not only that. They make the industries sick, go elsewhere, approach the Government for fresh licence, take fresh licence, take money from the financial institutions and then after enjoying it for a certain period, of time, then make it sick and go elsewhere. So, they say that the industrial field is a very good grazing ground for them.

PROF. MADHU DANDAVATE : They stand for hospitalisation of industries.

SHRI VEERENDRA PATIL : Sir, it is for the Government to take a decision as to what to do with those industries. I agree, if the industries are viable according to your survey and your examination, make them healthy, I don't mind, whatever may be the cost because the interest of the workers is uppermost in everybody's mind. If they are not viable, what to do with those industries? It is better if the Government takes a decision very soon.

[Shri Veerendra Patil]

Sir, we are in the age of technological revolution. We can talk of small scale industries, we can talk of other industries also. But now the economy scales have undergone a lot of change. From my own experience I can say that earlier the cement factory having 2 lakhs tonnes capacity or two-and-a-half lakhs tonnes capacity used to be very viable, very economic. Now that scale has gone up to one million tonnes. Unless it is one million tonnes, it is not going to be economic. Similar is the case with tyre factory. Unless its capacity is one million, it is not economic. So, when the economic scale is undergoing a lot of change, unless the manufacturer sets up a factory which is of economic scale, it is not going to pay at all. That means it is only the rich business people, top business people only, can think of this industry. I can quote one instance: When I was Industries Minister, one of our industrialists came to me with a foreign collaborator manufacturing automobiles. When I asked our industrialist what is his licensing capacity, how many vehicles he is manufacturing according to the licence issued...

PROF. MADHU DANDAVATE : Was that Maruti collaborator ?

SHRI VEERENDRA PATIL : I do not want to mention that. Our industrialist says in the presence of the foreign collaborator that 'I have got the licence to manufacture 3000 vehicle per annum'. Then I asked that foreign collaborator, 'How much you are producing, what is your capacity?' Sir, you would be surprised to know, he says to me that 'my capacity is to produce 3000 vehicles per day.' And we have given a licence for producing 3000 vehicles per annum. And he says that 'whenever we start an industry, we start an industry with an eye on the world market'. But here we start an industry with an eye only on the indigenous market, home market. We never think of world market at all. That is why economic scales are undergoing a lot of change, it is for the Government to consider because unless you give licence for economic scale it is not going to be paying and again those industries which are uneconomic are going to be sick sooner or later.

Sir, about balance of trade, it is really, I think, causing a lot of worry. I think nobody is in a position to tell us what exactly the trade deficit that is there. Sometimes they say Rs. 7000 crores, sometimes they say Rs. 5000 crores, when you read the press, they say it is not less than Rs. 9,500 crores... (Interruptions)... or whatever it is. Now, the world trade is also shrinking. According to your own report it has come down from 9 per cent world trade growth to 3 per cent.

PROF. MADHU DANDAVATE : It is global.

SHRI VEERENDRA PATIL : Yes, it is global. The world trade is coming down and a lot of developed countries started adopting protectionist policies and there is a keen competition in the world market, and here in our country, the hon. Finance Minister is aware of the fact that our country has got high cost economy, cost of production is very high. If we compare that—why, you can take for instance, the cost of production is very high. It is very high because the inputs are very costly compared to the international market. So, unless our goods are cheaper, unless our goods are qualitywise better, we are not in a position to compete. We may derive some satisfaction saying that we are also exporting. What is what we are exporting? We are exporting traditional items like tea, coffee, iron and steel leather and such other things. But there is a limit, because there are so many other countries which are competing with us. So, if we want to survive in the world market, if we want to improve our economy, we have to export more and more goods to other nations from this country. In that process, you save a lot of foreign exchange and earn foreign exchange. Then, we must produce quality goods and at a cheap cost. We can produce at a lesser cost. Cost-wise and quality-wise, if we want to be competitive, then we have to produce on a very large scale and to convert high cost economy into low cost economy. I would be very happy if the Finance Minister has got any programme to convert the high cost economy into low cost economy. What is the programme and by what time, it is possible for him to achieve this object? I would be very happy to know this from him.

The quality of goods in our country, I must say, is not satisfactory. We are all sitting here for all these years. We have served the interests of somebody although we are one of the 19 highly industrialised countries. We have served the interests of industrialists, served the interests of manufacturers, served the interests of employers. But I don't think we can take pride in saying that we have served the interests of the consumers. Why is there so much of craze for imported goods? Why is everybody who is going abroad bringing lot of imported goods? It is because, there is a feeling — I do not know whether it is right or wrong — that imported goods are, quality-wise very good. Though the economic position in the country is also improving and people are for quality goods, we are not in a position to produce quality goods. Although many of our manufacturers are in a position to produce quality goods, they do not produce quality goods because they are confident that whatever rubbish is produced in this country, there is a market of 800 million people. So, we have to see that not only for internal consumers but also for our survival in the world market, quality goods are produced.

I do not know whether it is a fact or not but that is what we read in the Press. We are very much worried because our trade deficit is going up and a lot of pressure is being brought upon the Government of India for devaluation. I want to caution the Government that they should not, under any circumstances, fall into this debt trap. Whatever may be, we must try our best to export more. We must try our best to curtail this unnecessary import and earn foreign exchange and avoid going into the debt trap, if any attempts are going on. I would be too happy, if the Finance Minister, while replying to the debate, makes an announcement to this effect.

Lastly, one or two points, I would like to make. With regard to NRI, I welcome the NRI scheme. I welcome the investment from our Indians who have gone abroad and settled down. But I want you to make it clear that they should come with their money to set up industries which we are not in a position to set up and to take over the sick industries. If they are prepared to

take over sick industries, we welcome them with both hands. Let them come with all their money; let them take over the industries and make them healthy or renovate or modernise those industries. We will be very happy in that case. But if they want to come only to destabilise established companies and industries, I think, we should not encourage that. I understand, reliably that the Commerce Ministry has issued a notification very recently that NRIs should come and settle down within three months. They have put the condition but I do not know whether it is with your knowledge or they have done on their own. But they have done and put this embargo on NRIs. It means, we are not going to get anything, because they are there, they want to invest money but if we put that condition that if they want to invest money, they must come back and settle down here, then I do not think even 5% will agree with this condition and with the result we do not get any NRI fund.

PROF. MADHU DANDAVATE :
Why that condition is put ?

SHRI VEERENDRA PATIL : I am told that Commerce Ministry has put that condition and it has issued a notification and it is for the Finance Minister to make it clear.

With regard to MODVAT, I entirely agree with the Finance Minister as he has made very clear in his Budget speech it is not MADVAT, it is MODVAT. But there is still some confusion prevailing. When I discussed with so many people who are in the industrial field, they welcome it but, at the same time, they say that the present MODVAT Scheme has got a limited coverage and it should be extended to all manufacturing activities including those manufacturing for exports. I think Finance Minister will consider this point.

In the end, I know that it is very difficult for the Finance Minister to be a successful Finance Minister and also to be a popular Finance Minister because he has to incur every now and then not only the displeasure of the tax payers but also the displeasure of his colleagues in the Cabinet

[Shri Veerendra Patil]

because everybody goes to him not to give something to him but to extract more and more from him. Naturally he cannot satisfy everybody. With limited amount in his pocket, it is very difficult to satisfy everybody. Sometimes he has to take very hard and unpopular decisions and in the interests of the nation, we have to welcome.

I only conclude by saying that with the present regime and with the Prime Minister, a dynamic, young, enthusiastic Prime Minister, people are expecting a lot, lot of hopes have been roused in the minds of the people and they feel that here is a Prime Minister here is a regime, which will deliver goods and which will show the results, because people have come to the conclusion that all these days they have been fed up by slogans and ideologies. They are fed up with this. Now they say that they want results. They want to know how we are going to perform. If we perform to their satisfaction, then there is a ray of hope. If we do not perform and again if we sermonise, only ideologies, this thing and that thing and all that, without showing any result, then it will lead to greater disappointment. That is not a good sign for the country and for democracy and if this persists ultimately they might lose faith in the leadership, in the political system, in the democracy itself. Therefore, I humbly appeal to all sections of the House that for the development of the country let us sink our difference. Let us forget our political affiliations. Let us put our heart and soul together and think how best we can develop and how fast we can develop. If we see the development of other countries, I do not want to mention the names of the countries which have been developing, we can find that with these natural resources, if we make up our mind, then within a short time, we are going to be one of the biggest economic powers in the world. The only thing is that we must have a will and a programme. We must have unity to achieve that development. I hope that under the leadership of the Prime Minister, under the able leadership of the Finance Minister who is struggling very hard to find resources, it would be possible to achieve the goal.

PROF. MADHU DANDAVATE : Sir, almost at the fag end of the Budget debate, I rise to speak on the Finance Bill. Only yesterday, our House guillotined 17 Ministries. In a way, ours will be a funeral oration.

MR. DEPUTY-SPEAKER : No, it cannot be. Your points will be taken.

PROF. MADHU DANDAVATE : In the course of the general debate on the Budget, some of the basic questions remained unreplied. Probably if suitable clarifications were to come at that particular stage, I would not have touched those problems, but unfortunately that did not come and so I have to touch them.

We find that some of the questions and problems of propriety which were raised were not adequately replied at all. To-day I find that in all the Budgets that were presented the question of propriety and conventions are becoming very important. You may recall that in 1983 when a hundred crore of rupees of imposts were levied through increase in the telegraph and postal rates, the presiding authority in the other House had expressed his displeasure and said that the democratic norms have to be observed. But again we find that we are in the same pitfall again and this time there are two failures about which no adequate explanation has been given. Firstly, the administered prices have been increased collecting Rs. 2000 crores. Then, secondly, just within a week prior to the presentation of the Budget of this country, 42 notifications were laid on the Table of the both Houses of Parliament in which some concessions were given to the affluent classes on various luxury goods. If you take an extremely technical position, according to the Customs Act they are entitled to do it. But that is only an enabling provision. Enabling provision is one thing and the democratic conventions and propriety is another. I hope and trust that because in the General Budget this particular point was not touched, he will deal with it in his reply now.

Some of the aberrations and distortions that we found in the Budget still remain uncorrected even in the Finance Bill. It is

because the mischief was played at an earlier stage in presenting to this country and presenting to this House the long-term fiscal policy. In fact the parameters of the Budget were already fixed in the fiscal policy statement. There were two or three important parameters. Firstly, this Government has made it very clear that in the case of the Seventh Five Year Plan the extent of deficit will be Rs. 14,000 crores. Therefore, while presenting this Budget, one of the important problems before the Finance Minister was, whatever be the share of the deficit in this particular year, on whom the burden has to be put and the parameters of the Budget were made clear by him in the long-term fiscal policy statement, where he has assured the affluent classes that as far as the direct taxes are concerned, a major portion of which fall on the affluent sections of the society, they will be frozen and once you have fixed Rs. 14000 crores as the deficit in the Seventh Five Year Plan and you announce that the direct taxes are going to be frozen, obviously the only option left open to the Minister is to utilise the administered prices on commodities to mop up the finance and secondly to try to utilise increasing the indirect taxes to see that finances are mopped up. No options were left. They have already fixed the parameters. So even at this stage I would like the Finance Minister to have a second look at the fiscal policy statement and don't get yourself deluded by the parameters you have fixed which will ultimately go to the detriment of the common man who is required to pay the increased administered prices and who is required to pay the indirect taxes. He should get rid of that policy constraint.

Then, Sir, look at the taxation pattern which conforms to the fiscal policy that was laid down. In the 1986-87 budget the new taxes, the new levies they are going to collect are of the order of Rs. 488 crores. Of course, part of it will go as a share to the States. And out of that Rs. 488 crores of taxation or levies they have imposed, the total incidence in the form of increased indirect taxes will be Rs. 467 crores and only a paltry amount of Rs. 21 crores will accrue through direct taxes. So Rs. 467 crores additional burden through indirect taxes and only Rs. 21 crores is the additional

burden that affluent sections have to bear. In an egalitarian society one of the cardinal principles of taxation and levies is : burden according to the capacity of the consumer to bear the burden. Here exactly the reverse is the phenomenon. I would like this particular proposition to be re-structured. This itself shows that the fiscal policy parameters need to be revised.

Shri Veerendra Patil touched the question of balance of payments. It has so many far reaching consequences ; let the House take note of these, take cognizance of those, even at this stage of the Finance Bill. The market borrowing is going to be Rs. 5300 crores. The interest payment last year was of the order of 40 per cent and we should not be surprised if it goes up to 45 per cent. As far as IMF repayment schedule is concerned, that is going to create further constraints on our balance of payments position because this year, according to the IMF repayment schedule, 20 per cent of our external earnings will be utilised for the repayment of the IMF loan that we have taken. This is again going to be a constraint.

Coming to the question of liberalisation of import, we are extremely eager to reach the 21st Century. You and I, Sir, who are sure to live for 15 years more will automatically land ourselves into the 21st Century. No particular efforts are needed for that. When the Prime Minister talks of the 21st Century and when he wants to deliver the goods of high technology, he wants really a premature delivery ; he is thinking of advancing the 21st Century. But he does not realise what constraints on the economy and on the balance of payments position we are going to have after the liberalisation of imports. In one of the Seminars that were held in Delhi, he talked about the import policy, he talked also about import substitution. Of course, with his intelligence, the Finance Minister tried to explain it away by trying to put one particular interpretation which I did not accept then. He said : "If some of the import substitutions in this country become very costly, it is better to liberalise the import." If this logic is accepted, then even fertiliser, cement, steel and everything will have to be imported because the import prices in respect of

[Prof. Madhu Dandavate]

some of the commodities will be far less than their cost of production in this country. So, that cannot be the argument. Ultimately, it has to be within the parameters of the general national goal of self reliance. Self-reliance might be a costly phenomenon at the present time, but we have to take a long term view-point. Therefore, I am afraid, when we talk in terms of liberalisation of imports, bringing sophisticated technology here, even capital goods are going to be imported here. Then further constraints will be created and we will be frittering away the foreign exchange resources. That will create a further trade gap which will be a dangerously high gap. Already today it is estimated to be Rs. 8,000 to Rs. 9,000 crores. If it goes up further beyond that, I tell you, a very difficult position is going to be created.

I fully share the views of Shri Veerendra Patil as far as self-reliance and importing machinery are concerned. There are so many multi-nationals. We talk of self-reliance. But whenever the conditions are prescribed—and he rightly said it as a former Industries Minister—to the industrialists, while giving them the licence for starting a particular industry, only in breach those particular conditions are fulfilled. And the classic example and the classic monument of violation of the conditions with vengeance is the Maruti Motor Company. Look at the debate that went on in this very House on Maruti Company—of course, when it was a private company. Now, the losses have been nationalised. When that company was a private company, changing the entire policy on automobiles, it was done. I remember, our former Rashtrapati of India, when he was the Industry Minister, Shri Fakhruddin Ali Ahmed, had announced on the floor of Parliament that, taking into account the public needs, the automobile industry will be given expansion only to manufacture public transport and not private cars. But only for one individual, and for obvious reason, the entire policy was reversed. Maruti was given the licence. This House was told that while giving the licence to the Maruti Factory reversing the entire automobile policy of the Government, certain restrictions were put on them and they

were told that no raw-material should be imported, no spare-part should be imported, it should not disturb the security conditions, there should be actually travel worthiness, all these conditions were imposed. But ultimately we find that almost all the conditions were violated. Ultimately the position came to that as far as the Maruti Car is concerned, probably the only indigenous commodity or spare-part is the air inside the tyre. Otherwise everything else was actually imported.

14.00 hrs.

It was a monument of violation of all the conditions and the policies that are prescribed by the Government. It became miserable and ultimately it had to be nationalised. We were told that it is nationalised because we want to take advantage of the assets. Actually only a shed and land were the assets that were available. Actually the losses were nationalised and the Maruti Factory was taken.

If this is the attitude towards collaboration, if this is the attitude towards import and towards violation of all the conditions prescribed by the Government as far as the industrialists are concerned, in that case I think the position will become extremely difficult. If you allow them to go on importing engines, spare parts, technology and even raw-materials, in that case the foreign-exchange is bound to be frittered away and we will be put to more and more difficult balance of payment position.

Sir, the Foreign Exchange Regulation Act 1973 is in a jeopardy. I talked to the Speaker in his chamber on this question and I told him that I will pose this question. Only yesterday's papers had carried a statement by the Kirloskars that they admit that they have indulged in certain operations of acquiring the company without the permission of the Reserve Bank of India in relation to a German Company. They admitted that they have acquired that without the permission of the Reserve Bank of India.

Secondly, the Foreign Exchange Regulation Act 1973, that too has been violated. Various provisions have been violated. When these provisions are violated, remember, according to the letter and spirit—please take not of this,—according to the letter and spirit of the law when the Kirloskars have actually acquired a German Company, in that case remember the questions of impropriety and the failure of the Directorate of Enforcement and the Revenue Intelligence have also come up.

I want to raise this question. Because it will be raised over and over again. I would like the Hon Minister to give a specific reply. There are two failures. The Parliamentary rules will demand that I should not refer to the name of a Minister. Therefore, I shall refer to the designation only. Sir, there is a Minister.

**

MR. DEPUTY-SPEAKER : That also is not.....

PROF. MADHU DANDAVATE : That is allowed Sir, you can check. Let it remain just now ; why trouble the reporters. Yesterday I got up and said, you can maintain the designation only and the name should be removed. Therefore, accordingly yesterday's Speaker's ruling is there that only name will not be there, the rest of it will remain. I checked up and I have it with me just now. In the records of the proceedings the Minister ** and everything else is retained, only name dot, dot, dot,... there are five stars. Otherwise everything has been recorded. I am only mentioning whatever has appeared in yesterday's proceedings with the permission and the ruling of the Speaker.

MR. DEPUTY-SPEAKER : There is no differentiation then.

SHRI SOMNATH CHATTERJEE : You are satisfied with the dot, dot.

MR. DEPUTY-SPEAKER : I cannot understand the idea behind not telling the name of a person and mentioning his

designation. You have to follow the spirit of it. You cannot simply say that so and so...

PROF. MADHU DANDAVATE : Sir, you cannot give a ruling that will conflict with the ruling of the Speaker on the same subject. I will leave it to you. Tomorrow as a result of this, if you want you can exclude everything, expunge it. There can be a collective massacre, that will be a genocide. Please do not indulge in that.

MR. DEPUTY-SPEAKER : I do not do anything purposely ; if at all there is anything against rules, I will do it.

PROF. MADHU DANDAVATE : That is all right. I am also taking care of the rules, you also take care of the rules, and let it be within the parameters of the ruling given by the Speaker yesterday. That is all.

MR. DEPUTY-SPEAKER : Not necessarily.

PROF. MADHU DANDAVATE : Therefore, I say 'a' Minister who happens to be 'a' director of 'a' German company—I am very careful and cautious ; I must protect the rules of procedure—that company has been acquired violating the Foreign Exchange Regulation Act 1973 by Kirloskars.

