

**(vii) Need for providing adequate financial assistance to Tamil Nadu for taking relief measures to meet the drought situation in the State**

SHRI N DENNIS (Nagercoil) The acute drought situation prevailing in Tamil Nadu has to be tackled immediately before the deterioration of the situation. Due to deficient rainfall there is acute water scarcity for drinking and crops. The tanks, dams, water courses and rivers have dried up. Sowing of crops has not been done in several places and where there is cultivation, the crops dried up and withered away. As a consequence of it, people are driven to unemployment and poverty. There is shortage of foodgrains and fodder for cattle. Water scarcity both for drinking and crops has to be immediately tackled. Foodgrains have to be distributed quickly and fodder for cattle should also be supplied. Implementation of labour oriented schemes should be accelerated. Relief measures such as remission of land revenue, water cess and local cess and postponement of collection of arrears of land revenue and Government loans have to be done in all affected areas. This situation has to be tackled without isolation, omission and discrimination of any affected area from the southern most district of Kanyakumari, where the people are severely affected by drought and faced with all these problems. So the Government may be pleased to take speedy steps to assist the State Government by giving grants and subsidies to tackle the natural calamity facing the State.

**(viii) Need to take steps to revive natural harbour at Cuddalore OT in South Arcot district, Tamil Nadu**

SHRI P R S VENKATESAN (Cuddalore) Sir, in my constituency, Cuddalore Old Town in South Arcot District, there is a natural harbour. It is one of the oldest harbours constructed during the British period when Sir Robert Clive was the Governor of India. The activities of loading and unloading of goods in the Cuddalore Port were in full swing until some years ago.

Now the activities in the said port have dwindled to such an extent that there is a lurking doubt in the minds of the medium and small businessmen, dock workers and also the people of the area that this natural harbour in Cuddalore might become obsolete.

Sir, I would like to point out that the Cuddalore Harbour will be most useful because of its nearness to Neyveli Lignite Corporation, a big public sector undertaking which is about thirty kilometres away. Moreover, when there is congestion in the Madras Harbour, the port facilities available at Cuddalore come handy for loading and unloading of goods. In view of the importance and the necessity for development of transport system, the historical rivers, namely, Cuddalore River and Pennaiar which flow to the sea just adjoining the Cuddalore Harbour, should be deepened and desilted so that greater facilities are created for the ships at the Harbour and easier loading and unloading work is done.

It is, therefore, requested that the Central Government may please take immediate steps for reviving this natural harbour at Cuddalore Old Town and arrange to send a team of technical experts for survey and feasibility report so that port activities can continue in full swing as before, in this historic harbour.

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FINANCE BILL, 1987— *Contd.*

**12.22 hrs.**

[*English*]

MR DEPUTY SPEAKER Now we will go to the next item—Further consideration of the following motion moved by Shri Rajiv Gandhi, on the 29th April, 1987, namely.—

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 1987-88, be taken into consideration.”

Shri Ram Samujhawan.

[*Translation*]

SHRI RAM SAMUJHAWAN (Saidpur): Mr. Deputy-Speaker, Sir, I am grateful to you for giving me an opportunity to speak. The Finance Bill moved by hon. Finance Minister is commendable. He also deserves congratulations for giving concession of Rs. 70 crores in direct and indirect taxes.

Some hon. Members have demanded that funds should be allotted to different States keeping in view their backwardness and population. This is already being taken care of. But I want to suggest that different parliamentary constituencies should also be duly considered for the purpose. I want to say this because my constituency, i.e. Saidpur has been constituted by uniting some parts of three districts. In this Parliamentary Constituency, there are five Assembly seats out of which three are reserved. It is a Harijan dominated area and they are mostly agricultural labourers and agriculture is the main source of their livelihood. But agricultural land is quite inadequate and population is too much as a result of which the agricultural labourers remain unemployed. Their wages are also so meagre that they cannot maintain themselves and their families. They are migrating to cities because there they get higher wages. The pollution problem in cities is increasing every where. Not only the rich but the poor are also migrating to cities for their livelihood. To ensure that the labourers stay back in villages, it is necessary that either wages of rural workers should be increased or minimum wages as fixed by the Government should be paid to them, but in rural areas the minimum wages are not paid to the workers. Either one kg. foodgrains or Rs. 4 are given to a worker with which he cannot maintain himself. To ensure that the agricultural labourers stay back in villages, it is necessary that industries should be set up in rural areas.

So far as my constituency is concerned, as I said earlier, there are three reserve Assembly seats and not even a single small or big industry has been set up in the area. I therefore, request the Government to set

up some industries there. I had raised this issue last time also but nothing has been done so far. The Government of Uttar Pradesh has paid special attention towards setting up new industries in no industry districts. But so far as my constituency is concerned, no industry has been set up in my constituency. I request the Government that a small or big industry should also be set up there.

Regarding Harijans, adequate assistance is being provided to them by the Government for their betterment and upliftment and also for providing them shelter. They should be provided financial assistance in other forms also. But I want to point out that the financial assistance meant for the Harijans does not reach them and instead that money is pocketed by the middlemen. The assistance provided at the block level is pocketed by B.D.O.s, Bank Managers, Secretaries, etc. and not even one fourth money reaches, the poor. It is therefore necessary that the different agencies should be eliminated and there should be only one agency through which money should be provided to the poor so that they are really benefited. I personally feel that the money provided to the poor is diverted for other purposes. I request the Government to ensure that financial assistance given by it to the poor is not apportioned by the middlemen and it actually reaches the poor. Last time I also wrote to the Chief Minister of my State and the Prime Minister and requested them to identify industries suitable for the poor and set up such industries in backward or Harijan-dominated areas so that the poor people of these areas can earn their livelihood. Industries should also be set up in those areas where there are so many rivers and the population is also excessive but agricultural operations are limited and undependable. With these words, I support the Finance Bill.

[*English*]

SHRI SAIFUDDIN CHOWDHARY (Katwa). I am an irregular participant on this kind of subject related to economics. So, I hope that you will give me more time.

It is highly improper to my mind to sanction finance for this Government which is a complete failure to use this finance in the desired direction to ameliorate the lot of the people.

We have been hearing many speakers for the last two or three days. They have narrated the acute misery of the people who are below the poverty line, who live in slum, in the rural areas and despite all our tall claims we have not really been able to change their living conditions and to uplift them to the real human kind of living.

On the direction of the economic policy of this Government, as is known by everybody, even by the ruling party Members, but they do not say it openly. I do not know, why? All these are anti-people and pro-capitalist, particularly pro-monopoly houses. We all know that over the years, since independence, wealth has been concentrated into the hands of a few people who have exploited the teeming millions of our country and how this Government, the Congress Government, over the years, has been supporting this kind of plunderous people. Now, we can say that with the direction to concentrate more wealth in the hands of a few in the economic arena in the political set up, the Central Government has embarked upon taking away more and more powers from the States and concentrated them on its own hands. It has the direct link with the kind of economic policy that they have pursued. They don't want to take any risk by vesting the rightful economic power with the State Government who are there on the spot to take care of the needs of the people and real care means lesser and lesser support to the capitalists. So risk is not taken and by concentrating more powers in its own hands Central Govt. has been single mindedly and surely serving the interest of Monopoly Capitalism. Over the years, we have seen that the particular concept of self-reliant economic policy is being thwarted by this Government. During the freedom struggle what were the policies of the leaders? What kind of assurances were given at that time? We all know that. We

know what the founding fathers of our constitution and the leaders of the freedom movement had promised. They promised that the States will be given more powers, the State List will be the longer List and the Central List will be a small one and the residuary powers will be with the States. But now, the thing is totally reversed. You can see that more and more items are being taken away by the Central Government and the States have been left high and dry. Over and above that all the discretionary powers of the Central Government in the distributing finance has increased and the distribution of the constitutionally sanctioned allocation of money have become less and less. That is why we have demanded restructuring of the Centre-State economic relations and we welcome the setting up of the Sarkaria Commission. But even to the Commission, the kind of submission that has been made by the Congress party, that is the ruling party, is most abominable. They had argued against the devolution of more powers to the States and when we claimed that the States should get 75% of the wealth generated, they thwarted our suggestion saying that Bengalis are demanding so much, etc. etc. It is not a question of any State demanding 75% of what is generated there. We want 75% of the total resources to the divisive state pool and the Centre to keep the rest 25%.

Now, in this respect, we have taken up this matter with the Government that the National Development Council, that is, N.D.C. should be recognised as the constitutional body and the Planning Commission should function as its Secretariat. Then only we can fulfil in one respect the commitment of the leaders of the freedom movement. While talking on this Bill, I have taken only one particular subject. That is the question of self-reliance. Over the past years, this aspect of our self-reliant economy has been endangered by the policies of this Government. Most pronounced direction in self-reliance was the industrial Policy Resolution of 1956. It spoke of self-reliance and commanding height of the public sector. Now, these points are inter-

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linked. We cannot undermine the public sector. At the same time, we say that we are trying to be self-reliant. But what are we doing today? There is a concerted attempt to thwart and undermine the public sector undertakings. What is the Government's propagation with regard to the mixed economy? I think it is not at all a mixed economy. With the kind of attitude that the Government is following, the public sector has been made an ancillary to the private sector and the boost that they are giving to the private sector is really very dangerous for the development of our country.

Now, Sir, when we talk of the exploitation by private sector, the Government often says that it has devised measures to regulate the activities of the private sector. But the most important policy measures, apart from others, recommended by the Chokshi Committee are never implemented, including the one relating to technical or managerial qualifications being mandatory for one who is appointed as Director on a private sector board. Now, the Government have to reply why they have not implemented all this. More than about one lakh industries are sick today. About Rs. 3500 crores are locked up in the sick industry. The Government have to tell us why they are allowing this kind of situation to take place.

The Prime Minister said sometime ago, I believe in a meeting with some Confederation of Indian Engineers, that the sickness of industries will be made very expensive and he hinted that they would take firm action against those managements who are making the industry sick, who are taking away money from a particular industry for other areas and making it sick and who have not been able to manage it properly. The Finance Minister, during the 1985-86 Budget presentation has said that this kind of industrial owners will be forced to withdraw from the circulation being bad caucus and the bank loans will not be given to them. But nothing has happened. Since then, sickness has increased causing untold miseries to the workers, to the economy and no stern action has been taken so

far. The Government have to give reason for all this. There are certain people, certain industrial owners whom the Government very well know but I would like to know what action has been taken against them for mismanaging the industry. The total incentive of the Government to the private sector add upto 65% to 75%. This means that an enterprise recovers its entire cost in two years, apart from making a substantial profit. Can the Government tell us, can the Minister tell us—I do not know who is going to reply, the senior Minister of State for Finance or junior Cabinet Minister of Finance—where all these profits are going? They have to give a proper picture and they should not hide the real picture. It has reduced the basic lending rates of commercial borrowings from 16.5 to 15.5 and from 17.5 to 16.5%. Now, these things have not been done for the other categories of industries, namely, for the small traders, for the middle enterprise or for the middle and small peasants. It really shows that they have definite bias to help the big houses, monopoly houses. Now, they have reduced the interest rates of deposits including long-term deposits that carried an interest of 11%. Now the difference in the spread between basic minimum lending rate and maximum deposit rate is perhaps one per cent. This is against all sense of banking. The Sukhmoy Chakravorty Committee, which is your own committee, has recommended a difference of at least three per cent in the spread. Further, since the maximum deposit rate is 10% and inflation is also running at the same pace, I wonder whether our middle class investors would at all be interested in depositing with banks, from which they would get no real income.

Immediately after the announcement of reduction of basic lending rates, the stock-markets turned euphoric. You will see the linkage. The whole policy is now satisfying this kind of people who are living in the big sector.

When you see the picture of private sector industry, over the years, not a single

technology they have developed which enable us to export it to other countries. Can you name a single technology from the private sector that has been developed? No. Then, what kind of activities have been done there? What kind of R & D activities are taking place there? This is a very important point which you have to answer to us. While this is one side of the coin with the private sector, examine the other side of the coin that is, public sector. Public sector is being treated as subservient to private sector and now a process has begun to jeopardise the public sector. One example I can give, setting up of six gas-based fertilizer plants on a turn-key basis. Why on a turn-key basis? We object to this. Now after so many years of our own experience of setting up fertiliser plants, what necessitated us to go in for contracts on turn-key basis with foreign multinational companies? Why are we not self-reliant? It is a crucial matter for the development of our economy. Now, turn-key basis means, you know you have to import equipment, machinery and all that. That means, we are again denying our population the opportunity for jobs and that will be provided to the country who supplies all this.

Import of technology in selective areas is good. Import of technology, if it means import of knowledge, we have no objection to this. But the point is this. When we indulge in importing capital equipments, that means, in lieu of our own initiatives, that means, not only we are denying our population opportunity of jobs, we are again losing our hard foreign currency for it and whether our country can afford this or not, I do not know.

There are certain other points which I want to mention. BHEL is capable of building power plants up to a size of 500 MW. It has been able to compete in global tenders both in India and abroad against leading multinationals. It has an investment of over 1000 crores (in replacement terms) and engineering expertise built up through

execution of a large number of projects. Yet tied aid has led to the Indian power sector being thrown open to the foreign companies, a course of action which no advanced country permits. While the Japanese, the British, the French and the Germans do not allow such invasions of their domestic market, we are more than happy to do so. While BHEL order book shows a precarious situation, project after project is being handed over to the foreign multinationals. The first example is an important project in J & K. During the Prime Minister's pre-election largesse to the State, he announced the sanctioning of the Dulhasti Hydro Project. The project is to cost about 760 crores and is to be executed by a French multi-national CGEE Alstom. A number of points are to be noted about this project. India has been building hydro-power stations for large number of years and has to its credit massive projects like Bhakra. It has complete capability to manufacture each and every bit of hydro-electric equipment required by the project. Yet consideration of tied credit has resulted in this project being handed over to the French while BHEL's hydro turbine division is starved of orders. Two other points are relevant here. The Dulhasti project is located in the sensitive State of J & K. This is a border State in which all foreign nationals require special permission to enter. The maps, etc. of this area are supposed to be confidential. Yet this French company is being made privy to all this sensitive information even when the "Allan Bolley" affair has shown closely commercial intelligence and defence intelligence are linked. And it may not be out of place to mention that a very hefty sum of 35 crores has been given as a commission to the Indian agents in this case, a Ms. Bhilai Engineering Co. (BECO), which is completely out of proportion to any service that an agent could have performed unless there are "hidden services" of the Bofors kind. You may say how to prove that commission was given or kickbacks were there. But I am quite convinced even without proof that kickbacks and commissions are given when we see that our own capabilities are neglected in favour of multi-

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nationals for a particular project. There is no doubt about it.

Everytime, we cannot demand to set up an enquiry Committee. But I believe that there should be a permanent Commission against Corruption. It should have a judicial powers whereby any kind of such deals should be sent to them and they should scrutinise all such things. I am not going into the details now. But I have to give certain other examples.

Sir, in Maharashtra, IPCL is setting up a Gas Cracker plant project at a cost of Rs. 1400 crores. IPCL floated a global tender under the World Bank Financing scheme for installing a Gas Turbine-C.20.3 MW Gas Turbines and C.120 tonne capacity power boilers. IPCL proposes to place the order on a Japanese Company CHIYODA and the proposal has been accepted. It is a fact that CHIYODA is the lowest bidder. But how they acquired it? The more important fact is that they violated the specifications. The boiler does not meet the specifications, expedients or the qualifications. Similarly, the requirement of a Data Consultant has been dispensed with for the CHIYODA. What is surprising is that CHIYODA has been allowed to change important specifications and documents after the bids have been opened. Now, this is a very serious allegation. If we doubt, if we say that there is a case of paying Commission or kick-backs, then how can you deny it? How the Minister can deny it? In every sector, like this, you are jeopardizing the concept of self-reliant economy, allowing them to come and when you are economically bankrupt, then how can you prevent others from destabilising you? You, by your own decisions, are destabilising this country. If the economy is destabilised, if our economy is invaded by the multinationals, then there is hardly any option that our political sector also is undermined by this kind of policies...

Now, what I have said is that they have altered the specifications and manipulated the deal. This has been done through five letters and all of which are undated. All these letters are with me. These letters are from this Company. A sixth letter is also with me. I am going to place\* it on the Table of the House. This has been dated and it contains some unimportant information...(Interruptions) It is an nonoured practice to have an undated letter in any tendering process. There is no doubt that this is being done to show favour to the Japanese Company. These are the letters and I am going to place it on the Table of the House, I require specific information from this Government. All these things show that what the Minister of Energy Shri Vasant Sathe propounded that Public Sector is not a Holy Cow and we also do not say that.....

SHRI RAM PYARE PANIKA (Roberts-ganj): Please read that fully. You have not gone through that. Why you are confusing the House?

(Interruptions)

SHRI BASUDEB ACHARIA (Bankura): How? How you are saying so?

(Interruptions)

SHRI RAM PYARE PANIKA: He had not spoken anything against the Public Sector.

[Translation]

SHRI BASUDEB ACHARIA: You have not read it. So please read it first.

