

In this connection, I would request the Central Government to ensure that the schemes meant for development of backward areas are not held up in the name of protecting environment, and that they are linked with the mainstream of development so that the country as well as its integrity is strengthened.

[English]

- (vi) Need to run more trains from Kalyan to Bombay V.T.

SHRI S. G. GHOLAP (Thane) : It is a fact that Kalyan-Bombay VT local trains are always overcrowded and it is the urgent need of the day to have more trains from Kalyan and accordingly Railways have taken a decision to shift the goods shed from West to East at Kalyan, so that home platform at Kalyan can be made available and more trains can be run from Kalyan.

Now the goods traffic is shifted from west to east and goods shed can be utilised for local trains as it is done at Thana.

It is also a fact that the then Divisional Manager, Bombay announced at the time of opening of foot-overbridge at Dombivali that the above facility at Kalyan will be made available before June 1986 and there will be a train after every five minutes.

In the above circumstances, it is requested that action be taken so that more trains can be run from Kalyan to Bombay V.T.

- (vii) Need to complete the construction of second bridge over Hooghly at Calcutta at the earliest.

SHRI NARAYAN CHOUBEY (Midnapore) : The second bridge on the Hooghly at Calcutta is yet far from completion. This bridge was accepted on a priority basis for construction more than 15 years back. The estimated cost of the bridge has gone up to Rs.175 crores from the original Rs. 9 crores due to abnormal delay and consequent escalation of prices,

Still there is no view in sight towards its completion. Calcutta which is one of most congested cities in India needs very early completion of this bridge for easing its most congested traffic. It is a matter of regret that many target dates have been fixed earlier for its completion raising high hopes in the minds of the people; but ultimately all hopes were belied. I urge upon the Government to take up the matter and do whatsoever is possible to complete the construction of this bridge as early as possible taking the State Government into confidence.

- (viii) Need to provide financial assistance to Karnataka for setting up power generating plants there.

DR. V. VENKATESH (Kolar) : There is an acute power crisis in Karnataka on account of the unprecedented drought during last four years. This year also there is no sufficient rain in the State. The small and medium farmers have become helpless. Their pumpsets have become useless due to lack of power supply.

Karnataka has several plans to generate power. There is a proposal to set up a gas turbine plant of the capacity of 120 Mega Watts in Bangalore. Four power generating units of the capacity of 10 Mega Watts each are going to be set up at Bidar, Indi, Kolar and Tamkur. These centres would fulfil the requirement of electricity for agriculture and to small scale industries.

Therefore, I urge upon the Central Government to help the State in setting up of these power generating centres at the earliest.

11.26 hrs.

DISCUSSION RE : ECONOMIC
SITUATION IN THE COUNTRY—
Contd.

[English]

MR. DEPUTY SPEAKER : We will now take up Item No. 6 re : further

discussion on the economic situation in the country in the context of the new fiscal policies.

Shri Shanti Dhariwal.

[*Translation*]

SHRI SHANTI DHARIWAL (Kota) : Mr. Deputy Speaker, Sir, we are discussing the economic situation of the country and several hon. Members have expressed their views on this subject. I would also like to give one or two suggestions in brief. The Government should at least give an assurance that the prices of the essential commodities would remain stable. The prices should remain stable at least for three or four years. What happens at present is that if in a certain area is a delay in supply of Kerosene, then the price per litre increases by as much as eight annas to one rupee. Similarly, in case a truck load of vegetables reaches late, then also there is an increase in the prices of vegetables. Therefore, I want that Government should make arrangements either through the Public Distribution Systems or through any other agency of the Centre or of the State so that immediate action could be taken against those who increase the prices of the essential commodities.

In the present circumstances, trade gap is widening in the name of import of technology. This has happened because the Government had adopted a lenient and liberal attitude in the matter of imports. This may prove to be harmful in the long run. Therefore, I would like to submit to the hon. Minister, through you, that after he became the Finance Minister, the economic situation of the country has improved. There cannot be two opinions in this regard. The tax evaders have been apprehended and such steps will continue to be taken in future also. It is a welcome step indeed. May be it is not to the liking of some people and of course it must be so. However, the relaxation given in excise and customs must be stopped. You have said that if the taxes are paid by a certain date then the penalty will not be charged. This is not proper. For how long will you con-

tinue to grant concessions to those big criminals who have multiplied their assets almost fifty times by not paying their taxes for five or six years. Various kinds of instruction have been issued to apprehend small officials or businessmen who are already much harassed. But these big people by some means or the other manage to escape the dragnet. The big industrialists like the Kirloskars, Reliance, Orkay etc. are adept in the art of evading taxes. The Government must take stern action against such people. It must enact foolproof laws so that the tax evaders may not find any loopholes. At present, even if some action is taken against them, they manage to escape through a stay order of the Supreme Court. Consequently, the Government is forced to take recourse to the lengthy court proceedings in spite of possessing positive evidence. Therefore, it is essential to change laws and procedures accordingly.

I would submit only this much that the economic condition of the country has been strengthened after Shri Rajiv Gandhi became the Prime Minister and especially after Shri Vishwanath Pratap Singh became the Finance Minister. But I would like to say that the Government should control the prices of essential commodities. The prices of these commodities should not increase and should remain stable.

With these words I finish my speech.

SHRI RAMSWAROOP RAM (Gaya) : Mr. Deputy Speaker, Sir, I am thankful to the Finance Minister for improving the economic situation of the country. Earlier, it used to be said that because of our bad economic situation we cannot initiate any developmental works. But the statistics revealed by the Minister indicate that our economic situation is quite good. These figures are like this. G. N. P. growth, 5 per cent; industrial growth, 6 per cent; foodgrains, 1500 lakh tonnes and a buffer stock of 250 lakh tonnes foodgrains to meet any emergency or natural calamities like floods or drought. Our foreign exchange reserve is Rs. 6500 crores. I want to raise a few

points for the consideration of the Finance Minister keeping in view the economic situation.

There are two categories of people in our country. The first category constitutes 80 per cent of the population living in the villages. They are farmers and labourers and their main occupation is cultivation. The people living in the cities constitute 20 per cent population and they are the beneficiaries of modern technology. There are 7 lakh villages in the country. I think that this economic achievement under your and Prime Ministers leadership means nothing unless the rural economy is not improved. Today, 54, crore persons are illiterate. The condition of schools and means of communication are very bad in the villages. I, therefore, request that in view of the improved economy, its benefit must reach everyone and we should not have two categories of citizens in the country on the one hand, there are the rural citizens who are deprived of the modern technology and on the other hand is the urban citizen enjoying the benefit of the modern technology. Nationalisation of banks is a very big achievement and now the banks are operating in the villages of India also. Banks are serving as the instrument for bringing about social changes. You have decided to bring 500 to 600 families per Block above the poverty line. But we think that the banks are not fully cooperating in achieving this goal. As such I request you to use the improved economic situation for the uplift of the villages. Educational facilities should be provided even in the remote villages. Recently you formulated your education policy which would also benefit the rural areas. The need of the hour is to teach the modern sciences to the children.

The second thing that I want to bring to the notice of the Finance Minister, through you is about the imbalance in industrialisation. There is much regional imbalance in the industries presently. I would like to draw your attention especially to Bihar which is lagging in the matter of industrial progress in comparison to the whole of the country. The economic condition of the country has improved but

its benefit is not reaching the 7 crore people of Bihar. If something is done in this direction, it will be very much beneficial for Bihar. I want to draw your attention to the Rohtas Industries in connection with the discussions going on for the last three to four days. Rohtas Complex is very important for Bihar and it has been closed for the last three years. The owners are shifting all the equipments to Tirupati and the Government is a silent spectator to it. Shri Ashok Jain is the owner of this complex and about 30,000 workers are employed by it who are now sitting idle. It is a very serious thing for a backward area like Bihar but the Government is taking no action. It is a challenge for us. I request the Finance Minister to extend their help for starting the Rohtas Industry so that the people of Bihar could make progress.

Mr. Deputy Speaker, Sir, then there is the problem of irrigation. Today, only 30 per cent area of Bihar is irrigated. Our land is so fertile that if sufficient irrigation facilities are provided we can produce foodgrains to meet the requirement of the entire country. I have mentioned all this because you have said that our economic situation is sound. I, therefore, request you to improve the situation in Bihar so that they may benefit from the improved economic situation in the country.

With these words, I draw the attention of the hon. Minister to the need to end the regional imbalance so that Bihar gets its due share in the national resources and to provide irrigation facilities to Bihar. With these words I conclude my speech.

[English]

SHRI S. JAIPAL REDDY (Mahbubnagar) : Mr. Deputy Speaker, Sir, whenever I speak in subjects handled by Shri Vishwanath Pratap Singhji, I must confess that I am overcome by mixed feeling of love and hate. I have got a great admiration and respect for the personal integrity of the Minister for the very serious manner in which he applies himself to the task assigned to him. But, then, I am not able to bring myself to admire his

[Shri S. Jaipal Reddy]

romantic rightist ideology. Even if he is to follow American economists, I wish he has adopted Galbraith as a mentor instead of Milton Freedman. The subject today as has been formulated is of such omnibus character that it is not possible to cover the whole gamut in the short span of time allotted to me. Therefore, I will confine myself only to two important aspects.

Firstly, the imperceptible but immense loss of independence of economy of our country; and secondly, Sir, the increasing criminalisation or 'unibenisation' of Indian economy to the point of violation of the sanctity of our financial frontiers and to the point of day light dacoity of our Banks I will not deal with the deleterious consequences that are being caused by the policies of the Government on the polity and the society in our country in terms of adverse impact on the employment situation or in terms of any increase in the disparity between the rich and the poor so on and so forth. Nor will I propose to deal with the manner in which the public sector is being deliberately denigrated.