MR. DEPUTY-SPEAKER : If you feel that this kind of explanation satisfies, then why are you dragging the portfolio or the Minister ?

PROF. MADHU DANDAVATE : If you want you can change the portfolio.

MR. DEPUTY-SPEAKER : I cannot do it.

PROF. MADHU DANDAVATE : That is the prerogative of the Prime Minister. You don't take upon yourself that responsibility.

**Not recorded.

[Prof. Madhu Dandavate]

Now I have said 'a' Minister. I am dropping reference to ** also. I am saying only 'a' Minister. Therefore, Sir, if you look at the letter and spirit of the law I may tell you that various provisions of this Foreign Exchange Regulation Act 1973 demand that whenever this type of illegal act takes place, then in that case both the sides are to be blamed, namely, those who acquire and the company that has been acquired. Further if there are directors of the company they are also liable to be alleged and liable to be punished. Therefore, it is very clear.

Sir, I know the Finance Minister is a person with a clean record who has been following the democratic conventions. It has been the convention world-over and in House of Commons it is very meticulously followed that if any Member happens to be on the Board of Directors in that case he tenders resignation of the directorship.

Sir, I am very proud that Shri H.M. Patel, the former Finance Minister of the Janata Government the first thing he did after becoming Cabinet Minister was that he tendered his resignation from all the companies of the Tatas and others in which he was on the Board of Directors before he entered the Cabinet. These are the norms. They safeguard the propriety and the cleanliness of our public life.

Sir, I am glad that as far as this Finance Minister is concerned I know that he is not a director of any company. When I say any company I mean the financial company and not the political company. This has been meticulously observed. But, Sir, there are two violations and he should try to give his explanation of that. It is the Director of Enforcement that has actually committed one violation. The Speaker was asking me who is the agency and I said it is the Government failure. Therefore, Government has to explain and not the Speaker. Therefore, I pose a question through you to the Finance Minister that the Director of Enforcement has seen that there is violation of the Foreign Exchange Regulation Act 1973 by two agencies—Kirkoskars on the one

side and the company that has been acquired. In that case just as Kirkoskars are likely to be prosecuted in the similar manner the directors of the acquired company—the German company—each one of the director is likely to be prosecuted and if a Minister who happens to be 'a' director of 'a' company has not been prosecuted because he happens to be 'a' Minister and, therefore, the Directorate of Enforcement will be actually answerable to this part of the charge that you are frightened of the ministerial status of a director of that particular company. As far as the failure of the Directorate of Enforcement is concerned, I hope, the Minister will clarify. As far as the other point is concerned, I am one of those who believes that the moment one becomes a Minister whether he is on the board of directors of Bombay Dyeing or German company he should tender resignation and, Sir, I am saying about 'a' Minister about whose personal integrity I have nothing to say. That is why I am raising this point. It is a theoretical and a policy question that I have raised, not out of animosity to X or Y. I am raising it because for all times to come, all the Ministers in this House will be guided by the precedent that will be created in this House and whatever is stated as the policy framework by the Minister when he replies. Also, it will be a directive.

As far as these violations are concerned, I think, a proper reply should be given,

There are certain irrational duties and this is the appropriate time when we can demand that those duties should be abolished and some concessions be given. Take for instance the exemptions on excise duty on diesel oil. You come from a coastal area, Sir. You will be surprised to know this. There are fishermen engaged in mechanised fishing with the help of boats with engines of smaller horse power or with engines of higher horse power. It is a strange phenomenon today that if I am a fisherman and I am resorting to mechanised fishing and if I have at my launch an engine with horse power of 150 or above, in that case I get exemption on excise duty on diesel, but if I am running a launch whose horse power is less than 150 horse power,

**Not recorded.

in that case I am not entitled for the exemption on the excise duty on diesel. I will humbly make one request to the hon. Minister. Once in the presence of the Prime Minister I had raised this question and when I requested that the Prime Minister was sitting there, let him apply his mind, he said: Come through the Finance Minister." The Finance Minister was sitting there and I said: "I request you through the Prime Minister" and he said: "We will do it outside." I hope, by this time, the Finance Minister would have applied his mind.

Then, duties on ice. It is quite surprising. It is nothing, but solidified water. Chemical composition is the same, H₂O. Only, water has been solidified as a result of temperature. On ice, there is a duty and the result of that is that so many fishermen are affected. I come from a constituency which is a purely coastal constituency.

SHRI VISHWANATH PRATAP SINGH: Prof. Dandavate in the heat of his arguments has forgotten that on ice, I have abolished the duty.

PROF. MADHU DANDAVATE: I am sorry, it is a lapse on my part. When you were speaking, I was revising my notice, because I was to speak on this subject. But I may tell you that I am not demanding the reimposition of that. I am happy and I congratulate you for this.

I had also written to the Finance Minister about it previously and I am glad that he has done this. That will help fishermen.

I assure the Finance Minister that some of us come up with demands for certain concessions with the hope that the operations will be improved. I can assure him that whenever we come up with the demands, we come with this perspective that as a result, more incentives will be there and the operations can be improved. Fisheries will gain more as a result of this good step that he has taken.

Similarly, I hope that there is not another lapse on my part. It wish it was a lapse. Now, as far as French coffee is concerned, it is a blend of coffee powder and chicory powder. It is very surprising that it is a blend of two ingredients; on the two ingredients, there is no duty, but the moment they are combined, there is a duty. It is not like putting any burden on a young boy, or a young girl, but the moment they get married, you put burden on them. That is exactly what has happened. I think, it is a lapse. I am sure, that with his forward-looking attitude.....

SHRI VISHWANATH PRATAP SINGH: I had examined this aspect. It was brought to my notice. The chicory powder, in fact, becomes a substitute of coffee. It hurts coffee growers. That was the element why this was not considered. I went into it. It looked rational as you suggested. It is not a marriage and if the boy and girl come together and produce an illegitimate child, we have to stop it.

PROF. MADHU DANDAVATE: When they are married, how can the child be illegitimate? And Ravindranath Tagore had said that even if the married persons happened to be illegitimate, a child can never be illegitimate. The relation between the husband and wife may be illegitimate, but not the child.

SHRI VISHWANATH PRATAP SINGH: Because it displaces coffee, we have done it.

PROF. MADHU DANDAVATE: That is why I have to argue out the case within a few seconds. He has tried to put forward a point of view by which he feels that the coffee producers will be hit. But I would like to point out to him that as far as French coffee producers are concerned, i.e. the blenders are concerned, they are in a tiny sector. They have been described as a tiny sector. And I think that the policy of the Government is, Whenever there are big sectors, small scale sector, cottage sector and tiny sector the tiny sector which is the tiniest of the tiny must get the maximum benefit because in the competition, they cannot survive at all. So, I would like him to reexamine this point. Still one day is left, Tonight you

[Prof. Madhu Dandavate]

sleep over this proposal. I do not know whether you have tested French coffee ever. It is a beautiful thing. It is a blend and it is in the tiny sector.

MR. DEPUTY-SPEAKER : You have tested it and that taste makes you speak like this.

PROF. MADHU DANDAVATE : This is in the tiny sector and just as Schumacher had said, 'Small is beautiful' and our Finance Minister is a great lover of beauty. Therefore, I would like him to apply his mind once again and try to have a cup of coffee in the morning. I am prepared to pursue him today and I am prepared to pursue Smt. Singh to see that in the early morning he is provided with a cup—a tiny cup—of French coffee. I am sure tomorrow he will change his mind. So, that is another change that I would like to suggest.

Only one word about the MODVAT. This is very important. Firstly let me make it clear that I am 100 per cent in favour of the principal of MODVAT. Let me make it clear. Ultimately what is MODVAT? It gives credit for the duties that are levied at the stage of inputs. If the credit is given in the long run if it is put in a well organised manner as far as the finished goods are concerned, actually the prices should come down in the final analysis. Basically this scheme is very good. But I would like to tell him that really speaking MODVAT is not completely altogether a new scheme. Prior to MODVAT, there was a similar scheme for several years under Rule 56-A of the Central Excise Rules, 1944. I think it was called proforma credit. According to that, the only restriction was that they have limited it only for 65 finished goods. Now they have started increasing it and I welcome the scheme. Since he has brought it into the Budget, some home work has been done some formula has been evolved and as a result of that additional commodities have been added. I welcome it. Basically I am not opposed to MODVAT.

In reality, what is happening is that in some of the finished goods, the prices have actually gone up. I will give just one

illustration. Take for instance the automobiles or cars. As far as the automobile is concerned, the tyre on the wheel is itself an input for the entire car. But when the tyre is manufactured from rubber and various chemicals that itself becomes a finished product of certain commodities. At one stage it acts as an input and at the other stage, it acts as a finished good and as a result some complications take place. Therefore, as a result of that we find that in the case of the automobiles, when it was expected that prices would come down by Rs. 5700, actually almost by the same amount, the prices have gone up. This has not happened in the case of all commodities.

SHRI VISHWANATH PRATAP SINGH : Dandavateji, on automobiles, that is passenger cars, we raised the duty. It was a deliberate and conscious decision to levy the duties so that the prices will go up. It was a conscious decision and we do not have to apologise for it.

PROF. MADHU DANDAVATE : The other day, Mr. Poojari also gave the same explanation. Probably in this case it is a conscious decision and for various extraneous factors you have increased the duty. But he accepted last time that there are certain commodities in which it has taken place because of some misunderstanding partly by the industrialists and partly by the officers who operate. All that I am saying is that adequate home work should be done on that point. Really speaking, if I am mistaken, he can correct me. This principle of MODVAT was initially enunciated at the time of the Long Term Fiscal Policy. You finalized it at the time of the Budget. Really speaking, there was some time. I think more time is required to work out various details in terms of outputs which are intermediate outputs: what are the finished products, whether they had made it properly, how many commodities are to be brought under MODVAT—all that can be worked out; and as a result of that, I think if proper homework is done, they can prevent, in all cases, not only in select cases but in all cases, the rise in prices.

Only a few minutes more, and I have done.

MR. DEPUTY-SPEAKER : You have already taken much time. So many Members have yet to speak. You say : 'You can guillotine afterwards'. (*Interruption.*)

PROF. MADHU DANDAVATE : After my speech is over, if you so desire, you can guillotine me also. But allow me to complete.

MR. DEPUTY SPEAKER : Other Members will be affected. You are guillotining other Members' rights.

PROF. MADHU DANDAVATE : Then the advantage will be that I will not be able to raise..... (*Interruption.*)

SHRI VISHWANATH PRATAP SINGH : As in MODVAT, this time should be set off against other Members of the Opposition. (*Interruptions.*)

PROF. MADHU DANDAVATE : In the next Budget, I will speak a little less.

MR. DEPUTY SPEAKER : I am giving you two minutes.

PROF. MADHU DANDAVATE : I will increase my speed, and finish in three minutes.

There are certain aberrations, and I would like them to be corrected. For instance, our elderly colleague Prof. Ranga will agree with me : Investment in agricultural finance institutions needs priority. From Rs. 181 crores it ought to have been increased, but it has been brought down to Rs. 170 crores ; food storage or warehouses has been brought down from Rs. 95 crores to Rs. 90 crores ; fisheries—Rs. 31 crores are retained as Rs. 31 crores ; dairy development from Rs. 86 crores brought down to Rs. 80 crores ; animal husbandry from Rs. 13 crores to Rs. 5 crores ; major and medium irrigation from Rs. 12 crores to Rs. 10 crores ; and Command Area Development from Rs. 107 crores to Rs. 93 crores.

I will make a request to him : subject to their constraints, let them try to see that these allocations are improved.

With regard to the public sector, I find that as far as gross profit before interest and taxes is concerned, it is Rs. 4636 crores. The net profit after taxes in all the public sector units is only Rs. 929 crores ; and the worst position is that you can judge the effectiveness of a public sector, by finding out what is the ratio of gross profit over the capital employed for the public sector. Unfortunately in our country, the ratio of gross profit to the capital employed in the public sector is hardly 12.7%, probably one of the poorest in the world. Therefore, this should be increased. We assure the hon. Minister that we and our trade union organizations will cooperate with him fully, to see that the public sector efficiency and effectiveness is increased, so that it may be able to provide the necessary funds.

I do not want to touch deficits, black money and all that. All that I want to say is that there is only one danger, about which we are very much afraid. There are directly or indirectly certain pressures on our country from the developed economies, from the World Bank and from the IMF ; already at one stage when we got the IMF loan, a number of conditions were imposed upon us. They may deny that. But we found that they realized it. I am afraid they may go a step further : the developing countries, IMF and the World Bank are likely to corner us and pressurize us to devalue our currency. If that happens, that will be the blackest day for the development of Indian economy. I hope and trust—I do not allege—that our Finance Minister believes it ; I hope and trust he will have a strong backbone to stand erect and to see to it that he does not succumb to the IMF and World Bank pressures to bring about devaluation of our currency, and destroy the interests of the working class.

14.24 hrs.

[SHRI VAKKOM PURUSHOTHAMAN
in the Chair]

SHRI Y. S. MAHAJAN (Jalgaon) : Mr. Deputy Speaker, Sir : I rise to support the Finance Bill, and the large number of concessions which the hon. Minister has announced today.

[Shri Y.S. Mahajan]

The Finance Bill contains a number of innovations in fiscal policy, which are in keeping with the economic policy changes which were initiated last year, and have shown their fruitfulness.

The year 1985-86 is expected to end with an agricultural production of 148.5 million tonnes of foodgrains, that is 3% higher than the previous year, inspite of the severe drought conditions in many States. This has become possible because of many innovations in agricultural policy such as improvements in cropping pattern, timely supply of essential inputs and better water management. Drought conditions have affected the production of coarse grains, but at the same time have proved the resilient character of India agriculture and its ability to withstand weather stress. This, after all, has been the major objective of planning agricultural production half of which is from rain fed areas. Industrial production will also show an increase of about 7 per cent over last year's output, though this is below the annual growth rate of 8 per cent per annum postulated in the Seventh Plan.

As a result of these increases in production, the rise in the wholesale index has been 5.7 per cent. There has thus been a welcome deceleration in the rate of inflation. It has taken place because of a decline in the prices of oilseeds and edible oils, jute and jute products and cotton and in spite of increase in the prices of food articles.

All this has been accompanied by a vigorous drive to reduce tax evasion. The policy of reducing tax rate to a reasonable level combined with strict enforcement, has yielded results. There has been a better compliance with the tax laws and on the direct taxes have yielded revenue which is about 33 per cent higher than last year. I must congratulate the Finance Minister on his determined attempt to reduce tax evasion and the amount of blackmoney in the country. He should pursue this policy without fear of the hostility of the vested interests. The amount detected as a result of raids recently in the case of alleged tax

evasion cases and seizures is valued at Rs. 48.9 crores. I venture to think that this is only the tip of the ice-berg.

This fiscal policy has had an important political fall out to which I wish to draw the attention of the House. Many of the big English Dailies have launched a propaganda offensive against Congress I and its leadership. They are shouting that the raiders are coming, that the leadership of the party has lost its cherisma, that euphoria of the last year has evaporated, that there are rumblings of dissent signs of possible revolt in the party. All these artificial fulminations will be treated with contempt by the people.

PROF. MADHU DANAVATE :
What are the financial implications of this procedure ?

SHRI Y. S. MAHAJAN : We want to proceed vigorously with the enforcement of the tax laws. Their interests have been hurt ; they do not want raids ; and so because they cannot oppose the raids they are trying to undermine the credibility of the party. Nobody will be deceived by such propaganda. They have been amply described by our Prime Minister himself as paper tigers. My appeal to the Finance Minister is not to be daunted by such propaganda but to go ahead and pursue the policy with great vigour and rid our society of tax evasion and blackmoney or at least reduce their the proportions to the minimal level.

Recently, some important measures have been undertaken to liberalise the economy. Over the years, a large apparatus of regulations and controls had been built up to ensure that scarce resources were directed into higher priority sectors according to the plans. This policy gave a rise to a restrictive economy and a number of shackles on growth. Some of them had also become out of date and were responsible for delay in decision making, inefficiency and corruption. So, considerable relaxations were made in the licencing policy. A scheme of capacity re-endorsement was accepted in 1985 and for industries which remain within the admit of industrial

accorded to allow them to make rapid changes in their product-mix without losing time in seeking fresh licences. These necessary changes in the direction of liberalising the economy have provoked reaction on the other side. The Leftists are shouting that the Government has forgotten its ideals, that the Government has back-slided and yielded to the pressure of Indian capitalists forgetting the ideals of socialism. This sort of criticism is not justified. There can be no progress without growth and no progress unless there is an enlargement of the common cake. The productive powers of the society have to be encouraged. People have to be encouraged to put in greater efforts to save more, and to see that all their savings are put in the priority—sectors which are of basic importance to the growth of economy. It is for this purpose that liberalisation has taken place. This has been the objective of our policy changes. I hope, the hon. Minister will not deviate from his chosen path by criticism which is based on a failure to understand it properly. Our ideal, i.e. our aim is socialism and our loyalty to it remains unshaken. ♣

The long term fiscal policy is a bold step in changing the direction of our fiscal policy. It will promote growth, increase the built-in elasticity of the tax system, secure better tax compliance and make for a stable environment in our fiscal operations. This is a great gain from the point of view of manufacturers and business community.

Equally important is the stabilisation of administered prices, because these administered prices which include the prices of goods produced in the public sector, are changed every now and then. And they often cause inflation since they have the cascading effect on other prices. Sometimes, these increases give rise to suspicion that they are meant to cover up the inefficiency of the public sector units. Therefore, it is necessary to have a policy which will in the medium period of three to five years, stabilise those administered prices, which is a very important thing for growth and development.

The objective of all our efforts for economic growth and our policy changes in the field of finance is to see that the standard

of living of the millions of people in this country rises. How can the standard rise unless these changes are accompanied by control of population? Economic planning without control of population is no planning. It is only one sided attempt to improve conditions. We accepted the family planning programme on a national level; we took it up very seriously from 1966. What is the result? During 1961—71 the rate of growth of population was 2.2 per cent per annum. From 1971 to 1981 it was 2.4%. The Planning Commission has estimated that from 1981 to 1986 it will be 2.10%. During the 7th Plan they have calculated that population will increase at the rate of 1.8 per cent per annum. May I point out as a student of economic. That all the projections of the Planning Commission regarding growth of population have always proved wrong. From the First Five year Plan to the Sixth Five Year Plan, all the predictions which they made about the growth of population have proved to be wrong. Therefore, I assure you that this calculation also will go wrong. Our population increases at the rate which eats up most of the gains of our economic growth. The population control programme should be taken up on a War footing. It should be treated seriously live general election when the leaders of parties in Parliament visit each town and village and go from house to house. If we have a campaign of this type for one month, I am sure the awareness of the Family Planning programme in the country would increase and so also the number of acceptors of family planning methods, increases. Sir, it is possible to bring down the rate of growth of population to 1% within 5 years. There should be a national campaign for this purpose. Japan brought down its population growth rate after the Second World War. They got frightened of the Baby Boon in that country after the Second World War. In 10 years they brought down the rate of growth to 1% by adopting methods which may be termed very cruel because at that time abortion was the only reliable method. (An hon. Member; China also). China has also adopted very cruel methods. We cannot follow them. With the latest methods available, it should be possible for us to achieve the objective of 1% rate of growth. I am for a zero growth rate. I think it should be possible to achieve this in 10 years. May I point

[Shri Y.S. Mahajan]

out to our hon. Finance Minister that all efforts of the Government in economic development, in planning, all our policies on Agriculture, Industry, etc. will come to naught if we do not control the growth of population. It is a thing which is in our power to do and we should do it.