SHRI RAM PYARE PANIKA: Achariaji, you read it first

(Interruptions)

[English]

SHRI SAIFUDDIN CHOWDHARY: What

\* As the Speaker did not subsequently accord the necessary permission, the papers/documents were not treated as laid on the Table.

is astonishing is that this Government often comes out and....*(Interruptions)*...

MR. DEPUTY-SPEAKER: No discussion among the Members like this. Only Mr. Chowdhary will speak.

SHRI SAIFUDDIN CHOWDHARY: This Government often denounces the Public Sector. We also know that there is heavy loss in the Public Sector. But no one can deny that they are playing a vital role in developing our economy. But the point that I ask from this Government is that: if you cannot properly manage the Public Sector, how can you claim that you are going to manage your economy totally? It is a total admission of failure. Why cannot you mobilise your people? The public sector is your own sector. There, it means you have no responsibility. Some Ministers say that this sector is not functioning properly. Who is responsible for that? Is there any responsibility fixed on anybody? Who is accountable?

*(Interruptions)*

SHRI P.M. SAYEED (Lakshadweep): Why don't you say 'ours'?

*(Interruptions)*

SHRI SAIFUDDIN CHOWDHARY: We are more for the Public Sector than you are. You have made it subservient to the Private Sector....

*(Interruptions)*

SHRI BASUDEB ACHARIA: Don't shed crocodile tears....

*(Interruptions)*

[*Translation*]

What about that 25 per cent?

*(Interruptions)*

[*English*]

MR. DEPUTY-SPEAKER: Mr. Panika, please take your seat.

*(Interruptions)*

SHRI RAM PYARE PANIKA: What are you doing there in the Electricity Sector?.....

*(Interruptions)*

SHRI RAM PYARE PANIKA: \*\*

MR. DEPUTY-SPEAKER: I am not allowing Mr. Panika to go on record.

SHRI SAIFUDDIN CHOWDHARY: He asked about electricity generation....

SHRI BASUDEB ACHARIA: The plant load factor in West Bengal is much more than in his State.

SHRI SAIFUDDIN CHOWDHARY: There are so many States which are below West Bengal. We are not happy that certain things are bad in West Bengal. We have to improve on them; there is no doubt about it. We have to make all efforts in that direction. But what is really the asset there is the responsible working class there, the responsible ideology; that can lead the people in the proper direction. What I say is that, though it is said that the economic policies of the Central Govt. lack general direction, it has a particular and clear direction no doubt. All the projects and proposals of this Government seek to support and encourage the private sector, the exploiters in this country, in the name of free economy, free initiative and all that. I am not going into the other things like their lack of direction in how to remove unemployment, how to remove illiteracy, how they are going to give job to the people in the villages, how they can expand the food-for-work programme and other things; I am not going into them now. They may claim that they have done a lot in the

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revenue sector, the earning is more. (*Interruptions*) One example I will give you to show how things are done. Certain cosmetic products are now being shown as pharmaceutical products; thereby the excise duty is evaded; whereas for cosmetics the excise duty is to the tune of 65 to 70 per cent. for pharmaceuticals it is five per cent. I believe you can check up one leader of West Bengal Congress-I, who is a Minister now, had advocated this... (*Interruptions*) If you are really fair in your mind, if you really want to do certain things, then you can make for more efficient management of your economy, even in this set-up which we do not like at all—this kind of encouragement to multi-nationals and all that. The other day you have replied in the other House that in the last four years our tie-up with Italian companies amounts to 227. What are all these sectors, can you tell us? What prompted you to do that? It is now a fight between self-reliance and dependence. You have to choose what path you have to take. No only this kind of relief or that kind of relief will do; a conceptual change in the policy planning for our economy is required. The Minister talks too much about the new international economic order. That is a very vital need for the world to fight against multi-nationals, imperialistic exploitation, etc. But the point is, for us, we require a new Indian economic order by curbing the monopoly houses, by eliminating feudalism. Land reforms have to be executed properly and there. I ask Mr. Panika: except West Bengal, can he name any other State....

SHRI V. KRISHNA RAO (Chikballapur): Land reforms have been implemented in Karnataka better than in West Bengal.

(*Interruptions*)

SHRI SAIFUDDIN CHOWDHARY: Then the statistics given by the Central Government are wrong. More than 50 per cent of land distribution has taken place in West Bengal.

(*Interruptions*)

MR. DEPUTY-SPEAKER: Order, order. If you go on interrupting like this, he cannot finish his speech.

KUMARI MAMATA BANERJEE (Jadavpur): He does not know about the 20-point Programme..

(*Interruptions*)

MR. DEPUTY-SPEAKER: Order, order.

SHRI SAIFUDDIN CHOWDHARY: Your Minister for 20-point Programme has got something from the PAC. Do you know that? Money is being allotted, but the corruption is eating away. They are responsible for that. We have no dearth of money, but we do not have people with integrity at the top. That is the problem. Now, let us see how they are going to bring about the new economic order.

With these words, I conclude. I place all these papers on the Table of the House....

MR. DEPUTY-SPEAKER: No. Not allowed. (*Interruptions*)

SHRI BASUDEB ACHARIA: He has given notice.

MR. DEPUTY-SPEAKER: I will examine.

SHRI SAIFUDDIN CHOWDHARY: You may examine.

MR. DEPUTY-SPEAKER: Mr. Natarajan.

SHRI K.R. NATARAJAN (Dindigul): Mr. Deputy Speaker, Sir, on behalf of the AIADMK, I rise to support the Finance Bill 1987. I appreciate the gesture of the Hon. Prime Minister in giving tax concessions and reliefs in respect of certain items like hand processed cotton fabrics, spices sold in the packages and some cement manufacturing units, etc. However, I would like to speak a few words on the Finance Bill.

12.56 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

The fiscal policy has three



objectives—one, incentives to growth production and productivity; mobilisation of resources, narrowing down of the disparities—social, economic and regional.

Firstly, so far as growth and production are concerned, broadly there are three sectors, one, industrial production, two, defence material production and the third, agricultural production. There is a marked growth in the industrial production. It is said that about one lakh nineteen thousand industrial units are lying sick. Industrial sickness has become epidemic now. So, the industrial sickness should be prevented from further contamination. Lakhs of workers are now thrown out of employment. In public sector, there are more than 230 undertakings. Most of these units are working well.

So far as defence material production is concerned HAL is working well. GNAT is a very famous fighter aircraft. Indian armed forces were able to destroy the Pakistan forces, even the patten tanks and other sophisticated weapons used by the Pakistanis were destroyed. So, HAL has got sufficient know-how, capacity, capability and potentiality to manufacture any weapon including atom bomb. So, the only thing required is trust on the HAL. Now, we have seen the behaviour of foreign contractors, the Germans and Swedish contractors. It is better to rely on our own people. We can manufacture all weapons and all war materials in HAL.

So far as agricultural production is concerned, 75% of the population are dependent on agriculture. Farmers, agricultural labourers and village artisans who are living in villages are squarely dependent on agricultural production. So their problem should be looked into.

Modern techniques have not been adopted so far as agriculture sector is concerned. They have to depend upon mainly monsoon rains, the vagaries of

nature, etc. Naturally they don't have any regular source of income for their living. Their condition is precarious. Often they are affected by drought or flood in some places. We should find out the circumstances in which they are put and their difficulties should be eradicated. The experts say that if all the rivers in India from the Ganges, Brahmaputra down to Tambirabharani are harnessed, the entire land of the country can be brought under irrigated cultivation.

**13.00 hrs.**

There was a resolution passed by AICC in 1969 saying that the Ganges should be linked with the Cauvery. That has not been done so far. If these water resource potentialities are harnessed, then agriculture would prosper.

Agriculture is a seasonal occupation. Most of the farmers do not have any other occupation. They are lying idle. So, some small scale industries, cottage industries or some other industries should be set up in each and every village to provide them some subsidiary income.

So far as mobilisation of resources is concerned, there is abundance of minerals, sea-wealth, forest wealth and potentialities or river water and sub-soil water, etc. They are to be completely utilised. If these resources are properly utilised, there will definitely be development of the country in every sphere.

The other objective is narrowing down the disparities—social, economical and regional. The gap between the poor and the down-trodden and the industrial houses, affluent people and rich people is very much wide. The poor people are lying at the bottom of the Pacific ocean whereas the rich people are above the Mount Everest. This gap should be narrowed down. The Directive Principles of the State Policy, as laid down, should be executed. There is a disparity between one class of people and another

[Shri K.R. Natarajan]

between the Scheduled Caste and Scheduled Tribe and backward classes people and the affluent people. This disparity should be removed. Articles 15(4) and 16(4) should be implemented.

There is a regional imbalance. In so far as this question is concerned, Tamil Nadu has been neglected for a long time. Public sector industries should be set up in Tamil Nadu, especially in my constituency which is very backward.

The Sethu Samudram project, which is a long felt need of the Tamil people should be taken up and executed, so that the Tuticurin Sea Port will become an international sea port. In that case, we need not depend upon Colombo. The importance of Colombo will get diminished and the importance of Tuticurin will increase. We need not go around Ceylon to reach Madras or Calcutta from Bombay. Straightaway we can go from Tuticurin to Madras and Calcutta. That will save money, time and fuel.

The Gandhian principle is self-reliance and the Swadeshi movement. There was a boycott of British and other foreign goods in those days. Gandhiji trusted the toiling masses. He never trusted the rich people. The toiling masses moved forward and carried India to independence. Now we are going away from the Gandhian principle of self-reliance. We are depending upon the imports of foreign luxury goods and even weapons. If we are depending upon weapons, then we are betraying ourselves. We have to manufacture weapons in HAL and other public sector industries.

Panditji was a socialist. So, the socialistic principles have been inter-woven from the Preamble and other provisions of the Constitution. That socialistic principle should be executed fully. We see marked progress on the economic front so far as Japan is concerned. Japan is on

the economic fore-front in the economic field and is challenging USA in every field. How they became so great in economic field? The reason is self-reliance. We see improvement in Russia and other Socialist countries. Russia built up their society from scratch. They have become now super-power challenging USA in every field. The reason is self-reliance. The Gandhian principle of self-reliance if you adopt then there will be marked improvement in production in every field. With these words I conclude.

[Translation]

SHRI KAILASH YADAV (Jalesar): Sir, I thank you for providing me an opportunity to speak on Finance Bill.

The Budget presented by the Hon. Prime Minister and the Finance Minister is a very good, balanced and socialistic Budget. It has been appreciated throughout the country and termed as one step forward towards socialism.

Sir, now we are also receiving reactions of the people from all over the country on the Finance Bill presented by him in which relief in taxation to the tune of Rs. 70 crores has been given. It will boost the development of the country because a relief of Rs. 70 crores to the industrial sector is a big relief. The Hon. Prime Minister has also assured the industries and people of the country that the deficit in the Budget will be made good.

Sir, the amendments made in the Income Tax Act through this Finance Bill, were necessary. This way, the income tax payee will get relief. Provisions regarding agriculture, unorganised workers, etc. have also been made in the Budget.

Sir, industrial growth in our country has been 8 per cent. It is a matter of great pleasure. It is a very good thing that a balanced Budget has been presented by the Hon. Prime Minister for which he deserves congratulations. In all sectors, balanced development is taking place which can be

seen even with naked eyes and it is also being appreciated.

The policies formulated and work done by this Government during the last two and a half years of its tenure have been widely appreciated. This Government has formulated new education policy, health policy and some other policies. Earlier we had not achieved much in this regard because our policies were not clear and there was some confusion about them. Now the Government has made them clear and paved the way for development as a result of which we are making tremendous progress in economic sphere.

The admirable work done by the Government, the Budget presented by the Hon. Prime Minister and economic policies of the Government have not only been widely admired all over the world but also by the bitter critics of the Government. The World Bank has also admitted that the economic structure of our country is becoming very strong. Therefore, we see that present Budget deserves full support. We have many hopes from this Budget.

Now, I would like to say something about my constituency Jalesar. It consists of parts of three districts. I think, it is the main reason for its backwardness. The areas included in my constituency remained neglected because the developmental work remained confined to main parts of these districts and that is why it has remained backward. My constituency has three reserved Assembly seats, because this area is predominantly inhabited by Harijans. All the facilities extended by the Government to the Harijans have not reached them. The construction of roads, bridges and many other development works have not been taken up in these areas. The Etah-Varhan-Tundla railway line in my constituency is in dilapidated condition. This line should not be dismantled due to the fact that it is running in loss. It should rather be improved. This is my demand. Similarly Mathura-Jalesar area is deprived of railway facility. It should

be connected with the railway so that this area can also be developed.

So far as agricultural production is concerned, about one decade ago we used to import foodgrains from other countries. The farmers of our country have made a remarkable achievement and today we have become self-reliant in respect of foodgrains. Our farmers have worked hard to achieve this goal and saved the honour of the country. The Government have also given them good guidance. Today farmers are facing some problems towards which I want to draw the attention of the Government. The prices of fertilizers, insecticides and seeds have gone up and adulteration is also taking place. These things must be controlled. The prices of tractors and other agricultural implements have gone up so high that the farmers can ill-afford them. I demand that some such provisions should be made in this Budget for the farmers that they further increase and strengthen the agricultural production of the country boldly.

Sir, the employment problem is also a very serious problem. Today the number of educated and uneducated unemployed in the country is 4 to 4.5 crores. Therefore, Government should think over this serious problem.

The number of sick industries is on the increases. Today there are about 3 to 3.5 thousand sick industries in the country which is a very serious thing. The public money has been invested in these industries but the industrialists by one way or the other always try to close them. The Government should re-start them and legal action should be taken against the industrialists. If they are beyond the purview of law, law should be amended suitably. If this trend continues in our country, the process of industrialisation will be paralysed. Besides, I would also like to say something about small scale industries and rural development. The Central Government has made all efforts in this direction but there is no progress at State level. There are 60 to 62 useful schemes for

[Shri Kailash Yadav]

the rural development and Central Government is providing sufficient financial assistance for these schemes but I would like to tell the Government that the money is being misused. The Government must take some steps to check such misuse. Many a times complaints of misuse are also received but it is said that it is the responsibility of the State Governments. Due to this misuse, we are not getting desired results of these schemes. Therefore, there must be some arrangement under which the Central Government can keep watch on State Governments.

Mr. Chairman, Sir, loans are being given to the farmers by NABARD for agricultural development but the rates of interest are so high that it is beyond the repaying capacity of the farmers. Therefore, the rates of interest should be reduced because it was established to assist the farmers for agricultural development. The old fake loans should be written off otherwise farmers will not be able to take fresh loans and their agricultural production will dwindle. With these words, I support the Finance Bill.

[English]

SHRI NARAYAN CHOUBEY (Midnapore): Mr. Chairman, Sir, it is on the last leg of annual budget processing that the Finance Bill is being discussed. First of all, I must show my sympathy for Hon'ble Minister, Shri Janardhana Poojary, who, the other day, was returning alongwith Shri Chintamani Panigrahi, from a Bank Mela in Orissa. I have no sympathy for the Bank Mela but I do have sympathy for the injury that he had in Orissa. Already, while introducing the Finance Bill, our Finance Minister and Prime Minister, Shri Rajiv Gandhi, has succumbed to the pressure of the capitalists and in this fact, this Government has been continuously succumbing to it and he has already given up Rs. 70 crores by withdrawing Section 194E. I would not like to take too much of the time and I would only submit a few facts.

The health of the Indian economy is very bad, but they are claiming that it is good. Since independence and till the other day we have been following the policy of self-reliance although there has been certain lapses and gaps here and there, have been developing public sector which too had lapses some times. But now in the name of entering the twenty-first century, we have already given up all those policies. Previously, we had a policy to develop public sector to commanding heights of our economy with the passing of every year, but the new philosophy is that the public sector is meant for infrastructure only and the development should be left to the private sector. This is a very bad omen.

There are certain sectors which were reserved for public sector like steel, fertilizers, oil, etc. But even in these sectors, the Government is inviting private parties. Only the other day Shri Rajiv Gandhi laid the foundation stone of the Karnal Refinery. It is learnt that Tatas would be holding twenty-five per cent of the shares of that, although they have no expertise in this sector. The refinery will be controlled by them and not by ONGC who have got expertise and have earned a lot of money for the Government. They are not being given the chance to run this refinery. Though the Government says that the public sector should attain commanding heights in our economy, the whole attitude of the Government is just the opposite. Shri Vasant Sathe, off and on, speaks about this matter. He says that public sector is a bottomless pit. He says "it is a holy cow and cannot be touched?" Such attitude to the public sector is doing a lot of harm to the economy of the country.

You are adding every year to the indirect taxes. You added Rs. 345 crores last year, this year you have added Rs. 322 crores. Perhaps it is the election year and you did not want to increase the prices. I want to have a solemn promise from the Government that when the Parliament would not be in session, the Government would not increase the prices of various commodities by the mechanism of administered prices

and executive order. Kindly see that this does not happen. Only then we will believe that you really stand for what you speak.