Mr. Vasant Sathe, who was once famous for pleading for switchover to the presidential system has now come out with his theory for running down the public sector.

Now, coming to the question of threat to our economic freedom I might say that emanates essentially from two factors. Firstly, the snow-balling trade gap, and secondly the growing structural dependence on imports of foreign technology, of foreign aid and foreign managerial expertise and consultancy.

Sir, we have adopted, it appears, a model of import-led growth. It is unnecessary for me to point out that it will be impossible for us to change the focus of our economy from the model of import-led growth to that of import substitution or self-reliance. It will be particularly more difficult because of the adverse global trade and environment. The GATT Re-

port of 1984-85 points out that the growth rate of global trade in 1984-85 was less than four per cent as against nine per cent in 1983-84.

Sir, for some time, in the recent past, the American economy has been acting as a locomotive for the world trade. One is tempted to think that even this locomotive has lost its steam. The growth rate of America itself in 1985 has fallen down to 2.4 per cent. Under these circumstances, Sir, it will not be possible at all for India to increase its exports. Sir even the FIICI economic predictions for 1986-87 pointed that the policy changes introduced by this Government in the recent past, were tantamount to internationalisation of our economy which the FIICI itself has been pleading for in the past but it pointed out that the internationalisation of our economy is being done at a wrong time.

It is the wrong time for two reasons: Firstly, as I mentioned earlier, the global trend — alarming — has been highly unfavourable and secondly the advanced countries themselves are arising tariff walls and protectionist barriers now.¹ Therefore, our balance of payments position is bound to worsen with the influx of time. Right now our trade gap is in the neighbourhood of Rs. 8000/- crores; this is unprecedented. But it likely to keep growing constantly in the foreseeable future. India, in that case, will naturally be forced to go to IMF. And if we go to IMF, we have to accept harsh conditionalities that they impose on us. The World Bank recently recommended that an exchange rate policy that enhances relative profitability of export sales be adopted by India. It is nothing but an euphemism for devaluation. If for reasons of honour or political face at home you avoid devaluation, we will be compelled to resort to commercial borrowings which will land us into a debt trap. The country's foreign exchange reserves declines by Rs. 204 crores in 1985-86 as against a rise of Rs. 1319 crores in 1984-85. The level of foreign exchange reserves at the end of 1985-86, in other words, just equals four months of our imports or at best the trade deficit of a year. Our balance of payments' position is very bad

in spite of the oil bonanza produced by unexpected fall in the crude oil prices at the global level and deliberate reduction of our imports like sugar and edible oils.

Our import policy is not such as to enable India to upgrade and adapt imported technology. Take, for instance, only two things.—colour TVs and automobiles. Only in the last session the reply of the Government was that the import of spare parts for colour TVs in India was as high as 80 per cent. Coming to the automobile, you have granted licences to so many companies. But none of them will be able to attain, what is called, the economies of scale. Without attaining the economies of scale the process of indigenisation ancillarisation or allotment of more funds on R & D will not be accelerated. And we will not be able to avoid repetitive imports as is evident from the new model of Maruti car which we had to go in for within two years of starting of the factory. Now we are even depending on global managerial expertise. Only yesterday, we discussed how this Government is allowing a NRI company to come up in the area of management consultancy with wide ranging terms of reference. In regard to six gas-based fertiliser projects the consultancy was given only to one company, namely, Snam Progetti, an Italian company. Even Nagarjuna Fertilisers of Andhra Pradesh was persuaded to adopt this Italian company, Snam Progetti, as its prime consultant. In regard to this NRI company which is being set up, I would like to know as to what is the expertise they can lay claim to. In fact, they themselves are in need of a consultancy firm. They adopted one American Company as their consultants, namely, Booz Alien Hamilton. Quite apart from that, I am amazed at the manner our Government has appointed a monitoring committee with **as the Chairman for all the public undertakings in this country. Even if you were to go in for a private industrialist for heading a monitoring committee, you could have chosen an experienced industrialist, like, ** has inherited a vast empire without experience or expertise. He is the Chairman of only one company, which itself is facing sickness. Of course, he has gained expe-

rience in** and investing funds in a California company, Elexcl.

Let me now refer to the new pattern of industrial dacoity that we witness in this country. In America of Nineteenth century we witnessed the phenomenon Robber barons. We have our own generation of robber-barons going strong in the country. Our Minister and all of us have seen various articles published in Indian Express and other journals against the irregularities committed by the Reliance Industries Ltd. and other companies. I would like to draw the attention of the Minister to the NRI portfolio investment scheme. This scheme was discussed many times in the last House, even before Shri Vishwanath Pratap Singh Ji became the Finance Minister. Under this scheme we got only Rs. 22.5 crores for Reliance but in three years the shares got appreciated to Rs. 100 crores, and if the E and F series of Reliance debentures were allowed to be converted, they would have appreciated to the order of Rs. 800 crores... . (Interruptions)

MR. DEPUTY SPEAKER : Mr. Reddy, please wind up now.

SHRI S. JAIPAL REDDY : And, Sir, Reliance is not the only guilty party. The same thing happened in regard to Orkay company. These high share values made in this form of investment is dangerous from the national standpoint and the Government should consider stopping this scheme forthwith because it constitutes a drain on our foreign exchange reserves. We got only Rs. 120 crores in the last three years under this particular scheme out of Rs. 13,926 crores, accounting for only 0.86 per cent of our NRI remittance fund. I would like to know how the United Breweries got \$ 10 million loan from the SBI branch of Singapore for its company Tentura. From Tentura this money was transferred to Ameranto company of Hong Kong and from Ameranto company the money was transferred to Carrasco company. Carrasco company, in turn, invested the money in Shaw Wallace. That is how Mr. Vijaya Mallaya emerged as a liquor king in the country.

[Shri S. Jaipal Reddy]

I must say a word about Bombay Dyeing. If Reliance at one time was the blue-eyed company of this Government, I do not think the Bombay Dyeing should replace the Reliance in that respect.

Let me say a word about the Duncan group. Mr. R. P. Goenka is the Chairman of FICCI as well. FICCI, of course, has the same problem of bogus membership as the Congress(I), that is another matter. But then, I am referring to the manner in which this company could acquire control over so many other companies like Dunlop and Ceat, through purchase of foreign shares. Did the Government really conduct an inquiry in to this question? If so, the Government may enlighten us about the results.

SHRI P. KOLANDAIVELU(Gobichettipalayam) : Sir, after hearing the arguments of Mr. Jaipal Reddy, I have to say in reply that we cannot set aside the economic growth after our hon. Prime Minister Rajiv Gandhi has taken charge as the Prime Minister of India. Sir, I see that the Indian economy had undergone a significant and a qualitative change after our hon. Finance Minister has become the Finance Minister of this Government. Some efforts have been made to reduce the production cost and to improve the efficiency in the industries. A thrust to industrial development has also been made by reducing the tax, delicensing, broadbanding, raising the MRTP limit, long-term fiscal policy, MODVAT and also liberal import of technology. These are the things by which actually a thrust has been made to the industrialists also. Actually these changes do reflect in higher tax revenues and also increase in Letters of Intent and industrial licences, and Government business cooperation also. So, we cannot brush aside by saying that there is no growth at all in India. For the last one and a half year, I see that the present economic scenario is full of hopes and full of challenges and opportunities. At the same time, there are some major problems that we are facing. The major problems are that more changes are needed in the policy level. Number two

is with regard to certain anomalies in the MRTP Act. That has to be removed. And number three is this. Even though the MRTP limit is raised to Rs. 100 crores, the benefit through this increase will remain illusory. Number four is this. Stress should be laid on more production and penalty should be levied for less production. Number five is this. The excise duty on capital equipment needs to be reduced and customs should also be abolished.

Our interest rate is one of the highest in the world. I request the Minister at least to bring it at par with the other countries. You have to reduce the interest rate. There is a wide gap which exists between the policy pronouncement and implementation. A New implementation culture has to be created. A single window system has to be created immediately. Industrialists who want to get licences from Government face a lot of difficulties. We know how many difficulties they have to face. So there should be a single window system to remove all these difficulties which are faced by the industrialists, so that they may get the licences etc. as early as possible.

We have the Labour Laws, the Trade Union Act and the Industrial Disputes Act. These have got to be suitably amended. An Insurance Fund jointly financed by the Government, Industry and Labour has to be created to take care of situations arising out of modernisation, sickness, upgradation and surplus labour. This fund should be jointly financed by the Government, by the Labour and by the Industry.

Government must come forward to abolish octroi. You know very well that in 8 of the Congress-I States and in one non-Congress (I) State and in the City of Calcutta, octroi is being imposed. Even though so many circulars have been sent to congress-I States, they are not abolishing it. We in Tamilnadu are not imposing octroi. We are suffering a lot because we are not imposing it. We are losing a good revenue. Despite Congress-(I) pledges, octroi, which is a primitive form of taxation is still prevailing in 8 Congress-(I)

States. The Minister should come forward either to abolish it or to introduce it uniformly in all the States.

Price stability has to be maintained. In order to maintain it, a moratorium should be imposed on hike of such prices for about 2 years.

I take this opportunity to say something about the drought condition in Tamilnadu. We are suffering a lot because of this. In 12 districts in Tamilnadu, even drinking water is a problem. There is no water for irrigation. This is the situation in Coimbatore, Salem, Dharmapuri, Anna, Madurai, Ramanathapuram, Pasumpon Muthuramalingam, Kamarajar, Periyar Trichy, Kanyakumari and Pudukkottai districts. People are suffering a lot. They have given a Memorandum to the Prime Minister. On 31st of July I met the hon. Prime Minister and he assured me that immediately a Study Team will be sent to Tamil Nadu and action would be taken. But so far the Study Team has not been sent. I request the Minister to send it because he is having the joint responsibility. And at the same time, an *ad hoc* amount may be released immediately so that they may take the relief measures immediately. With these words, I conclude. Thank you.