With these words, I support the Finance Bill.

[*Translation*]

SHRIMATI KRISHNA SAHI (Begusarai) : Mr. Chairman, Sir, I support the Finance Bill which has been introduced in the House. I congratulate the hon. Finance Minister and the hon. Minister of State in the Finance Ministry for taking effective step for ensuring the economic development. They have made an effort for all-round economic development and for increasing the percentage of growth rate.(*Interruptions*)

I would suggest that Shri Poojaryji may use earphone to listen to what I am saying. Today also, he has announced some reliefs which are quite welcome. An interview of the Finance Minister has appeared in the press and I would like to begin my speech by quoting words from that interview.

[*English*]

"Anti-poverty programmes are only a salve to the conscience. They prevent social tensions from reaching a boiling point. Ultimately the problem of poverty and unemployment has to be overcome through higher growth rates."

[*Translation*]

This shows that he is in the grip of the main problem the country is facing and he is adopting measures for the eradication of poverty so that the country becomes economically strong. Mr. Chairman, Sir, according to the report of the Project Evaluation Organisation of the Planning

Commission, there has been misuse of 60 to 80 per cent of the expenditure spent on the eradication of poverty programme in different States. According to yet another report of the same Organisation, a major portion of the estimated outlay of Rs. 5000 crores envisaged in the Sixth Plan for the eradication of poverty programme has been misused. I would cite a few examples.

In 1967 the country faced severe drought conditions and the Central Government launched a scheme for the supply of drinking water. At least one crore rupees must have been allocated for the purpose. Funds has also been allocated for minor and major irrigation schemes and for the construction of roads and under Food For Work Programme. What I want to emphasise is that a number of such schemes had been launched by the Government to provide relief to the people, but what happened to those schemes? We are in 1986 now and if we cast a glance on those schemes, we shall find that several of them are yet to be completed. Government had launched these schemes for the benefit of the people by spending crores of rupees but a large number of persons misused the funds in the name of natural calamity, and the people did not get the benefit from these schemes to the desired extent. Funds have been misappropriated on a large scale.

It is true that we have brought about revolution in agriculture sector and it is equally true that we have achieved self-sufficiency in this field but I would like to point out that mere increase in the production will not necessarily improve the standard of living of the people. We shall have to see as to what extent the benefit of increase in the production reaches the common man. We shall have to attend to his needs. The farmer wants water and regular supply of power for his fields. The common man needs nutritious foods, drinking water, cloth, shelter, good education for his children, medical facilities, and employment to earn livelihood. The mass involvement in the development programmes at the local level is also necessary but I would like to know from the hon. Minister, who also must be coming from some rural area as he is a representative of the people, whether we have been able provide drinking

water in every village of the country? Do the children not study in the open in the villages? Have we been able to provide medical facilities to the rural people? What I want to say is that it is not necessary that the allocation made for different schemes are always used properly at all the places. We shall have to keep a watch on them. A major portion of the funds sanctioned by the Centre for the developmental schemes, is diverted to non-developmental works. The practice is that when a scheme is launched, appointment of staff is made well in advance and necessary provision for the purpose is made. The master plan is formulated afterwards and plans and estimates for the project are prepared subsequently. In this way, when the original scheme is actually taken up for execution, large sums are already spent on these jobs and funds are not available to start the scheme in a proper way. I do not doubt your intention. Our Government wants to improve the lot of the people and make them economically strong. But there are some shortcomings in our administrative set up. I do not know how to tackle them. We are increasing allocation for the plans. Government are adopting revolutionary policies and changing them in accordance with our needs. But the desired benefit is not reaching the masses because of the present administration set up. So, under the present dispensation, we can only say that the rules should be simplified in such a manner that they could be used in the interest of the poor: Laws should be so framed that the entire process is made use of for developmental works and for the benefit of the poor. But in really things are quite different. The paper work is increasing to such an extent that if the files of the Central Secretariat are kept in a row they will form a row of nearly 550 miles, and if the files of other offices are added, this row will go beyond thousand miles. How to tackle this is beyond my comprehension. How will the attitude of administration change?

I want to cite a small incident in this connection. Recently one of my friends of my childhood whose husband had died complained to me that she was not getting the pension even after a period of four years after the death of her husband. She

requested me to accompany her to the concerned office and see myself how those people behaved. I went to the office with her but did not disclose my identity. The clerk told her that she would have to submit her husband's death certificate. She told him that she had already submitted the same. However, she once again gave a copy to him. On that, the clerk said that was all right but demanded a certificate to the effect that she was alive. I was witnessing it silently. So this type of treatment is meted out to the common man. Then he pretended to be so absorbed in studying his file as if someone was lost in the study of the Gita unconcerned with the outside world. Do your duty without longing for the result. He was least moved with the catastrophe that had befallen her. Then he enquired where she was during the last two months and why she did not come earlier. She told him that due to her illness she could not come earlier. She requested him for making payment of pension. The clerk told her that she would get her pension only after all the formalities have been completed. What I want to emphasise is that when people have to run from pillar to post for such petty things how can things improve? You will have to think of the measures you should adopt for this. Our administrators and bureaucrats do not have the sense of service. They are devoid of development-oriented approach.

Secondly, black money and corruption have become synonyms, and as a result, a parallel economy of black money is operating in our country. Government always talk of inadequacy of resources for Seventh Five Year Plan. The difficulty in mobilisation of resources for the Plan can be overcome if simply we can contain black money. I congratulate the Minister for apprehending the smugglers and also for carrying out raids. He has done a lot. A large quantity of smuggled goods have been seized. But even on a conservative estimate about Rs. 40000 crore worth black money is in circulation in the country and if we are able to control it then the Government revenue will go up five times. It is not only my view. Several committees like Chaliha Committee were set up to go into this aspect. They submitted their reports which

[Shri Y.S. Mahajan]

say that if national product is fully computed it will be seen that it has a 48 percent component of black money.

Nepal border is very near from my constituency. Goods are being smuggled there openly. The customs offices and police officials posted there help in the smuggling activities. About a thousand persons are working as carriers along the Nepal border. If you fail to check this, it will create serious problems.

It is true that narcotic drugs are being smuggled from neighbouring countries. Government have no doubt controlled it to some extent but our country has virtually been made a transit place for smuggling from Afghanistan and Pakistan. This is a very dangerous thing. It needs to be considered very seriously. Our country is being used as transit for smuggling drugs. This is going to have an adverse effect on our future generation. Our future is going to be jeopardised. This has to be viewed seriously. Smuggling of narcotics, gold, cloth and some eatable items is taking place freely on the borders of Nepal, Pakistan and India. It must be checked.

I would like to raise one or two points more. The objective of establishing public sector in the country was to make the country strong and accelerate the pace of economic development. It will also have to be seen how the staggering expenditure on the top heavy management can be contained.

Today, more and more industrial units are becoming sick. If this trend continues the economic growth of the country will be hampered. From the statistics available with us it is seen that on June, 1978 as many as 20615 industrial units were sick and along with it as many as 20326 small industries were sick. Now we have reached a stage where the number of sick industrial units is on the increase.

The hon. Minister has just said that two thirds of the provision has been allocated for power sector. But the power Departments or Corporations in the States have

been rendered sick to the point of no recovery. How are then the farmers going to get electricity and how are we going to achieve the production targets? We shall have to adopt measures to improve the administrative set up and minimise the loss so that the common man gets relief. I would like to cite an example to illustrate. Take for instance the Transport Department. If the Government takes it over, it incurs loss in operation but if it is given to some private party it earns profit. Same is the case with a business concern. If it is in private hands it earns profit. The moment it is taken over by the Government, it incurs loss. The hon. Minister must look into this aspect and put a stop to it. At the same time, the administration should be geared and streamlined so that the policies and programmes of the Government are implemented and the benefits thereof percolate down to the common man.

[English]

SHRI SOMNATH CHATTERJEE (Bolgpur): Mr. Chairman, we have reached the last stage of the discussion on the Budget which, of course, has become a non-event due to the computer linked urge of this Government to reach the 21st century. The document which should be the most important for the purpose of the country's economy, the Budget has become almost a parchment of doubtful utility and it is formulated more to conform to the constitutional requirements than to set the pattern of our country's economic progress and prosperity.

The Finance Minister's speech started with an eulogistic reference to a quotation from the Prime Minister and ended with a ritualistic reference to Mahatma Gandhi but we know out of the two disparate Gandhis whose views are prevailing and, that is why we find that, with a long-term fiscal policy, with a long-term import policy, with the imposition of stiff hike in the administered prices, the entire budgetary process has become totally redundant so far as economic projections of the country are concerned,

This Government has pre-empted itself from taking suitable actions, suitable taxation measures, suitable fiscal measures because it has assured the country that there will be no rise in the direct taxes. It has given its commitments that for five years, its friends who are now constituting the monopoly houses in this country will not be disturbed nor will they be required to pay higher rates and taxes. Then what option remains for this government? That is why we have found that it has become necessary for them either to go on increasing the indirect taxes as they have done or to take recourse to a pre-Budget exercise which has become quite common for the last 3 to 4 years of increasing the prices of essential commodities which are putting the biggest and heaviest burden on the common people of this country. Therefore, it is very easy for any Finance Minister, especially of the present government which is indulging in populism to present a soft budget and to claim credit that 'We have spared the poor and common people so far as the Budget is concerned.' 'Look here, there is only Rs. 488 crores of new taxation provided in the Budget and we are sparing the poor and the common people of this country.' There are tall claims of increasing the allocation for poverty alleviation programmes. I shall come later to deal with it. There is a tall claim of a greater and greater allocation for the public sector and there are tall claims that the rate for inflation is sought to be reduced and the result to-day is not only one attempt is there to project a softness of the budget but the Budget itself has become a ritual. The Budget seems only somehow to conform to the requirements of the law and the Parliament is troubled so that it can give its seal of approval because without that it cannot be brought into effect.

The Finance Minister, in his euphoria it seems based on what we do not know said that this Budget pulsates with the aspirations of the poor and has committed itself to their service. This is a perfect example of self delusion which shows that this Government and their ebullient Finance Minister have lost all touch with the pulse of the poor people of this country.

At least we would like to know what is really the economic policy of this country....

PROF. N.G. RANGA (Guntur) : A mixed economy.

SHRI SOMNATH CHATTERJEE : What does it seek to achieve in the immediate present or in the near future? Has the principle of self-reliance and growth with equity and justice been given a go-by?

PROF. N.G. RANGA : No.

SHRI SOMNATH CHATTERJEE : Does the public sector occupy in the economic policy or in the budgetary projections a position of commanding heights about which we were told *ad nauseam*?

PROF. N.G. RANGA : Yes.

SHRI SOMNATH CHATTERJEE : Whether even lipservice will no longer be paid to the provisions in the preamble of our Constitution of constituting India a socialist Republic?

We cannot help reaching the 21st century in the inexorable march of time. All of us will reach the 21st century. Whoever is alive will reach the 21st century. But for whom is this emphasis of reaching the 21st century being given? And with what object and with what projections? The position to-day is that there is this insistence and trying to give a picture and paint a picture as if this country has to be taken to the 21st century by working overtime in areas we do not know. What is happening? This Government is destabilising the economy of this country, as there are attempts to destabilise the political freedom, integrity and unity of the country.

15.00 hrs.

The present ruling clique which is the product and at the same time the beneficiary of a great tragedy in this country has made its options: it has opted for a few people at the expense of the vast multitude; it has opted for machine rather than for jobs; it has opted for hunger rather than for bread; and it has opted for gimmicks rather than for well-conceived actions. And

[Shri Somnath Chatterjee]

that is why today the biggest onslaught, the budgetary and economic onslaught of this Government, is on the common and poor people of this country.

What did we see in the last Budget? What happened? The entire direction of our economic policy was substantially changed. The system of industrial licensing was relaxed. The MRTP limits were either raised or withdrawn totally, the public sector was downgraded consciously, the direct taxes on corporate and personal income were reduced, the wealth tax was reduced, the death duty was abolished. For whose benefit? We would like to know that. Concessions were provided in indirect taxes on several items of luxury. Inputs of a wide range of manufactured good, particularly capital goods, were liberalised. A conscious policy of import liberalisation was adopted. And it was welcomed by whom? The big business and the monopoly houses, and they thought that they would get the advantage of this liberalisation of the licensing policy. And what happened? The multi-nationals and trans-nationals have been having their hey-day, and the concept of growth and justice and equity was the biggest victim of the policy adopted by the Government.

Now, finding the backlash, a conscious attempt has been made this year to project on the surface a pro-people or pro-poor budget. How has it happened? What are the three main claims of the Finance Minister? He says, "Look here, I have not taxed the poor". But he does not refer to the Rs. 1600 crores which he imposed on the common people of this country—the prices of petroleum products were increased; even the issue prices of cereals and food articles were increased by the Food Corporation of India, by the decision of the Government. Although the new imposts were to the extent of Rs. 488 crores, direct taxes were increased only to the extent of Rs. 21 crores; the rest is by way of indirect taxation which is bound to raise the prices of commodities. If these Rs. 1600 crores are added to Rs. 488 crores, then the new imposts are to the extent of Rs. 2,100 crores. Can anybody deny that the increase in the administered prices and

the new levies by way of indirect taxation have had, and are going to have, a cascading effect on the price level in this country? Last year, the budget estimates showed a deficit of Rs. 3,316 crores, and the revised estimates showed a deficit of Rs. 4,490 crores nearly Rs. 5,000 crores. This year it is Rs. 3,651 crores, and it will become nearly Rs. 6,000 crores—the uncovered deficit which is bound to have an inflationary effect. And who suffers? When there is inflationary pressure on the economy who suffers? One does not have to be an economist to know. It is the common people who have to bear the brunt of these inflationary tendencies. Therefore, it is easy to say I have not imposed through the Budget new taxation on the poor people of this country.

Sir, another claim was made that there has been increase in the public sector outlay to the extent of 21 per cent. I am sorry to say that there has been manipulation with the figures. The 21 per cent increase for which the Finance Minister has claimed the credit was corresponding to the Budget estimates of 1985-86 but the Revised estimate was Rs. 1600 crores more. Therefore, the new increase in the public sector outlay will not be more than 10 per cent as compared to the last year's actual expenditure. Further when we take into account the price increase that is bound to take place during the year the increase in the public sector outlay will be much less, that is, even less than 10 per cent.

The next claim is that this Government has made is that they have provided 65 per cent rise in the outlay on poverty alleviation programmes. It is no longer 20-point programme. It is now poverty alleviation programme. This 65 per cent is also fudging of figures. This 65 per cent is calculated again in relation to the Budget estimates for 1985-86 and not the actual expenditure. If we take the actual expenditure the outlay will not be more than 20 per cent considering the actuals last year.

Sir, Rs. 1450 crores are provided for poverty alleviation programmes and a great credit is being claimed. Now, Mr. Ranga probably does not know that this only

represents 2.74 per cent of the total expenditure of the Government meant for 40 per cent of the people in this country. You are spending 2.74 per cent of your budget for 40 per cent of the people of this country who are below the poverty line. This is the claim or credit which is being loudly made by this Government. Realising the peoples' anger and resentment after the administered prices were raised this Government necessarily had a cold feet. They got nervy. A tamasha was enacted here. Some criticism was made even by a Cabinet Minister. Suddenly a meeting was held in the North Block and prices were reduced though by a pittance. Therefore, on the surface the budget had to be projected as a common peoples' budget, not much taxation and trying to take credit that poverty alleviation gets the maximum slice in the budget but this is nothing but a pittance. That is why the people inspite of Doordarshan's continuous efforts, inspite of so many other methods of drum beating that is going on the people are not accepting this budget and you find the Finance Minister going on making concession after concession to the big business. Even this morning he has made concessions to the extent of nearly Rs. 76 crores, if I am not mistaken, for the benefit of the big business houses. Now, they realise that they cannot annoy their big business friends. Their class character shows that. And that is why this sliding down is there in the process of income tax raids and taxation raids which are going on. Mr. Reddi has correctly pointed that out.

The Finance Minister is making a distinction between a search and a survey, but the real decision is to give an assurance to the big business friends that they will not be troubled; they are very sorry. What is the sincerity of this Government with regard to these raids?

With regard to certain activities of a big business firm, they are now being haled up before the FERA authorities. An old gentleman of eighty has also been haled up before the authorities. I do not mind if he has committed any offence. If you want, I can also give the names. Kirloskars have been put to the docks for this. I have nothing to say; do it, but do it properly. But another gentleman who was concerned

with the Kirloskars has been left out of this. Prof. Madhu Dandavate has referred to this. It is because he is occupying a post of position, of status here and happens to be the favourite of the Prime Minister. Therefore, he is being spared and the Kirloskars are being hauled up. Is this the way, you are trying to create confidence in the minds of the common people that this Government is serious about unearthing black money? Do the people not know the havoc that is being created by this black money? What is the extent of that, Poojary must be knowing. He has been arranging the loan melas periodically in selected places and for selected people with the object of benefiting a very limited selected set of beneficiaries.....(Interruptions).

We welcome the other aspect. We have said that the Government's decision to remove the restrictions, difficulties which were imposed on the SSI Units in the budget is welcomed. But one cannot but wonder what sort of exercise that was carried on before decisions were taken to impose those burdens on the SSI units. Did you give any thought to this and the difficulties that will be created for the SSI Units? As it is they had to act under severe constraints, under severe handicaps, financial and marketing difficulties. The banks are eight-fisted so far as SSI units are concerned. Everybody knows what difficulties they are facing, but lo and behold, whom did you select for the purpose of imposing new burdens and putting them to difficulties? It required the mobilization of the different associations of the small scale units, their all India Organizations, Federations, and after they gave an all-India *bandh* call, then the Finance Minister sat with them and then having realised the dangerous portents of the budgetary provisions, had to withdraw those. It is good; even wisdom later is good, but we cannot but protest that an attempt was made without any proper consideration for the purpose of imposing levies on the most vulnerable sector of our industry. Mr. Madhav Reddi has correctly pointed out that it is better late than never. But I say that this type of exercise was necessary and they should have done it before when so many concessions have been made. One wonders what sort of consideration is given before budgetary proposals are formulated,

[Shri Somnath Chatterjee]

What is type of exercise done? Whose interests are considered? Where does the impact of the budgetary provisions fall? All this exercise should have been done. That is why, so many withdrawals and concessions have to be made.