Then, the deficit financing is growing gradually. In 1985-86, it was estimated at Rs. 3316 crores, but actually it was Rs. 6565 crores; in 1986-87, it was estimated to be Rs. 3703 crores and it turned out to be Rs. 8285 crores and in 1987-88, though the estimated deficit is Rs. 5688 crores, nobody knows what it would actually be. It may be Rs. 12000 or Rs. 14000 crores.

Then, the Plan outlay is up only by 3.22 per cent. For defence outlay, it has grown up by 35 per cent. Of course, we cannot afford to see that this country is not properly defended. But defence expenditure should not be equated with defence effectiveness. In the defence domain, we are daily seeing scandals coming out and the Government denying that. In respect of the Bofor deal, Rs. 1400 crores will be paid for the guns. We want to know, whether by paying so much money, you would be able to get the technology also so that these guns could be made in the country, or we have again to pay to that Government or Bofors for obtaining technology.

Sir, the collection of revenue and management of economy is in doldrums. There is actually no control over expenditure; you plan something and in the end you spend some other thing. Even, recently during election campaign and before that also, our Prime Minister went to Bengal and announced some grant; similarly, he went to Kerala and Haryana and announced some fund. I wonder how do you plan all this? All this shows that there is no proper planning.

Sir, now, in the event of country's march towards 21st century, more preference is being given to the rich affluent classes of society and when Shri V.P. Singh wanted to check all that, of course within the orbits laid by your long term fiscal policy to which you do not agree at all, he has to lose

his job because you wanted him to do something else.....

SHRI MURLI DEORA: Did he tell you that?

SHRI NARAYAN CHOUBEY: He told me through you, Sir. I would like to know, Sir, as to how the Government allows some people to keep their black money in Swiss Bank and also how are you going to stop the flow of capital from this country? It is the concern of the nation as a whole.

Sir, you do not take risk to displease World Bank, IMF and such other international financial agencies. You have closed your doors by announcing a long term fiscal policy. So, the only alternative in front of you, which you perhaps will not like but you are compelled to choose, is to increase indirect taxes. You will have to go to the process of administered prices. You have to print more currency notes and then you will have to take commercial loans. Sir, this is the way that you are following but it may perhaps lead to debt trap. Sir, please tell us as to what are you going to do in this regard?

Sir, indebtedness is rising alarmingly. The interest payment is also rising alarmingly. The estimated interest payment for the year 1986-87 was to the tune of Rs. 8,750 crores and it was revised to Rs. 9,550 crores and the estimated figures for this year, i.e. 1987-88 is Rs. 10,650 crores. I hope Government will not fall in death trap as many of the Latin American countries have fallen in the past.

The total deficit planned for the entire Seventh Plan has been exceeded in first three years of this plan. How are you going to recover from mismanagement?

You are floating new bonds to mop up unaccounted money without questioning its source, but is it the cure to malady? Is it not aggravating the malady further? It is a reward for the law breaker. It will demoralise tax administration.

[Shri Narayan Choubey]

Sir, on the food front, our growth in food production has stagnated. This year, it is told, in Punjab it has fallen by 20 to 25 per cent. And the farmers say that it is due to the supply of spurious fertilisers. Sir, in the Eastern regions, like West Bengal, Orissa, Bihar and Assam, food production has stagnated; rice production has not gone up; our oil seed production is also not coming up. As a result we are forced to import oil to the tune of crores of rupees.

No mention has been made of land reform in the Budget speech. Nothing was spoken about land reform, why it was not considered, I would like to know? Has the chapter been closed by the Government?

Now, I will refer to the anti poverty measures being taken by the Government. Sir, you will find that what is meant for the village poor is not reaching them. At many places the poor villagers are being denied of their shares by certain corrupt officers and politicians. It is not reaching the common man in the village. There is absolutely no involvement of common man, as the West Bengal Government has been able to do to some extent. Huge stocks of food-grain are lying in the godowns. But our public distribution system covers only one-sixth of the population and the remaining five-sixths is left to the private parties. Large parts of the country are having recurring droughts. There is drought in Madhya Pradesh, Rajasthan and Orissa. People are dying due to starvation in Kala-handi and it is coming in the press daily. On the other hand, Government has problems to preserve the foodstocks properly to stop it from rotting.

Though there is a lot of talk and there are many programmes of afforestation, deforestation is on the increase. If you plant one tree, ten trees are cut. The ratio is ten to one. How can we have afforestation if this is the state of affairs?

There is the chronic problem of water scarcity in many parts of the country, be it

in Andhra Pradesh, be it in Maharashtra or be it in Rajasthan.

1,25,000 factories are closed and Rs. 5000 crores of public money is blocked due to the closure of these factories.

The management in banks is not at all proper. There is more mismanagement than management. Banks compete among themselves. The other day, there was a demonstration by bank employees, who demanded that all the banks should come under one umbrella. I hope the Minister will do it. Why should there be competition among nationalised banks? Secondly Sir, there should be an external audit for banks also. Internal audit is of no use. I say this because there are many frauds going on in the banks. One Sethia is caught. But there may be many more such persons. The banks are using the common man's money to serve the interests of the big industrial houses.

Sir, money supply has been increased by 15 per cent. But output has increased only by 4.5 per cent. And prices have gone up by 10 per cent. Inflation is growing.

Sir, allocations are reduced even for very essential sectors. In Energy Sector, the Government have reduced the allocation by three per cent. In Industry it is reduced by 6.2 per cent and in Petroleum, it is reduced by 11.5 per cent. In the case of Mines, the allocation is reduced by 53 per cent. Is this a growth-oriented economy? I beg the hon. Minister may kindly explain these things.

Non-plan expenditure is also on the increase with allocations for Defence standing at Rs. 12,000 crores and interest to be paid at Rs. 10,650 crores. On the other hand, allocation for a sector like agriculture is reduced from Rs. 480 crores in 1986-87 to Rs. 469 crores in 1987-88. If you decrease the allocation even for agriculture, where are we going? Whom are you serving with such allocations? As regards your liberal policies of export and imports, whom are they serving? The Reserve Bank

of India has made a study of 541 large private companies in 1985-86. It is revealed that there is only a very marginal increase of Rs. 124 crores with regard to foreign exchange earnings, whereas there has been a sharp increase of foreign exchange expenditure of Rs. 637 crores. The expenditure is Rs. 637 crores and the earnings are only Rs. 124 crores. This is the policy of the Government! It is but natural that we cannot support these policies

Sir, I want to make certain suggestions for the consideration of the Government. I suggest that 14 items of common consumption should be supplied throughout the country at fixed prices through fair price shops/public distribution system. Please scrap your Long Term Fiscal Policy because it is only helping the rich and not the poor. I also suggest to reintroduce Estate Duty and sur-charge on income tax. Then, please tax the agricultural income. Whenever we speak of these things, there is hallabaloo from the other side. You must tax the agricultural income. Protection should be given to capital goods industry which is the most basic thing to achieve national self-reliance. Open-door import policy should be stopped because it is helping only in the expansion of some affluent consumer goods industries.

I also suggest to the Government to stop ridiculing the public sector publicly. Of late, some Ministers are also publicly ridiculing our public sector. You please see to it that workers really participate in the management of our public sector. They can help a lot.

I warn the Government to be on guard against the destabilisation strategies of the IMF and the World Bank. Those countries which have taken loans from the IMF and the World Bank have become victims of many things which do not go to their national interest at all. Also, money should not be borrowed from IMF and World Bank to repay their previous loans.

Cost effectiveness with regard to Defence expenditure should be ensured.

Increasing the allocation for Defence purposes and spending huge amounts of money on Defence does not mean that we are tackling the Defence Sector effectively. Please see that the moneys are spent properly. On an average, free foreign exchange expenditure for Defence used to be Rs. 700 to Rs. 800 crores. But now it has gone upto Rs. 3500 crores. This aspect must be carefully considered.

Last but not the least, I request the Government to stop the loan *melas*. I say this because these *melas* have become the root-cause of all corruption. I am also sorry to say that the State Governments are not even consulted about these things....

(Interruptions)

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): Sir, these will never be stopped. These public camps are arranged in order to accelerate the flow of assistance to the weaker sections. I have great regard for the hon. member. I really wonder why people belonging to the CPI (M) Party which claims to be the champion of the weaker sections, should object to this. In spite of the objections, these will be continued throughout the country.

[Translation]

SHRI RAMESHWAR NEEKHRA (Hoshangabad): The selection is done by the State Government.

SHRI NARAYAN CHOUBEY: It is absolutely wrong.

[English]

Did you ever inform us?

[English]

SHRI B.B. RAMAIAH (Eluru): I would like to discuss a few points on this Budget.

(Interruptions)

MR. CHAIRMAN: The next speaker has already started. Order, order.

SHRI B.B. RAMAIAH: The deficit financing is increasing year after year. I have seen last year also that it started with some deficit financing and in the previous year also, it was there. But we have seen that every session it is the same thing, demands are coming and almost it looks to be that every session is a budget session. I will appreciate that this time—I hope—the hon. Minister of Finance will take care of it. He should not increase any further; though we have started with Rs. 3,500 crores last year I think in real terms it has gone up to more than Rs. 8500 crores. This is one of the biggest problems that we are facing.

The second thing, I would like to point out is our non-productive investment, or expenditure whatever you may call it, has gone up in Defence Expenditure from Rs. 8000 crores to Rs. 12000 crores, within a matter of two years! I know the reason. And that is why our country has to be protected from the effects of it. I will not object to it, but there are ways and means that we may be able to reduce the expenditure, if you take proper care and unnecessary expenditure can be cut down, if it comes to five to ten per cent, saving on wastage can make a lot of difference for the country and substantial amount will be saved out of that. And, I know the interest liability which is going up to 10,000 crores is a big amount. It is going on mounting

There is nothing wrong in borrowing. We are borrowing for developing our projects but unfortunately the borrowing that we are doing is properly not generating enough amount of resources to repay our loans and the interest liability. We will be getting very soon our repayment schedules and which are going on increasing the strain on our foreign exchange, and our export oriented industries are not improving substantially, what it should have been. We are trying to increase it to

between 12000 to 15000 crores, whereas the other day the Korean Parliamentary delegation they have explained that their exports figure is more than 45000 crores. I am only thinking that, whether our Finance Minister will be able to pay a little more concentration on this aspect and see various ways and means that will increase our exports from this country, where we have tremendous amount of resources when compared to other countries like Japan or Korea, and all those countries which do not have large resources, nor man power. We have lot of schemes, we need lot of support from the Government. I am sure that the Finance Minister, whether it may be with the Industries Ministry or various other Ministries, if he can take the initiative it will definitely give lot of employment potentiality and also gives tremendous opportunity for export orientation and also gives lot of boost for our country's economy.

And the other day I have seen the public sector performance and also in the PAC report about the IDPL, how it has been dwindling year after year in spite of its tremendous amount of potentiality in drug industry and lot of production and the capacity utilisation is so poor and it needs to be strengthened. Not only in these things, we have spent more than Rs. 40000 crores in public sector projects and I hope the performance is going to be more encouraging. And I am sure, definitely these things will receive lot of attention of our Finance Minister and with the help of the other Ministries he should be able to see that they will work more favourably and increase the production. Once the productivity increases it means a lot of revenue for the Government to implement any project, because when you produce more, the first thing is Government's share. Then your excise duty or sales tax comes. When it comes to profit income tax comes last. The production is more important, that depends upon the employment opportunities also.

When it comes to this stage, I would like to mention two or three items for fruitful



generation of resources. If only the Government can pay attention over the existing installed capacity in power generation 5 to 10 per cent increase can be there, which can be easily achieved, by various means, by improving fiscal policies here and there. It is not only revenue for the power department, it makes lot of difference for the production of the country. Today lot of installed capacity of industry in the country is not able to utilise properly because of the shortage of power or the power crisis, whichever you may call it.

And the same thing happens in the case of the Railways. Inefficiency in the Railway results in losses, whatever you call it, even today you are running the locomotives which are very inefficient, in inoperative conditions that we are doing it and I am sure that they will not be able to come through, and cut down these things and improve efficiency and profitability in the public sector.

Even the tele-communication, if only we are able to improve the tele-communications system which is working in losses, the revenue will go up tremendously. The effective increase will be 5000 crores investment and even that requirement, I am sure we will recover within two years. It will give up 50 per cent return on this investment but it will increase the return for the country in so many ways.

Lastly let me come to a little bit of the agricultural sector. In spite of our efforts so far, though we are doing quite well in cereals, still we are importing sugar though we have got tremendous installed capacity. In 1981-82 we produced more than 82 lakh tonnes of sugar, but still today we have not reached the capacity of attaining the level of 100 lakhs tonnes, which we can produce, there will not be any necessity for importing sugar at all, if we can increase the production in the country.

Same is the case of oilseeds and fertilizer. We are importing oilseeds worth more than 1000 crores of edible oils and if we

can increase the agricultural production in this country that also can improve it.

The third thing I would like to mention is about our export oriented agricultural products. I am sure the Gulf countries are importing lot of agricultural products from number of places. Even, I can say that from Hyderabad if they can have an international airport with more production for goods traffic, lot of goods like fruits, vegetables, eggs and meat and so many things can be exported so that it only helps our agricultural and also improves our economy and productivity.

There is one more thing which requires the attention of the Government of India. That is the National Calamity allocation of funds. Year after year we are facing so many problems due to floods and the havoc caused by cyclones or drought conditions but the provision that we have made may not be sufficient in order to take care of the difficulties that are faced by the people in the various calamities faced by them. I am sure this is a very essential item and the Government will pay special attention on this.

Let me come to a few items of taxation. Quite a number of people on both sides have emphasised that the basic exemption limit should be increased from Rs. 18000 to at least a minimum of Rs. 25000. And I am sure that this is a very genuine request. I feel that it will benefit a lot of people. And secondly, I would like to say one thing, that is to mobilise more funds, schemes like the LIC, premiums if you can give more 100% exemptions, and the repayment after so many years, it will really help us get quite a lot of funds, resources for the Government and they can be utilised for development projects.

Capital gains is one of the things where lot of black money must have gone into. I repeatedly stress this point. Today the money is not in the shape of cash and carry but is in the goods or in the real estate. In capital gains if you can do something by

[Shri B.B. Ramaiah]

relaxation, lot of money will come into the mainstream. Once the money comes to the mainstream, you know how much amount of resources will be mobilised to the Government through various methods. If it is travelling underground, we are losing lot of effect of it and it is causing a lot of set back to the country.

The same thing is happening in the case of tariffs and customs. This is one of the items where we want really tariffs and customs for giving help to the country's production whether it be industry or agriculture. Wherever required we must give protection for these things and increase the production in the country. You can very well increase the capacity of industry in the country by giving more licencing. There should be lot of competition, healthy competition, but we may not be able to compete at the international level today because the size of industry and the type of investment that we require, is going to make lot of difference. If they become quite advance with bigger capacity, naturally they will be able to compete very easily. We need competition in customs-oriented items, but 40 to 50 per cent of that will be internal competition.

Import duty of projects has increased from 55 per cent to 85 per cent. That will definitely increase the cost of our projects. It will make a lot of difference for our people to become more and more expensive in the cost of production in the country. I am sure, something should be done in this respect.

Coming to Andhra Pradesh, we have also made a request for a free trade zone at Visakhapatnam. Coastal areas like Kakinada and Machhalipatnam require lot of improvement in the parts.

80 per cent of Godavari water is going to the sea. We need this water to improve our economy and production. Pollavaram Project which is one of the biggest projects will help us tremendously. This will be

helpful not only for Andhra Pradesh alone but for the whole country. I am sure, top priority will be given to this scheme by the Centre.

The expansion of refinery at Visakhapatnam and establishment of a naphtha cracker plant is delayed for a long time. These are very essential projects.

We are able to find oil and natural gas resources in Godavari and Krishna basins. But the progress is slow. We know already that the resources are there. If we are able to utilise these resources, the position of not only local areas but the whole country will improve tremendously.

The power project at Nagarjunasagar has been delayed for a pretty long time. A number of drinking water schemes have not been provided with adequate funds.

We are not getting enough share from the distribution of power from NTPC. We have also made repeated requests in this regard. I am sure, the Ministry will represent properly to all the other concerned Ministries.

There is a need for overdraft facility. This point has been emphasised by our first speaker, Shri Madhav Reddi. This facility should be given for a short duration in order to help the State to meet an emergent situation. For example, recently there were natural calamities like cyclones and drought conditions in Andhra Pradesh. For such things you may have to spend more money in a short duration. The Government should extend overdraft facility for such occasions.

The question of distribution of taxation to the states has already been emphasised. This is very essential in order to stabilise and strengthen the economy of the States.

With these words, I thank the Chairman for giving me this opportunity to participate in the Finance Bill.

**SHRI SOMNATH RATH (Aska):** I support the Finance Bill.

Our dynamic Prime Minister has presented a realistic Budget reflecting the basic aspirations of the teeming millions.

The Budget reflected the measures for resource mobilisation in order to ease the resources crunch. The economy is stabilised and it has shown a good growth rate.