[Translation]

SHRI BALWANT SINGH RAMOO-WALIA (Sangrur) Hon. Deputy Speaker Sir, the economic situation of the country, increasing unemployment, rising prices, widening trade gap and increasing imbalance in foreign trade are causing serious concern. I do not say that some political party should be held responsible for it or made the target of attack. It is with deep concern I want to point out that on the one hand the unemployment is increasing and on the other hand the prices are soaring. From this situation it is clear that not only the present but the future also is bleak.

These factors are causing concern and the life of the common man is becoming difficult. Some forces are taking undue advantage of this situation by weakening

the country socially and economically. Therefore, the Parliament, Government and all of us must make collective efforts to salvage this situation.

I would make a brief reference to the situation in Punjab. There has been distinct increase in fundamentalism and terrorism in Punjab and our neighbouring country is also interfering in our affairs. Some political miscalculation might be the cause of this state of affairs but I think unemployment is also one of the reasons. Unemployment in Punjab has increased ever since the opportunities in Gulf countries have dwindled. Some people have taken undue advantage of this unemployment by misleading the youth to meet their nefarious ends. Some effective steps should, therefore, be taken to solve the problem of unemployment.

I want to point out two or three things in this context. First of all foreign trade should be streamlined to wipe out the deficit in export. We can regularise our exports if we properly study agricultural sector. If the production of the various varieties of wheat, vegetables and orchard produce is increased, we can boost our exports. In the same way in States like Punjab, Haryana and U.P., which are surplus States in the production of food-grains, we can diversify the crops. There is glut of rice and wheat now because we are not exporting these commodities. Therefore, we must set up more and more agro-based industries so that we may be able to motivate our people for diversification of crops and in this way employment can also be generated.

We must also undertake programmes to boost power generation. Electricity is very much needed for agriculture and small and big industries. Electricity generation in our country is very costly. Public money is tied up in various ventures. About Rs. 3274 crores are tied up in the sick industrial units. We should manage our resources in such a way that they are used in the sectors where they are required so as to remove unemployment and achieve progress.

In the end I would like to say that

[Shri Balwant Singh Ramoowalia]

Shri Vishwanath Pratap Singh is not only our colleague or friend but we also have full faith in his integrity. We have full faith in his honesty. If the economic situation of the country does not improve during his tenure, I don't think there is anyone else who can do the needful. If the position remains the same even now and if he is not able to set things right, it will then be a matter of concern. I would, therefore, like to say again that taking into consideration interest of the whole country and the present situation in Punjab, you should think of providing some agrobased industries there. With these words, I convey my thanks to you.

[English]

DR. A. K. PATEL (Mehsana) : Mr. Deputy Speaker, Sir, I understand that if the country's economic development is to be done successfully, one has to make the Seventh Five Year Plan a success.

Sir, we have been put in an awkward situation in the country. We face the problem of balance of payment deficit. To correct it, we have to increase our export and decrease our import. Instead of it, we pursue the policy which increases our imports and does not allow us to increase our exports.

In this regard, I would like to point out the wrong policy being followed by us. For instance, take the price of petroleum products. Sir, the world over, the oil prices have come down from \$ 30 to \$10 per barrel, whereas we have maintained the same price and because of this, our export economy is suffering. There are about 3,000 products based on petrochemicals and therefore the prices of those products are very high and that is affecting our economy very badly. As I told you earlier, one has to make success of the 7th Five Year Plan, to improve the economic situation of the country.

We have laid down the 7th Five Year Plan and it has been going on very well during the year 1985. But as we see, during the last three months, due to re-

peated changes in the policy of the Government, there is a confusion and people are not encouraged to make more exports. The prices of various products at the international level are coming down whereas the prices of our products are going up. That is why, we have not been able to export our products and we cannot stand in the stiff international competition and we cannot stand in the bargaining. We have to make such a policy that we can export maximum so that we can earn more money from abroad.

Sir, coal is one of the factors which affect our economy. Of course, coal production has increased to some extent. But correspondingly, the power generation is decreasing. So many industries are based on coal. We know that there have been repeated complaints that coal contains maximum stones. Even the consumers and the industries do not get the exact weight of coal with the result, it affects the quantum of production.

In our country, as my hon friend, Shri Ramoowalia has pointed out, we should concentrate more on the agrobased industry and on that line. Our country is predominantly agricultural and we know that the farmers are the principal consumers of the products from the agrobased industry. So, if the prices of those products are lowered down, the farmers will be in a position to give the commodities at a cheaper rate to the country and thereby it will have a positive effect on our national economy.

I do not want to say much about these things. But I would request the hon. Finance Minister to take such a step that the economy of the nation is improved as early as possible. My State, namely, Gujarat is having so many irrigation schemes, especially this Narmada. Last year, we faced the problem of scanty rain. Again, we are facing the some problem this year. We are facing the same problem. This year the rains are not sufficient and Nanda Irrigation Scheme, if it is implemented earlier, will have very good effect on production in the farm. We are again worried this year about rains. Rain is scanty and we will have to face a lot of difficulty,

[*Translation*]

SHRI KALI PRASAD PANDEY (Gopalganj) : Mr. Deputy Speaker, Sir, today the House is discussing the economic situation of the country. As I have been allotted only 3 minutes, I would, therefore, in the first instance congratulate the hon. Finance Minister Shri Vishwanath Pratap Singh because he has taken effective steps to strengthen the economic condition of the country after he assumed the charge. The entire House has got an opportunity to express its views thereon today.

The first and foremost thing is that the productivity in the country should increase. Secondly, employment should be made available to the educated unemployed youths. Thirdly, power plays an important role in the economy of the country. I represent Bihar. Shri Vishwanath Pratap Singh had been the Chief Minister of Uttar Pradesh. Being a border district of Bihar, we have firm faith in your efficiency from the core of our heart. Pt. Nehru wanted that a canal should be constructed there and the farmers of the country should be provided water free of cost so that the sagging economy of the country is invigorated. A canal was constructed in Uttar Pradesh but the economic condition of Bihar is going from bad to worse and the economic condition of the farmers is also getting bad. The reason is that there has been heavy siltation of the canal. But neither the Bihar Government nor the Central Government have paid attention towards it. On the one hand the farmer is burdened with the land revenue and on the other hand the productivity is going down due to non-availability of water. This is adversely affecting the economic condition of the country. The most important thing that is unless a project is completed as per the schedule, there will be no improvement in the economic condition. At present also, a number of projects are under execution in Bihar. One is Koyali Thermal Power Project and the other one is Kanti Thermal Power Project which was to have been completed in 1985 but work on it is still going on. Had the capacity of power generation

increased, at least the people belonging to Uttar Pradesh and North Bihar would have benefited from it and the farmers would not have faced such a grim situation.

You are handling such an important portfolio and taking strict action against blackmarketeers. There are two to three aspects of the economic condition of the country. I represent Gopalganj which lies on the border of Nepal. Blackmarketing and smuggling is taking place here unchecked despite several steps taken to curb such activities and despite questions raised in the Parliament in this respect and assurances to this effect. The same condition prevails in Bengal. The petrol pumps in Bengal are selling adulterated petrol. That is why the activities of big smugglers came to light in Bihar, when I was an M.L.A. At that time a tanker with adulterated oil was seized in Bihar sharif. When the arrested persons were interrogated, we came to know that their kingpin lives in Calcutta. If you want to improve the economic situation in the country, you will have to set up an industry in every district so that the unemployed youths may get employment.

With these words I thank you for giving me an opportunity to speak.

[*English*]

DR. CHINTA MOHAN (Tirupati) : Thank you so much for giving me this opportunity. I request you to be a little generous to me.

The economic situation in the country is in a very serious trouble. It has come to an alarming stage. Though we have a very good Finance Minister, but in spite of his best efforts, he is not able to achieve the goal to-day. He is expecting that the economy will grow at the rate of 5.2% in the Seventh Five Year Plan but I have my own doubt. I want to discuss this very sincerely. He said very recently in Madras, our home State, that the economy depends only on the public sector, that the failure or success of the Seventh Five Year Plan will depend mainly on the public sector undertakings. To-

[Dr. Chinta Mohan]

day the public sector undertakings are in a very, very bad shape. We are thinking that we can raise about Rs. 43,000 crores in the Seventh Five Year Plan. Out of a total outlay of Rs. 180,000 crores, our Finance Minister is expecting to raise Rs. 43,000 crores from the public sector undertakings. He expected to raise Rs. 11,650 crores in the Sixth Plan and now he wants to raise four times that amount in the Seventh Plan.

We have about 217 public sector undertakings. Out of that our learned friend, Prof. Tiwari is holding about 55 undertakings. I will take the Ministry of Steel first. This Ministry is in a very, very bad shape. I just want to say a few words about the steel plants, how much they are earning or how much they are losing every year. In 1985 the Bhilai Steel plant earned a very good profit of Rs. 397 crores. Rourkela earned a profit of Rs. 2.6 crores. Coming to losses, the Durgapur plant has incurred a loss of Rs. 425 crores. In the same way Bokaro has incurred a loss of Rs. 108 crores. IISCO has incurred a colossal loss of Rs. 336 crores. From the public sector undertakings from the Ministry of Steel alone you are getting a loss of Rs. 470 crores. You have got the SAIL. Till recently it was incurring a loss of Rs. 1 crore a day. After Mr. Pant has taken over, he has tried a little bit and tried to lift that organisation up. I am happy that it is becoming a profit showing concern.