I would like to point out two or three things more. You have already rung the bell once. Let me take compulsory deposits. Compulsory deposit scheme was discontinued in the last year's budget, i.e. in the budget of 1985-86. But payment of the earlier instalment to be payable in April 1985 was withheld by the last year's budget. In this year's budget nothing has been said about this payment and nor any announcement has been made. We have received several representations from the people requesting us to raise this question as to when the instalment would be paid, because the scheme has already been discontinued.

So far as the consignment tax is concerned, this is another vitally important point. I have not much time, no time at all, to go into the Centre-State relations, which is very vital for this country. But, Sir, the Constitution was solemnly amended, unanimously, if I am not mistaken in the last House, for the purpose of enabling this Parliament to pass a suitable legislation for imposition of consignment tax. Meetings have been held with the Prime Minister and the Chief Ministers. I believe that a formula has been adopted. But Sir, the Bill is not being formulated and crores and crores of rupees are being lost by different State Governments, which also include your Congress-I ruled States as well. Therefore, we are not speaking for any particular state. The consignment tax, which is provided for under the Constitution of India, which was specifically amended for this purpose, has been made a dead letter because the follow up legislation is not being enacted and unfortunately not one word is said in the Budget speech of the Finance Minister. I request that this aspect be dealt with and a reply be given.

My last point is with regard to the sick industries. Nobody can deny the seriousness of the problem which is facing us. So

many units are sick in this country. Nearly one hundred thousand units in this country are sick, spread over all the States and not only in my States. In every State in this country, wherever there is some industrial activity, there are sick industries. Several industrial undertakings whose management was taken over by the Central Government under the Industries (Development and Regulation) Act and was entrusted to the IKCI which is now known as IRBI, even those units have been closed down by the Central Government. The workers are on the streets. In the past we have mentioned the names of those undertakings. Now there are several other undertakings. What will happen to these undertakings? Should not this Government seriously formulate a policy for the purpose of saving these units? And please Sir try to save the workers working in these undertakings. I implore upon the Government because it is very important for the sake of industrial development in this country and for the future of the workers. Job potential is being reduced every day because of automation and computerisation which are causing havoc. There is also a great scope of privatisation and more and more privatisation is taking place. More and more sophistication is taking place. As a result, there are lesser and lesser number of jobs available in the country. This is not politics, Prof. Ranga. This is unfortunately the actual fact. Therefore, do not treat everything on a partisan political ground. Job potential is reducing and more and more number of young people are now waiting for jobs. You want to delink degrees from jobs. That is supposed to be year new education policy. But what about the people of this country? They have to have some livelihood. In the absence of land reforms properly executed, in the absence of the thrust given to the small scale and cottage industries, in the absence of reducing powers of the handful of monopoly houses and big business houses, there is bound to be greater and greater concentration of resources and resulting in greater and greater penury for the common people. Unless these distortions are removed, the problems of the common people will not be solved.

The Budget is not soft. It is a hard Budget. It causes greater difficulties for

the common people of this country. In the circumstances, in the limited time available, I oppose the Finance Bill.

[*Translation*]

SHRI BALASAHEB VIKHE PATIL (Kopargaon) : Mr. Chairman, Sir, I rise to support the Finance Bill. First, I would like to congratulate the hon. Minister of Finance and the hon. Minister of State for Finance on the tremendous effort put in by them to create an atmosphere of honesty and clean administration in the country. We are duty-bound to extend our full support to them because the incidence of tax evasion is increasing in the country. The hon. Minister of Finance has provided sufficient reliefs in the taxes and announced a number of concessions so that the tax payer may contribute taxes to the Government on authentic basis and honestly. To mop up black money, he announced a scheme of voluntary disclosure for those persons who amassed black money. I am not in favour of any further extension of that scheme. However, the period of that scheme has been extended upto the end of September. When the Government is so sincere and wants to create a congenial atmosphere and is giving another chance to the people to declare their black money, it becomes the duty of the persons concerned to avail of this opportunity and declare their black money. If in spite of all this, they do not come forward and declare their black money, the Government will be compelled to adopt stringent measures against them. The Government then will have to consider the whole scheme afresh and devise ways and means to deal with such persons.

In recent months, raids were conducted on the premises of some officials and industrial houses, including directors of some companies. The hon. Finance Minister warned in unmistakable terms that tax evaders, whether in politics or in any other sphere, would be dealt with sternly and no one will be spared at any cost. The Hon. Prime Minister and the hon. Finance Minister deserve our congratulations for this step. They have given an opportunity to such people so that the country may move forward.

Secondly, so far as the question of target oriented work is concerned, we will have to pay attention towards physical achievement also. For example, take the I.R.D.P. The statistics may be alright but reduction in unemployment is not evident and then take the case of the deposits in the banks. Although growth in the deposits in the banks is taking place, we will also have to see in real terms as to how much money is there as a result of deposits in the banks. If we simply talk of growth in the deposits of the banks or of increase in deposits by 10 per cent but ignore increase in interest as a result of equity or liquidity and to the resultant increase in deposits, it is not proper. People say that they do not want to deposit their money in the banks because they do not get good return by way of interest. One of the reasons may be that many public undertakings have issued bonds or debentures with special concessions in many places. People in large numbers have been attracted towards bonds or debentures. The private companies are also not giving interest to that extent. When public companies are issuing bonds or debentures by laying down some guidelines and banks are not in a position to give interest to that extent, the people prefer to invest their money in the debentures or the bonds. They find it a more profitable proposition. This is resulting in the depletion of deposit growth in the banks. When the deposit growth in the banks is depleted, their liquidity will also come down. That is why the position of banks is getting very tight these days and the people are experiencing difficulty in getting loans from the banks. I would, therefore, urge upon the Government to look into the matter and evolve such policy as may help increase the deposits of the banks and provide more and more relief to the people.

Now, I come to resources. Our Finance Minister is seriously thinking about it and we are also considering it. When we talk of the public sector and the private sector, we will have to see what is their capacity utilization and whether capacity utilization in all the industries in the private sector is adequate. As far as my knowledge goes, capacity utilization of some private industry is 25 per cent, of some it is 30 per cent and in some other cases it is 40 per cent. It

[Shri Balasabeh Vikhe Patil]

needs some improvement because we have high hopes from the financial institutions : When the Central Finance Institutions give their financial assistance, they should get full return. When certain company owners resort to import from foreign countries or manufacture the goods in the country itself or start business, excise duty is levied on those goods. I would like to give one example. In this connection, a case is going on in the Supreme Court. There are a number of cases pending in the Supreme Court involving more than two thousand crores of rupees in which refund of excise, customs and other taxes has been claimed. The Indian Tobacco Company filed a case in the Bombay High Court in 1983 and High Court gave its verdict that refund may be given to Indian Tobacco Company. The concerned Excise Department did not file any appeal. I do not know why it did not file an appeal. Similarly a case was filed in Karnataka Courts. The verdict in these cases went against them. The Excise Department filed an appeal in the Supreme Court, which was admitted. Now the Court will take up hearing of this case. I would urge the hon. Minister to improve upon the amendment introduced. He should keep it in mind that when after collection of excise duty refund is asked for and it is not possible to refund it to the consumers, the question of refund becomes meaningless. Therefore, it is not against the provisions of our Constitution.

[*English*]

In reality, the manufacturers, traders and importers have neither the legal nor the moral right to claim these refunds for the obvious reason that the manufacturers, traders and importers recover the dues from their customers and consumers.

[*Translation*]

So it becomes necessary to amend the law. We wrote to the Minister of Finance in this record a number of times but we have received no reply except acknowledgement from him. When we levy taxes to mobilise money from the poor we find that the indirect taxes are increasing day by day

and direct taxes are coming down. Speaking on the Finance Bill last year, I had stated that resort to indirect increase in taxes will not be good for the poor. Indirect taxes have reached the figure of 30,000 crore rupees and direct taxes have been increased from Rs. 200 crores to Rs. 5,000 crore approximately. We will have to do something for direct taxes. Due to the constraint of law, the Department of Excise and Customs have to pay refund. We should not pay refund because payment of refund causes substantial loss to the public exchequer. The Punjab High Court had given verdict in this respect. Subsequently the Punjab Government amended the law. Now there is no need to refund the taxes recovered from the consumers. The Central Government should write to all the State Governments and make provision in the Act so that there is no need to refund the duty charged from the consumer or the customer.

Now I come to the private sector and the public sector. The private sector is provided funds by the Central Financing Institution. But even then a number of industries fall sick. Recently Government of India passed an Act in this regard but it is not being implemented. Take for example the textile mill of Nagpur. The Tatas started an industrial unit there but it fell sick and had to be closed down with the result that a number of workers were rendered jobless. Penalty should be imposed on these mill owners who declare their unit as sick. This suggestion should be considered. We want progress of the country. So the Government should consider this suggestion and think several times before declaring the industry sick. When raids were conducted on the big industrial houses, a situation was sought to be created to show that

[*English*]

they have also contributed to the national development

[*Translation*]

but it does not mean that they should evade taxes and violate the law for their own selfish ends.

It is correct that the farmers and the workers can contribute. But the Organised Sector has given memorandum in this respect. The unorganised sector could not do so. Therefore, the Government will have to think over it. The organised sector is taking advantage of the direct taxes by imposing indirect taxes, thus putting burden on the consumer. The Government will have to think over it. When the revenue receipt of the indirect taxes is about Rs. 30714 crore, the revenue receipt of the direct taxes is about Rs. 5900 crore. Prior to this in 1951, the revenue receipt from the direct taxation was Rs. 231 crore and that from indirect taxation was Rs. 428 crore. Therefore, unless we increase direct taxation, it will be difficult to provide any relief to the consumers.

Now, I would like to say a few words about the small scale industry. To make small scale industry economically viable import of technology is very necessary. The turnover of the M.R.T.P. industries has been increased from Rs. 20 crore to Rs. 100 crore but the limit of the small scale industry has been extended upto Rs. 50 lakhs. Unless this is increased to Rs. 2 crore, it will be difficult for the small sector to carry on its work.

We are importing machinery for the new technology. I think its cost comes to Rs. 50 lakhs. I am afraid the small scale industry may not have to be closed down because of the modernization, because they will not be able to compete with the big industries. You have reserved certain items for small scale industries. I support it. Unless the small scale industries are made economically viable, the large industries will go on importing more and more items. It will bring down their cost of production while the cost of production in the case of small scale industries will rise. This will result in considerable loss. You will have to think over it,

In regard to foreign collaboration and cooperatives, it seems that we are importing machinery with the result that we have to spend foreign exchange on the import of spare parts. This too will have to be looked into.

Unless cooperative textile mill is set up, the problem of cotton can not be solved. The cotton grower is not getting remunerative price for his produce due to which he is suffering great loss. If the cooperative composite cotton mill manufactures cloth on its own, the grower of cotton can be benefited.

More than excise duty, concessions are required for non-conventional paper production. If you are going to manufacture paper by effecting energy saving, the concession of excise should be provided. What we see is that a number of mills are going to be closed the production is going down and a large quantity of stock is lying uncleared. Also a number of mills are not running on profit. Therefore, the hon. Finance Minister should consider all these points.

With these words, I support the Bill.

SHRI K.D. SULTANPURI (Simla):
Mr. Chairman, Sir, the Finance Bill is before us in its last stage. I rise to support it. So far as the economic condition of the country is concerned, the decision taken by the Government about it is praiseworthy. The farmer is the backbone of our country. The way the farmer has contributed to the increase in production is commendable. I would like to say that the farmer is not getting remunerative price of his produce, whether it is vegetables, fruits, potatoes or foodgrains. It is the main cause of our poor economic condition. The hon. Members, who represent villages also and who are acquainted with village life, may be knowing fully well that the farmers in the villages do not get remunerative price for their produce. Hence their economic condition is not sound. Government should provide marketing facilities for the farmers so that their condition may be improved.

Raids have been conducted on the premises of big capitalists so that there is improvement in the economic condition. I would like to submit that no one should be spared. The income tax officers have also come under its dragnet. You have taken the right step. Besides this, the smugglers should also not be spared. The Hon Prime Minister was here yesterday. During

[Shri K.D. Sultanpuri]

discussion on the forests of Andhra Pradesh, he disclosed the percentage of trees felled in that area. I would like to say that an inquiry should be conducted into the property of big officers whether they belong to the Forest Department of the State or of the Central Government. Mostly they have made money from forests illegally. Many contractors have escaped raids. Their property should also be inquired into. It can yield us sufficient amount.

A large number of persons do not pay income tax. The hon. Minister should take action against them also. It is seen from the transactions in the banks that somewhere the overdue is 72 per cent, somewhere it is 82 per cent and somewhere it is 87 per cent. To whom has this overdue been made? To which house do they belong? I am prepared to say that bank money is misutilised by some people. If we want to take the country forward, we will have to lay down criteria in regard to the recovery, so that our country may not go bankrupt. The poor people will be able to start their own business with the loan from the banks. But they are not getting the loan. I have made complaints to the hon. Ministers a number of times. They just said that action was being taken in the matter. In this way 6 months or a year have passed. I am writing letters as a Member of Parliament. Action should be taken on them. Inquiring should be held against that officer at least within two months. Even after obtaining clearance from the District Committee and the State Government, the banks reject the application for loan. Such things create resentment among the people. They think that the Government is doing nothing for them. The policy of the Government should be implemented from the lowest level. Without it, the poverty can not be removed.

I want to raise one more point. Unless a person belonging to the Scheduled Caste and Scheduled Tribe is appointed as a Director, the situation will not improve. Those persons, who are appointed as Directors, do not belong to the poor people. Only persons from big houses are appointed Directors. They do not care for the interests of the backward people. Therefore, I would request that the Government should give

preference to the people coming from the poor strata of society in the matter of appointment as directors of the banks or cooperations, so that they may look after the interests of the poor people properly. *(Interruption)*

It has been told that there are 33 thousand sick units which are not working properly. Although a big sum has been invested on them, yet they are not running on profit. They are the white elephants and are burden on us. Action should be taken against the officer who is responsible for such a state of affairs. These corporations will have to be made profit-yielding units. If units are nationalised in such a way, all the public money will be cornered by a few people. The Government should pay attention towards it. These sick units will have to be made healthy. I.A.S. and I.P.S. officers are appointed there. They are experienced in administration only. Technical officers are not appointed there. In many States I.A.S. and I.P.S. officers have been appointed in the Corporations. They are meant for running the administration. If technocrats are appointed in the Undertakings, they will at least be able to find out whether some defect in the machinery is responsible for the decline in the production. Government should ensure that such sick units are revived. For example, there is a Nahar Foundry at Nahar in Himachal Pradesh. I had written a letter to the Prime Minister in this connection. He had intimated me that the letter had been forwarded to the Ministry of Industry. In that factory about 400 workers have been rendered idle. They have no work. Previously this factory was under the Center Government but later on it was brought under the State Government. This factory is running at a loss. The Government should take over that factory and its property because about 400 workers have been rendered idle there. Government of India should have an inquiry conducted by the Department of Industry into the working of Nahar Foundry and take it over.

About expenditure also views have been expressed. My submission is that we should look into the expenditure being incurred. The big officers stay in five star hotels, No scrutiny is made about their salaries, D.A.

and earnings and also what work they have done. I would say that a thorough check should be made of all these things so that country's economic position may be strengthened. Countless meetings are held and you know what decisions are taken in the meetings. I want to say here that our sources of income have increased and under your leadership country is marching ahead. Our Finance Minister has been the Chief Minister of Uttar Pradesh also and during his Chief Ministership he took the decision that the people who indulge in goondaism and are the enemies of the society will not be pardoned. The result was that he worked there courageously and today he is the Finance Minister of the country. He is an honest man and that way he will not leave any stone unturned in taking the country forward. Shri Poojari is also a good person. He is a hard working man. I would request him to think as to where bureaucrats are taking the country. To which direction our nation is going? You should take steps to protect it. You should understand the motives of those big persons who are busy in strengthening their own economic position in the country and do not care for the poor.

I want to say one thing more here. You have levied income tax. The poor, the scheduled tribes and the scheduled castes people who have five to six children join service and depend only on their salaries. They should be exempted from the payment of the income tax. You levy tax on them also. The other classes of the society have been in the service since long whereas these people have been taken in service only recently. These people should be at least exempted from this tax. The backlog in their case should be cleared so that they are able to improve their economic position. Major portion of the funds being invested in the tribal areas under the 20 Point Programme is swallowed by the Pradhans and Panches there and its benefits are not reaching the poor people. This should be thoroughly investigated. In West Bengal only the favourites of the Pradhans and Panchas are provided funds. Others do not get any assistance. If Government wants that the poor should be properly benefited then this matter should be got investigated.

You are repeatedly ringing the bell, so, with these words, I conclude my speech.

* SHRI A. C. SHANMUGAM (Vellore): Hon. Mr. Chairman, Sir, in support of the Finance Bill, 1986-87 presented by our hon. Finance Minister, I wish to say a few words on behalf of my party the All India Anna D.M.K.

At the outset I would like to commend the concentrated and concerted efforts of Central Government for the successful implementation of the 7th Five Year Plan. Here I am compelled to point out that how the Government of India has covered the deficit of Rs. 2000 crores in 1985-86 Central Budget and how the anticipated deficit of a similar sum in 1986-87 Budget is going to be managed. I do think that this House must be taken into confidence in this matter so that we entertain no doubt about the fulfilment of laudable objectives of the 7th Five Year Plan.

The hon. Members who preceded me referred to the widespread circulation of thousands of crores of black money in the country. The Government of India is concerned with the havoc of black money on the economy of the country. Under Section 133B of Income tax Act the searches of residences are being conducted. Unfortunately the residences of lawyers, medical practitioners and small industrialists have become the target of Income tax Department. If none is available, the houses of politicians are searched and raided. But the houses of big croodiles are not the targets of the Income tax officials. The IT officers are kept in good humour by these bigwigs. I can say without fear of being contradicted that the IT officials are in collusion with these vested interests who wallow in black money. The middle-class people have become the victims of such searches. The searches conducted in 1984-85 have yielded Rs. 49 crores of black money. According to economic experts, 50% of money in circulation is black money. The black money menace cannot be eradicated by this kind of flea-bite futile exercises by the IT Department. The

* The Speech was Originally delivered in Tamil.