The economic policies pursued by the Government are being mis-represented. As regards the performance of agriculture, the food-grains production has gone up in the foodgrains production has gone up in spite of continuous natural calamities. It is necessary to raise the export of agricultural commodities and bring down drastically the import of edible oils by producing more oilseeds.

The Rs. seventy crores relief given in the Finance Bill will meet the demand constraints in some segments of the industry, such as, medium and heavy vehicles, chemical equipments, agro-chemicals, petrochemicals and pharmaceutical. The investment in these sectors is remarkable.

The total capital raised from the market during 1986 in the form of shares and debentures has run up to Rs. 3, 629 crores as compared to Rs. 2,187 crores in 1984 and Rs. 1,304 crores in 1984. The common man looks forward to some relief by the present economic policy and the industry is hopeful of consolidation of the policy of liberalisation.

The trade policy needs a deeper look in order to promote exports and to make a general economic structure.

The exchange rate policy needs to be reviewed.

There should be cut back on the non-essential imports or imports of goods which can be produced in the country. We may have more product borrowing of foreign funds. The balance of trade can be achieved primarily by cutting down avoidable import of bulk nature.

We should resort to three-pronged strategy of improving productivity and quality, judicious deployment of financial resources, and harnessing the foreign exchange earning potential.

Next to food and clothing is housing which is most important. We are now faced with acute housing shortage. The new policy, has laid stress on solving the problem including human development and anti poverty programmes.

Under the changed circumstances, Defence is a heavy pressure on our economy. America, which is arming Pakistan heavily with highly sophisticated weapons, cannot assure that those arms and weapons will not be used against India. The secret understanding between America, China and Pakistan poses a great threat to our country.

So, at this critical juncture, when an attempt is being made to see that India should not get arms and ammunitions it is legally entitled to, we should be prepared to meet any situation that is created, to defend our country. At this critical juncture also the new interpretation of the Constitution which jeopardises freedom and parliamentary democracy is a matter of great regret. We should be aware of the rumour mongering.

Our success in surface to air missile is really a matter of praise. The attempt which is going on to destabilise and disintegrate the country should be countered by all the democratic, secular and progressive forces. The situation created by the divisive forces cannot be compromised and should be eradicated with the co-operation of all democratic and progressive forces.

The inflation is well under control.

Coming to the public sector, the fact remains that some States purchase electricity from the Centre at a low rate and sell the same to the public sector in the State at

[Shri Somnath Rath]

a very high rate to meet their own deficit created otherwise. The sense of belonging should be inculcated in the mind of these States.

Since we are to reduce the import of sugar to save our foreign exchange, I would suggest that remunerative prices should be given to sugarcane growers. The sugar factories in the country are capable to produce the sugar needed for the people if modernised. It should be expedited. In this connection I would suggest, in Ganjam District in Orissa there can be two other sugar factories near Sorada and Purushotampur. I would suggest that the Government should implement Rushikulay Command Area Development in Ganjam District for the growth of agriculture as sufficient infra-structure is available there. Thank you.

[Translation]

SHRI JAGANNATH CHOUDHARY (Ballia): Mr. Chairman, Sir, I am particularly grateful to you for giving me an opportunity to express my views on the Finance Bill. I support the Finance Bill. At the same time, I congratulate the Hon. Prime Minister who has presented an imaginative Budget. It has provided the people a lot of relief and they have heaved a sigh of relief. Alongwith this, I want to make some submissions about district Ballia.

Sir, our country is predominantly an agricultural land. The Government took speedy steps in the field of agriculture and the production of foodgrains has increased in the country. A deep study will reveal that some areas were amply benefited whereas some other areas were totally neglected. A network of canals has been spread in western region of Uttar Pradesh, as a result of which the agricultural production in the districts of Meerut, Muzaffarnagar, Saharanpur, Bulandshahar, etc. in Western region of Uttar Pradesh has tremendously increased. But unfortunately, due to absence of irrigation means or less

means of irrigation in the districts of Ballia, Ghazipur, Azamgarh, Jaunpur in the eastern regions of Uttar Pradesh, the agricultural production could not increase as much as it has increased in the western districts.

Sir, district Ballia is situated at the fag end of eastern region. There the means of irrigation are negligible. Only 25 to 30 per cent land is irrigated by canal or small tubewells. The work relating to construction of Sharda canal for irrigating the unirrigated land of the area was taken in hand. The work started in 1976-77. But I say with regret that the Government of Uttar Pradesh has been releasing funds in bits for the purpose due to which the work has not been completed so far. The pace at which the work is progressing, I do not know the time by which the water of Sharda canal will reach Ballia. I urge the Hon. Prime Minister that he should direct the Chief Minister of Uttar Pradesh, who is holding the charge of Irrigation Department under him to complete the Sharda canal work at the earliest so that its water may reach Ballia and its farmers may also compete with western districts by raising their production.

Sir, Ballia is predominantly an agricultural district. Two years ago, we had requested the Minister of Agriculture to open an Agricultural Science Centre at Ballia so that the young educated farmers of the area may advantageously learn the new techniques of agriculture. The hon. Minister of Agriculture had assured me orally that Agricultural Sciences Centre would first of all be opened at Ballia. But when I met the Minister of Agriculture after the Budget was presented, he advised me to meet the Hon. Prime Minister direct because he is not able to undertake this work for want of funds. I apprised the Prime Minister also of the fact that the Minister of Agriculture has already given me an assurance but he is not in a position to open the Agricultural Sciences Centre at Ballia for want of funds and requested him to provide the necessary funds so that the task can be accomplished. I again appeal the Minister of Agriculture to make provi-

sion of funds and open the Agricultural Sciences Centre at Ballia. The entire country and its people will be benefited by the foodgrains that will be produced in the area. I am confident the Minister of Agriculture will give serious thought to it.

Suraha lake is a very big lake in Ballia. This lake is not being utilised. I want that arrangements should be made to breed fishes in it. It will benefit the Government and also the people in the neighbourhood. It will be a big achievement.

District Ballia is one of the most backward districts in the eastern region. As I pointed out in my speech on last years' Budget, the only reason for its backwardness is that it falls on a narrow guage. Until and unless broad guage line is provided to Ballia, its economic development is not possible. No big businessman is prepared to go there because there is no broad guage line. They are not prepared to set up big factories in the area if they have to depend on trucks and narrow guage line for transportation. It is suggested that for the development of the area, a broad guage from Indara, a station on Varanasi Bhatni broad guage line under construction, to Ballia may be laid. The people of the area will be benefited by it and the eastern region will make rapid progress. In that case, both public and private industries will also come up in the area. We have been demanding this for the last two years. We have been getting only verbal assurances but no concrete action has been taken in this regard during the last two years.

**14.00 hrs.**

I request the Minister of Finance to give it serious thought. I wrote time and again to the hon. Minister of Railways and Hon. Prime Minister in this regard, but no action has been taken. It should be considered seriously. I am confident that concrete action will be taken on it with a view to develop eastern region.

Sir, I had made a demand to the Hon.

Minister of Railways for constructing an over bridge on the railway line in Ballia. The Chief Minister of Uttar Pradesh has recommended the case in writing. In spite of that, the work is stalled so far. I want that the over bridge must be constructed for the convenience of the people.

Sir, a large number of telephones have been installed in Ballia, but they are lying only as show pieces in the houses. If somebody wants to talk to anybody over telephone, it is not possible. I had requested the Minister of Communications to set up a microwave station there so that it is possible to make calls from one place to another. The telephones installed in the area are in a way burden on the owners. They are of no use. The Minister of Communications has given me an assurance but it is getting delayed. I want that the Microwave Station may be set up so that people may make calls from one to another place easily and avail of the benefits of telephone system.

Mr. Chairman, Sir, the number of educated youth is large in Ballia but they are unable to get employment anywhere. In these circumstances, I want that at least two big factories should be set up there so that the local people can get employment. Even after 40 years of independence, no industry has been set up there.

I would also like to point out that Ballia is situated between Ganga and Ghaghra rivers. Flood waters of Ganga and Ghaghra cause heavy loss to Ballia district every year. Sometimes, the villages are entirely wiped out due to land erosion and sometimes they are washed away by floods. The Government of Uttar Pradesh distributes a handful of foodgrains, which is of no use. I appeal the Central Government to take some concrete steps on its own level to check the recurring floods in Gangas and Ghaghra and the problem of land erosion. Then only the people of Ballia will heave a sigh of relief.

With these words, I support the Finance

[Shri Jagannath Choudhary]

Bill and hope that the suggestions put forth by me will be considered seriously and some action will definitely be taken.

SHRI RAM NAGINA MISHRA (Salem-pur): Sir, by your good grace, I get the opportunity of speaking on this Finance Bill. A number of our learned colleagues have expressed their views on it. I do not want to repeat them.

Sir, I belong to a purely rural area and reside in a village. Our Government is a socialistic Government. I have heard that socialistic Governments take fullest care of the poor people living in villages also. It is a fact that when the country was in slavery, there had been no progress. The country has made tremendous progress during these 40 years. There is no region in the country which did not make progress. Earlier people living in the villages did not get two square meals a day; they had no clothes. Even cloth was imported from Japan. I remember when I was a child, tea-venders used to distribute needles for sewing clothes while propagating tea in the villages. The needles were also imported from abroad. The needles were not being manufactured in this country. So far as literacy is concerned, if any letter came, a search had to be made in 4 or 5 villages to find a person who could read the letter. You will laugh if I talk about ailments. Most of the children in the villages died at the time of their birth and there were so many superstitions prevalent in this regard. Everywhere schools and colleges have been opened. Today, the farmers cannot say that they are starving. When population was 30 to 32 crores, a large number of people had died due to famine in Bengal. Today we are more than 70 crores. After partition, we are 70 crores and self-reliant in food. At that time Pakistan and Sri Lanka were also part of India. Now-a-days we are exporting foodgrains. There has been considerable progress. There has been progress but who has made more progress, what I see is that the

people living in cities have made more progress than the people living in villages. The Government has fixed ceiling of land holdings in the villages. A ceiling of 18 acres land has been fixed and the surplus land has been distributed among the poor. This way, the landlordism of landlords and Talukadari of Talukadars has been abolished.

14.06 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

When they come to cities, they find that palatial buildings are coming up everyday. They feel pained with it comes to their mind that a ceiling has been fixed in the case of their property but it is not so in the case of city dwellers. I had heard that communists care more for the poor. But to-day I am surprised to find that our communist brothers cannot utter a word against capitalism. Shri Choubey is not present here at the moment. The Government has formulated a policy for granting loans to poor people living in the villages to bring them above the poverty line which is being opposed by our communist brothers. They say that loans should not be granted to the poor people. What type of this communism is it. Shri Choubey should have said that tax should be imposed on big capitalists. It is not known the theory in which it is written and wherefrom he read it. There is hardly any farmer in the country who is not burdened with loan. The farmers produce foodgrains which is low period in comparison to other commodities. People involved in farming can honestly say that no agricultural worker can accomplish any job if he were to depend only on farming because they do not get remunerative prices for their produce. I was surprised when one of our communist colleagues said that farmers should be taxed. It has been envisaged in our socialism that the standard of living of poor people should be raised by the communist party of India says that loans should not be granted to the poor and the farmers should be taxed. Today the farmers have to toil hard to raise crops, but they do not get remunerative prices

either for wheat, sugarcane or cotton whereas they must get remunerative prices.

Sugarcane is cultivated on a large scale in the area. I belong to. Even today, lakhs of quintals of sugarcane is standing in the fields. When I went there people were doubtful whether the sugar factories will be in a position to take all of their sugarcane for crushing. The Sugar mills do not have the capacity to crush all sugarcane grown in the area. The farmers are thus forced to produce less sugarcane. The Government is importing sugar from abroad. When we can produce more sugar in the country, Government should give encouragement to indigenous production of sugar. I request the Minister of Finance to conduct a survey in this regard. There are 14 sugar mills in our district Deoria and even then lakhs of quintals of sugarcane is standing in the fields. Therefore more sugar mills should be set up in the area. Not only this, there are two sugar mills in Deoria which are running under the direct supervision of the Government of India. These mills are under debt to the tune of Rs. 10 crores. The State Government is somehow running the sugar mill at Deoria by making makeshift arrangements. Great discontentment and uncertainty is prevailing among the farmers. Therefore, I would like to submit that either the capacity of the Sugar Mills be raised or a policy should be adopted to ensure that all the sugarcane produced by the farmers is purchased so that a feeling of confidence can be created among the people.

Scarcity of electricity and water is the biggest problem of the farmers. Agitations are going on to impress upon the Government to reduce the rates of electricity. I had also been to the villages. The farmers say that they will not mind if the rates of electricity are not reduced, but they must get the supply in time. If they do not get electricity, it will not be possible for them to carry an agricultural operations. I would like to submit to the hon. Minister of Finance that the farmers in the villages must get electricity supply for agricultural purposes according to a fixed time schedule which

may range from 8 to 10 hours a day. The approach of the concerned officers in this regard is most reprehensible. They supply electricity to the farmers for irrigating wheat crop at midnight. The poor farmer is thus forced to brave the chilly weather. It is thus a very serious problem for the farmer. Proper arrangements should be made for timely supply of electricity to the farmers.

Even today, in villages we find only thatched houses but in the cities palatial buildings have come up. Ours is a Socialist Government and as such it has fixed a ceiling of 18 acres of land holding in the case of rural property. Likewise it should fix a ceiling in the case of urban property also.

Similarly, there should be a limit on the property of the big capitalists in the country. A young and healthy labourer in a village gets Rs. 10 as wages per day. Not only this, he gets work hardly for six months in a year. On this basis, his monthly wages comes to Rs. 300 per month and Rs. 3,600 for 12 months. If a man deposits more than Rs. 3,000 in a fixed deposit account, he gets interest of more than 11 per cent. Thus the value of a person living in a village is Rs. 3000/-. Whereas the value of a farmer living in a village is Rs. 3 thousand, the value of an official is Rs. 2 to Rs. 2.5 lakhs and the value of an I.A.S. officer who draws Rs. 3,000/- to Rs. 4,000/- a month is about Rs. 4 lakh. But there are some persons in the country who earn Rs. 1 to 2 crores daily. What type of system is this? I.A.S. officers are very competent. Their value has been raised to Rs. 4 lakhs. The value of other officers has been raised to Rs. 1 lakh and the value of a youth living in a village is only Rs. 3 thousand only. The daily income of big capitalists is in crores of rupees. So limit should also be imposed on the property of rich people. Unfortunately, I belong to Uttar Pradesh. The population of that State is about 11 crores which is one seventh of the population of the whole country. If we work out the assistance given by the Government to the States, we will find that the share of Uttar Pradesh is negligible. We should get at least one-seventh of

[Shri Ram Nagina Mishra]

the assistance given to the States. The population of Uttar Pradesh is 11 crores. What is our share in Central assistance in comparison to Maharashtra, Haryana, Punjab, Bengal, etc.?

All the big factories and projects have been located in other States. There is no such factory located in Uttar Pradesh. At the time of Pandit Jawahar Lal Nehru, a Commission was constituted for the development of eastern Uttar Pradesh. Uttar Pradesh is the poorest of the poor States in the country and eastern region is the most poor region of the State. In this region my district Deoria is the most poor. We are not seeking any charity from you but we want that we should get our share. When Government have set up big projects in big cities like Bombay, Madras and Delhi, no big project has been set up in Uttar Pradesh when its population is as much as 11 crores. I would, therefore, request that Uttar Pradesh should get its share. It has not got its share up till now. It has remained neglected for centuries. Some big projects must be set up in Uttar Pradesh so as to ensure its development.

Now I would like to make some submissions about the Ministry of Defence. What is the condition of the country at present? China is unhappy with us and is concentrating its troops in Arunachal Pradesh. On the other hand, Pakistan is also threatening us and its forces are resorting to firing on the border. On the third front is Bangladesh. We helped it in its liberation and fed its crores of people in time of need but now it is not allowing us to instal wire fence on the border. Sri Lanka is on the fourth front. It is also accusing us that we have become Hitler. What I mean to say is that we are facing danger from all sides and America is conspiring to crush us. It is a fact that India has never attacked any neighbouring country. The hon. Minister and the hon. Prime Minister have been repeatedly giving statements that Pakistan has manufactured an atom bomb and India will also

think of it. Whether we will think of taking a decision in this regard only when there is war and Pakistan drops an atom bomb on us. For keeping the morale of 70 crore people of the country high, the Government should declare vociferously that if need be, we will manufacture a more powerful bomb than atom bomb for the security of the country. It will be recalled, when hostilities broke out between India and China, the womenfolk of the country came forward with their gold jewellery, people in the village contributed money towards the National Defence Fund and even today the people living in the country are prepared to offer everything for the defence of the country. So I would submit that there is no need to become complacent in the matter of defence preparedness. There is no use in saying that other country is acquiring superior arms. America is reportedly supplying superior arms to Pakistan. But there is no use in crying hoarse over it. We should take every possible step for the defence of the country.