I am very happy that the Finance Minister and the Industry Minister recently called a workshop and they discussed about an action plan. I am happy that this sort of attitude should come and we should discuss about all the public sector undertakings one by one in Parliament so that we can come to a very fruitful conclusion.

Coming to tax collection, we appointed a Mathai Commission in 1954. After that we did not have any high level commission. To-day our Finance Minister wherever he goes, announces some conce-

ssions or other. Recently with regard to mini-steel industry he said imports of grey iron will not attract any customs duty. Here and there he goes and says 'I will allow some sort of a concession.' There should be some uniformity. You discuss the budget and pass it and any change in the tax proposals should wait till the next budget. Then only there will be some sort of harmony in tax collection.

You are catching all the industrialists and I am happy that you are trying to collect so much of money. But you are not able to reach your desired goal. Tax collections have come to a point of stagnation now. Coming to the tax ratio as a percentage, in the year 1960-61 it was about 10%. After 15 years, in the year 1974-75 the tax ratio has gone upto 15%. Within 15 years the rise in tax ratio was about 5%. In the year 1984-85 it has come to about 17%. By the end of the 7th Five Year Plan we cannot expect that this tax ratio can go more than 20%. With this background I think that the 7th Five Year Plan has come to a fiasco.

Coming to the budget deficit, in the last year though you said that the budget deficit was about Rs. 31.3 crores; yet the real deficit is about Rs. 6500/- crores. This year the real deficit is about 7000/- crores. Within two years we got a budget deficit of Rs. 13,500 crores. But the Planning Commission people are expecting that the 7th Five Year Plan will get a total deficit of about 4000 crores. Within these two years range we reached their expectations. I do not know how you will manage the budget deficit in the coming three years. With this sort of a budget deficit the 7th Five Year Plan is going to be a big failure.

Coming to the expenditure, the present expenditure, is about 42% i.e. Rs. 22,220/- crores today. Wherever the Prime Minister goes or wherever the Finance Minister goes they say that we will try to reduce the expenditure. I do not know how they will reduce the expenditure. Unless

you have some sort of an inner motive inside the Departments you cannot achieve the goal.

Coming to the agricultural production, though we have surplus amount of food-grains today, the prices are rising very high. The inflation, as you are saying today, is 4 to 4.5%; but actually the price rise is about 15%.

The Ministry of Commerce has a Ministry of deficits. Today exports have come down and imports have gone very high. Though our Minister of State said sometime back to an unstarred question that the trade deficit was about Rs. 6111 crores, his conscience knows that the trade deficit is Rs. 9500 crores and plus. With this trade deficit today we are going for a devaluation. You all know that the World Bank is pressing for devaluation of rupee.

With these points I would say that the 7th Five Year Plan is going to be a big failure and the economy is in a very worst situation. I do not know how the Finance Minister are going to solve the situation.

With these words, I conclude my speech.

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): Mr. Deputy-Speaker Sir, I thank the Hon. Members for throwing light on the various facts of the economy. May I say Sir, that the soundness of the economy is testified by the emptiness of the benches opposite? (*Inter uptions*) ...Emptiness of the benches opposite.

You remember a time when the price rise was taking place; they were packed because they had something to say. Today they are empty, there is nothing to say; to focus on. Except for one point....

SHRI NARAYAN CHOUBEY: We are more in number than they are right now.

MR. DEPUTY SPEAKER: Mr.

Minister may continue. Mr. Choubey always interferes.

PROF. N. G. RANGA: The Finance Minister should thank the Members for having paid a tribute to his integrity and efficiency.

SHRI VISHWANATH PRATAP SINGH: They are fully assured of the economy. Mr. Madhav Reddi did find one flaw since the budget. That was by open houses. Even now it was mentioned that these decisions are being made. May I say that open houses are a form of democratic interaction of the Govt. with various sections of the society? The Government cannot be and should not be confined in the four walls of the office room. Shri Madhav Reddi ji said that spontaneous decisions are being made. Spontaneous decision does not mean an *ad hoc* decision. After all, if you know your principles; you have given thought to your policy and have deliberated on it then according to your policy if something comes to light you don't have to go back to your chamber for a decision. But I may assure that more than 99 per cent of the cases are duly processed on files. In fact, every case is processed on file and goes through the normal procedure. I may also assure that no decision is taken on Oral orders. But there are so many cases, for example, one gentleman represented that you have exempted tractors upto 20 HP from excise duty—in fact, all agricultural machinery from excise duty—and he produced nails for the animal hooves. I know my policy. Do I have to call the whole officers and have a meeting with them for months together and then decide or when I know my policy I should take the decision? Can't I take a decision or will you not take a decision?

Another gentleman came. He said that he produced steam in his own factory and used that steam in his own factory and the excise is being levied on it. I ask you to take a decision on that.

SHRI C. MADHAV REDDI: In the first instance before the levy or increase, you knew about it.

[~~Shri C. Madhav Reddy~~]

SHRI VISHWANATH PRATAP SINGH: I give you another example. People come from small sector. Those who come are tiny entrepreneurs with small problems because their problems could not have filtered for years together.

Now one gentleman came to me and said that they put on bodies of the buses on the chassis. Excise duty is being levied on the value of the chassis as well as the body. They said we only make the body. Why are you putting the excise on both? We immediately took the decision to take out the value of the chassis.

Sir, quickness does not mean unsoundness. Very sound decisions have been made. After I came with these new changes of classification and MODVAT if you see the newspapers of March it seemed all is on fire but by the democratic process of inter-action we could settle the issue and by the end of April these problems could be sorted out. For that sake if there is any point which is in the interest of the national economy I will not delay it for one single moment. If industry or trade comes with a justified request without hesitancy or hypocrisy I will accept it. But if they violate the law then I will come down with sledge and hammer. This is known and it is there in black and white. This has paid dividends in solving problems as well as bringing discipline.

Shri Madhav Reddi ji mentioned that I had mentioned let there be a debate on the Budget. In fact, if you see the 'Budget at a Glance' in that document on page 20 we have given the phasing of the Plan, of each Ministry what as per Plan allocation should be. The proposal which he has given is quite acceptable to me. We may debate it in the Parliament and I am ready to accept it right here. This is also like an open house. You make a suggestion and I would immediately accept it. I do not have to go to North Block and sit and ponder over it. Because I think that the suggestion you made is good and cer-

tain document is already there, we can debate this document whenever the Chair wishes. I am ready to take up this debate in this Session or in the next Session, whenever you like.

Coming to the overall view of the economy itself, while we should be critical about matters which are not right or about something which concerns or worries us, at the same time we should not run down what the country has achieved. The country has achieved a lot. Imagine, this country after the colonial rule, being exploited and deprived of its own resources—93 per cent of its resources, has been able to build up industrial infrastructure as well as self-reliance in food grains! And that goes to the management of the leadership. Not only that, but during that process we have also been able to maintain our democratic set up. Development plus ballot box, both could be retained with 93 per cent of the resources coming from own population, of which a large number are needy and short of resources. I think this is something that we should be proud of.

Also, much may be said on the balance of payment and trade side. We have been able to manage this side and we have been able to maintain our economic independence. In various international fora, India can talk with pride and give her opinion which is independent of any other and maintain the cause of the developing countries only because of our economic strength.

In the Sixth Plan, we could achieve the target of 5.2 per cent growth. A point has been made about our rate of growth. Even in 1985-86 the growth rate was 4.5 per cent, which was higher than the growth rate of 1984-85 which was 3.7 per cent.

Now let us take the question of poverty. Here too, the percentage of people living below the poverty line has been reduced from 48 to 37 by the end of the Sixth Plan.

Then, our strength in the agricultural side is our food stock which is more than

25 million tonnes. We can use it for feeding the drought affected areas and to control prices. That is one of our major assets. And this year also, the monsoon has been so far sound and we hope for a better crop than last year. We are strengthening our public distribution system. We are increasing the allocation for anti-poverty programmes and we are also coming up with a scheme for the urban poor. These are the various thrusts that we have given for the overall development.

Coming to industrial growth, the Quick Estimate figures of April show that the growth rate at 7.7 per cent has registered improvement over last year. In the infrastructure side in electricity generation if we compare the April-June figures, it is 10.4 per cent higher, while last year's average growth was 8.6 per cent. Similarly, in our coal production also the rate of growth is higher. I am not going deep into all the percentages, but this increase is there in the infrastructure.

One thing that I want to mention particularly is about the investment activity. The capital issue approvals in 1984-85 was Rs. 2003 crores. In 1985-86, it was Rs. 3695 crores, i. e. a growth of say more than 80% or 90%. If you see it from 1983-84 angle, it was only Rs. 1023 crores. Now in 1984-85, it is Rs. 3695 crores, that is a rise of three and a half time in two years. Even in this quarter, it is going on very well and I think it may be about Rs. 900 crores.

A point was made that this is a symbol or proof of the private sector growing. I think this is one of the success stories which we should appreciate. The private sector till now was drawing upon these financial institutions, where cheap money was available. Now, we have been successfully able to push them to the market and the financial institutions resources are not committed to those who have gone to the market. So, I think this is a real success story which we should appreciate.

SHRI C. MADHAV REDDI : This is in addition to what they are getting from the financial institutions.

SHRI VISHWANATH PRATAP SINGH : If this was denied and the financial institutions would not have been able to support it, that much investments would not have come and that much of growth would not have taken place. So, it is a root of mobilisation of resources. A point was also made about the growing deficits.

SHRI S. JAIPAL REDDY : Which deficit—trade ?

SHRI VISHWANATH PRATAP SINGH : I am now coming first to the Budget deficit and thereafter balance trade deficit. We are scared of budget deficits because of its impact on inflation *not per se*. In fact, if we can manage inflation and also use the deficit, we have to use the resources.