[Shri A.C. Shanmugam]

Juggernaut should move against the black-money generators and circulators. Then only we can end the evils of black money in the country,

Sir, I have to say that the finances of the States are in doldrums. Just before the Budget the Central increased the administered prices of basis inputs like coal, steel and oil, all of which are monopoly production areas of the Central agencies. The Central Government mobilised Rs. 1500 crores through this method at the cost of State Governments. In fact they are non-shareable levies and taxes. If there has been increase in a tax or duty, such revenue should be shared with the States. But the Central is indulging in such non-shareable measures, depriving the States of their legitimate share. Between 1979 and 1985 the cost of coal had been increased by an average of over 200%, the railway freight for the supply of Singareni coal to the Tamil Nadu Electricity had increased by 142% and the ocean freight for carrying coal by 104%. The Tamil Nadu Electricity Board had spent an additional sum of Rs. 160 crores per annum solely for this escalation in costs. How do you expect the Tamil Nadu State Electricity Board to function in this manner? Naturally the TNSEB is always facing financial constraints. I take this opportunity to demand that the Central Government should give this sum of Rs. 160 crores as ad-hoc grant to TNSEB.

The Central Government is giving DA instalments to its employees, as the price index goes up. Naturally the employees of the State Government start demanding DA and the State Governments have to sanction additional sums of DA. The Central Finance Minister should bear in mind the finances of the State Governments also. I do not say that the DA should not be given to the Central employees. But before releasing the DA, the Centre should always find ways and means for the State Government to sanction DA to their employees.

I understand that even the new MODVAT scheme under implementation will reduce the States' share of taxes. Already the States do not get any share of

their foreign exchange earnings. For example, Tamil Nadu contributes hundreds of crores of rupees to the foreign exchange kitty of the Central Government by the export of tea, coffee, cardamom, cashew-nut and leather products. My district of North Arcot leads in the export of leather and leather products. No share of foreign exchange earning is given to Tamil Nadu for the import of essential ingredients of technological growth.

The State Governments are implementing many welfare scheme for the immediate good of the people. The Government of Tamil Nadu gives dhoti and sari free of cost of the indigent people. Free textbooks are supplied to the students. The rice is procured at a higher cost and then sold through fair price shops and cooperative societies at a cheaper price. Naturally the States' finances are under great strain. In spite of that, this year the Government of Tamil Nadu has prepared a budget without any tax proposition. The Government of Tamil Nadu is implementing family planning schemes very effectively. Tamil Nadu occupies a pre-eminent place in the implementation of 20-Point programme. The rural indebtedness to the tune of Rs. 200 crores has been liquidated by the State Government of Tamil Nadu. The hon. Prime Minister has stated in reply to a question that the funds needed by the States which do such remarkable work would be given to them even by diverting the funds allotted to other States which are not implementing such schemes vigorously. I want that the Centre should release special assistance to Tamil Nadu which has done a good work.

Floods and drought have become a recurring feature in our country. In the North floods inundate fertile fields and in the South drought dries up the earth. The State Governments have to face this natural calamity year after year. I suggest that at least 2% or 3% of the gross revenue of the Centre should be exclusively earmarked for meeting the flood and drought relief assistance to the States. Another disturbing element is that the flood relief assistance is treated as ad hoc grant and the drought relief is treated as advance plan assistance. This upsets the Plan efforts of the State

Governments. I suggest that the central assistance to tackle both flood and drought should be treated as grant. Then only the States' finances would be somewhat within manageable limits.

The coal and steel have come to southern States from North. Because of the transportation element, the price of coal and steel in South is very high. For instance, the steel costs Rs. 2000 more per tonne in South than in North. This is so inspite of the freight equalisation scheme in operation. I understand that there is a move to wind up this freight equalisation scheme. If this is done, naturally there will be no industrialisation in South. I demand that the freight equalisation scheme should not be ended in the interest of survival of South as a part of the country.

In the Annual Report of the Department of Coal it has been stated that annually coal worth Rs. 100 crores is burnt in coal mines. I suggest that some way must be found for stopping this national waste. Similarly, the Vizianagaram Steel Plant should be executed expeditiously. Then only the Southern States will have adequate supply of steel. Here I will refer to Salem Steel Plant also. About 100 years ago, during the British regime it was found out that the iron ore available in Salem area was of a superior variety. In fact it is reported that a Bridge built in England with iron ore of Salem at that time is still standing solid without getting rusted. Instead of having a full-fledged Steel Mill in Salem, we are now having a Steel Plant which is just a re-rolling mill, In spite of that, Salem Steel Plant is making profit. The Plant has submitted the expansion project with an outlay of Rs. 40 crores. I want that this project should be sanctioned without delay.

I understand that the Central Government has written to the Government of Tamil Nadu about the non-viability of Sethusamudram Project. Sir, the Chief of Southern Naval Command has expressed in no uncertain terms that Sethusamudram Project is of great strategic importance. If the Third World War becomes inevitable, then it will start from Indian Ocean. Then our southern coast becomes susceptible to international

dangers. Even during peace time, there is heavy consumption of petrol in the movement of ships from Bombay to Calcutta or from Calcutta to Bombay via Sri Lankan coast, as there is no direct sea route for both merchant fleet and naval fleet of India. Hence I demand that Sethusamudram project should be implemented either as a Defence Plan or as a Plan of vital strategic importance.

The Integral Coast Factory is 30 years old. Presently 850 coaches are being produced annually and the ICF has sought the approval of the Railway Ministry for expanding upto 1000 coaches. No permission has yet been given to this proposition. In the meantime, a coach factory with a capacity to produce 1000 coaches a year has been sanctioned for Punjab. While I do not object to the sanction of the project in Punjab, I do demand that the expansion of ICF should also be approved.

Sir, the metropolitan city of Madras is facing acute transportation problem. The city has 60 lakhs of population. The Mass Rapid Transport System for the city is still hanging fire. The World Bank has sanctioned financial assistance for the improvement of roads in Tamil Nadu. The Government of Tamil Nadu is doing excellent work in the improvement of roads in the State. I want that the Central Government should sanction the Mass Rapid Transport system for Madras.

I am constrained to refer to the Telugu-Ganga scheme inaugurated by the late lamented Prime Minister Shrimati Indira Gandhi. Now this scheme is confronted with avoidable issues. Karnataka says that the surplus water will be allowed to go through this canal. Andhra Pradesh says that the water will be first used for cultivation in Rayalseema area. But the people of Madras with their parched throats and cracking lips are waiting for their drinking water under this scheme. The Central Government should use its good offices and ensure the early implementation of Telugu Ganga scheme.

We have 9 or 10 Vayudhoot Services in Northern states. There is not even a single Vayudhoot service in South. I demand

[Shri A.C. Shanmugam]

that a Vayudhoot service should be started linking Vellore, Salem, Thanjavur, Madurai, Kanyakumari and Mahabalipuram. There has been a long-standing demand for an aerodrome in Vellore, which has acquired international status because of the Christian Medical Hospital which is visited by patients from all over the country and even from outside. When the hon. Prime Minister visited Vellore, he had to land somewhere. There is not even a helipad at Vellore. I demand that Vellore should be brought on air-map of India. An air-service should be started soon for Vellore. The Madras-Bangalore IAC flight can halt at Vellore for picking up passengers to both these towns. In Katpadi the absence of a Railway overbridge is causing tragic accidents frequently. I suggest that an over-bridge should be constructed in Katpadi junction. Similarly, the Central Government should ensure the execution of Hogenakal Hydel project which can produce electricity at 7 paise to 10 paise a unit, as compared to the cost of 40 or 50 paise per unit in a thermal plant. The differences of opinion between Karnataka and Tamilnadu should be resolved under the auspices of the Centre. We have got only 189 Regional Rural Banks in 332 districts of the country. We have 450 districts in the country. On an average for two districts there is one regional rural bank. In Tamil Nadu we have only two Regional Rural Banks. I suggest that a Regional Rural Bank should be set up in South Arcot and North Arcot districts. Sir, the hon. Member, Shri Veerendra Patil was saying that on the investment of Rs. 40000 crores in public sector undertakings the return is just Rs. 500 crores. If the private sector invests Rs. 500 crores, they ensure a return of Rs. 100 to Rs. 200 crores. Whatever deficiencies and drawbacks are there in the working of public sector units, they should be all removed so that they work profitably. We find that the 28 public sector banks have earned a profit of Rs. 82 crores in 1984. The paid-up capital of each bank has been increased to Rs. 100 crores. For the paid-up capital of Rs. 2800 crores, the profit is just Rs. 82 crores. All the extravagant expenses and unnecessary administrative expenses in these banks must be drastically cut so that they are enabled to make more money.

16.00 hrs.

Now the Centre is proposing to set up a Model school in each district of the country. From the State list the subject of education was taken to Concurrent List. Now with the establishment of a Model school in each district there is going to be Hindi imposition in Tamil Nadu. I take this opportunity to demand that only English and Tamil should be the languages for medium of instruction in the proposed Model Schools to be set up in Tamil Nadu.

Before I conclude, I demand that the power-tillers should be fully exempted from excise duty, as this is the instrument of essential utility for the farmers of the country.

With these words I conclude my speech.

DR. G. S. RAJHANS (Jhanjharpur) :
Mr. Chairman Sir, many views have been expressed on the Finance Bill. There is no use of repeating them. I would like to draw your attention only to two or three important things. Our Finance Minister has adopted a very pragmatic attitude. His approach is quite practical and he has shown no hitch in adopting good ideas from wherever he could get them. I would say that after independence, he is the first Finance Minister who has tried to take along with him all sections of the society. Everyone is of the opinion that his approach is quite practical. On the basis of his own experience, whenever he feels that something will be harmful to the small scale industry, consumers, fixed income group or the salaried people, he tries to set it right. If he has rectified something which was wrong then he should be congratulated for that and not criticised.

The happiest thing for me is that he has tried to allocate 65 per cent of the expenditure for the poverty alleviation programme. That section of society will be benefited for the first time about which no one had ever thought. No one had ever thought of rickshaw pullers and I came from an area to which majority of the people plying rickshaws in Delhi, Chandigarh, Calcutta or other parts of the country belong. These people

come either from Bihar or Eastern U.P. No one bothers about their miserable plight and exploitation. In this programme, the rickshaw pullers have been given relief. Even barber who has a small shop and earns very little is seeing a ray of hope and feels that some one has thought of him also. People from the weaker sections of society, whether they are members of the Scheduled Castes or Scheduled Tribes who could never have dreamt of having their own house will be getting houses for the first time under the Indira Gandhi Housing Project. So, under the concept of the welfare State the poorest of the poor has been paid attention. What can be better than this? The hon. Finance Minister has made earnest efforts to unearth the black money. I still remember that you had once said in this House that if people did not heed your request, you will use the rod. I had at that time said that you will not be able to do this but you reiterated that you would do that. You used the rod and showed that Government does what it says,

I would say one thing more also. Black money is not there only where you are trying to find it out. It exists more at places where you are not seeing it. The public sector has failed in this country. The miserable condition of the public sector is mainly due to the fact that its funds have gone into the pockets of its officers as black money. If you raid the houses of the executives of the public sector, you will come to know of so many things. How is it that every officer of the Public Sector becomes 'Lakhpati'.....

(Interruptions)

SHRI NARAYAN CHAUBEY (Midnapore) : Mr. Rajhans, say 'Crorepati' and not 'Lakhpati'.

DR. G. S. RAJHANS : Yes, you can say 'crorepati'. They are ruining the economy of the country. Why should we defend them? They are destroying the entire concept of the public sector. Why could we defend them? You have done a very good thing by conducting raids on the income tax people also.

SHRI MOOL CHAND DAGA (Pali) : Should your premises be raided?

DR. G. S. RAJHANS : Yes, why not? We do not have any objection.

*'Kabira Khada Bazar Mein Ltye Langotti Haath
Jo Ghar Phunke aapna chale hamare saath'*

How has the Food Corporation of India suffered losses to the tune of Rs. 600 crores in five years in the form of shortage? It is not the work of small rats but of big rats and these big rats are to be caught. I am not talking of only the Food Corporation of India. This is happening in several corporations I cannot reveal this in this House. I can inform the Minister outside the House.

(Interruptions)

SHRI NARAYAN CHAUBEY : You should reveal it in the presence of every body here.

SHRI MOOL CHAND DAGA (Pali) : You must tell. You will be rewarded for that.

DR. G. S. RAJHANS : You should set those officers right who are fleecing the public sector. Try to extract money from them. The entire country will be surprised to know about them.

SHRI NARAYAN CHAUBEY : You are saying the correct thing.

DR. G. S. RAJHANS : Sir, this money also is not in the country. Gradually it is being sent abroad. You may also be knowing it.

Secondly, IAS officers are not the panacea for all ills. In this country whenever a Corporation or any other body is constituted, immediately some IAS officer is appointed as Managing Director. What is an IAS? Is an IAS God? He is nothing.

16.12 hrs

[SHRI SOMNATH RATH *In the Chair*]

In the first instance, work is not accomplished and then the increasing corruption comes in the way. I do not say that all IAS officers are corrupt. If the

[Sbri Somnath Ratb]

country is to move ahead then you will have to forget that IAS is the remedy. You should bring forward the technocrats.

[English]

MR. CHAIRMAN : The Hon. Member wants abolition of IAS.

DR. G. S. RAJHANS : I do not want abolition of IAS. My only submission is that IAS is not the panacea for all the evils.

[Translation]

My submission is that technocrats should be appointed as Chairmen and Managing Directors in the public sector corporations. Administrative experts should be appointed in them. You will come to know the difference after a few days. You must have seen the difference when you appointed technocrats in the Steel Authority of India.

At present, a good number of public sector corporations have been set up by every State Government. These Corporations are parasites. States blackmail you. They say that you are not providing grants and the overdraft too has been reduced. Still you allow them overdraft. Every State whether it is Congress-ruled or Opposition-ruled, spends that overdraft amount on public corporations. 100 to 200 offices are constructed for the public corporations, several officers are appointed and houses and cars are provided to them. The entire money spent on them belongs to the poor.

The very concept of Public Service will have to be changed and the bureaucracy will have to be made accountable. They must be told that they are working for the welfare of the nation and not for their own comforts.

In the States you will find that each IAS/IPS officer has at least fifty orderlies to serve him. Even the Ministers do not have so many of them. On whom are these fifty Orderlies parasites? Again, today, an IPS officer's house is full of constables who work as domestic servants and consequently

theft, robbery and other crimes are on the increase. There is no one to attend to this problem. Our protests here, however loud, are not going to have any effect. However, if the discussions here has some effect and Government policies are made practicable, a lot can be done.

You have said rightly in the House, as well as on the Television through the 'Janvani' programme that you have become unpopular among the housewives. It could not have been otherwise although you have given several reasons justifying your action as people were hit hard by the increase in prices of petroleum products. Again, through there has been a slump in the price of petroleum and its products in the International market, yet in our own country, the case has been just the reverse. Although the prices have been reduced slightly on public demand, yet it has not really made any dent on the spiralling prices. The taxi drivers arbitrarily charge fifty per cent of the fare as surcharge and we cannot say anything to them.

The people are not able to get their gas-cylinders. Every item has become more expensive due to the increase in prices of the petroleum products. Wherever you go and buy whatever you like, you will face the same problem. I could relate a small incident. I went to get a hair cut in a saloon a month ago. The rate for an ordinary hair cut was just Rs. 4/-. But I was asked to pay Rs. 8/- and when I asked the reason, I received the reply that this was their new rate which had been fixed due to the hike in the prices of petroleum products. As I amazed and still not convinced, I asked him whether his hair-cutting machine needed oil to operate. He replied in the negative and said that the charges had been doubled to meet the demand for increase in wages by the employees of the saloon who come by buses. What I mean is that the Government only increases a little, but this becomes a pretext under which prices are raised manifold.

Again, you must have seen in films that if a hero has a quarrel with some one, it appears that the villain has fired while the fact is that some third person has fired the shot. Why should the villain fire a

shot? It is altogether a different person who fires the shot. (*Interruptions*) What I want to say is that we are not able to identify the people who are making holes in our economy. That is why if it is possible for you to reduce the prices then kindly do it. The earlier Governments had made such attempts. The Indira Government had reduced the prices of those commodities whose international prices had come down and made it available in the domestic market as well. You had held the position of the Commerce Minister. I was the member of the consultative committee headed by you. The balance of payments position in our country is not favourable and it is your collective responsibility. My submission is that this is due to indiscriminate imports and also its misuse. A joint Committee consisting of members from both the Houses of Parliament should be formed after consultations with the Prime Minister to look into this issue. Then indiscriminate imports could be reduced which would help us save our foreign exchange. And you need not increase the prices of petroleum products in the domestic market as you would have enough foreign exchange to import your requirements of the same from abroad. This is my submission and kindly pay attention to it.

I would like to give one or two more suggestions. The people of backward areas live under deplorable conditions. They may belong either to Bihar, Uttar Pradesh or to any other State. You yourself are from Eastern Uttar Pradesh. Have you ever thought as to why these people are compelled to flee to Mauritius, British Guinea, Fiji or even Delhi? This is because they cannot live like human beings in the backward areas. Until these areas are developed, regional imbalances would remain and none of the States would benefit.

I congratulate the Finance Minister for adopting a practical approach to the concerned issues. Let the approach be even more practical so that it is beneficial to the poorest of the poor in our society.

*SHRI ANADI CHARAN DAS (Jaipur): I am speaking in Oriya today. Please use your ear phone.

Mr. Chairman. Sir, I rise to support the Finance Bill. While speaking on the Bill I would like to place some suggestions before the House. Ours is a democratic socialist country. But I fail to understand what is the economic system of our country? Whether it is socialism capitalism or there is mixed economy in our country. In the present system of our society we are allowing the people to indulge in stealing and at the same time we are telling the police to catch the thief. We are speaking in favour of clean and corruption less society. But on the other hand corruption is on the increase. Some employees are extracting huge amount of money by submitting fake and incorrect bills.

I would like to give another example. We have our own import policy. The Govt. departments are dealing with imports. Import of various items should be undertaken by the Govt. department and agencies only. Of course, you are allowing the private parties to import certain items and earning some revenue by imposing excise duty on these items. They need some machineries which they import from other countries. But there should be a policy for that. They should be allowed to import the items for which they get permission earlier. But as we see, these rules are not strictly observed. If it is found that some people arriving from other countries are carrying some imported items/smuggled goods, the entry of those items should not be allowed. Those items should be destroyed at the airports. Firstly, those items are seized or confiscated and later on those items are smuggled into the market. If we go to Bombay, Delhi, Calcutta, Madras or any other metropolitan cities we will find these smuggled goods being sold openly in the market. I would like to say why at all we allow these items to come to the markets, That is why I said that we are allowing the thieves to indulge in stealing and telling the policemen to catch the thieves. I suggest to the Govt. to destroy the smuggled

*The speech was originally delivered in Oriya.