Sir, it is an undisputed fact that human development is not possible without the development of intellect. At present what is the condition of our schools in villages? In some schools in the villages, there is no tat-patti to sit, in some schools, teachers do not come there to teach and in some schools, there is no school building. The students are imparted education under trees during summer, winter and rainy seasons, whereas in the cities, there are first class colleges with fountains running and there are several means of recreation available to the students. In villages, even ordinary schools are not there. If there is an ordinary school building, it is in a very dilapidated condition. The Government should pay attention towards improving the condition of schools in villages for the sake of progress of villages. The buildings of existing schools should be repaired. Education should be imparted to the students to make them capable of earning their livelihood. The present education is preparing the rural students to become clerks. They should be given education to make them stand on their own feet. So, in



the end I would like to say that the Government should pay attention towards the improvement in the standard of education in villages and towards the defence of the country and other points which I have raised.

The Government gives grants for bringing the poor above the poverty line and for fertilizers, etc. but the grant is of no use because it is pocketed by the intermediaries. So I would submit that subsidy on the fertilizers should be withdrawn and the prices of fertilizers should be brought down. Secondly, interest free loans should be provided to the poor so that they may come up above the poverty line. With these words, I support the Finance Bill.

[English]

SHRI V.S. KRISHNA IYER (Bangalore South): Mr. Deputy-Speaker, Sir, I wish to make a few comments on the Finance Bill. I welcome the amendments which have been brought forward by the Prime Minister. Let me at the outset say, because I did not speak at the time of the General Budget, that the people of India expected a lot when the Prime Minister himself became the Finance Minister and when he presented the Budget. But, the people are really very much disappointed. I do not want to go back to the general discussion—however everybody expected that people below the poverty line will be brought up. But, unfortunately, Sir, there is nothing, not even a single thing to show that the Government is going in this direction except some of the programmes for the rural development. Sir, the unemployed youth has seen no future in the Budget presented by the Prime Minister. I would like to quote only one instance which affects the middle classes. That is the income-tax limit. It was expected that particularly in view of the recent revision of the wages by the Central Government that the exemption limit of the income-tax which is at the moment Rs. 18000, will be enhanced. But, everyone is disappointed particularly, the salaried people who very much suffer because they cannot evade

the account, they have to give honest account. Even now, while bringing the amendments in the Finance Bill, we expected that since the Prime Minister has brought so many amendments, he will also bring an amendment to enhance the limit. Unfortunately, that he has not done at the time of introduction of the Bill. Not only myself but many Members from both the sides have pleaded that the income-tax exemption limit should be increased. I hope, the Hon. Minister or the Prime Minister whoever replies will bear this in mind and announce that there will be increase in the income-tax limit.

Sir, I would like to make one or two points more. Nowadays the Government of India unilaterally increased the administered prices of all the essential articles. What will be the repercussion of that on the State Governments. We should bear in mind this because State Government's finances are very much limited. It is not elastic. Whereas the Central Government, even if you have a deficit Budget of nearly 6 to 7 thousand crores, you can bring notes and make up that. But what can the State Governments do? By increasing the administered prices of core materials, not only the individual but the State Governments also are affected. Sir, I would like to quote only one instance. Last year when they increased the prices of rice and wheat, the worst sufferer was some of the State Governments particularly the Governments of Tamil Nadu, Karnataka and Andhra because they were selling rice at subsidised rates. The poor people were very much affected. Another thing is if the administered price is increased, the State Governments will not get anything. If it is Excise Duty or the Customs or the Income-tax, the State Governments will get a share. But unfortunately the Central Government so manoeuvres that they go on increasing the administered price so that they can pocket everything which they get. So, I urge the Government of India to see that hereafter there is no increase in the administered prices.

[Shri V.S. Krishna Iyer]

Another point which I would like to mention is that they go on rising the dearness allowance of the Central Government employees. Whenever there is increase in the dearness allowance here at the Centre naturally the State Government employees also demand. But the Central Government is not bothered about the State Governments. They seem to think State Governments as foreign Governments and they don't even consult them. Sir, I urge upon you that whenever you want to raise the wages, salaries or the dearness allowances you should take the State Governments also into confidence.

Then I come to Sarkaria Commission Report. Sir, the State Governments are only hoping that when the Sarkaria Commission's Report is published, the State Governments will get their legitimate share because they are disappointed with the recommendations of the 8th Finance Commission. The future of our country, the federal outlook of our country depends upon the way in which the Central Government treats the Sarkaria Commission Report and how the Sarkaria Commission Report will be. I urge the Government of India to see that the Sarkaria Commission Report is published. You have been extending the term of the Sarkaria Commission. This will not help the States. In the interest of the unity and integrity of the country, you must give a deadline to the Sarkaria Commission. The cannot go on simply asking for extension of their term like this. You must see that the Report is received by you and the Government of India's acceptance is given at the earliest.

Another point which I would like to mention is with regard to overdrafts. I welcome the Prime Minister's statement during the Budget speech that there should be financial discipline. Everybody wants financial discipline. The States should also observe financial discipline, I agree. But you know that in many of the States, particularly Kerala, Rajasthan, Maharashtra and Karnat-

aka, every year scarcity conditions occur, drought conditions are prevailing—as though they were a permanent feature—and the flood conditions are prevailing in some States. In such state, as the mother of the country, if you don't come to the rescue of the State Governments, who will help them? You may say that you will give some grant by way of drought relief later on; that is a different matter. But the State Governments, whenever in dire need of finance, must be allowed to get overdraft from the Reserve Bank of India. You may have a certain prescribed limit of amount and period also. But they should have that option. Now, by withdrawing the overdrafts, many of the States are suffering a lot. I do trust that the Hon. Minister will see that the limited overdraft with the prescribed time limit will be given to the States at least in future.

One more point which I would like to bring to his notice, which has been discussed very much in this House already, is with regard to self-reliance. We know how we got the freedom. We are working under the shadow of the Father of the Nation. Swaraj spirit must prevail at all times. The way in which the Government of India has been liberally granting licences for import, the way in which the Government of India is entering into agreements with various foreign countries for the import of each and everything right from the aircraft or the guns upto the edible oil, it shows that there is something wrong with our economic policy. So, I earnestly urge that we should see that our public sector is placed always at the commanding heights and we must see that as far as possible, unless it becomes inevitable, we should not go in for imports. That is very necessary because with the whole import policy liberalisation now-a-days, we have lost our self-respect in the community of nations. So, I urge upon the Government of India to see that we stick to the policy of self-reliance and under no circumstances weaken the public sector units.

With these words, I thank you Sir.

[*Translation*]

SHRI AZIZ QURESHI (Satna): Mr. Deputy Speaker, Sir, I rise to support the Finance Bill. The tax relief and concession to the tune of Rs. 70 crores given by the Hon. Prime Minister reflects the aspirations and hopes of the people and the whole of the country has welcomed it.

Just now an opposition Member has referred to the loan melas and opposed this move. I do not understand the logic of opposing it because the melas have proved a boon for the persons below poverty line.

14.30 hrs.

[MR SPEAKER *in the Chair*]

The whole country has welcomed it.....(*Interruptions*)

SHRI SAIFUDDIN CHOWDHARY (Katwa): Loans are not disbursed in a proper way.

SHRI AZIZ QURESHI: It may be so in Bengal. But at other places, it is not so.....(*Interruptions*).....

Mr. Speaker, Sir, alongwith the relief of Rs. 70 crore, some concessions have also been given to the cement factories. I welcome the concessions given to the cement factories. But I would like that the Government should pay attention towards the plight of the workers working in the cement factories. The Central Government officers should go to the cement factories to see for themselves the working conditions of the workers in general and find out the reasons for fall in the living standard of the workers in particular. The workers have become victims of pollution, filth and air pollution. The health of the people living in the vicinity of the cement factories upto a distance of 20 miles, their crops, the entire atmosphere, the drinking water, and cattle have been adversely affected. But the owners of the cement fac-

tories are not taking anti-air pollution measures. I have been raising voice in the House for the last two years. But the owners of these factories are big capitalists who wield great influence. The demand made by us for action against them is simply forwarded by the Central Government to State Governments who can do no harm to them. The Hon. Prime Minister is present here. I would request him to go to the affected area and see for himself the life of the poor workers who are compelled to live like cattle. He should pay attention towards them so that the standard of living of these workers can be raised and they may not remain at the mercy of Tatas and Birlas. The hon. Prime Minister should set the things right and protect the poor workers.

Another thing that I would like to say is about the rural development and agricultural development. Work in this direction is going on in the whole country speedily under the leadership of our Prime Minister. However, the involvement of the Members of Parliament is not there to the extent it should have been. The meetings or programmes in this regard are held at a time when the session of the Parliament is going on or the concerned Member of the Parliament can not be informed about it. I do not say that it is done deliberately but it so happens. The Government has already issued instructions in this regard. Instructions should again be issued that the Members of Parliament should actively be involved in these programmes.

Fisheries has adequately been taken care of in this Budget. It is my fortune that I have been closely associated with the fisheries. There is a vast potential for rearing sweet water fish, i.e. inland water fisheries. Unfortunately, 15th June to 15th August is the breeding season of inland water fisheries. They lay eggs in this period and come to the bank of rivers and ponds. At this time, people catch them in large scale. There is no law to prevent this. I had vociferously demanded to enact a law under which total ban is to be imposed on catching fishes from 15th June to 15th

[Shri Aziz Aureshi]

August and ban on its sale in the market is also to be imposed. But this could not materialise. The Prime Minister should give attention in this direction and direct the State Governments to promote fisheries. During the time of the late Prime Minister Shrimati Indira Gandhi, State Fisheries Development Corporations were set up in all the States. A Fisheries Development Corporation was constituted in Madhya Pradesh also which had shown good performance. I was its President. I would like to pay my tribute to late Prof. Kailash Nath Kaul under whose leadership and guidance we accomplished several tasks of development in Madhya Pradesh. With a view to immortalise him, the Madhya Pradesh State Fisheries Corporation has decided to set up Prof. K.M. Kaul chair in Water Biology and Management in the Bhopal University after the name of Prof. Kailash Nath Kaul. The Madhya Pradesh Fisheries Corporation contributed Rs. 5 lakhs and a chair has been set up in the Bhopal University. Not only this, the place where his headquarters were situated has been named 'Kailash Garden' in his memory. We did this because Prof. Kailash Nath himself was a great scientist and a great man who guided the country. He was well known as a scientist in the world and was revered all over the world.

The Prime Minister is present here today. I would like to draw his attention towards the doings of bureaucrats of this country. The present secretary of the Madhya Pradesh Government (Fisheries) who is an IAS Officer and M.D. of the Fisheries Corporation, who is also an IAS officer, jointly decided and wrote to the University that they want to withdraw the Kailash Nath Kaul chair in lieu of which the sum of Rs. 5 lakh should be returned to them. I do not think that there can be anything more unfortunate than this? The Prime Minister should take stringent action against them. Not only this, they have changed the name of Kailash Nath Garden which was unanimously approved by the Fisheries Corporation Board. Our decision to put up

a statue of Prof. Kaul in Kailash Garden has also been shelved by them.

We had full support and cooperation of the then Chief Minister Shri Arjun Singh under whose leadership we accomplished all these tasks, but it is unfortunate that today bureaucrats are spoiling the name of such a great personality. I want that Government of India should take stern action against such persons. We had not done so because Prof. K.M. Kaul was maternal uncle of Late Shrimati Indira Gandhi or husband of Shrimati Sheila Kaul, an hon. Member of this House but because he himself was a great man and a great scientist who extended co-operation to Madhya Pradesh Fisheries Development Corporation and under whose leadership the Corporation made tremendous development.

Now I want to say something about my constituency Satna. It is a very backward area where no Public Sector industry has been set up. The cement factories owners exploit the poor people of the area. Local people are not given employment in these factories. If peons or labourers are required in these factories, they are also brought from outside. In this way, the poor people of that area are being exploited. Steps should be taken to check it.

People of that area have been demanding T.V. facilities since long. All essential T.V. components are available there but T.V. transmitter has not been installed there due to unknown reasons. Hon. Prime Minister should help us in the matter of getting installed a T.V. transmitter at Satna at the earliest.

I want to point out here that some anti-national elements had given a call for boycotting Republic Day celebrations. The people did not respond to it, but the Managing Director of Madhya Pradesh Fisheries Development Corporation, who is an IAS officer, did not allow to hoist the national flag in the Corporation on 26th January on the plea of economy. If such traitors continue to hold office, what will be the fate of the country? The Government of India should pay attention towards these things also.

At present, Satna area is reeling under drought and there is acute shortage of drinking water. Ponds have dried up. Therefore, with a view to solve the problem of drinking water on war footing, the Central Government should provide special financial assistance to the State Government with the instruction that drinking water may be supplied to Satna at the earliest.

Similarly, there is no industry in that area as a result of which large number of unemployed persons are there. They are facing starvation, poverty and various kinds of diseases. Some special measures should be taken in this regard and special assistance should be provided so that the people of Satna can get employment opportunities. Shri Arjun Singh the then Chief Minister had accorded sanction for the construction of canal from Bargi dam to Satna which was to benefit the Maihar, Nagoud and Satna districts but it is surprising that the construction of this canal has not been taken up till now. The Central Government should make arrangements for construction of this canal immediately.

Similarly, there is also scope for development of tourism in that area. The places like Chitrakoot, Maihar, etc. are not only visited by Indians but also by the foreign tourists. Therefore, I want that our hon. Minister of Tourism and his Ministry should also pay attention towards tourism development in that area. I hope, tourism facilities would be provided in Chitrakoot, Maihar and Satna. With these words, I support the Finance Bill.

[English]

**SHRI BRAJAMOHAN MOHANTY (Puri):**  
Sir, I want to make only one point for appreciation by the Hon. Prime Minister and other Members.

I recollect that during the freedom struggle, the problem of rural indebtedness attracted so much attention that we had made a commitment that we would imme-

diately amend the Money Lending Act and in 1938 in whichever State the Congress came to office, they immediately amended the Act and the most important principle incorporated in the Money Lending legislation was that there should not be any *dam dupat*. That means that whatever you advance, the recovery should not be more than the double of the amount advanced. That was the one cardinal principle of the Money Lending legislation. The other important principle was that there should not be any compound interest.

However, unfortunately, wherever you go now, the rural indebtedness problem is very much acute. In the year 1982, the National Sample Survey Organization found that the percentage of indebted households to all households is about 20 in the rural sector and 17 in the urban sector and the value of debt per indebted household was Rs. 3311 and Rs. 5930 respectively in the rural and urban sectors. This is a problem which should attract the attention of the Government. It should be very closely and seriously examined whether the public financial institutions can adopt these principles. I had also a discussion with the IDBI bank authorities. It is a serious problem and as I said, there should not be any compound interest and the recovery should not be more than double of the money advanced. These are the two points which may kindly be got examined by the Hon. Prime Minister. That is my submission.

In 1944, the total problem was examined by the Gadgil Committee in extense and after that there has not been any extensive examination of the problem. But in the year 1975 the Government of India issued guidelines to all the States to enact appropriate legislation to liquidate non-institutional debts of rural poor and also to scale down the non-institutional debts of small farmers, but the problem is that there has been no scaling down of the institutional loans. My submission is that the institutional loans should also be covered.

[Shri Brajamohan Mohanty]

You go to any village, particularly in the States of Orissa, West Bengal and eastern India, and you will find that thirty to forty per cent of the land is already mortgaged to cooperatives and the people who have taken the loan have neither the capacity to pay back, nor it will be possible to realize the amount even if the entire land is sold in auction. We must take notice of it, particularly in respect of the marginal farmers, landless labourers and the rural artisans. These are the three categories of peoples, whose loans must be scaled down and they should not be saddled with the compound interest and should not be asked to pay back more than double of the amount that was advanced to them. So, this aspect should be examined.

Another point which I want to impress upon relates to the big business houses which are on the top. Since many hon. members have spoken on this, I will not go into details. In this connection, I would like to mention that I have examined 20 big business houses to see the extent of increase in their assets. Of the 20, each and every industrial house has doubled its assets. But one particular house has increased its assets by more than four times. In the year 1980, its assets stood at Rs. 166.33 crores and in the year 1985, the figure has gone upto Rs. 1056.36 crores. Naturally, my submission is that we have to find out some strategy to curb this sort of abnormal growth of assets of a few industrial houses. I am very well aware that ours is a mixed economy. Nor do we want to eliminate them completely. But, all the same, we have to find some strategy to stop this abnormal growth.

[Translation]

**SHRI RAM PUJAN PATEL (Phulpur):** Mr. Speaker, Sir, I am thankful to you for providing me an opportunity to express my views on Finance Bill. The Hon. Prime Minister has presented this balanced Finance Bill keeping in view the expectations of the

country. The Hon. Prime Minister has also mentioned in it that.

"Agriculture is the base of our economy. The development of agriculture sector is very necessary for poverty eradication. Earlier we used to import foodgrains and our living standard was too low but our farmers, agricultural technicians and scientists have made our country self-reliant in respect of foodgrains. We are proud of them and we congratulate them."