MR. DEPUTY SPEAKER : One way of raising the resources.

SHRI VISHWANATH PRATAP SINGH : So, last year, when I presented the Budget and also this year, everybody said, well this is a huge deficit; It is a record deficit and inflation will be of double digit. I was waiting because I was a new comer to the Finance Ministry and I thought wise men are saying that perhaps, I don't know there might be double digit inflation. But the year ended—last year—at 3.6% or 3.7% and I think it was not double digit inflation. It was only the malady of double vision on that side. That way even one digit, they see two digits. Even now inflation rates are hovering around 4 per cent or so. So far, if you measure the impact, it is not bad. You can know what Shri Chaubeji has in mind. He has Consumer Price Index in his mind. I know what you are going to say. So I can say that also.

Now the Consumer Price Index for 1985-86 has a rise of 8.9 per cent, and if you compare what has been the order in the past, it is roughly of the same order.

[Shri Vishwanath Pratap Singh]

1979-80	12.3 per cent
1980-81	12.6 per cent
1981-82	8.8 per cent
1982-83	9.8 per cent
1983-84	11.2 per cent
1984-85	5.0 per cent
1985-86	8.9 per cent

[Translation]

SHRI NARAYAN CHOUBEY (Middanapur) : It goes on increasing if one goes to the market.

(Interruptions)

[English]

SHRI S. JAIPAL REDDY : What about accumulated burden on the poor consumers ?

SHRI VISHWANATH PRATAP SINGH : I am now coming to that also. Even if we discount for it and calculate our Net National Product-per capita-it will take account of inflation also of 1970-71 prices. If the 1970-71 prices were 100, then during 1984-85 they were 165. So, even if you discount for the inflation, the real *per capita* incomes have grown. So, that is the essence of the argument.

Coming to consumer price index, since I am still on that subject, if we take the rise during the financial year upto May, from the beginning of the financial year to May and compare it to last year, it was 2% this year compared to 2.4% last year, and prices of cotton, cloth, salt, bread, soap, matches, cement and detergents have been fairly stable during this period---these are items of common man's use.

SHRI C. MADHAV REDDI : What about cereals ? The highest price rise has been in cereals.

SHRI VISHWANATH PRATAP SINGH : I will come to them. These price increases which have been there are basically in respect of vegetables and oilseeds. This is the group, particularly, where they have gone up. About pulses I am not sure. Your information on pulses is there.

The point was that when we argue item-wise; there is a fallacy. Last year, we argued about sugar. It was felt that not only this roof will fall, but the sky will fall-- when we argued about sugar last year. I know that on sugar, I could not move either this side or that.

SHRI S. JAIPAL REDDY : At one time, your party was arguing only on onions.

SHRI VISHWANATH PRATAP SINGH : Remember last year's debate on sugar, and see your speeches. You said everything was going to crash on sugar. I did say on the floor of this House that we would manage on sugar, and we have managed on sugar. It was on the floor of this House that I said it, 'Yes; there is a problem on sugar, but we will manage it.' We took policy decisions. We announced hikes in the prices of sugarcane, first to the extent of Rs. 2.50 per quintal and then to the extent of 50 paise per quintal during next year, Thus we could encourage the farmer to grow sugarcane. So, it was with some policy decision that we could get out of it.

If we see which are the items where there is price rise---it is there on vegetables and fruits, tea, oilseeds, gur, edible oils and oil-cakes. Pulses have come down. Prices of cardamom have come down. Coffee has come down. Cotton has come down. But there is a problem for the farmers. This is a negative problem.

SHRI C. MADHAV REDDI : What about edible oils and cereals ?

SHRI VISHWANATH PRATAP SINGH : About edible oils, I want you to understand the basic point, because this has been raised again and again. This group viz the agriculture group has got 52% weightage in the Wholesale Price Index. This being so, this is basically an area which is totally in the private sector, where we do not have any governmental control, except through foodgrains supply system, and the support price system. You have nothing else to be called management control, with the Government. So, basically it comes to the stimulation of production.

SHRI S. JAIPAL REDDY : You have the instrument of fiscal policy.

SHRI VISHWANATH PRATAP SINGH : It is not fiscal policy. No taxation is involved in this area. Let us not confuse it. That is why I say that this 52% out of the Wholesale Price Index has nothing really to do with taxation or fiscal policy. Money supply has a general effect. But it is basically the agriculture sector, which is in the private sector which Government does not really control, except by price support operations.

SHRI S. JAIPAL REDDY : It depends on inputs viz. fertilizers, pesticides etc.

SHRI VISHWANATH PRATAP SINGH : That is only one factor. So, basically, the real answer lies in stimulating production of these items in the agriculture sector, giving agriculture a high priority, seeing that the inputs are available to the agriculture sector, and giving the highest priority to these areas. That is the real solution that we have got here.

Now, one thing, on the oilseeds I want to share with you, just like sugar, we spent Rs. 600 crores on import previously, but we took similar policy decision and slashed down import of sugar to Rs. 150 crores this year. Similarly, in oil seeds, we, being an agricultural country, there is no reason why more than Rs. 1000 crores should be the outflow of foreign exchange on oil seeds. Therefore,

we have taken this as one of the items of reduction of bulk item of import with which the hon. members are concerned; and we have taken certain policy measures: firstly, we will support the farmers on support price operation and for this whatever fund will be necessary will be made available. Secondly, for the use of indigenous oil and these minor oils which are produced in the country, we have allowed the use of it in the vanaspati and also, if it is used beyond a certain percentage, certain concessions also have been given to promote the consumption of this and, therefore, the production...

SHRI S. JAIPAL REDDY : Why not encourage the use of coconut oil ?
(*Inter:uption.*)

SHRI VISHWANATH PRATAP SINGH : I quite agree that Kerala will be benefitted. We have to cut the import of edible oil also.

SHRI BASUDEB ACHARIA : It will be cheaper.

SHRI VISHWANATH PRATAP SINGH : That is the point. Now we have to choose and every country will have to choose. While we can manage the demand side of it by more supply by using foreign exchange and keeping it cheap; that is one management we are suggesting; we can do it or the other side is to pay short term price for a few years, giving farmers better price; may be prices go up, but, at the same time, get rid of import and maintain our economic independence; economic independence demands price. If you want to take it in an easy way, you can spend your foreign exchange and go on doing it.

SHRI NARAYAN CHOUBEY : You follow it in the industry also. We are not following it in the industry.

SHRI VISHWANATH PRATAP SINGH : I am coming to this.

SHRI S. JAIPAL REDDY : This will be applicable only to agricultural

[Shri S. Jaipal Reddy]

products. What about industrial production? You are following the World Bank's advice.

SHRI VISHWANATH PRATAP SINGH : I am coming to that also. I have not finished my speech. Unless a painter does not put the last stroke on the painting, we should not comment on the painting. *(Interruptions)*

SHRI SOMNATH CHATTERJEE : What is intended to be painted ?

SHRI VISHWANATH PRATAP SINGH : The real picture also. We have a plan on the capital goods side. I am coming to that also. When I come to import side I will touch that also. I am on the agricultural side; that is why we are developing a scheme.

SHRI NARAYAN CHOUBEY : You have a middle man in the agricultural sector.

SHRI VISHWANATH PRATAP SINGH : We should prepare the country. Yesterday, Mr. Harish Rawat also mentioned this point that we have to prepare the country. If we want to maintain economic independence, we have to be ready for it; and that is the only real answer to conditionality that is being tried..... *(Interruptions)*

MR. DEPUTY SPEAKER : I do not know whether you are replying or Mr. Narayan Choubey is replying.

SHRI VISHWANATH PRATAP SINGH : Either you convert it into a calling attention or you allow me to speak. In that case, I can answer it question by question. The other management that we did successfully last year was that in spite of high duty budgerary deficit, inflation rates could be controlled—a very tight control on money side. The M³ growth rate was over 18 to 19 per cent in 1984-85 and 1983-84. We could bring it down to about 15 per cent. So, it was due to a very good management

of the money supply also that the inflation rate could be controlled.

When you come really to prices and say why don't you really control them and stop price rise and so on, even where the agricultural sector and the total sector is under centralised economy like china where it is totally controlled.

Even there, in the first quarter of 1985 the inflation grew by nine per cent. and in the first quarter of 1986 the inflation grow by eight per cent. Now you may ask, that it is a controlled—totally controlled—economy, and why is there a price rise.

SHRI NARAYAN CHOUBEY : They can stop.

SHRI VISHWANATH PRATAP SINGH : But there are certain economic forces and competitions. So, that has to be taken care of. That is not really the answer. There has been inflation in China up to 8 to 9 per cent. higher than ours.

SHRI NARAYAN CHOUBEY : They control everything in the agricultural sector.

SHRI VISHWANATH PRATAP SINGH : You give a thought to it. And here, in the oilseeds what are we doing? Vanaspati Industry was being supplied imported oil upto 60 per cent of their requirement all through. Now what have we done? To take care of the interests of the framers, when the farmer will be selling oilseeds we reduced the supply of imported oil. So, the farmers gets a good price. And when he had sold, it is not with him in the lean period, then we increase the supply of imported oil, the total remaining the same. But it will be anti-cyclical to take care of the interests of the farmer. So that is the policy we are adopting now. And further we came to the House with the Discussion Paper on Administered Prices. I think, I need not go into those details and the Prime

Minister himself is very keen on the exercises being done in the public sector, that everybody makes an exercise of cutting costs, per unit costs of production, on raw material, on inventories, on depreciation, on overhead costs and total wage cost, and finally by increasing production. So, these exercises are being done.

My problem is only this. While all these achievements are there, my learned friends on the benches opposite, somehow feel that everything is going wrong, when things are right. And when from a country which was importing food, we have become a country which can export food-grains, they say, "why are you in surplus? Why is this surplus?" That is the question they ask.