[Shri Anadi Charan Das]

goods at the airport itself. In the existing system the smuggling has been increasing. Our existing system is responsible for this. If we have either socialistic pattern of society or capitalism it would be better. But our economy is mixed economy. Every thief is becoming complicated in our mixed economy system. The present economic system has direct impact on the society. Therefore there is uncertainty every where. The number of cases of thefts, robberies and other crimes are increasing in the country.

I would like to give certain suggestions to remove the uncertainty from our society. Firstly declaration of property should be made compulsory for every body. Whether he is Govt. employee, political worker, party leader, Minister, Member of Parliament, worker in the panchayat level, block level, district and State level, he should declare his property. His property should be made known to every body. The Govt. machinery should be engaged to make physical verification of every such person irrespective of his rank. This will reduce corruption to some extent. Exploitation will come to an end. Our aim is to change the present pattern of society. With the commencement of the 21st century where there will not be poverty. This is the dream of our Prime Minister. The Finance Minister is also thinking on that line. Unless we put an end to corruption we cannot achieve our goal. Therefore we have to take some stringent measures to plug all the loopholes leading to corruption. Otherwise the real benefit will not reach to the weaker sections for whom different schemes have been launched. In the event of our failure in implementing the poverty alleviation programmes the poor people will become poorer and the people indulging in corruption will become richer. While speaking on this point I would like to give the example of some employees working in banks and public sector undertakings. They are able to earn good amount of money. Particularly the bank employees dealing with bank loan the people are able to construct buildings in towns. The employees of the public sector undertakings are constructing houses in the certain areas. Who are these people? Wherefrom they get money to construct such houses? They are the Block Development Officers, big bank officers and

engineers. Why do you allow them to construct such houses. We should launch one family one house scheme. No body should be allowed to construct more than one house. There are employees in anti-corruption department. Some low paid employees in these departments always have their wants. They need money for their children's education, to pay dowry for their daughters in marriage. For all these they need money. Such kind of needy employees are very easily trapped by dishonest persons dealing in different commercial and profitable activities. They bribe the employees. As a result of this many undue things take place. Corruption increases unless you impose restriction on the construction of houses. Such kind of people will earn money by unfair means and go on constructing houses in different towns as it will become their permanent sources of income. Let us discuss our rural economy. The conditions of the people living in the rural areas are very miserable today. Our objective is to improve the condition of rural people. We are implementing many rural development programmes in order to achieve this objective. But those programmes have adverse impact on rural economy. Unemployment problem is mounting in the rural areas. But in the case of some people it is not the same. In some families more than one person has got employment whereas in many rural families not even a single person has been provided employment. The earning members of the families are able to construct houses in urban areas. They are able to buy cultivable land. They are having surplus money for business. On the other hand, there are many poor, people living in the villages without employment. They work in the houses of the well-to-do people where they do not get proper remuneration and work like bonded labourer. They do not become able to repay the loans which they take from the well-to-do people. Therefore they work in their fields, houses for generations. We have to think about these people. Sir, we are giving loans to the IRDP beneficiaries. I come from rural area. I know how IRDP programmes are being implemented. The Block Development Officers, the bank employees and the middlemen are exploiting the IRDP beneficiaries. We are making claims that we have achieved our targets of IRDP and

other poverty alleviation programmes. But it is only on paper. The real benefit has not gone to the persons who deserves it. Can you tell me the name of a single block where 10 persons identified as beneficiaries have really got benefit? Whether their condition has improved. Suppose a poor man in the target group of beneficiary got a loan of Rs. 1000/- or Rs. 1500 or Rs. 2000/- under IRDP. He was already under debt because he had taken loan from many people to meet his day to day expenditure or to meet other expenses for his family, say for his daughters marriage or to meet the expenses incurred by him in the funeral rites of his father. Now he has received the IRDP loan people come to him and demanded him to repay the loan. Under such circumstances he spends the entire amount given to him under IRDP in repayment of his previous loans. So he could not be able to utilise the IRDP loan for the purpose for which it was meant. How can the condition of such a beneficiary will improve. So he remains as poor as he was earlier. Those who get goats, sheeps or cows under IRDP also sell them to middlemen. Thus, the IRDP schemes have failed. Therefore if we want to bring change in our society, we would have to improve the progress of implementation of the poverty alleviation programmes. If we fail in that, the target groups will not be benefitted.

Sir, take RLEGP scheme. The beneficiaries under this scheme are very poor. The daily wage of a RLEGP beneficiary ranges from Rs. 8/- to Rs. 15/- from place to place.

It is regrettable that the RLEGP beneficiaries are made to pay income tax. I have received letters from the workers in my constituency. They have written that income tax is being deducted from RLEGP beneficiaries in Orissa. Why have you constituted village committees? Why the village committees engage contractors for implementing RLEGP and why the income tax is being deducted from the contractors who are deducting income tax from RLEGP beneficiaries. This is really very improper. Similarly, income tax was being deducted from NREP beneficiaries earlier. I protested against it and raised the matter in this House. I wrote to the State Assembly also.

Finally, after one and half years I was successful in saving the NERP beneficiaries from deductions of income tax. Sir, all these programmes are wage component programmes, and are meant for the poor people. Therefore, we have to stop all kinds of irregularities in implementing these programmes. It is regrettable that we have not yet been able to identify the beneficiary under RLEGP. We have decided to create 100 man days for each beneficiary under RLEGP. Have we been able to provide work to any beneficiary for 100 days in any part of India? Sir, this an important programme. Our late lamented leader Smt. Indira Gandhi deserves all credit for having introduced such a programme. The Central Govt. has been allocating huge amount of money for this programme. But unfortunately the programme is not being implemented effectively. The parliament is going to pass Finance Bill under which provision has been made for implementing RLEGP. This is a very good programme. The credit goes to Congress party for this. A huge amount was given for RLEGP.

SHRI NARAYAN CHAUBEY : To whom it was given ?

SHRI ANADI CHARAN DAS : It was given to the country men. It was given to the poor people and unemployed daily wage earners but the programme is not being implemented properly, not even in the States where CPI CPM coalition Govt. is in power. I know that. No States is able to provide 100 days employment to the RLEGP beneficiaries. We should implement this programme sincerely. The poor people who do not get work in any other programme should be taken care of under RLEGP. The contractors should not be engaged in the implement action of RLEGP as they do not give works to the needy people. They also exploit the beneficiaries. We have to improve the condition of RLEGP beneficiaries so that they can educate their children. If that is done they will get suitable place in the society. We have to see that the purchasing power of RLEGP beneficiaries is increased.

A word about income tax. Those above the exemption limit have to pay income tax. We have to ensure that no one earns more

[Sbri Anadi Charan Das]

money through unfair means. You have to impose ceiling on property. Unless you do that some people will adopt all possible means to increase their property. I urge upon the Government to define the term family for this purpose. No family should be allowed to spend more than what is fixed under the definition of family. You have fixed gifts amount of Rs. 5000 for a child and Rs. 50,000 for wife. You may increase this limit of gifts. But not more than one person in a family should be provided with a job. Last year it was revealed in reply to a question that six national permits for trucks were issued to members of one family.

SHRI NARAYAN CHAUBEY : To one family ?

SHRI ANADI CHARAN DAS : Yes, to one family. These six national permits could have been given to 6 persons from different families and thus 6 families would have been benefited. From the preamble of our constitution I quote :

“We the People of India, having solemnly resolved to constitute India into a Sovereign Socialist Secular Democratic Republic”.

We have to preserve democracy and establish socialistic pattern of society at any cost.

The Congress Govt. has introduced land reforms measures in the country. It was our late leader Smt. Indira Gandhi, who nationalised the banks. I am sure that the same Congress party will eradicate exploitation. Which no other party can do. We all should bear it in mind that there are people in the country, who do not get two meals a day. Leaving their children by road side they engage themselves in hard manual labour. We have to improve their lot. If we do not do that, the future generations will blame us. They will say that we failed to improve the plight of the common man. The poorest of the poor. They may brand us as thieves or dacoits, not as well-wishers of Indians.

What is going on in different parts of the country today ? What is the condition of the poor people in Kalahandi district of Orissa ? The poor people are not getting proper food, shelter. They are not able to educate their children. What have we done for them.

I hope that the Congress party will take all possible steps to improve the conditions of the poor and down trodden. If we take steps in the right direction they could be brought above the poverty line. If we do that there will be no poverty and unemployment in the country in the 21st century. With these words I thank you for giving me the time to speak and with that I conclude my speech.

[English]

SHRI N.V.N. SOMU (Madras North) : Mr. Chairman, I am thankful, on behalf of my DMK Party, for having given me this opportunity. At the outset, in spite of many Budgets, we are unable to rectify the devaluation of the rupee. Its value is still 14 paise per rupee. Not only that. This Government claims that it is bringing economic measures for the sake of the common people. But it can be said that because of the policies pursued by the Government of India, the assets of the monopoly houses have gone up. I can give figures.

	Rupees in crores.	
	Rs.	Rs.
Tatas	641	Now 2,430
Birlas	589	Now 2,0004
Singhanias	121	Now 620
Mafatlal	183	Now 610
Sarabhai	84	Now 374

By virtue of its power, under Entry 52 of the Union List in the Constitution, the Government of India have been making periodic declarations to bring in almost all industries under its control. Licensing at the central level is now required even for non-priority industries like detergents, soaps and razor blades. The basic constitutional scheme under which only few industries of vital

public interest and material importance were expected to be in the Union List has been altered by this process. There should be greater delegation to the States so far as industries are concerned.

I want to say with more emphasis that the total central sector investment in Tamil Nadu which was 8% of the all India investment in 1970-71 has declined to 4.16% by 1982-83. In the Seventh Plan period, out of the total of Rs. 1800 crores being earmarked for the industries and mineral sector less than Rs. 100 crores will be invested by the Central Government undertakings in Tamil Nadu.

The system of passing the foreign credit to the States is not generally advantageous to the State Government. At present on an average the Central Government retains nearly 30% of the external assistance which is earmarked for specific projects and the balance of 70% is passed on to the States. The external assistance received as grants is being passed on to the States as loans. You will no doubt agree with me, if I say that the Centre should end this financial piracy. I want that the external assistance should be passed on to the States in full and on the same terms and conditions.

Resource availability for implementing Plan programmes is often eroded by increase in prices caused by inflation 5 to 6 per cent annual increase in prices of inputs will result in an erosion of anticipated plan outlay of the State by as much as 28% over the five year period. Hence price stability is essential for the success of the plan efforts.

In so far as the major States are concerned, plan assistance came down to 31.6% in the Sixth Plan from 41.5% in the Fifth Plan. During the Seventh Plan this will come down further to 23% of the total approved outlay.

Because this usurpation of State's finances continues, there is the demand for political and financial autonomy by the States. I want to say that the Centre cannot be strong if the States are weak. Therefore, there should be a re-thinking on the financial allocations between the Centre and the States.

Now, coming to the public sector, the Indian Drugs and Pharmaceutical Ltd, Madras, otherwise called IDPL is threatened to be closed. Its chairman has come out with a statement to that effect. The IDPL is producing only low value drugs. Government hospitals are not giving orders to its full utilisation capacity. IDPL Branches' production is Rs. 150 crores per year. They have got the capacity of producing more drugs to the tune of Rs. 100 crores if orders are forthcoming. They sell their products to government hospitals at much lesser prices compared to the private manufacturers. Comparatively the IDPL plant at Madras has produced 48.02% in January 1984-85. But its production is 70.12% in January 1985-86, 51.43% in February 1984-85, 80.64% in March 1984-85 and 110% in 1985-86. So there is a lot of increase in production. Therefore, the Government should not close the IDPL at Madras. When we demand that new central government projects should be started in Tamil Nadu, it is rather ridiculous to close down an already existing plant.

Coming to another public sector unit in Tamil Nadu, that is the Madras Atomic Power Plant at Kalpakkam, India's fame was put on the top in the world arena by the Madras Atomic Power Station at Kalpakkam. Its employees should be congratulated for its successful commissioning. Proper encouragement should be given to them to make the Madras Atomic Power Station to achieve further successes. But now, the conditions there are that though the Central Government is not encouraging them, but at least let it not discourage them. In spite of the unique achievement, the present status of the 300 employees of the Madras Atomic Power Station after having put in 20 years of dedicated and sincere service is at stake due to their impending transfer to the northern States. Of the ill-fated employees, most of them are in their late-forties; some have given lands for the project; some have grown up children, mostly put in Tamil schools, colleges and polytechnics; some have daughters of marriageable age; some have sick parents; and these people have to face difficulties from all angles, including language and social set-up.

[Shri N.V.N Somu]

The MAPS' equipment are indigenous and more inspections are required for safe operation. Compared to other Atomic Stations in India at present, the strength at Kalpakkam unit is very less. MAPS is also having more units like chlorination plant and condensate polishing plant. Due to saline atmosphere, corrosion, wear and tear of the equipment, etc., are more and, therefore, they need more manpower. My request is that MAPS may please be strengthened by retaining the experienced workers and also appointing fresh hands, so that there can be good improvement.

Already there is a long-pending demand from the people of Tamil Nadu that the Salem Steel Rolling Plant be changed into a Steel Plant. During my college days, 30 years ago, I used to mention in my speeches in the college and also in party forums that we should have a Steel Plant in Salem. But it is now only a Steel Rolling Plant. The hue and cry raised by the people of Tamil Nadu, belonging to all political parties, have fallen on deaf ears. This is a long-pending request. Government should make up its mind and change it into a Steel Plant.

Likewise, the Sethusamudram Project also has not seen the light of the day.

All these demands have been made by the people of Tamil Nadu over a long period of years ; particularly our DMK Party, from its inception in 1949, has been demanding for a Steel Plant in Salem and also for the Sethusamudram Project. But the Central Government has not so far taken any steps in this direction. I request the hon. Finance Minister to look into these demands.

The Integral Coach Factory at Perambur, part of which comes in my North Madras constituency, is planning to produce 850 coaches from this year. For a very long time it was producing only 750 coaches per year. I request the Central Government to encourage it in such a way that they produce 1000 coaches. By this, many

persons may get job opportunities, and those persons who are temporary may be made permanent ; and Tamil Nadu will flourish industrially also.

Coming to education, education should be in the State List. Now the Government has announced its new Education Policy. Our late lamented Pandit Jawaharlal Nehru has said that India is a sub-continent and that there exists unity in diversity. But this Government wants only uniformity and not unity. The Government is contemplating to have a national educational programme. It is nothing but a national programme as we see in T.V. It is another indirect way of imposing Hindi—through national educational programme and model schools. By this, they are trying to force the three-language formula in the non-Hindi speaking States. Government should avoid this.

Though the Congress Party has been in power for the last 39 years, what has been the net result, what has been the lot of the common man ? He has not got any benefit. The so-called benefits have not reached the common man at all ; they are taken away by the intermediaries. This should be checked.

SHRI P. NAMGYAL (Ladakh) : Mr. Chairman, Sir, I rise to support the Finance Bill, 1986, which has been under discussion since this morning.

Even at the time of introduction of the Finance Bill, many concessions were announced by the Finance Minister. Keeping in view the wishes and suggestions of the Members of this august House and also the public voices and press comments you have announced some concessions in respect of excise duty for the MODVAT scheme and also in respect of some agricultural commodities like oilseeds and refined oil. For this I must congratulate the Finance Minister and his team of officers for taking note of a popular demand of the people.

Sir, I also congratulate the Finance Minister and his team of officers for taking stern measures and action against black-marketeers and unearthing black-money to

check smuggling and confiscation of gold and foreign currency and narcotics which had lately become a threat to our national security.

Sir, the economy of our country depends upon the failure or success of agriculture of our country. About 85 per cent of the population of our country directly or indirectly is dependant on agriculture. About 50 per cent of GNP is contributed through agriculture and allied fields. Government is giving many incentives and subsidies to the agriculturists in the field of agriculture under various schemes like 20-point programme, IRDP, etc.

Sir, lendings from the commercial banks are not adequate to meet the requirements of the farmers. For instance only 16 per cent of the advances of commercial banks are set apart for agricultural financing including IRDP lendings. It means for about 85 per cent of the population only 15 per cent lendings of the commercial banks are there whereas over 80 per cent of the lendings of the commercial banks are utilised by the remaining 15 per cent urban population. Is it not injustice? Why not the lendings by the commercial banks be enhanced to agriculture and allied fields by at least 30 per cent so as to bring rural development on scientific lines?

Sir, take the case of our neighbouring country Pakistan where 80 per cent of farmers' requirements are met through institutional financing. In our country only 50 per cent of the requirements of the farmers are met through institutional financing. To facilitate the farmers you need to bring changes in your lending rules particularly in respect of hilly and tribal areas. Whatever rules you have made here, they are not applicable because of the typical nature of their topography, scattered nature of their population. It is not at all suited to those areas. I suggest that a team of experts from the Ministry of Finance should be sent to some of the remote hilly and tribal areas to study the effect of the rules relating to lending and agricultural financing. Not only that, they must also revise the rules relating to D.A., T.A., compensatory allowances etc. of the employees posted in those difficult areas.

There is always a tussle between the administrative Department and the Finance Department in respect of giving more allowances to the Government of India employees posted in such difficult areas. While the administrative Department always supports the employees' view, the Finance Department always rejects it. You have to look into it very seriously. I have taken up this issue many times. The result is that those employees never stay in those areas. They go there and join their posts and after spending a few weeks, go away on one excuse or the other; they arrange for some medical certificate etc and go away. The result is that the problems of the hilly areas and tribal areas have remained as ever before. You have to see to it very seriously and think about giving some incentives to the employees posted in such difficult areas.

Though it has nothing to do with agriculture, I would just tell you one instance. We have a Radio Station in Leh. The Station Director has not joined for the last about two years. The Assistant Station Director joined for a few weeks and went away. The Station Engineer has not joined for the last two years or so. The News Editor is also supposed to be there. He has joined, but later he kept himself attached with the Director General at Delhi and the result is that the Station is left to a few local non-technical juniors. Sometimes, the radio goes off the air, sometimes it comes on the air. The operator does not know all the serious techniques of generators and various other machines. These are the problems; I am just mentioning for your information.

These people get more pay and allowances if they are posted in Simla, Srinagar or some other stations, while in Leh they get less than what they would have got in Simla and Srinagar and the result is that no one is willing to go there. The same experience is there with banks and many other Central Government departments. It is not only in Ladakh, but you can take the case of Nagaland, Mizoram, Arunachal, in fact all the areas bordering our country, as also Andamans and Nicobars. No one is willing to go there. You will have to consider this very seriously and you should

[Shri P. Namgyal]

think of giving some incentives and reliefs so that the people will get benefit out of that.

With these words, I support the Finance Bill and thank you very much.