The Hon. Prime Minister deserves congratulations for expressing such views. However, I would like to point out that our farmers have not been benefited as much as they should have been because we are unable to give them reasonable prices for their produce. It is also true that if we escalate the prices of the produce, the poor and small farmers will find it difficult to make both ends meet. Therefore, fertilizer should be provided to the farmers at subsidised rates. The rates of irrigation should also be reduced. The rates of electricity should not be increased too much. I think, our farmers can further increase their production if insecticides, improved quality of agricultural implements and seeds are provided to them in time.

The foodgrains production in our country has considerably increased. Now we no longer depend on imports of foodgrains and our foodgrains requirements are met indigenously. Sir, as per my information, the foodgrains production in 1983-84 was 1524 lakh metric tonnes. Thereafter, there has been a fall in our production reportedly due to bad weather. It is a fact. However, the other reason for fall in our agricultural production is that our farmers have started using lesser quantities of fertilizers due to hike in their prices. They are not putting as much fertilizer in their fields as is required because of hike in the prices of fertilizers. Therefore, the prices of fertilizers should not be increased.

I would also like to point out that reaped wheat crop is lying in the fields and

farmers are not getting electric supply. The rains will damage lakhs of tonnes of wheat. Therefore it is necessary to provide electricity to the farmers as per their requirements.

Apart from this, the Government has decided to import sugar from foreign countries. Why such situation has arisen? Earlier we used to export sugar to other countries. The main reason for this is that we are not paying remunerative prices of sugarcane to the farmers. In Uttar Pradesh, we find that the co-operative Sugar Mills are running in loss and they are not in a position to pay higher prices of sugarcane to the farmers. For this reason, sugar mills in the private sector are also not giving reasonable prices of sugarcane to the farmers. For agricultural loan also, farmers have to run from pillar to post. I would like to request the Hon. Prime Minister and Finance Minister that keeping in view the valuation of land, a limit of loan should be fixed which can be directly taken by the farmers from the banks so that they do not have to go to Tehsildar, Uklapal or Kanungo. The Government must pay attention towards this aspect.

Mr. Speaker, Sir, it is said that poor people will be brought above poverty line under Integrated Rural Development Programme and for this purpose funds are also being provided by the Government but the poor and the farmers are not being adequately benefited by this programme. I would request the Government that money should be directly given to the beneficiaries. Shri Poojary has said in a statement that in 22 Development blocks, when money was directly given to the poor, 66 per cent people were benefited whereas generally the beneficiaries are 25 to 30 per cent. Therefore, keeping this thing in view, we should directly give money to the poor so that poor, Harijans and farmers can get maximum benefit of it. I hope, special attention will be paid towards it.

One more thing I would like to say about farmers. Today on purchasing a tractor,

they have to pay registration fee on 50 per cent of loan amount whereas on purchasing a truck merely Rs. 30 have to be paid when loan to the tune of Rs. 2 to 3 lakhs is involved. Therefore, this anomaly should also be removed. The land ceiling has been implemented in rural areas but not in urban areas. Therefore, Government should also pay attention towards land ceiling in Urban areas. Similarly, to bring about socialism in the country, there should be a ceiling on wealth also.

Our Hon. Prime Minister has formulated a scheme to open Navodaya Schools for providing good education in rural areas which is a very good thing. I want that arrangements should be made to provide uniform education to all citizens, school buildings should be constructed and free education should be imparted upto high school level so that all citizens of the country can get education.

Similarly, I believe that with the allocation of Rs. 12,000 crores earmarked for Defence, we will be capable of strengthening our national security.

With these words, I support the Finance Bill and hope that the Hon. Prime Minister will steer the country ahead.

**SHRI RAMASHRAY PRASAD SINGH** (Jahanabad): Mr. Speaker, Sir, I will conclude within a few minutes.

At the outset, I would like to say that today our economy is becoming hallow and the main reason for this is our capitalistic approach and economic development which has created political instability and given rise to lawlessness, communalism, separatism and extremism which pose a danger to the unity and integrity of the country. Today, the private sector is being exhorted to let down the public sector. Multi-national companies are being invited to invest in the country and Government is kneeling down before the capitalists. Even after forty years of independence, Government has not been able to fulfill the promises made by our national leaders during

[Shri Ramashray Prasad Singh]

national movement. Today the people are being made to believe that the country is under threat from foreign powers which is not true. Today the real threat to the country is from those people who have abandoned industrial development and have criticised public sector. It shows the reality of the Government.

Mr. Speaker, Sir, Bihar is a poor and most backward State where poverty, unemployment, corruption and casteism are very much prevalent. In Bihar, the murder cases are more than that in Punjab. Everyday 10 to 12 persons are killed.

*(Interruptions)*

MR. SPEAKER: Mr. Ramashray, do not read out but speak.

SHRI RAMASHRAY PRASAD SINGH: Sir, I am not reading but I have noted some points and I am consulting the same. *(Interruptions)* I want to say.....*(Interruptions)*

MR. SPEAKER: When you do not look at me, I feel somewhat disappointed. Therefore, look at me also.

SHRI RAMASHRAY PRASAD SINGH: I want to bring it to the notice of the Prime Minister that Bihar is a backward State. More and more funds should be allocated to Bihar so that some industries can also be set up in the State with a view to wipe out backwardness from there. The Punjab problem is there. The Prime Minister should also know that everyday 15 to 20 persons are being killed in Bihar. Families as a whole are being massacred. The casteism is being encouraged in the country and Bihar is facing its consequences. There is also acute shortage of water in the State. This I came to know when I personally visited the State during the last three holidays. The Hon. Prime Minister should order an enquiry in this regard. People have to bring water from a distance of one

mile. The water level is 300 feet deep in that area. I also contacted the collector and other State Government officers but no one is paying attention toward it. The affected villages are Vegena, Madara, Mahkar and Jagdiha in Khijarsarai block of Gaya district and Doulatpur, Akbarpur and Madarichak of Makhadumpur block in Jahanabad district. There are so many other places which are also facing water problem. The human beings and livestock are on the verge of death due to non-availability of water. The Government should immediately make arrangements for water immediately otherwise people will die without water. Government will have to give up the path of capitalism and tread on the path of socialism. So long as the Government does not adopt the path of socialism, it cannot take the country in the right direction and get the country out of crises it is afflicted with. With these words, I conclude.

KUMARI MAMATA BANERJEE (Jadavpur): Mr. Speaker, Sir, I thank you for giving me time to speak. I wholeheartedly support the Finance Bill. I will not deliver a long speech otherwise Hon. Prime Minister will say.....*(Interruptions)*. Our Government is doing good work for the upliftment of poor and the farmers. Our Government has launched 20-Points Programme but the opposition has only one-point programme i.e. to criticise the Government. Our Government has given new education policy and new industrial policy. Our Government has conducted raids on tax evadors smugglers and black-money holders. One who works hard throughout his life does not get anything but after his death it is said that he did good work. The raids against the income-tax evadors or against black money holders have been conducted on the instructions of the Prime Minister. The Opposition pressurises too much for some persons, but I would congratulate the Government.



[English]

I mean to the Prime Minister for dropping section 194E of the Income Tax Act, and for making suitable amendments in section 115 J. I must congratulate our Government, because our Government is working for the welfare of the poor people.

15.00 hrs.

[Translation]

Most of the States have done good work under 20-Point Programme but it is a matter of regret that four States i.e. Gujarat, Orissa, Maharashtra and West Bengal have not fulfilled the targets in this regard. The non-utilisation of funds has been of the order of 1 per cent in Gujarat, Orissa and Maharashtra but it is 28 per cent in West Bengal. I urge the Prime Minister not to thrust 20-Point Programme on those State Governments which are not willing or are physically handicapped. For this purpose, voluntary organisations should be constituted and those who can work, should be associated with it so that the people are benefited by this programme.

Unemployment is a major problem in our country. There are about two crores unemployed persons in our country who are in miserable condition. We know about the States like Tripura, Assam and also Congress ruled States, Employment exchanges are there but people do not get employment. I want to suggest that there should be separate Employment Exchanges for Central services so that common man can get employment opportunities. It should not happen that only the welfare of own party workers is kept in mind and nothing is done for the welfare of other people. I was just listening to Shri Choubey and Shri Choudhury who said that during the recent visit of the Prime Minister to four States, he has declared grants to these States which was not in plan.

MR. SPEAKER: Today Mr. Choubey is silent.

KUMARI MAMATA BANERJEE: When Prime Minister allocates funds to West Bengal from where that money comes. Before elections, when the Prime Minister was invited he announced a financial assistance of about Rs. 1000/- crores. From where that money came. So many things were said in this regard whereas the Chief Minister of West Bengal visited Delhi and asked the Prime Minister to expedite the payment of said amount. Even then, they speak against the Central Government. Telegraph is their popular paper which says that Congress (I) has its money in Swiss Bank.

[English]

State Government snatched away this money.

[Translation]

People of opposition parties make a noise here and speak against democratic institutions. These are the people who speak very loudly and do not pay income tax. The people of opposition parties have their money in Swiss Banks. They have their buildings like five star hotels. We will also have to see as to how they have collected such a huge amount as party funds. It appeared in Telegraph that Congress party is corrupt. I want to know from where they have got huge amounts. The Telegraph newspaper is against the Government of India. First, they should reflect their own face because charity begins at home.

In the end I would like to say that Maradona is a promising player. Mrs. Margaret Alva has given him clearance for participation in World Cup Football but the clearance for foreign dollars has not yet been given by the Central Government as a result of which he cannot play here.

[English]

On behalf of West Bengal people and on behalf of the people of our country, I would like to request our Prime Minister to please

[Kumari Mamta Banerjee]

clear foreign dollars so that Maradona will be able to come to our country and play football in our State.

[*Translation*]

Today there are about 1,19,000 sick units in our country and about one crore people are jobless. The Government should take over them. The workers are in miserable condition. The Government should change the Industrial Policy. It is true that all the sick units cannot be taken over but Government must watch the interests of the workers. For this purpose, Government should formulate a new industrial policy or devise some new method or start some new plan projects. We have also to ensure that workers are not rendered jobless in the name of modernisation of industries. However, we have full faith in the Prime Minister. Recently it was declared by Prime Minister himself that Defence industries would be set up in the country and other industries would also be set up in rural areas so that we can produce everything in our country. For this, our Prime Minister deserves congratulations. During last two years, he has done commendable work for eradication of poverty and for the welfare of the poor and farmers. The people sitting on the other side should also keep in mind that our country is a poor country and our resources are limited. So first of all we have to concentrate on poverty alleviation programme. I am sorry to say that they have created tumult in the House on the petty issue of Bofors. They have forgotten that India is a country of the poor, the farmers and the workers and first of all we will have to work for removal of poverty from the country, for economic development of the country and have to spread education where there is illiteracy. The opposition does not think about the country. They want to divert the attention of the Government by raising petty outside issues. They have no interest in the farmers and the workers of the country. They have forgotten the real problems of

this country and look towards the communist countries as to what is happening there. They should also understand the policies followed by our leaders, viz.

[*English*]

The nation has no alternative except Congress and the Congress has no alternative except Shri Rajiv Gandhi. You should know this. Thank you very much for giving me this opportunity.

SHRI MURLI DEORA (Bombay South): Mr. Speaker, Sir, at the outset I would like to congratulate the Prime Minister for making some amendments to the original Budget proposals, and the three main amendments the Prime Minister has rightly referred to.

One is withdrawing Section 194 E which would have created tremendous problems for the tax payers and the tax authorities for deducting this at source and refunding it.

The second amendment the Prime Minister has announced is under Section 115J, with this new amendment it will be very much possible for the sick units to be revived.

The third amendment which the Prime Minister announced was about the cement industrial units, the cement manufacturing companies which have been given the incentive or excise relief which has been further extended now, and that is the units which started manufacturing from 1st January 1982 will get the benefit. This has been announced.

Cement is the ideal example how a liberal industrial policy coupled with a simplified procedure of licensing procedures and fiscal incentives can help the country. In 1980-81 we were producing nearly 19 million tonnes of cement. With a liberal licensing policy and a correct fiscal incentives and pricing policy we are producing 40 to 41 million tonnes of cement. We are no more importing cement. This has not

only given the much needed cement for our infrastructure for our country but this has also given six times more revenue than what was collected earlier.

In 1980-81 the Government was collecting only Rs. 137 crores as excise duty from the cement units and companies; now it is collecting Rs. 820 crores from the cement units.

We are in the fourth year of the Seventh Five Year Plan. The biggest problem that we are facing when we are in the fourth year of the Plan is the resources crunch of 1,80,000 crores and the Plan will certainly face more and more resources crunch in the future and the real solution for this problem will be a liberal industrial policy coupled with proper fiscal incentives. Then only we can produce more, we can stop imports, and we can collect more and more tax revenues.

The hon. Leader of the Opposition, Mr. Madhav Reddi, while speaking said that the States are getting less and less resources from the Union Government. I would like to correct him. I would like to give two or three figures, which show that there is a manifold increase in the transfer of resources from the Centre to the States.

I understand that recently the non-Congress (I) Chief Ministers met in New Delhi, and they also demanded it. But I do not see any logic or any reason behind it.

Shri Madhav Reddi also said that when the administered prices are increased in the public sector, or of the public sector undertakings, it should be shared by the States. That is not a tax. That is not a revenue measure. It is only to plug the loopholes of public sector units which were making losses that it was done. So no economist or no person can really suggest that the administered price increase should be shared with the State Governments. The transfer of resources to States in 1981-82 was Rs. 9395 crores, 1983-84 Rs. 13382 crores and in 1986-87 Rs. 21195

crores. The next tax revenue transferred from the Union Government to the States - just for the information of Mr. Madhav Reddi - was in 1981-82 Rs. 4274 crores, 1983-84 Rs. 5246 crores and 1986-87 (revised estimate of the Budget) Rs. 9206 crores. So there is an increase in the transfer of resources from the Centre to the States. 49 paise out of one rupee or 49 per cent of the total tax collected by the Government of India goes to the State Governments. I do not see much reason for the Non-Congress (I) Chief Ministers to make any noise in this respect.

One thing which is really causing concern and which should cause concern to the Government is the balance of payment position. Even though the exports have shown a remarkable increase this year and the export deficit has gone down from Rs. 8000 crores to Rs. 7000 crores, still there is a need that the Government should tighten its belt. I understand that nearly Rs. 28,500 crores worth of foreign debts are there on the Government of India. And we have started paying part of the IMF loan. Very soon when we start paying soft loans like IDA loan, Government will have hard time to generate more and more foreign exchange resources. Even though the foreign exchange reserves are nearly Rs. 7600 crores, what is really heartening is that Rs. 7400 crores come from NRI deposits - Indians who reside abroad. Out of this 55 per cent comes from NRER and 45 per cent comes from FCNR. I would appeal to the Prime Minister to give enough incentives to the NRIs so that this money is not transferred or repatriated, because, at present, all these resources are repatriable. Whenever NRIs want, they can take that money back. The real reason for bringing this money in our country is because of the high rate of interest. For FCNR the rate of interest is 9 per cent and for NRER it is 13 per cent while the rate of interest in Europe and America is very low. It is about 6 or 6.1/4 per cent. So many NRIs are only sending their money here to get higher rate of interest. This must be construed as a contingent liability. I am very sure that the Government will make enough provi-

[Shri Murlī Deora]

sions for the coming years in order to see that this money which is sent by the NRIs is not repatriable in the sense that there are incentives for them not to take the money out. They keep the money here. They buy houses or farms. They create productive activities in our country.

I also welcome the Prime Minister's statement on National Housing Board. As you know, the country needs houses whether it is rural areas or urban areas. But the real problem about housing in India is the ill drafted and ill-conceived Urban Land Ceiling Act. The Prime Minister has referred to it in his Budget speech. I request him to see that something is done very quickly. Either repeal part of the Urban Land Ceiling Act or amend it suitably so that it gives incentives to builders and people who want to construct their own houses. I do not know what is the need for having ULC applicable to smaller and medium cities - B and C category cities. For big cities it is O.K. But for at least B and C category cities this should be totally withdrawn.

SHRI CHANDRA PRATAP NARAIN SINGH (Padrauna): Not at the cost of farmers' welfare.

SHRI MURLI DEORA: I am not saying that it should be at the cost of farmers. I am saying that people should be allowed to construct their own houses.

The Prime Minister himself has said that less than 1 per cent of the target under the ULC in 10 years we have achieved. What is the use of having such an Act? What is the use of having such a legislator, which is just not possible to implement. It is better to think about it and it is better to either withdraw or amend this Act.

[Translation]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr. Speaker, Sir, I welcome the Finance Bill presented by the Hon. Prime

Minister. Our country has become self-reliant in the field of agriculture but we should keep this thing in mind that we still need to further augment our agricultural production and for this purpose, we will have to pay special attention towards irrigation.