SHRI NARAYAN CHOUBEY : Think of Kalahandi.

SHRI S. JAIPAL REDDY : We do not have the purchasing power.

SHRI VISHWANATH PRATAP SINGH : When we are able to provide the industries, from the financial institutions to the market, then they say, "why is the capital market buoyant?" And by introducing technology—Members on the opposite also admitted that—the quality of our goods has gone up, much better, and where we improve the quality of our goods, they say "why are you opening the gates of technology?" So, it is not a question of double vision but also coloured vision.

AN HON. MEMBER : Colour television.

SHRI C. MADHAV REDDI : You have not allowed the public sector to issue bonds but you are allowing the private sector...

SHRI VISHWANATH PRATAP SINGH : Public sector, I have issued bonds and that is what the private sector is complaining.

SHRI S. JAIPAL REDDY : Technology is being imported in the area of luxury goods.

SHRI VISHWANATH PRATAP SINGH : We got the power bonds, we have got the tele-communication bonds and the private sector has many times said that, "You are encroaching upon our area" and this was what I said, this is the same area which is the same. Then, in Hindi, they said, Sahib, Saanp nahim kata lekin. saanp raasta jaan gaya hai (Sir, although the snake has not bitten, yet it has found the way. So, they have changed. Then more and more advances will be drawn in this fashion.

What is really the thing is that India is unique in its size, in its heterogeneity, in the juxta-position of the traditional, as well as the modern, its—economic structure, and there is no other example in developing countries with such a complexity. And I agree here, with the hon. Members that a large population being poor, no economic strategy can have any meaningful purpose if it does not address itself to the core issue of improving the lot of those poorer sections. Otherwise, it has no meaning; no economic strategy has any meaning. And in this section of the society a major part of income is spent on consumption. Therefore, the re-distribution of wealth really means increasing the purchasing power in real terms of this section of society. And at the same time, because there are sectoral rigidities increasing the purchasing power alone will not solve the problem unless the wage goods are also not made available. Otherwise, it will only result in making the inflation high. If you see the basket of wage goods again, it is the agricultural sector where lies the solution for the common man. It eats into the scarce resource of land. The most scarce resource is land. And that does take us economically and logically to land reforms, of coupling the motives to produce to the reward of the labour. There are no two opinions about it, because in a capitalist country we have seen that by linking the labour to the reward in the field of agriculture, with lesser capital, we could get more produce, And it is the rural economic relationship and its change that could give us the unleashed productive forces.

A point about the class character of the party was raised yesterday. It was

[Shri Vishwanath Pratap Singh]

this party which abolished zamindari and feudal system. It was this party which fought for tenancy rights for the people.

SHRI BASUDEB ACHARIA : On paper ?

SHRI VISHWANATH PRATAP SINGH : In real terms.

Our Prime Minister, Shri Rajiv Gandhi, has put the greatest emphasis on land reforms. There are legal problems of litigation, stay orders, etc. We will have to sort that out. Today we give a patta to a Harijan or a worker, a stay order is issued.

[Translation]

SHRI NARAYAN CHOUBEY : When we do not take note of that, why do you do so ?

[English]

SHRI VISHWANATH PRATAP SINGH : I agree. There is injustice, because if you invite a person for a dinner, then you should not ask him to cook. If we give a patta to a landless worker, we should not ask him to spend a lot on that. Basically this is the position we have now. Our Prime Minister is attending to that issue. He has put it on the priority list of attention. At the same time, various inputs to agriculture also have to be maintained. Of course, in the first stage we had irrigation. Now we have got the scheme of fertiliser projects.

PROF. N. G. RANGA : Credit supply also ?

SHRI VISHWANATH PRATAP SINGH : I am happy to report that last year the banks were below the 40 per cent norm in the priority sector. Today they have crossed 40 per cent lending mark in the priority sector.

Coming to the urban poor, here it is not a question of land, but it is unemployment. Any meaningful attack on urban poverty is through employment. The announcing of the schemes that we have, of giving resources to the urban poor, that is the first step in that direction that the Government has recognised. *(Interruptions)* I do not make a grandiose claim on it. But I am saying that it is one step in this direction that we have taken...*(Interruptions)*

14.00 hrs.

Now, coming to the fiscal policy, I need not expound the point of social justice. Yesterday Panigrahi Ji was here and he very ably pointed out that the fiscal policy leads to social justice. And when it is said, I am very sorry that the whole lot of measures that the Government has taken for the working class, for the poor people, is just totally ignored when these allegations are made. Is it not true that we have come up with a scheme of workers' dues being *pari passu* with secured credit ? Then there is the scheme of crop insurance. Under this social security scheme, crops in two hundred districts are being covered...*(Interruptions)*

SHRI S. JAIPAL REDDY : Small mercies.

SHRI VISHWANATH PRATAP SINGH : Then there is the scheme of Rs. 125 crores in this year's budget for Scheduled Castes and Scheduled Tribes in the name of Indira *Aavaas Yojna*. Already we hiked up the anti-poverty programme by 65 per cent. So, let us not go on with one brush. These are positive steps. We stand by these policies and we do not want to be apologetic, we do not need a certificate. It has been the tradition of our party and of this Congress Government to stand by the poor and we shall stand by them with all resources and what might be there. We do not want a certificate from them...*(Interruptions)*

Basically these two years have been a thrust on basic reforms on the taxation structure. Basically, three cardinal principles are there. One is trust, second is

simplification of procedure and the third is heavy punishment for breachers. So, it is the combination of these three elements which has led to this. On the one side we said, up to Rs. one lakh return we will take it on trust. About the small-scale sector we said, up to Rs. 50 lakhs turn over we will take on self-assessment. But, at the same time, when there is any evasion, we have not spared. We have introduced the international classification system. India is the first in the world to introduce this system *in toto*. Forty countries had agreed that they will introduce the harmonised system of classification in the customs and excise. None had done it. India was the first to do it. We have done it and we were invited in the forums in Europe to come and give our experience to the other countries. Our Chairman of CBEC was invited. He went to Europe and settled it and now it is smoothly functioning. Same way we introduced MODVAT which is settled now. The industry is asking for expansion of that. Its utility has been recognised... (*Interruptions*).

PROF. N.G. RANGA : Initially they were very doubtful

SHRI VISHWANATH PRATAP SINGH : But that stage has gone. Now it is desirable. There is no doubt about that. We have not spared the rich. So far as taxation of cars or luxury goods like televisions or air conditioners are concerned, we did that.

Now I come to the capital goods industry which was being mentioned here. Here, last year we reduced the customs duty on project imports from 65 per cent to 45 per cent in previous year's budget. But perhaps that was too deep a cut. It hurt our capital goods industry. That is why in this budget we raised that 45 per cent to 55 per cent. Not that we are not taking care of the capital goods industry. It is the hub of our self-reliance. Any capital goods industry has to be strong if the country has to be strong. At the same time we have asked the Industry Ministry also to give us a list of items which under the cover of projects

come and which are being produced here. As soon as we receive the list, we will take care and see that either it is deleted from the projects or duty is imposed which protects our indigenous industry. So, rest assured that we will take full care of our capital goods industry. But there is a dichotomy also. We have also to modernise it. If we don't do that, then, production means preserving of obsolescence. Let us be clear. You are protecting your industry to be alive. All right. But at the same time, you are preserving obsolescence. So we have to strike a balance. While we say that they are alive and healthy we at the same time pressurise them to go for modernisation. So here the balance has been kept and the human factor also comes under stress, in modernisation. For that also we will have to have some practical scheme and approach where we can take care of the human factor, where a problem arises in the modernisation process. But we have to modernise and compete and be alive. In that there is no option. Even the centralised economy is realising it and they have started the process.

One point has been made that because you have in the fiscal policy said that you are not going to raise the taxes, therefore you have bound yourself, there is no resource and that is why the resource problem comes. May I tell you, on tax realisation there is no resource problem? I tell you that on tax realisation we will not only fulfil but overfulfil our plan targets. That I can now say with confidence, having operated the mechanism.

Personal income tax collection last year rose by 45% where the tax concession was at the maximum. 45% rise in personal tax has not been known since Independence. Upto April, May, June, that is, one quarter, the growth in personal income tax is 30%. On 45% maintaining a growth of 30% is very creditable. (*Interruption*) In Personal incometax, it is not arrears. That will be on the excise side This growth rate usually used to be 8 or 10 or 11% but on 45%, maintaining 30% growth is very creditable. I want

[Shri Vishwanath Pratap Singh]

to give credit to the Revenue Department. I think when they do a good job I should stand in the House and say that they have done a good job. Similarly States say many times, when you say about personal income tax, it is not that my Budget has benefited. Well, I don't think so. We are all one country. For the States, about Rs. 570 crores extra I could transfer because of this better realisation.

One point was made that in excise lot of concessions are being announced, wherever the Finance Minister is going. he is announcing concession. But I told you the nature of it. All these things are duly processed and only after that, this is done,—anything is announced. But even then, in spite of all that has been done on the excise side, I will maintain my Budget targets even after all these concessions. There is nothing by which the revenue of the Government is compromised. Even now the growth rate on excise is 15%. That is what is in the Budget target. We will take care of that.

SHRI GIRDHARI LAL VYAS : It should be 40 per cent growth.

SHRI VISHWANATH PRATAP SINGH : Forty per cent growth? You started everything and say prices have gone up.

PROF. MADHU DANDAVATE : It seems you have already left a cushion.