[*Translation*]

SHRI MOOL CHAND DAGA (Pali) : Mr. Chairman, Sir, it is rarely that one gets an opportunity to speak in such a calm atmosphere. The question is regarding the number of assesseees in this country. The total population of India is 75 crores. In 1982, 45,44,425 paid their taxes; this number increased to 46,60,750 in 1983; 47,97,260 in 1984 and to 49,37,650 in 1985. I cannot understand why the number of tax payers is so less in comparison with the population. In the developed countries, income tax accounts for the 80 per cent of Government's income whereas our country only 16 per cent of the Government's income is provided by this source.

Today, the lawyers have amassed a lot of wealth, but they declare that they earn only Rs. 500 per month whereas in reality they earn much more. The Government has never looked into this matter. The reputed 'Chat' vendors, tailors and mechanics earn a lot of money, but they do not pay any tax. Your attention should be directed towards this. The person who pays his taxes is the loyal citizen of this country. Only 50 lakhs out of a total population of 70 crores pay their taxes. This would imply that the rest are very poor. But if we see the amount spent on weddings and such other ceremonies, we would be amazed. The Government officials not only say that they have a right over their salaries but consider their illegal incomes as also their rightful claim. These days a Food Inspector earns not less than Rs. 5000. He collects this amount from shops and other places.

No cases are registered against the Food Corporation of India and other public undertakings under the Food Adulteration Act. They sell stale goods. Even then they are not challenged under the said Act. They do not even come within the purview

of the IDPL Pollution Act. Due to this Inspector Raj, I wonder at what rate the consumers finally get their requirements. When the goods are released by the Food Corporation of India, it is bungled or swallowed somewhere by NAFED and somewhere by Cooperative Societies, and then it reaches the Super Bazar and other inferior markets. Taxes are imposed even at the grain markets. Besides, transportation charges are also levied on commodities which are carried to the villages. The Government has never said that it would sell wheat at the price at which it is acquired. The case of Kerosene oil is similar. The kerosene oil retailer hardly makes any profit. He cannot carry on his business with empty tins or empty gunny bags. Are you aware of the price that the retailer has to pay in order to get permission to sell kerosene? If he places a demand for the same, he is told that he should get his permit first. While getting a permit the Tehsildar would demand a fee of Rs. 10/-. Then he would be asked to approach the warehousing Corporation, where he would be told to pay another five rupees. Likewise the Lower Division Clerk would also demand another two rupees. Thus the people are harassed and here we say that all is fine. This is what I would call 'Inspector Raj'. But here the people talk big and about things which have no connection with reality at all. So obviously there will be budget as your non-plan expenditure and wasteful expenditure is so great.

Now Shri Vishwanath Pratap Singh has made a good suggestion that he would be bringing out a paper on austerity measures. But would it come out soon? Again, you should consider all the pros and cons before presenting this paper otherwise it might affect those officers and MPs who stay in Five Star Hotels on Government expenses. So you should bring out the Bill only at the opportune moment. The summer season is approaching and people would be leaving for Simla. That would be the right time for enforcing austerity measures. The word 'austerity' is so alluring that even the most extravagant man would plead for it. We know very well about the extravagance in the hotels and the amount that is spent for hosting banquets in large hotels like Ashok, Akbar and Taj on Government expenses.

You would realise this properly if you keep an account of such expenditure. (*Interruption*)...Has the bell rung? Then the banquet ended...

SHRI BALKAVI BAIRAGI (Mandsaur): Whenever you talk of banquets, bells would ring.

SHRI MOOL CHAND DAGA : So, I was asking as to why are the income tax payers so few in number? In the developed countries 80 per cent of the people pay income tax and feel proud about it. It is only in our country that barely 16 per cent of the total population pay income tax. On the other hand, excise duty is very high. On a commodity that costs Rs. 1000, one has to pay an excise duty of Rs. 600. On every item that one buys, exorbitant excise duty has to be paid. For example, on a soap cake costing Rs. 4/- one has to pay an excise duty of Rs. 2/-. If we spend Rs. 1000 on a commodity, we are actually getting a thing worth only Rs. 300. However, the income that the Government gets indirectly by way of excise duty should be taken into account. This tremendous increase in excise duty is an important issue.

From the very beginning, it is being said that land ceiling laws should be enforced. Yet it seems that the policies are only on paper. The Urban Ceiling Act was adopted by every State and one Chief Minister said that the ceiling would be on 60,000 acres of land another said that it would be on 40,000 acres. What has happened to the Urban Land Ceiling Act? After all why do such questions arise? You have quoted the first sentence of Rajivji that on the social basis we want to have such a country where there will be no disparity between man and man. It is a moot point whether the disparity is increasing or decreasing.

I would like to ask one question, which I had asked earlier also, as to what is the utilisation of manpower in the administration. You say that the capacity of the Thermal Power Stations is not being utilised. But have you ever tried to know as to what is the utilisation of our man-power? If a clerk writes 2 to 3 lines in four hours, it is

regarded that he has done a lot of work. They write 8 lines in 8 hours. This is the situation prevailing in our offices. God knows how many Secretaries, Joint Secretaries and Deputy Secretaries are working there. (*Interruptions*) My question is whether you have ever given thought to the question of manpower.

17.09 hrs.

[MR. DEPUTY SPEAKER *In the Chair*]

The national income of our country is less than that of our neighbouring countries, whether it is Pakistan or Sri Lanka. This information has been provided by you. In reply to a question in Rajya Sabha, it was stated that the per capita national income in 1983-84 was Rs. 2365 while it was Rs. 4794 in Pakistan and Rs. 4057 in Sri Lanka. Besides, a target of five per cent growth has been fixed. Cannot we increase it further? May I know whether the five per cent growth has been fixed because the hand has five fingers? You can take Taiwan or other country. If I ask about Taiwan, you will reply but will you ever think why our national income does not increase? The reason is that the return of the public undertakings is only two per cent. Since the introduction of nationalisation in 1971 at the time of Shri Kumarmanglam, the price of coal was increased six times and for the Seventh time there was a proposal to increase it further. The Secretary gave wrong information to the Minister. The hon. Minister said that there was a profit of Rs. 14 crore but the next day he said that there was a loss of Rs. 74 crore. Satheji said that he was given wrong information. Actually the Coal India Limited is running at a loss (*Interruption*). The return of our public undertakings is very low and there is no accountability in the organisation. You cannot remove any one from the service. Employees leave the organisation after putting in 2 to 3 years of service (*Interruptions*)..... I am concluding.

The poverty alleviation programme is a good programme. Government have invested a large amount in it but what has been its performance? Have the Government ever analysed the results of this programme?

[Mr. Deputy Speaker]

[English]

"The shortfall in case of the Integrated Rural Development Programme (IRDP) is as high as 40 per cent. Against a target of covering 30.67 lakh families, 18-24 lakh families were actually covered. Thus, only 60 per cent of the target for the April-January 1985-86 was achieved. "A detailed analysis showed that nine States achieved less than 50 per cent of the targets. Kerala fulfilled 16 per cent of the target, Tripura 36 per cent, Orissa 37 per cent and Assam 39 per cent. Only Himachal Pradesh claimed 101 per cent achievement.

"The distribution of surplus land to the landless had fallen short of the target by 34 per cent. Against a target of distributing 94,300 acres of surplus land, only 72,032 acres was actually distributed."

[Translation]

These are the targets that have been achieved. Have you ever investigated how the money is utilised. You say that leakage takes place but how it takes place. I do not want to take more time because Mr. Deputy Speaker wants that I should finish my speech early.

[English]

MR. DEPUTY-SPEAKER : You have to finish.

SHRI MOOL CHAND DAGA : You have to protect Government servants. That is the pity, Sir, because after all Government is to be protected, because after all you have to look to their interests.

(Interruptions)

MR. DEPUTY-SPEAKER :not only Government, but our Dagaji also.

SHRI MOOL CHAND DAGA : It is stated on page 14 of the *Business World* of March 17-30, 1986 issue as follows :

"It is the same urban middle class which is footing the bill for the hike in the prices of food and petroleum products that is getting something back by way of this enhanced outlay on education and rural development. I don't think we should have any illusions about this." This conclusion, according to Mundle, derives from the fact that rural development programme tends to be very "leaky" and that the State machinery comprising salaried officials is the main beneficiary of these leaks."

[Translation]

This is correct. In villages, programmes like R.L.E.G.P. and I.R.D.P. are going on. You should undertake some big programme. Irrigation projects should be taken up. Big projects should be drawn up. You draw up small schemes and hand them over to the bureaucrats for implementation. What have we got from IRDP ? I have read out these figures before you. So you should think over it.

Now I come to bonus. Bonus has to be paid whether the concern is running on profit or not. The opposition raise their voice for Government servants just to please them so that they get their votes. They do not see the plight of the farmer but raise their voice in favour of Government employees so that their names are mentioned in the newspapers and T.V. They do not bother about those people who are illiterate. The interests of the Organised labour are taken care of but the poor and the village people are neglected. Dearness allowance to the tune of Rs. 300 crore is given to the Government employees. But this dearness allowance is not given to those poor people. First you had increased administered price but later on you made an amendment to reduce it. The wasteful expenditure and the non-plan expenditure should be brought down. The number of employees in offices should be reduced. No purpose is served by having more employees. Their number should be reduced. Only then you will be able to save money in the country and there will be no need to present deficit budget. In case deficit budget is presented, you will have to pay Rs. 300 crores as dearness allowance to the Government servants.

I want to raise one more point. The income of husband and wife should be clubbed together for the purpose of income tax. This should not happen that both husband and wife earn and only the income of one of them is taken into account for the purpose of income tax. The income of husband and wife should be clubbed for this purpose.

[English]

DR. DATTA SAMANT (Bombay South Central) : Sir, in the last 1 1/2 years, the new Prime Minister and the New Government have changed the whole thinking as far as economic development of this country is concerned. And the whole trend is that there should be more factories, more industries, more concessions in the tax and agricultural activities should increase. And while discussing all this new technology or modernisation the Government is thinking that poverty will go on diminishing in the same proportion, as development is increasing. But I don't think, all this trend will come to reality whoever our Finance Minister and however he may be honest in putting the things. Because the things are in such a backward state and it is underdeveloped and nobody knows what is happening. The majority of the masses in the county are poor where the system is bureaucratic. As far as the whole machinery is concerned, my friend just described that corruption is rampant at all levels. Unless we protect the interests of the poor masses, unless we think of our development which should be proportionate in meeting the growing unemployment, I don't think, the whole economy and all this planning is going to help.

I would like to mention two or three points in this House. We have not discussed the Demands for Grants relating to Labour, Industry and Textiles, because yesterday they were all voted without discussion. In this House, I have repeatedly pointed out about the sickness of the industry because that is one of the important points for development. Because of sickness, it is said that about Rs. 4,000 crores are blocked ; about 9% of the bank money is blocked. I don't think it will be recovered. The Government's whole planning is not going to

do anything with this sickness. The big houses, Tatas and Birlas have collected assets of about Rs. 3300 crores each and the 100 top houses have about Rs. 28000 crores. These assets are more than that of the development plan for 1986-87. On the one hand, the big houses are definitely increasing their assets. During the last 5 years, their assets have gone double. This shows the trend of economy. On the other hand, the same people are making the industries sick. The Minister was quite honest in discussing about the Sick Industries (Prevention) Bill during the last budget. I do not know, what happened though 5 months have passed. The industries sickness is gradually increasing.

The Tatas' oldest mill, their first mill in Nagpur is closed and again their assets have gone up. What is the type of economy ? The same people, the same big houses take the advantage of the Government's concessions, import duty concessions and everything in the industry. I don't like to go into all details. The same houses are making the industry sick, making workers unemployed, not paying taxes and deceiving bank money. Are you going to tolerate such type of things in such a backward country. This is my categorical question.

In this House, I have made a number of mentions. A few of them are Sarabhai Industries, Calico Chemicals, Damanray Chemicals. I have got 50 or 60 big industries which have already used all the Government resources. Such a tendency is there. It is because, the Government is there to protect. Now, when you start an industry, 80 to 90% of the cost of infrastructure is given by the Government because there is unemployment. The Government is thinking in that way. The Government is giving all other concessions. They are taking advantage of all these things. And when the industry is not profitable, it is just closed. Why are the Tatas closing their units ? Why are Birlas closing their units ? Why is the Singhania group closing its units ? Yesterday, Giani Zail Singh congratulated the Singhania group. I do not know why. He said, they are doing major national service. What type of fraud these big houses have done ? If the hon. Minister wants to know, I can give about the firms in Bombay and

[Dr. Datta Samant]

Calcutta. It is because, they are ruling the economy. The Government is not ruling this country. These people are ruling the whole economy and taking the Government to ransom I know, it is the weakness of the Government because the public sector or the Government cannot run the industries. Unless there are radical changes and unless there is some restriction. I do not mind a little slow economic development. But unless there are some restrictions while giving loans to the employers and unless it is seen that the employment potential is proportionate to the loans given, it will not be of any use. Our hon. Minister has said that 1,800 raids were conducted during 1985-86. Important of these are the Orkay Mills, Kirloskar and Voltas. They are from Maharashtra. I have no grudge for that. After all, what is the result? Orkay Mills case has come in the court in July, 1985 and Bindra case is there in which the Chief Enforcement Officer has not filed the affidavit for six months, the man who has investigated the case, the man who has taken 130 pages statements and filed the case. I am afraid that he is working under Government pressure and not on his own. Government decided ultimately to withdraw the case but big publicity is given to it, all over the country.

SHRI VISHWANATH PRATAP SINGH : There are two cases regarding Orkay One was a few years back some raid was done. A few years back a raid on Orkay was done. The Bindra case that you are referring to, in that case, the court has pronounced a judgment. But there were another set of searches recently last year and that case is going on. That has not been dismissed. Many times both are confused. I want to make it clear that the case that you are referring is regarding Mr. Bindra relating to a case of search and raid which was done two years back. In fact, I do not know whether a few years back that case had been decided in the court. But what we investigated last year and what searches were made, that case is pending in the court and the case is going on. That has not been decided.

DR. DATTA SAMANT : If it is a case of 1985, then it is all right. The same case is going on.

SHRI VISHWANATH PRATAP SINGH : Yes. That is going on.

DR. DATTA SAMANT : That is the confusion. It is going on all the time.

SHRI VISHWANATH PRATAP SINGH : That confusion is there. That is why, I want to make it clear.

DR. DATTA SAMANT : Voltas case is going on. Lot of adjournments have taken place.

In the Kirloskar case, that type of enforcement we never find. I am not happy to keep somebody behind bars because he is employer or industrialist but it is high time that the economic offences of this country must be dealt with severely. That is the main cause of accumulation of black money and that is the main cause however nicely our Finance Minister puts the things here.

I am asking another question regarding unemployment in this country. It is now about 5 crores. With the Employment Register it is about 3 crores. During all these discussions on the Budget, we came to know that various types of concessions are being given to the small sector and to the big sector for the import of commodities and what not. But I have never heard in this House that all this development has got a certain ratio of the employment potential. That is lacking. Whatever industries are set up, in Bombay and everywhere, the Government is assisting them by giving loans. But with all the development of industries that I have seen, the employment potential is reduced, by 1/10th. Such a type of economy has developed. I do not know how the Finance Minister is going to solve the unemployment problem. However much the economy is said to be improving, the unemployed have increased by one crore. The unemployment is increasing. I do not think that this will satisfy the unemployed masses in this country. The economic development is not in proportion with the employment potential. I would suggest that employer, it should be seen that the employment potential is proportionate to the assistance given. Some restrictions should be imposed to see

that there should be a certain level of employment potential. These concessions which the Finance Minister is going to give to our people are going to be misused. Uptodate technology may be put to use with the assistance given but that is not going to solve the unemployment problem. And this is the major problem which our country is going to face. It has been said many times in this House that a subsidy of Rs. 5,000 crores is being given. The hon. Minister said this. But this subsidy is not being utilised properly. I think on wheat and rice about Rs. 1600 crores is given as subsidy. But really are these subsidies going to the poor? That is the major problem. I would like to point out. Wheat and rice are procured and this year a total of 20 million tonnes were procured. Not it is going to be 30 million tonnes. That is the target. At what rate? It is Rs. 1.52 or 1.57 for wheat and rice. At this rate the Government is procuring. Then the FCI is a big kingdom in itself. It is more than the Government itself. About Rs. 10000 crores is involved. 67% is the procurement or maintenance charges. So if it is added to Rs. 1.57 per kg of wheat it comes to Rs. 2.62. This is really surprising. Where is all this money going? Farmers in one way are not getting the rates. Rs. 1.52 or Rs. 1.57 is not the rate, Rs. 1 is spent per kg. Again the Government says, 'I am giving 40 or 50 paise as subsidy per kg and it is selling to the poor'. Now does this become Rs. 1600 crores? I therefore request the Finance Minister that all such affairs should be really gone into in detail and inquired into. Rs. 1600 crores is a big money and it is not going to the poor. That is my one point.

Again at what rate—I enquired in Bombay. Rs. 3 or Rs. 3.50 is the wheat price. I do not know if the farmers are paid Rs. 1.52. The Punjab farmers have made the maximum contribution. The rate you see in the country is Rs. 3 or Rs. 3.50 and I am sure in the days to come it is going to be Rs. 4 or 5. In this way the consumer is exploited, the farmer is exploited in your FCI and in between the big hoarders and traders only will be benefited because of all these schemes. These are the figures the Government has given.

Another thing. Subsidy is given. Why give subsidy for terrycotton when these textile magnates really rob the country? You know what is the amount they have received? Rs. 1500 crores. All the textile magnates of this country got Rs. 1500 crores out of Rs. 4000 crores given for the sick units. During the textile policy the Government has given concession in the import duty. Rs. 25 per kg. And at that time I raised this issue in this House. I was asked by the Minister, 'Don't you feel that our poor masses should get terrycotton cloth at cheap rate?' I said, 'They are not going to pass on this benefit to the poor consumer.' The same thing happened. Minister, Mr. Khurshid Alam Khan went to Bombay to garland the Birla Century Mills people. I do not know why people go to facilitate these big bosses and then he says, 'We have given you this concession because we thought that you will pass it on to the poor. This concession have not gone to the poor.' Rs. 130 crores is the concession.

SHRI VISHWANATH PRATAP SINGH : I have taken it back in this budget. I have told the industry that if it was not passed on, corrective action would be taken.

DR. DATTA SAMANT : But they got the money. Another point. The same big magnates threw out 50,000 workers. All these Century Mill, Standard Mill, Mafatal Mills—their profits have gone up by 3 times in the last one to two years but they are exploiting the workers, 50,000 workers are out. They are taking workers on contract. The INTUC Unions are there. Of course, I do not want to go into great detail. Then they are becoming the contractors.(Interruptions)

KUMARI MAMTA BANERJEE (Jadavpur) : This is a false allegation. INTUC unions are fighting in favour of the workers.

DR. DATTA SAMANT : Therefore, I am happy that you have now withdrawn this concession. In Bombay the Government are allowing the people to sell the land. The Finance Minister is always honest to talk such things. But the benefits that you give do not go to the poor people.