I take this opportunity to say something about Indira Gandhi Canal which is being taken to my constituency and desert areas of Jaisalmer. The construction work of this canal was undertaken in 1958 but it has not yet been completed. To complete this canal, an amount of Rs. 1200 crores more is required. In Seventh Five Year Plan, only Rs. 250 crores have been provided for this project. If work on this canal goes on like this, the canal will not be completed in next 25 years. Therefore, I want that Central Government should give special assistance for this project without which it cannot be completed. For Sutlej Yamuna link canal the Central Government had provided Rs. 126 crores in 1986-87 and in 1987-88 Rs. 67 crores have been provided. Therefore, Central Government should make some provision for construction of this Indira Gandhi Canal and if necessary, financial assistance can be obtained from the World Bank also. So that construction of this canal can be completed at the earliest.

Secondly, I would like to say that security of the nation is of paramount importance. We have made a provision of Rs. 12,500 crores in our budget this year for Defence. Today Pakistan is manufacturing sophisticated weapons and U.S.A. is assisting it. Keeping this in view, if necessary, we should increase Defence Budget to Rs. 15,000 crores. In 1965 and 1971, when Pakistan attacked India, we gave a befitting reply to it. Now similar situation is again being created. Pakistan can attack our country at any time. We should, therefore, be ready to face it and if necessary, we should also be ready to slash the allocations meant for other projects in order to meet defence requirements.

Thirdly, I would like to say something

about Sarkaria Commission. Our opposition colleagues have expressed their views on it. But I have different views on it. We want a strong country and it is only possible if our Central Government is strong. If all funds are given to the States, the centre will become weak and it will not be able to defend the country. Therefore, centre must be financially sound. The Central Government should pay special attention on the conclusions of Sarkaria Commission in this regard. The Centre must be very strong so that there may not be any obstacle in strengthening our national unity and integrity.

Now I come to the question of regional imbalance and Gadgil formula. In Gadgil formula, which is before us, much emphasis has been laid on population factor. There are many states in our country which are backward and very large in area. Among them, Madhya Pradesh and Rajasthan have comparatively a larger area but they are very backward. If backwardness and area are not taken into consideration and special attention is paid on population alone, then the development of these areas will not be possible. It is necessary to make suitable changes in Gadgil formula for the development of these areas. This issue should be discussed in the National Development Council for making suitable changes in this formula so that the backward areas can also come up.

I appreciate the Government's decision in regard to Desert Development Programme which aims at removing regional imbalance. For IRDP and NREP, both developed and underdeveloped States have to contribute 50 per cent amount. I want that Centre should contribute 75 per cent amount in the case of underdeveloped States like Rajasthan and 25 per cent amount should be contributed by the concerned States, then only IRDP, NREP and other poverty alleviation programmes can be implemented. With these words, I support the Finance Bill.

SHRI DAL CHANDER JAIN (Damoh): Mr. Speaker, Sir, I welcome and support the Finance Bill presented by the hon. Finance Minister. In this context, I would

like to point out that as per *Euro Money* magazine, in country risk rating our country ranked 46th in 1985 and now it ranks 28th. It proves that our economy is continuously improving.

In Finance Bill, the Finance Minister has made many amendments, but common people expect some more amendments from him and I hope he will consider them. Many Members have drawn the attention of the Finance Minister towards the exemption limit of Rs. 18,000 in respect of individual incomes and demanded that it should be raised. I hope, it will be given due consideration. It should be raised to at least Rs. 25,000 as suggested by all the Members.

Secondly, the tax on firms is imposed on an income of Rs. 10,000. In this regard, I would like to say that when individual income upto Rs. 18,000 is exempted from tax, the limit of tax exemption in respect of firms should also be raised to at least Rs. 50,000.

The CDS used to be refunded in the first week of April previously but this year, the Banks have not so far made the payment for unknown reasons. However, they have now started making its payment. I would like to draw the attention of the Government towards it and would like to know the reasons therefor.

Most of the hon. Members have raised the problems of their constituencies. I would also like to draw the attention of the Prime Minister towards my constituency. He has visited my area from Khajuraho to Chhatarpur, Chhatarpur to Damoh and Damoh to Sagar by car and has seen the backwardness of that area. To develop the area, Bundelkhand Development Authority has been constituted but no work has yet been done by this Authority. Therefore, I would particularly like to draw the attention of the Government towards it. There is not even a single irrigation project in Damoh and Panna districts. I would request the hon. Finance Minister that special attention should be paid to complete

[Shri Dal Chander Jain]

Pancham Nagar Irrigation scheme in Damoh and Ken river scheme in Panna district.

We are providing many facilities to the Harijans and Adivasis. But it is not propagated properly. Assistance is provided to crores of people. A lakh of them may say that they have got assistance and hundreds of them may say that they have not got the assistance. The main hurdle in providing assistance is that people have to produce certificate of income and caste etc. from the patwari. It is well known that Patwari is the smallest unit of the administration and Harijans and tribals have to face great difficulty in obtaining certificates from him. Therefore, I feel that a way should be found out to ensure that the poor Harijans and tribals do not find any difficulty in obtaining certificates.

In our area bidis are manufactured in cottage industry. The workers engaged in this industry are unorganised. As these workers do not work permanently at one place, they do not get the benefit of Provident Fund Scheme made applicable by the Government for the workers. To ensure that the workers derive the benefit of Provident Fund Scheme, a plan should be drawn and it should be seen that they get their dues. The funds can be deposited in bank or an insurance policy can be arranged for them to make it possible for them to receive the amount. Otherwise, I think there is no hope that they would get the provident fund amount.

Similarly, there is a provision of paid-holiday for the bidi workers under the Minimum Wages and the Bidi Sigar Act but the State Government and the Bidi factory owners have jointly decided that whether the workers work for one day and whether they get wages daily or weekly, and whatever wages they get, one-twentieth part of their wages should be added to their wages on account of paid holidays. In the same way, whatever the share of the bidi factory owners in the provident fund,

arrangements should be made to make it available to the workers easily at the appropriate time through insurance policy or through bank by depositing it in the same because at present they are facing difficulty in getting provident fund amount.

SHRI C. JANGA REDDY (Hanamkonda): Mr. Speaker, Sir, while speaking on the demands in respect of the Ministry of Agriculture, hon. Minister of State in the Department of Rural Development had stated that the Government is supplying fertilizers to the farmers on subsidised rates. I would like to ask about the F.C.I. Paddy is purchased from the farmers or millers at the rate of Rs. 280 per quintal and the issue price has been fixed at Rs. 3.40. The reasons given for this gap are the increase in the maintenance cost of F.C.I. Subsidy amounting to Rs. 13 crore is given to the farmers on fertilizers. As many as 75 thousand persons are working in the F.C.I. godowns. The subsidy is being given to the farmers to check the prices. It is in fact meant for the consumers and not the farmers. Just now my colleague was saying that the farmer does not want to live on any others' charity. As the fertilizer is an agricultural input, if subsidy on it is withdrawn, the production cost will go up. The farmers are not getting remunerative prices for their produce. It should be increased.

I would like to make some submissions in regard to tobacco also. The prices that the growers are getting for their produce are not sufficient to meet the production cost and transport charges, etc. due to which he is burning tobacco on the streets. Government should give serious thought to it. I would also like to point out that State Governments like the Government of Andhra Pradesh and Karnataka Government are giving rice free of cost to the people with a view to win over voters. This is harming the interests of farmers and the economic condition of these States is deteriorating day-by-day. Due to this, the execution of on going irrigation projects, big industries and other development projects has been adversely affected. We have,

therefore, to check it and utilize our income for social welfare and other social activities. If the Telugu Desam Party or the Congress Party reduce the price of some item for the sake of votes, they of course can get votes due to this we are not able to spend as much money as we require on the production. For the sake of social welfare, we should invest enough money on the production.....(*Interruptions*).

Funds allocated for rural development are not being utilised. The funds being provided to Andhra Pradesh Government for Warangal are not being utilised for the last four years. The Government is providing funds but people are not getting its benefits. Government should look into it. Funds being provided for constructing water tanks are not being utilised. Something should be done in this respect also.

In the end, I would like to say something about Warangal district. I have received a letter from Rajivji in regard to setting up a factory in Warangal. Shri N.T. Rama Rao has also made a recommendation for setting up the factory in Warangal. Earlier, Andhra Pradesh Government proposed to set up the factory at Srikakulam, Karim Nagar, Warangal or Khamam. But now the factory is proposed to be set up at Khamam because the Industry Minister belongs to that place. It has come out in the press. But I have received a letter from Rajivji four days back and Shri N.T. Rama Rao has also made recommendation that this industry should be set up in Warangal. The Expert Committee appointed by the Government to look into the matter has also made recommendation that the industry should be set up at Warangal. We have heard that a file in this regard is lying with the Minister. The Government should not politicise the issue and do the needful. Due to the controversy between Madhya Pradesh and Bihar, the Government with a view to maintain the unity of the country, decided to set up coach factory in Punjab. At that time, the people of Warangal did not launch an agitation. But this time, if this factory is not set up at Warangal, the

people might launch an agitation. I hope, Government will not yield before the political pressure and this factory will be set up in Warangal. I think, the file pertaining to this matter is lying with the Minister. With these words, I conclude.

THE PRIME MINISTER (SHRI RAJIV GANDHI): Mr. Speaker, Sir, before speaking on the Finance Bill, I would like to say a few words to my friend. He has demanded a number of things for Warangal. He may write to me and I shall see what can be done. He has also made a complaint against the State Government that they are not spending money. He may write to me in this regard also. We will take up the matter with the State Government

[*English*]

Mr. Speaker, Sir, the Budget and the Finance Bill cannot be seen in isolation. They are part of our national policy for economic development and modernisation of the nation. They cannot be viewed in isolation. But they must be seen in broader context of policy objectives and the overall economic strategy. Our economic policy objectives are very clear and they have not changed over many decades. We are looking for a strong self-reliant economy, an economy that is able to meet the people's aspirations to remove poverty, to remove disparities, to safeguard our political independence and to allow us to stand up on equal terms with others in the world. These objectives have been pursued since independence; they continue to be our objectives and they are reflected in the Seventh Plan and the economic policies of this Government.

The Seventh plan has put three basic objectives of food, work and productivity. And it is in these areas that we have given the basic thrust. Agriculture is the bedrock of our economy. It provides a majority of our people with livelihood. It thus must have the highest priority. We must thus have the highest priority for strengthening our agricultural base, for bringing develop-

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ment to rural areas, for giving a fair deal to our farmers. Increase in agricultural output is also a pre-condition for our industrial growth. There can be no rapid growth in industry without satisfactory growth in the agricultural sector.

Sir, this Government has given the highest priority to anti-poverty programmes; the highest allocations ever given have been given this year by us. We have updated the 20-point programme and brought about major structural improvements in the IRDP, the NREP and the RLEGP programmes. We have also started a concurrent evaluation system for evaluating the 20-point programme which is giving us, for the first time, feed back reasonably quickly so that we are able to act on the feed back that we get. We have also been using the surplus foodgrain stocks for anti-poverty programme. The anti-poverty programme together with the education system is the cutting edge against poverty in our country. And it is in these two sectors that we have given the maximum increases in this year's budget.

Industry over the years has shown an impressive progress but much more needs to be done. The pace of industrialisation needs acceleration; also needed is the qualitative change in our industry. The public sector is the leading sector in our industrial effort. It has been the pioneer in bringing new technology to many areas. It has ensured an even spread of industrialisation throughout the country. It has been the key in developing skills in our workers, in our management and developing a technological manpower for the country. Our policy is the total commitment to the strengthening of the public sector to ensure its leading role. There is no question of privatisation of the public sector. But we want to see much better performance in the public sector and we have been working at this for the past two years. A public sector which is not alive and which is not giving the thrust in direction that it is needed to give, cannot be at the

cutting edge of our industrialisation and we must bring it to that point where it is as efficient as any other industry in the country.

We have shown during these years that the public sector can achieve these heights. Certain industries in the public sector are as efficient, if not more efficient, than the private sector in the country. They are as efficient as any public sector anywhere in the world. So, it can be done. The problem is to get it done right across the board in the full gamut of the public sector and this is what we are attempting to do.

We have to see a much higher productivity in the public sector and we must see a greater generation of resources in the public sector for investment and for expansion.

The growth rate of our imports has come down during last year. There was a lot of concern expressed on the foreign trade situation a year ago. We have worked on it and a lot of improvement has taken place. On imports, the fears were unwarranted. During these two years, we have not opened up to any reckless imports. There has been no damage to the domestic economy because of imports. There has been no frittering away of foreign exchange because of imports. There has been no wasteful imports on consumer goods or, highly luxurious items. Imports have been used mainly to strengthen the productive capacity of our industries, to upgrade the technological capability of our industries. They have also been used to strengthen our competitiveness especially in the export sector. Imports have also helped us to modernise, to absorb new technologies. They have helped us in building our capital goods and components, but, at the same time, we have to see that there is no sole dependence on imports. This must be a very key factor and domestic capability and capacity is developed while maintaining a certain quality, a minimum quality, and an efficiency, because the efficiency of the industries in the country is ultimately what



every one in the country pays for. If our industry and our agriculture is inefficient, then that cost is borne by all our people and when that cost is shared, it is the poor who carry the heaviest burden and suffer the most. So, making our industry and agriculture efficient, has to be one of the key aspects of development. In the early years, it was just a question of having enough food. It was just a question having an industry which works. But today we have got over that step and today we must go to the next step which is, making it cost effective so our people can get food and industrial products at reasonable prices. This must be a major thrust now.

Our industry must also look towards exporting more, to earn for our imports because imports, in a sense, are essential and we should not clamp down on imports. But what we should be doing is building a dynamism in our system which gives us the capability of importing what we need to import. It must be a part of making our system more efficient.

Self-reliance has been one of the key factors in our economic development. But self-reliance in today's world cannot mean self-sufficiency in every area. That is not practical and perhaps it is not even desirable. There are certain areas where strategic needs require that we are self-sufficient and we will be self-sufficient. But to have it across the board makes the system very inefficient and again our people pay for it. I was told, sometime ago, that we were importing, we were substituting an imported component which cost just a few dollars and the indigenisation cost was over a thousand rupees. So, this imbalance in indigenisation and building self-sufficiency has to be watched against. It is more efficient to export a few dollars extra worth of stuff to import that component than to indigenise at a very heavy cost. Self-sufficiency does not mean that we must not try to go beyond what we are doing today. We have to keep cutting away at that barrier. What we have to keep in mind is not to get so carried away in that, it becomes totally inefficient and ineffective

in terms of cost. It also means that we must build a certain capability in the critical sectors in our own industry. We have to see, at the same time, that quality is maintained and competitiveness is maintained. Our commitment to self-reliance is exemplified in this budget by the basic focus of the budget and on the measures that we have taken to help the capital goods sector develop and strengthen itself.

Much has been said on foreign investment and I think the hon. Members who have spoken, have been a little misguided by the media that they have been reading. Our policy on foreign investment is very well known. There is no open door policy. The policy is very selective: on whom we allow, in which areas we allow them and on what basis we allow them. We have foreign investment. And so far as the multinationals are concerned, they can contribute to our development but on our terms, and there has been, to the best of my knowledge, no opening up, in any manner, which has allowed multinationals to come in, in a big way, during the last two years. Let that be very clear. The policy that we are following is the policy that started off with Panditji, was carried forward by Indiraji. There were some distortions in an intervening period but we have restored those distortions and we are not deviating from that policy at all.

*(Interruptions)*

[*Translation*]

SHRI RAJIV GANDHI: You have had enough.

[*English*]

MR. SPEAKER: Order, order...

SHRI SAIFUDDIN CHOWDHARY (Katwa): During my speech, I gave one concrete example of the Hydro-Electric power Project in Jammu & Kashmir. We have our own capability....

*(Interruptions)*

SHRI RAJIV GANDHI: That is not relevant, Sir.

SHRI SAIFUDDIN CHOWDHARY: Though we have our own capability and we can do it, but why do you give the contract to a French Company?...*(Interruptions)* Self-reliance is being attacked everytime...

SHRI C. MADHAV REDDI (Adilabad): It is a new interpretation to self-reliance...

*(Interruptions)*

MR. SPEAKER: Order, order.. Mr. Saifuddin, you have not got my permission...

*(Interruptions)* \*\*

SHRI NARAYAN CHOUBEY (Midnapore): Who distorted it?....

*(interruptions)*

SHRI RAJIV GANDHI: Some friends of yours. Close neighbours...

SHRI S. JAIPAL REDDY (Mahbubnagar): Let him enlighten the distortions...

*(Interruptions)*

SHRI S. JAIPAL REDDY: Let him enlighten on the distortions. Does he know what the distortions were?

*(Interruptions)*

MR. SPEAKER: Mr. Jaipal Reddy, I am not allowing you... Why are you doing this?

*(Interruptions)\*\**

SHRI RAJIV GANDHI: Once the people of India have answered the distortions, I do not need to answer for those distortions.

\*\* *Not recorded.*

PROF. MADHU DANDAVATE (Rajapur): Don't indulge in such cheap jibes...

*(Interruptions)*

MR. SPEAKER: Please sit down...

SHRI RAJIV GANDHI: What I was saying was - let me repeat - that this policy on foreign investment has stood the test of time. We will continue with this policy. There is no intention of drifting or shifting from this policy.