SHRI VISHWANATH PRATAP SINGH : The other point was made that raids were made earlier, now they have been stopped. Some Member made this point that last year was the year of raids and this year is the year of concessions. *(Interruptions)*. Well, I want to shatter that appearance and show you the real position. In the first half of 1986 against 2,854 cases you account of anti-evasion measures in respect of excise itself the amount of evasion detected is Rs. 34,456 lakhs whereas in 1985, in the first half of the year, against 3,210 cases the duty evasion detected was Rs. 3,708 lakhs.

Firstly, the figure has gone up 10 times from Rs. 3,708 lakhs to Rs 34,456 lakhs —about 10 times growth.

SHRI INDRAJIT GUPTA : But how much is recovered? It is only 'detected'.

(Interruptions)

SHRI VISHWANATH PRATAP SINGH : And what is more important is that per raid the amount has gone up. If you see the amount per raid, in 1985 it was Rs. 1.7 lakhs, in 1986 the amount per raid is Rs. 12 lakhs. That means, we are catching the bigger fish, not the fish but the whale.

SHRI VIRDHI CHANDER JAIN : What about the recovery?

SHRI VISHWANATH PRATAP SINGH : I am coming to that. Here, for 1986 we have got the recovery, I can get the recovery figures, but here is what I want to say on this point, not of recovery but the point was made that we are not putting pressure on the evaders. I am telling you, the pressure is 10 times, the quality of this is much better, it is the bigger ones that are being caught because that is 10 times higher and per raid also it has gone up from Rs 1.7 lakhs to Rs. 12 lakhs.

PROF. MADHU DANDAVATE : Do you call it better quality?

SHRI VISHWANATH PRATAP SINGH : Yes I do, I will maintain that. And some of the companies, the big ones which have been raided and searched are GTC Industries, i.e., cigarettes, Usha Martin, Bacalite High Lamp, i.e., Goen as and New Lux India, Bombay.

Coming to the Director of Revenue Intelligence side, the same phenomenon is there—in 1985 it was Rs. 12 lakhs per raid, this year it is Rs. 24 lakhs per raid, and some of the names are—Kothari Electronics, Madras. It is not a small fish. Then Ganapati Exports.

PROF. MADHU DANDAVATE : They are exporting God also !

MR. DEPUTY SPEAKER : It is a company.

SHRI VISHWANATH PRATAP SINGH : The Enforcement side has also shown the same trend. I need not go into the figures of it, but some of the names you want because that is what your question is—whether the big fish are being under pressure. And this is of recent year about which I am speaking, not the last year. These are the names of this year.

PROF. N.G. RANGA : But let us have the names.

SHRI VISHWANATH PRATAP SINGH : Oswal Group Company, Ludhiana, Brooke Bond and Bata—of course. they have confessed what they were doing—Jukai India Ltd, Calcutta and Continental Construction, Delhi, Arvind Construction, Delhi. So, let there be no illusion. Yes, I did say that unless we go to prosecution we will not come in the press, but I can come to the Parliament if you question.

PROF. MADHU DANAVATE : The press has to pick up from the parliamentary proceedings.

SHRI VISHWANATH PRATAP SINGH : From anywhere it likes. Parliament is Parliament, and our liberty and freedom are here on both sides; I can share with the House, I will not keep secrets.

SHRI C. MADHAV REDDI : Your amnesty scheme is for evaders.

SHRI VISHWANATH PRATAP SINGH : Yes, amnesty scheme. One thing is very clear. And the point was raised here. That no concession *vis-a-vis* tax is given. They have to pay the tax. That is cardinal. Even in our income-tax scheme, even in our excise scheme, there is no concession on tax. What we are conceding is that we will not prosecute and penalise. If you come and pay your tax and that is also in excise side—it is a very limited section—anyone who has evaded the tax by classification and has

reflected the proceeds in the books, only he can claim. But anyone who has clandestinely removed the goods, he cannot claim it. If they have not reflected in the books, they cannot claim it. Of course, smuggling etc.. is out of question. If they have not reflected in the books, then the shareholders' share was also eaten away.

SHRI C. MADHAV REDDI : It is not very clear to us.

SHRI VISHWANATH PRATAP SINGH : It is like this. If somebody misclassifies, misdeclares the proceeds of the sales, he shows it in the books...

SHRI C. MADHAV REDDI : Misdeclares, it is because of miscalculation or...

SHRI VISHWANATH PRATAP SINGH : Either or both. He pays less duty; he ought to have paid higher. But the proceeds of the sales are reflected fully in the books. So only this category can come up where he has not eaten away the shareholders' money. Where he has clandestinely removed goods from the factories and not showed them in the books, produced them just, he cannot come for any amnesty. Of course, smuggling otherwise is different. He cannot claim. So, it is a limited one.

SHRI C. MADHAV REDDI : What is the rate of interest ?

SHRI VISHWANATH PRATAP SINGH : 6%.

SHRI C. MADHAV REDDI : It is too low.

SHRI NARAYAN CHOUBEY : What is the result of your scheme ? Is anybody coming out ?

SHRI VISHWANATH PRATAP SINGH : As regards the result of my scheme, last year in income-tax, it had a positive result. I think about this apparently, I cannot say. These calculations I do

[Shri Vishwanath Pratap Singh]

not have. But several hundred crores I think must have come under the direct tax side. And on this side, well, this is an opportunity Government is giving. You come out clean. And when the screws will be tightened and then you have no reason to complain. It is a very clear thing. It is the time-window—not for ever. It is a time-window. If you want to come clean, you say, I have some problem. All right, come clean, I will not attack. And when the screws are on, thereafter, you have no time to complain because I have already given the time. That is the thing.

So, one point was made about the need for control of expenditure. I think, we will have to make serious efforts on that side. At least on the achievement side, there are no overdrafts with any State. I think, after 10 years, it seemed a malady that would never go for a decade—overdrafts. Nobody remembers the overdraft.

SHRI S. JAIPAL REDDY : You must give them credit.

SHRI VISHWANATH PRATAP SINGH : Yes, I give credit to the States.

SHRI S. JAIPAL REDDY : You are resorting to deficit financing. You have only prevented the States from deficit financing.

SHRI VISHWANATH PRATAP SINGH : Thank god, they are not multiple centres of fiduciary money-making. Otherwise what will happen to the economy ?

SHRI S. JAIPAL REDDY : You must observe the same discipline.

SHRI VISHWANATH PRATAP SINGH : Yes, yes. Discipline is required on that.

The other thing is, what we are doing is to draw up commitment budget. That is, about various projects, how their

commitment in finance will grow in the coming years. So, when you take any new project, you should know whether there is any space for financing ahead or not. So, underfinancing, what was just mentioned, of various projects, could be avoided in this fashion. Then the Zero-based budget, also the process we are introducing. But with the Pay Commission's Report coming in, I think, we will have to do much more exercise in cutting out expenditure, if we are to buffer the impact of inflation. And I think, we have to do exercise in cutting out expenditure; that it really hurts. I think, it has no way out of this and we will go into this exercise of cutting out expenditure, if we are to save the people from inflationary impact.

About the projects in the States being monitored, the Planning Commission is monitoring priority areas of investment in the States and if States do not spend on it, then I think, the grants to the States to that extent will be cut. That has been made clear. Even in the Ministry within three months if they do not spend, then that can be reallocated to another Ministry rather than waiting till March to indent and allow certain expenditure. Of course, the public sector is in need of reduction of costs. For export purposes, we reduce the cost of money and reduce the interest by 2.5%.

SHRI C. MADHAV REDDI : How are you going to satisfy the steel sector ?

SHRI VISHWANATH PRATAP SINGH : There are problems. I think these problems are short time problems that we are having at this moment. They did perform well and we have to boost up the public sector because 52% resources of the Plan have to come from the public sector. We have to choose one thing. When we come to resources, do we commit resources to the dynamic sector of the public sector which is contributing to the savings of the country and contributing to the resources of the country or do we take those resources and commit them where there is negative saving ? We do not have resources enough that we can go on giving where is negative saving rather

than put these resources where there is dynamic sector of the public sector, growing sector of the public sector, healthy sector of the public sector. That will give a good name and then public sector can really come to strength.

SHRI SOMNATH CHATTERJEE : Negative trend can be changed.

SHRI VISHWANATH PRATAP SINGH : All efforts could be made. Here I agree that we will have to take the labour into confidence and not only shop floor level etc., but real Board level management participation of the labour will have to be there.

SHRI SOMNATH CHATTERJEE : There is no Managing Director for the last four years in the public sector undertaking.

SHRI VISHWANATH PRATAP SINGH : We can go into the details but because in the private sector the owner has put in money, he has got interest. When we take that mechanism out, then labour has the vested interest and it wants to run it. Labour does not want closure. Those factors we should involve into management in a public sector.

SHRI NARAYAN CHAUBEY : Why should it be done ?

SHRI BALASAHEB VIKHE PATIL : They are sick.

DR. CHINTA MOHAN : What is your expectation about the balance of payments ?

SHRI VISHWANATH PRATAP SINGH : I do expect that they will give it. Coming to the balance of payments side, it is one area (*Interruptions*). May I continue to share my thoughts with the House ? Even if you see my speech, 1985-86 Budget speech, I did pose this problem. It is not something new which Government did not anticipate. In that very speech, I did mention that growth in crude oil production that we were getting will not be of the same order as in the

Sixth Plan. It was also visualised in that very speech that concessional flows will be coming down, foreign flows as well as IMF loans, instalments, repayments will come. As far back as in my last Budget speech I had posed it. It is not that all of a sudden we are coming to the problem. We are aware of this problem. What has been our concern on our export front ? On the export front, as is rightly mentioned, the world trade which grew by 5% in 1984, grew only by 2.7% in 1985. The whole world trade collapsed. Growth rate became half. It is bound to have an effect on us. If you go out when it is raining, you may put on the umbrella but certainly you will get a little wet.