[Dr. Datta Samant]

Mr. Daga said that we move in this country as a whole whatever we may be discussing here. Do we really feel that the lot of the poor people has improved? Definitely not. Yesterday I was in one marriage party. Rs. 3 lakhs is the bill for one party in a big hotel in Delhi or Bombay. One room in a big hotel in Bombay costs Rs. 1100 per day. I wonder at the capacity of a certain class of people to pay crores of rupees. I have seen some marriages; people spend crores of rupees. On the other side, if you go to a city like Bombay you will see the poor people sleeping on the pavements. Therefore, such type of economy is definitely not in keeping with the economic problems and poverty in this country about which I am really more concerned.

SHRI SHANTARAM NAIK (Panaji):

Mr. Deputy-Speaker, Sir, the task of the Finance Minister in a country like ours, which is one of the biggest democratic countries in the world, is not an easy one. In fact, he has to balance the various interests of the entire nation which is ridden with caste, creed, regional imbalance and other factors. Therefore, whenever a Finance Bill is presented by the Finance Minister of this country, we have to take all these aspects into consideration and express ourselves accordingly.

We try to raise revenue from various sources because revenues are required for the purpose of developing this country as a whole. Austerity measures, according to me, constitute one of the biggest sources of revenue, and if we do not adopt austerity measures at this stage, they may multiply and a time may come when we may not be able to have austerity measures in the way we want them.

Basically, in the government sector, the tendency is to have Corporations in as many fields as possible where a department or a section in a Ministry can do the same job. We want to have Corporations; there are now hundreds of Corporations established throughout the country—doing what job, it is very difficult to know.

Two or three years back there was some proposal, which Government had announced, about closing down several Corporations which had been set up earlier. But nothing has happened. On the other hand, more Corporations are being established.

Then, Committees are appointed to study certain measures when the same information can be had from the Department or the section concerned in the Ministry. Various committees are appointed to study various things for which there is no need. Austerity measures can be introduced in these directions. Whether on financial or on other matters, many times Enquiry Committees and Commissions are appointed—for the purpose of studying minor issues. Some years back, there was a Committee to go into the question whether the financial year should be changed or not and we had a big report. These are matters which can be sorted out in the Ministries or Departments without appointing Committees or Commissions.

Another aspect is this. Except the Prime Minister, the other Ministers barring cases of emergency—should avoid using aircraft to visit States and other places.

As hon. Member, Mr Daga, suggested, throwing of big parties in 5-star hotels by government agencies can be avoided.

By these three or four items, I think, we can save crores of rupees. Therefore, adopting austerity measures is the biggest source of revenue which we can have.

Another thing is in respect of social aspect. We have to see the family background of the people of this country. Whether it is a small family or a big family, people have superstitious beliefs. They have to be educated on this. For example, an LDC earning about Rs. 1000 per month may not mind spending Rs. 500 or even Rs. 1000 on a puja. We have to tell such people that they are free to have their religion, they can worship God and God will be pleased with them, but God does not expect them to spend so much money. But they will spend and make sacrifice of a hen or a goat. Thereby they ruin the

economy of their family. Therefore, as a Finance Minister you have to see to this social aspect of superstition which is prevailing in the country. I would also like to say that as far as marriages are concerned though it may involve some encroachment, you have to bring a law putting a ceiling on marriage expenses. We have to bring some sort of a law on this aspect. Ultimately scientific temper has to be created. Mrs. Gandhi in the 20-point programme had stressed this point of creating scientific temper.

Another point is that we say that people should know the things. My point is that they should know the basic things of finance. An average villager should know what Budget is. What are the limitations of the Government? How the money is derived? What is the production of food? If the tax is imposed what are its consequences? These simple things can be explained to the villagers. For instance, the petroleum prices were increased. You said that this increase will reduce consumption of petrol. Although this is a debatable issue yet it could be explained how an increase in prices of petrol can reduce consumption of petrol. Let us take 'X' is the need of the people and this much is its consumption. Now it can be explained that if we increase the price its consumption will get reduced to such and such level. Therefore, there is need to increase the price. Now who should explain it to the common man? All the MPs and MLAs should do it. When we go to the villages we should explain these basic things. We should explain financial matters and not economic theory of Keynes.

Sir, as far as customs and other matters are concerned you have done a good job. You have got good revenue but ultimately if these prosecution cases are not looked after well through the loopholes many people will get scot free. Even when a small panchnama is not filled properly by an investigating agency and you might have filed some 200 cases under the Customs Act yet ultimately at the end of 2-3 years litigation when the decisions are taken so many of them might get scot free as these cases may prove failure on technicalities. Under COFEPOSA

even at the initial stages many cases get dropped because of the technical mistakes committed by the investigating agency.

Sir I come from Goa. As far as Union Territories are concerned the financial matters are looked after by the Central Government and we do not have basically much power. The advice given by the Council of Ministers is not binding on the Governor. If an Administrator is good then things can run smoothly. We are governed under the Union Territories Act. It is a law framed under the Constitution. So whatever proposal is made the Governor as per law can reject it and send it to the Central Government for consideration. The law says :

"Pending reference by the Administrator to the Central Government on a matter the opinion of the Governor shall prevail."

That means the elected Ministers in a Union Territory are a defunct body. This aspect should also be considered because finances are involved. Thousands of files pertaining to our Union Territory are pending with the Central Government for years. If more powers are given to the Union Territories this thing can be avoided.

Lastly, I would say a word about the imposition of ban on recruitment in Central Government offices. At present, there is a ban on recruitment. I am not an economist and I do not understand how much benefit you derive out of imposing this ban. Maybe, there is some benefit.

Now, all the posts in the Union Territories are Central Government posts and there is a ban on recruitment to all the posts in Central Government. As far as the States like Maharashtra or Karnataka are concerned, they are having posts under the Central Government as also under the State Government. They are affected as far as the Central Government posts are concerned, but we in the Union Territories are affected entirely, because all the posts are Central posts. We cannot appoint a teacher in a school or send a doctor to a village. This has been the position for the

[Shri Shantaram Naik]

last three years. If we approach the Finance Ministry, we are told the we should apply for exemption-justifying that in particular cases. I, therefore, request that lifting of the ban may be seriously considered, as it affects the efficient working of the departments.

With these words, I support the Finance Bill.

[Translation]

SHRI BANWARI LAL PUROHIT (Nagpur) : Mr. Deputy Speaker, Sir, I rise to support the Finance Bill. The hon. Minister is present here. My first duty is to remind him of the promises that he had made to the people on the eve of the elections. In our manifesto, we had promised that we would abolish sales tax and octroi duty. As the people have a lot of faith in our Prime Minister, Shri Rajiv Gandhi, they ask me whenever I visit my constituency as to why the Prime Minister, who has made an effort to fulfill all election promises, has forgotten these two issues. There is nothing to be afraid of on this account, because there is so much of corruption in the Municipalities and Corporations which are responsible for realising Octroi duty, that not more than 50 per cent of it can be actually realised and this amount is also not utilized. Besides, this also affects Sales Tax and other taxes. If there are any calculations on this basis, you may look into them. You will find that it is definitely profitable to impose taxes in areas of direct production.

Secondly, I want to point out something connected with your department. As far as income tax is concerned, I would submit that the form which the tax payers has to fill in is quit long and complicated one. It usually contains seven to ten pages and against 80 per cent of its columns, one has to write 'N.A.' (Not Applicable). All this bewilders an ordinary tax payer. Hence, I would suggest that there should be a single page form containing 8 to 10 columns of name, address, income etc. In your fifteen page form, you demand details of

balance sheet, Provident Fund, Profit and Loss Account etc. which is beyond the comprehension of an ordinary tax-payer. So, if the form is simplified, then ordinary tax payer can fill it up. But the form that is given at present is so complicated that even a well educated person cannot comprehend it and has to hire the services of an advocate to fill it up and has to pay his fees which is an under burden on the tax-payer, particularly when he belongs to the salaried class or fixed income group. Therefore, I would request the Government to solve this problem. If you are unable to do so and face some difficulty then you may have different types of forms. for various categories of the tax payers, whether individual or joint etc. But the forms should have only one page to enable the individual tax payer to fill it up easily and pay his taxes immediately. This would provide great relief to the tax payer.

Thirdly, I would like to draw your attention to a big loophole in the Central Sales Tax. When the big industrialists and factory owners do brisk business in the name of branch transfer and sale of consignments, then the Union Government does not get anything at all under the Central Sales Tax, I do not want to go into the question of the share between the Centre and the States, but I would like to point out that you do not get 90 per cent of the Central Sales Tax because of the lacuna in the branch transfer and consignment sale process. We had hoped that this lacuna would be removed by the present budget, but it did not happen. If this would have been eliminated then the Government could have earned crores of rupees.

I would to say that although you have reduced tax on individuals yet due to the imposition of the firm tax, incentive is no more there and in fact has opposite results and the honest tax payer is in a fix and does not know what to do. Should he dissolve the firm and distribute its returns among the four partners or who else should he do? You must consider this. It is our responsibility to ensure that the assessee does not have to pay more than what he does under the highest slab. The firm that

is old enough might also like to change its constitution but no one has paid any attention to this matter.

(Interruptions) ..

I would give you an example. If four partners are in one firm than the money that is saved after the imposition of the Firm tax is a different matter altogether.

SHRI VISHWANATH PRATAP SINGH : That is of course a different matter. Yet, the marginal rate of the Personal Tax is 50 per cent whereas that of the Firm tax it is less than 50 per cent.

SHRI BANWARI LAL PUROHIT : When four people do joint business, then their profit is divided among them, and their tax ratio is also less. However, the position today is that the assessee has to pay not only Firm tax of Rs. 4 lakhs which is higher, but also Personal tax of Rs. 1 lakh each. This is burdensome for the individual tax payer. I am bringing it to your notice so that you may check it.

SHRI VISHWANATH PRATAP SINGH : We are aware of this. The tax is first imposed on the firm and then on the individual and this is a normal process. But you were not correct when you said that the marginal tax of a firm was higher than the personal tax.

SHRI BANWARI LAL PUROHIT : No, no, what I am saying is that it becomes higher for the individual after the division of the tax. This would mean that no one is going to set up new firms as it is against the concept of economy which is based on the profit of division. You should consider this,

I would like to give two illustrations from Nagpur. The first is about an individual from whom Rs. 11 lakhs were recovered during the course of an income

tax raid. However, he managed to save himself from penalty etc. by using corrupt methods and after declaring his income. The second assessee filed the returns of the estimated income as Rs. 6 lakh three years back. No he has filled up his income returns in the 80 per cent income slab. Yet your officer imposed penal interest upon him. And even after doing that he did not keep mum but issued a show cause notice to him for penalty and imposed a heavy penalty upon him. Now tell me how he would be felling. Although he is an honest assessee who had declared his estimated income as Rs. 6 lakhs yet his income was found to be higher in the books still he wanted to pay his taxes honestly but penalty was imposed on him.

SHRI VISHWANATH PRATAP SINGH : You hand over this case to me. I will get it investigated.

SHRI BANWARI LAL PUROHIT : So far as you are concerned, there can be no doubt about your honesty and integrity in the national press but it cannot be said about your officers. They need to be tightened. Corruption still prevails there. More pressure must be put on them so as to remove corruption among them. You must pay attention to this.

Now I would like to say a few words about my constituency, i. e. Nagpur. Though it is an urban area yet it is full of problems. Nearly 50 per cent of the city's population live in the slums. Yet nothing has been done to develop them. Until the Centre provides maximum funds, no work can be done. You give only a small amount for the development of slums and that is also misused. You allot only Rs. 1250 for a family of five which comes to Rs. 250 per head, but that is also not used properly. Government must draw up schemes to provide them with neat and clean houses even if these have single-roomed accommodation. This alone would improve the conditions of the slum dwellers. They are even prepared to move out of these slums.

[Shri Banwari Lal Purohit]

So far as the industries are concerned, they have become sick. For this reason, industrial licence policy has to be liberalised. Even now, there are certain sectors where the process of issuing licence is not necessary. This policy has created a new class of people at the Secretariat in New Delhi. They are called the liaison officers. They carry brief cases and are responsible for all sorts of corrupt practices. They can be set right only when the practice of controlling and licensing every item is put an end to.

Again, upto the oil refining process no license is required. But licensing is still there in the vanaspati oil units where also the oil is refined except that a little gas is passed through it. There is no need for licensing there. After all, it is only hydrogenated oil. Hence, it should not be necessary to get a licence for it.

I would surely like to say a few words about the sick units. As the hon. Member Shri Datta Samant who spoke before me said and about which I too had said earlier in the House, the Tatas and Birlas are making some industrial units sick for which you had stated that you would constitute a sick industrial unit board. Why is the constitution of this board being delayed? They want to make profit out of each day's delay. Hence, you should from the board at the earliest, and it should start functioning immediately. Only then it would be beneficial for us.

[English]

SHRI SONTOSH MOHAN DEV (Silchar): Mr Deputy Speaker, Sir: I rise to support the Finance Bill. At the very outset, as an elected Member from the north-eastern region, I congratulate the Finance Minister for providing Rs. 675 crores for the NEC Budget in the 7th Plan, as against Rs. 340 crores in the 6th Plan.

Now it is revealed that the *per capita* investment in the north-eastern region will be Rs. 2750 as against Rs. 1493 in the 6th

Plan; and again, if you compare it with the all-India level, we find that the latter is only Rs. 891/-. This is indeed a good gesture on the part of the Government of India, specially in a situation where the whole north-eastern region is facing various secessionist activities, and when we are really in a very critical situation.

At the same time, I also congratulate him for recently sending a team of officials to the north-eastern region, i.e. to Gauhati where they had a threadbare discussion about the various development works which have been taken up, or are going to be taken up.

With all humility I must point out that out of the money which is given for the north-eastern region, a large proportion is being wasted, because of corruption both in Government and the implementing machineries, which are also public bodies.

I would point out that a Committee has been formed by the Prime Minister, called the Ministerial Committee, to look into the backwardness of the north-eastern region and to suggest specific schemes. But while doing so, let the Government also make a study to see how the money, i.e. whatever was given in the past so many years has been utilized, and in what manner; what are the drawbacks, and whether the infrastructure is there. If not, they must take corrective measures, before granting money.

I am saying this as a representative of that area. When we go to the public, we always hear complaints; but at the same time, when we in Parliament see the facts and figures, we find that a lot of funds are being pumped into the north-eastern region. Why then this complaint from the general public? There must be some somewhere.

PROF. N. G. RANGA (Guntur): There is politics there.

SHRI SONTOSH MOHAN DEV: I also congratulate the hon. Minister for another thing: Some special allowance has

been allowed for the employees of various Central Government offices, who are working in the north-eastern region. It is a step in the right direction. But at the same time, those people from the north-eastern region working in various Central Government offices are appealing to us, saying that since they are also working under the same conditions in which people going there from other parts of the country are working, the question should be considered whether they can be brought on par with the others in this respect, or at least some special intertives can be given to them, compared to what is being given in other parts of the country.

SHRI SAIFUDDIN CHOWDHARY
(Katwa) : What is being done now ?

SHRI SANTOSH MOHAN DEV :
What are they getting now. So, I will request the hon. Finance Minister to look into this particular aspect.

I come from a valley consisting of two districts—Cachar and Karimg Ganj. We have had no agitation for six years. We are in the national mainstream. A new government has come there. It is a popularly elected government. I have nothing to say against that government. I wish them all the best, but, unfortunately, at present, there is a tendency not to implement any NREP, IRDP, RILGP and tribal schemes in our area. I am speaking with authority. This is totally stopped for the last four months. I donot know the reason for what. I request that some enquiry must be made to see that these measures which are meant for the rural People should be started immediately.

There is another demand from our area for which I wrote to the hon. Finance Minister. Actually, I wrote to the Prime Minister. Then he sent it to the hon. Finance Minister ; and he has also replied, but the reply, as usual, is not in the affirmative but in the negative.

As far as a Central University is concerned, I request the Ministerial Committee to re-consider it, because, recently, we, the Members of Parliament and MLAs, submitted a memorandum to the Prime Minister requesting him to give a Central University for our valley, because this Central University, which is the demand for the People of Cachar, is mainly because our boys from the valley are finding it difficult to continue their study in Dibrugarh and Gauhati Universities, because those Universities have reached a saturation Point. Apart from that, the political atmosphere there is not unfortunately congenial for us. So, you have already declared a Central University for Assam. I understand that it is going to be in Tezpur or somewhere. Since you have made various exceptions in your financial lay-out in that area, I shall most cordially request you to be a little bit liberal regarding this Central University and sanction a special fund for this.

SHRI SAIFUDDIN CHOWDHARY :
We support it.

SHRI SONTOSH MOHAN DEV :
Thank you. I request the hon. Finance Minister about the Regional Manager's Office, of S.B.I. which is situated in Gauhati I will be very happy to say that in the past a Regional Manager's Office of the United Bank of India was opened at Silchar. But since you have taken very progressive measures in the Finance Ministry, you will be surprised to know that in Guwahati itself five Regional Manager's Offices are situated. I fail to understand the reason for that. The very words 'Regional Manager's Office' imply that it will be situated in different regions. Let one office be in Silchar, another in Jorhat, one in Tezpur, one Dibrugarh and one in other area. In the past, whenever there used to be a proposal, from the Finance Ministry side, the officers used to say that because of the political situation and for the movement, we could not go in other of the Assam. Now that situation is not there. So, I appeal to you to consider this request. Whenever we speak in the Parliament, the Minister keeps replying to the opposition

[Shri Sontosh Mohan Dev]

ignoring the ruling party. Now I will request you that when you reply to this debate, I would like to get some positive reply from you about the Regional Manager's Office.

SHRI SAIFUDDIN CHOWDHARY :
That is a new realisation here,

SHRI SONTOSH MOHAN DEV : No, it is already there. Still you people are not satisfied ; that is the most unfortunate thing.

18.00 hrs.

SHRI SAIFUDDIN CHOWDHARY :
You get yourself satisfied.

SHRI SONTOSH MOHAN DEV : The United Bank of India, which is looking after the tea industry of Assam as well as West Bengal,—I donot know how far it is true; I am subject to correction—it is being alleged by the tea industry that they are

taking a step-motherly attitude towards them. I do not know the correctness of this. But I shall only appeal to you to make an enquiry to find out whether this is the case. Tea is earning about half of the foreign exchange for the nation. Tea industry is our main industry in Assam and in North Bengal. So, there is a serious complaint against the United Bank of India. I do not want to mention name of any officer here. But I have full faith in you and I request you to look into this complaint of the industry. I am sure, if you go through it, you will correct it.

I again support this finance Bill. About the Central University, I hope, I will hear something from the hon. Minister when he replies.

18.01 hrs.

*The Lok Sabha then adjourned till eleven of the
Clock on Friday, April 25, 1986/
Vaisakha 5, 1908 (Saka)*