Then there is the protectionist trend. The recovery which was mentioned by Mr. Reedy, that US will be the main machine and the conveyor belt, will go and the whole world economy will start moving. I told the people that all this model does not work. And if this is the model, then you should be responsible for its downfall also. So you should be prepared for that. If the world economy has derailed, then you should see why it has derailed. So these models and these recoveries that have occurred have not percolated to the developing countries. The entire trade with the developed countries has not percolated to us. So these are the real hardships in the international environment in trade that we are facing. In this context, if mid-term modifications are necessary, we will make it because national interests come first....

SHRI S. JAIPAL REDDY : There is hardly any scope for mid-term changes.

SHRI VISHWANATH PRATAP SINGH : There is. A point is made that if the exports do not grow as expected and if there is a shortfall of say 2%—that point Mr. Madhav Reddi made—then you will have to go and borrow 3 billion dollars from US. This is not the only option if our exports do not grow. But we hope that they will grow..... (*Interruptions*) But the national option is not that if exports do not grow, then I should take loan. Why not in many

[Shri Vishwanath Pratap Singh]

areas we tighten our belt? Taking loan is not the only option. We should prepare the country for this purpose if that is the case.

AN HON. MEMBER : There is the import liberalisation also.

SHRI VISHWANATH PRATAP SINGH : We can make corrections in that, because the national priority is the first. We have certain assumptions of world trading environment. Now when the world trade environment does not come the way we expected, it is in our competence to make mid-term changes. But it is not reversal of the policy because you should also know that so far as imports are concerned, we have now got the figure of last year. It has not gone haywire. Imports total growth last year was 11.4%. The earlier figure which was for 6 months was 24% and all that. That was due to bunching. The total growth is 11.4%. In 1984-85 it was 9% and in 1983-84 it was 10%. So from 9 to 10 per cent it has gone up to 11.4 per cent. It is not due to import liberalisation and all that. It is not a quantum jump. So let us make a proper diagnosis before we prescribe the medicine. Otherwise, just because there is fever, without diagnosing properly whether it is typhoid or malaria, you will give quinine and the patient will die. So let us make a correct diagnosis ..

AN HON. MEMBER : You have made it ?

SHRI VISHWANATH PRATAP SINGH : Yes. Here we will have to push our exports and where there is any item of unnecessary imports, we should certainly curb them. That exercise we are doing in the Industry Ministry. We are also doing it by increasing production of sugar, edible oil and all that.

One very relevant point was made that the big houses should contribute to export. Panikaji made it, Panigrahi and other members from the Opposition also made it. I think that is a very important point. You should ask them very squarely.

It is in the national economy we give licences. That is an investment in the country. It is a national effort. But, at the same time, the biggest foreign exchange commitment, if you see, is to the big licences and to the big houses. While we commit our foreign exchange—I do not want to build a case that it is not needed, it is needed even in the interests of the nation—but when we commit it, they owe a responsibility to the country which gives them this opportunity. They should not see the country as a market only. While we commit foreign exchange, they only generate rupees in this market. They owe a responsibility to earn us foreign exchange. Even our labourers and workers in the Middle-East, they all contribute about Rs. 3000 crores by their sweat and blood. They have not got any big money with them. But they do serve their country. It is time that we tell the big business industries very squarely that they owe a contribution to your country. The foreign exchange out-flow goes on various projects—if not by that product itself, but as a group. You want that atleast for your raw-material inputs and your capital cost. You atleast earn that amount of foreign exchange. That is very well.

MR. DEPUTY SPEAKER : You want to give protection to them? The big business industries, they get a lot of protection. It is due to export also.

SHRI VISHWANATH PRATAP SINGH : It is protection. That's because of great distortion. We protect them to that extent. Shri Choubeyji while pleading about this said that not only capital goods industry but also we have to see even those which are with low-productivity. They are profit-making. We have got such a regime of protection that their productivity is low. But high profit. How can we run the economy like that. We have to say that there will be an end to existing protection we cannot extend the protection.

SHRI C. MADHAV REDDI (Adilabad) : Those who run 100 per cent export-oriented business or industries,

they are now opting out. You are permitting them.

SHRI VISHWANATH PRATAP SINGH : They are not big business people. In export, a lot of small people are also involved. Some big houses come out lately.

SHRI CHINTA MOHAN (Tirupati) : We are importing so much of defence material. Why cannot you ask them to take our exports also.

SHRI VISHWANATH PRATAP SINGH : Yes. That is a valid point. I accept that point. We should try to link our imports with exports wherever we can.

SHRI R. L. BHATIA (Amritsar) : Sir, Shri Madhav Reddi mentioned about 100 per cent export. It is not 100 per cent export. They import the raw-material, manufacture the goods and then sent it. At the most, they earn 10 to 15 per cent foreign exchange. There are agricultural commodities like rice which we are exporting. They earn 100% foreign exchange. I would like to know what is the difference between people who are bringing 100 per cent foreign exchange and others? Are you going to give them certain facilities ..

SHRI VISHWANATH PRATAP SINGH : That is on net-foreign exchange. In the import-export policy, there is an element of benefit which is calculated on net-foreign exchange. Here, the net element of foreign exchange earning will come.

SHRI S. JAIPAL REDDY (Mahbubnagar) : Is he talking of Basmati Rice export to Russia ?

MR. DEPUTY SPEAKER : All the rice produced in India and exported, it is 100 per cent. Not only Basmati rice but all other rice will fall under the same category.

SHRI VISHWANATH PRATAP SINGH : Now, I come to the last point

that was made because now it is lunch time.

(Interruptions)

MR. DEPUTY SPEAKER : You are giving good lunch for every one.

SHRI VISHWANATH PRATAP SINGH : The States biggest share is from Agriculture. 80 per cent of our population is engaged in agriculture. It is only agriculture that can solve many of our problems like poverty and unemployment.

PROF. MADHU DANAVATE (Rajapur) : But they are not getting anything.

SHRI VISHWANATH PRATAP SINGH : The other issue was the transfer of resources to the State. That point was made as to how much the States get from the fiscal policies.

Please see the proportion over the years of the total State taxes and the Central taxes. The States' taxes share has gone up whereas that of the Central has come down. That shows the elasticity that the States tax is higher than the Centre.

The second point is that of the mechanism of Finance Commission's transfer of resources from the Centre to the States. That has a fairly even proportion; over the years it has come of the Centre's resources of 30 to 33 per cent. The third point is that during the Sixth Plan—and it goes to the credit of the States—that almost all the States exceeded their additional revenue resource mobilisation target. That means that there is no shortage of resources because all States exceeded the targets. The problem of the State is erosion of resources and not availability of resources. They have their Electricity Board, State Transport, etc. The net resources, they get. Now, let us ask. Is mismanagement to be underwritten by the Defence expenditure of the country and core public sector investments? An honest question has to be asked. I made a calculation. Even if you analyse the

[Shri Vishwanath Pratap Singh]

1986-87 budget estimates, the latest, out of the gross revenue that I earn, out of every Rs. 100 that I get, Rs. 51 are given to the States; that is, out of the gross revenue. Out of every Rs. 100, Rs. 51 are given to the States...

SHRI BASUDEB ACHARIA (Ban-
kura) : Why not 75 ?

SHRI VISHWANATH PRATAP SINGH : I want to answer that. This is a basic question. I think, we should address ourselves to this. I think, the abstraction of State and Centre itself has caused a lot of anomalies in thinking. The country is one. Its economic reality is one. Its political reality is one. For purposes of management, we have organized ourselves into States and Centre under the Constitution. There is not one investment in the State which will not go to the benefit of the whole country, and there is not one beneficiary of the Central investment who does not belong to a State. Here, in the House, which represents the national political entity, do we not belong to some State ? I think, we should not be distinct too much. What is there ? Each has got very important areas of responsibilities in the economy. The Centre has to take care of Defence, core sector investments, heavy investments, ports, communications, Railways. The State has to take care of Agriculture, Education, Law and Order, etc. These are the packages for management. Both are very important. Both need resources, and it should be pooling of resources, how we augment in each. But if you pose a question like this, why not give 75 per cent, then you have to take a decision. Are you going to risk yourselves on this side of the national Defence, core sector investments, on power and on various other things ? The issue is this rather than of State and Centre I think, in this perspective, we should see this. With these words, I conclude

SHRI S. JAIPAL REDDY (Mahbub-
nagar) : One point I have made is about the brazen manner in which the business houses are laundering their money abroad and bring that back to take over companies. I have referred to that.

SHRI VISHWANATH PRATAP SINGH : Anyway, I have just mentioned. I need not cover the ground again.

If we come across any such evasion of the law, we will come with full force on it.

(Interruptions)

MR. DEPUTY SPEAKER : No. There will not be any end to it, at this rate. We go to the next item.

DEMANDS FOR SUPPLIMENTARY
GRANTS (GENERAL) 1986-87

[English]

MR. DEPUTY SPEAKER : The House will now take up further discussion and voting on the Supplementary Demands for Grants in respect of Budget (General) for 1986-87.

Shri Digvijay Singh...Not here.

Mr. Anna Namhi.

[Translation]

*SHRI R. ANNANAMBI (Pollachi) : Mr. Deputy Speaker, Sir, on behalf of A.I.A D.M.K I would like to place before this august House my viewpoints on Supplementary Demands for Grants for 1986-87 Sir, first of all, I welcome the Supplementary Demands for Grants. In the Supplementary Demands for Grants, a total amount of about Rs. 1318 crores has been set apart. It has been mentioned in the Document that out of this total amount, an amount of Rs. 256.24 crores is to be spent on Plan Expenditure and about Rs. 1062 crores will be spent on Non-Plan expenditure.

*The speech was originally delivered in Tamil.