SHRI SAIFUDDIN CHOWDHARY: He has not replied to my question.

SHRI BASUDEB ACHARIA: Now, is he not shifting?

SHRI S. JAIPAL REDDY: He is only drifting.

SHRI BASUDEB ACHARIA: Drifting and shifting.

SHRI RAJIV GANDHI: Sir, the current state of the economy is good. Our policies have yielded good results. On the annual basis economy is in good shape. The prices, the wholesale prices, have come down in March by 0.3 per cent. The wholesale price index is down, below five per cent. The consumer price index also has come down in January and February. The inflation rate...

*(Interruptions)*

[*Translation*]

SHRI NARAYAN CHOUBEY: You do not buy oil... *(Interruptions)*

SHRI RAJIV GANDHI: It is upto you to listen or not to listen. I am saying for the year as a whole.

[English]

SHRI BASUDEB ACHARIA: It is seasonal

SHRI RAJIV GANDHI: Sir, they forget what they were arguing last year when we were saying, "When it is seasonal, it goes up". They have forgotten. This is the season when it goes up, not the season when it comes down.

SHRI SAIFUDDIN CHOWDHARY: It goes up and comes down. No stability.

SHRI RAJIV GANDHI: The wholesale prices in March have come down by 0.3 per cent. The wholesale price index on 18-4-1987 was below five per cent, the annual rate. The consumer price index has come down in January and February. The inflation rate has come down from 9.2 per cent in December to 8.4 in February. The trends are definitely very positive. In agriculture we have done well, despite poor rainfall. Although rains were much more unfavourable than in the previous year, our food production this year is going to be more than that of the previous year. This shows the productive potential of our agriculture and that it is expanding.

SHRI BASUDEB ACHARIA: What about production of cereals?

SHRI RAJIV GANDHI: Our industries from April to December grew by seven per cent. The infrastructure performance has been very good. The trade deficit has come down very substantially from the previous year. Much of it is because oil prices have softened, but a very great part of it is also because sugar, fertiliser and edible oil imports have been greatly reduced. And this has been due to positive policies of the Government. Our export performance also has been very good. Overall, the Seventh plan has started off very well. Given the 1987 budget provision, in the first three years, we have covered 63 per cent of the Central outlay for the plan, and this is in spite of the resource constraints that every one is

aware of. Our policies have worked well. Our economy is poised for another year of healthy growth.

I will now turn to some general points and some specific points raised by the Members.

Some Members raised the question of Centre-State relations and how much money we are spending and how much money the States are spending. Now, I myself am a little confused because, to me, development is an exercise which has to be done both by the Centre and by the States. There is no division of responsibility here. So, the arguments, to me, are totally facetious. We are looking at a total development in a State and in the country and it cannot be divided up into - this part of development belongs to the State and you must give us more for this part or this part belongs to the Centre and we must keep more for the Centre. It has to be divided in a manner where the maximum benefit flows to the nation. While saying that, I would also like to point out that, during these years, we have given much more to the States than has, perhaps, ever been given before. The total resources transferred in 1984-85 were Rs. 14,700 crores compared with the total resources transferred in 1986-87, Rs. 23,250 crores.

SHRI BASUDEB ACHARIA: What is the percentage?

SHRI RAJIV GANDHI: I haven't got a calculator. But 23000 is almost double of 14000. Almost all this buoyancy has come in tax collections and most of them have been transferred to the States. Like I said, there cannot be a division of Centre and States and I would also like to point out here that the Centre is being forced to take more and more of the responsibilities that have traditionally been those of the States because we feel that the States are not delivering on that.

(Interruptions)

SHRI SAIFUDDIN CHOWDHARY: What are they?

SHRI RAJIV GANDHI: Why do you feel guilty? We have more Congress States than Opposition States. I am talking about all States.

*(Interruptions)*

MR. SPEAKER: He will come to that. He has just started it.

*[Translation]*

SHRI RAJIV GANDHI: You take your seat first, then I shall tell you.  
*(Interruptions)*

MR. SPEAKER: You take your seat Mr. Chowdhary, he is telling. He will tell.

*(Interruptions)*

MR. SPEAKER: Why do not you sit?

*[English]*

This is not the way.

*[Translation]*

He is telling, he is coming to that... why do not you listen?

*(Interruptions)*

SHRI RAJIV GANDHI: They just lose patience.

*[English]*

We have found...*(Interruptions)*

SHRI NARAYAN CHOUBEY: He says he is confused.

*[Translation]*

MR. SPEAKER: You are one of the intelligent members; you take your seat and keep quite, Sir.

*[English]*

SHRI RAJIV GANDHI: Sir, because we have felt that the commitment of the States to programmes such as Anti-Poverty and programmes such as Education have not been adequate. Not only outlays but the way those outlays have been utilised, the quality of the work that has been done has not been up to the standard. That is why we have started these Anti-Poverty programme from the Centre. That is why, we are having to look into Education in such a big way now. And what is really happening is, slowly we are finding that the major responsibility for development is passing directly to the Centre and the States are not willing to take that responsibility.

SHRIMATI GEETA MUKHERJEE (Panskura): Question.

SHRI BASUDEB ACHARIA: Be more specific.

SHRI RAJIV GANDHI: I have said specific Anti-Poverty. You use 28% of the Anti-Poverty programme in West Bengal.

What is your commitment?  
*(Interruptions)*

*[Translation]*

MR. SPEAKER: You take your seat Mr. Chowdhary. Would not you sit...  
*(Interruptions)*

*[English]*

SHRI RAJIV GANDHI: Education is the same, Because Education is being totally distorted for political ends in some States. What are we talking about?

SHRI NARAYAN CHOUBEY: Very wrong statement.

SHRI RAJIV GANDHI: Sir, I am not making any aspersion on any State.

SHRI SAIFUDDIN CHOWDHARY: You have to clarify.

SHRI RAJIV GANDHI: I will clarify. You sit down. I will clarify.

[Translation]

MR. SPEAKER: You sit down.

[English]

SHRI SAIFUDDIN CHOWDHARY: You clarify why it has happened, how it has happened?

SHRI RAJIV GANDHI: I have mentioned two areas where the Centre has had to come in, in a very big way. Rs. 3,000 crores this year, almost Rs. 3,000 crores is committed to Anti-Poverty and Education which is not the Centre's responsibility in the original thinking of our economic planning. Now we have had to step in by almost Rs. 3,000 crores because these programmes were not being run the way we thought they should have been run. (Interruptions).

What this really means is that with this extra expenditure of Rs. 3,000 crores, with the transfer of funds to the States, almost Rs. 23,250 crores, what we have seen is that the basic infrastructure is not getting the type of investment that it requires in the developing economy. This is not something... (Interruptions).

SHRI BASUDEB ACHARIA: From where the States will get money?

[Translation]

SHRI RAJIV GANDHI: You first listen, Basudebji. (Interruptions).

MR. SPEAKER: Where does the Centre gets money from? It is all from the States.

[English]

SHRI RAJIV GANDHI: When the Centre spends money on infrastructure who do we spend it for? Do we use it up here sitting in Parliament? When we put up power stations, where does that go?

16.00 hrs.

When we open up big industries, where does that go? This money is spent for the States and spent for the people. It is not something that we are pocketing in the Central Government and keeping it here. What we have to look at is the balanced policy of development. Just keeping on shouting "more money to the States, more money to the States" is not the answer for development. Because when we come down to the basics, the States come back to us for money. They come back to us for infrastructure. The States have other preferences, other biases, before putting their money into the basic infrastructure.

[Translation]

SHRI NARAYAN CHOUBEY: There are no funds.

SHRI RAJIV GANDHI: Rs. 23,000 crores have recently been transferred to the States.

[English]

So, what we have to understand here—and I could have understood this argument of more money transfer to the States coming in the Rajya Sabha because that is the Council of States! But this House should have a broader perspective looking at the total development of the country.

(Interruptions)

MR. SPEAKER: He said it in a lighter mood.

(Interruptions)

SHRI RAJIV GANDHI: Sir, what we need is a very...(Interruptions)

SHRI SAIFUDDIN CHOWDHARY: You made a point and you have to clarify it.

SHRI RAJIV GANDHI: I have just clarified it. (Interruptions). What have I not clarified?

SHRI BASUDEB ACHARIA: Politicising education.

SHRI RAJIV GANDHI: Politicising education is, taking over the governing councils of universities, interfering in the functioning of the universities...*(Interruptions)*

SHRI SAIFUDDIN CHOWDHARY: What are you talking?

SHRI RAJIV GANDHI: I am not talking of Bengal, why are you getting up like that? I don't know, perhaps others are doing it also, not only Bengal...*(Interruptions)*.

SHRI SAIFUDDIN CHOWDHARY: have never talked about Bengal.

*[Translation]*

MR. SPEAKER: You take your seat. If you continue to behave like this, it will not be good.

*[English]*

SHRI SAIFUDDIN CHOWDHARY: Did I talk about Bengal, Sir? He must explain.

*[Translation]*

MR. SPEAKER: Now you sit down. *(Interruptions)*. Will you sit or not?

*(Interruptions)*

SHRI RAJIV GANDHI: You come to my Chamber, I will tell you.

*(Interruptions)*

MR. SPEAKER: You always create trouble, this is not good on your part.

SHRI SAIFUDDIN CHOWDHARY: Who creates trouble?

MR. SPEAKER: It is you. This is not good.

*[English]*

SHRI SAIFUDDIN CHOWDHARY: Why did he say that I am speaking about Bengal?

*[Translation]*

MR. SPEAKER: Please keep quiet, Mr. Choubey, you are an elderly person.

*[English]*

SHRI RAJIV GANDHI: I had not referred to any particular State. There are Members here from every State and I am sure that the individual Members know precisely what is happening in their States and I don't need to amplify that here.

What we need looking at the Centre-State finances is the fundamental change in the way of working. We have to see that there is a shift on the focus from financial outlays and financial measurements of work done to something more specific that relates to efficiency, productivity which will allow us to achieve similar targets with lower outlays. That has to be what development is all about. If the cost per unit of development is not going to reduce as we develop, then we are going down the wrong way. So we have to have a total look at this. Modernisation, technology, ultimately only mean that you should be getting more for having spent less, you should be getting more results for a lower investment. That is what it is all about. And unless we look at it in that way and not only in terms of total financial outlays—and are we getting so much, and are you getting so much, are we spending so much and are you spending so much—is not going to give us results. I am not trying to argue that we should get more or your State should get less. But we must look at this in a very mature manner to see that it ultimately goes to the maximum benefit of the nation. It must be balanced between investment which gives production, investment which gives returns and investment which goes as a direct help to certain sections of our

people who are too weak, too poor, too discriminated against to be able to do without that help. But if we unbalance that then in a very short period we will not have enough to give to the people whom we need to give. So that balance must be maintained. We must maintain a total balance in development and this can only be done if we look at these things objectively and not just as empires which we are trying to build on any side and I, hope, we will be able to do this. Also we have to see that there is full protection for the revenue inflows, a vigilant and firm hand is kept in enforcing the tax laws and there is no tolerance of tax evasion in any way.

Balance of payments was raised by certain Members and I am glad they have drawn our attention to it although our attention had been drawn to it long before the Members drew our attention to it. It is an area of concern and it has been identified so in the Seventh Plan right from the early stages. We have taken corrective steps and we have got good results.

Already like I said trade deficit has come down. Yes, oil prices have softened but it is also because of the action that we have taken. Sugar, fertilisers and edible oil imports have been reduced because of increased domestic production. Last year we set-up a Cabinet Committee on exports which has been going into how to increase our exports and I would like to inform the House that we have now got the full figures for 1986-87 and the exports have exceeded the targets. We have got a 20 per cent increase in exports during this year—full 20 per cent. The earlier figure was 17 per cent. Now the figure for whole year is 20 per cent. This has come about because we have taken positive steps.

Last year we could have faced the situation in a defensive manner. Last year, approximately same time of the year we had a problem when imports were high and exports were low. We could have clamped down like many Members were suggesting and saying, clamp down on imports very hard but we took a more prag-

matic view. We said, yes, we will control the imports, keep them under certain limits but no drastic cut in imports. We will, in fact, be aggressive on the export front and we will see that we will earn money for the imports that we need and require because that is how we will go about. Just by shutting down and closing shop you cannot develop and you cannot progress and you cannot become stronger. We took a positive step to increase the exports. We have increased the exports and I have no doubt that we will be able to maintain this trend in the coming years also.

Some points have been raised about the agricultural exports. We will encourage agricultural exports. We are looking into that. It is part of our comprehensive policy and it is very much linked to our food processing programmes that we have been given because without that it will be difficult to export from the agricultural sector but more than that we have also come into a situation where new markets must be opened to our farmers and our agriculturists. Our own markets are getting saturated to quite a degree. We must open out these foreign markets to our farmers so that our farmers are not held back by domestic consumption constraint.

A number of steps have been taken for exports. They include cash compensatory support, withdrawal of export duties, special efforts for value added items such as packaged tea and tea bags and a three year export policy for cotton. The budgetary support in the 1986-87 for agricultural products export has also been increased substantially. Several Members have raised the question of industrial sickness. This is a problem and the long-term answer is modernisation of our industries and a continuous modernisation of our industries. And it is looking to this end that we have targeted certain industries, specific industries, and tried to re-do all the controls and taxes that apply to them. We started with the cement industry. It has

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given us good results. We have now set up Modernisation Funds for the textiles, and jute industries. IDBI is bringing out special schemes for upgrading technology and in selected capital goods industries, we are looking at industries industry-wise. And, we will bring about modernisation which will reduce sickness. And in the meantime, we have to see how sickness can be controlled. We have already set up the Board of Industrial Finance and Reconstruction which is looking at industries and monitoring industries. As soon as the losses equal 50 per cent of the capital plus reserves, the managements seek a fresh mandate from their shareholders. And if losses drop to 100 per cent of the capital and reserves, then they will step in directly for rehabilitation and merger or whatever else they feel, is required at that time.

What is important is that we cannot continue to rely on intravenous injection to alleviate the sickness and ultimately pass the full burden of that sickness on to the public sector. If we are committed to a public sector, we must also be committed to an efficient and good public sector. And we cannot get a good efficient public sector if the public sector is over-burdened by taking over sick industries.

SHRI INDRAJIT GUPTA: Sick industries are all in the private sector.

SHRI RAJIV GANDHI: By taking over, said. By definition, it is not sick once it is in the public sector because we keep injecting it. So, by intravenous feed, we keep it alive. But something has to be thought up about this because otherwise if we are not careful, all our new investment in public sector will go into keeping sick industries alive by taking them up in public sector. We will end up with a totally sick public sector that is a burden on the nation and that will then ensure at some point—where the breaking point will come—that the policy will have to be changed and public sector will have to be given up and we will have to shift to a policy which we do not like. If

we have to stay on our road of independence today, we need a public sector. And if we need a public sector, we need a public sector that works for the country, not a public sector that is a burden upon the country.

[Translation]

SHRI NARAYAN CHOUBEY: What steps do you propose to remove unemployment?

[English]

SHRI RAJIV GANDHI: Sir, more specific points were raised—many in the House, many outside the House. We have taken them into consideration and taken them into account in the official amendments that are being proposed. They enjoy a broad support of all sections. There is one additional concession that I would like to announce. And that is customs duty on dials and cases for quartz, analog watches was increased from 70 per cent to 145 per cent in the budget to give support to domestic parts manufacturers. Watch-makers have represented that this is too steep. Keeping in mind the interests of both watch-makers and parts manufacturers, the duty is being reduced to 100 per cent.

Some members have raised the question of... (*Interruptions*)...It would perhaps help the Hon'ble Members to stick to the time-limit that you, Sir, from the Chair propose when they speak.

Sir, many Members have spoken of raising the exemption limit from the current Rs. 18,000. I would like to comment on this. I have made my views very clear on earlier occasions and I have not changed my views at all. Sir, the exemption limit that we have in India, when seen on the basis of per capita income of the nation, is already amongst the highest in the world. So, when you are asking me to raise this limit, you are asking me not to help the average person in the country, you are asking me to help those few who already have, or are very well off and it is not the right thing.



SHRI BASUDEB ACHARIA: We are not asking.

SHRI RAJIV GANDHI: I did not say you are. I said, some Members are. On your own benches you can decide who are.

Let me explain a bit. Since the salaried taxpayer is exempted up to Rs. 18000, a standard deduction of Rs. 10000 is allowed on top of that and with provident fund and other deductions, you can get Rs. 6000 more. So, you can end up with a salary earning of Rs. 34000 without paying any tax. If this Rs. 18000 is raised to Rs. 25000, we will lose approximately Rs. 400 crores.

SHRI C. MADHAV REDDI: States will lose.

SHRI RAJIV GANDHI: Eightyfive per cent you will lose.

When you come asking for your railway lines, bridges, or factories, then we will have to....

SHRI ABDUL GHAFUOR (Siwan): Just a minute. When you raised it from Rs. 13000 to Rs. 18000, the previous Finance Minister told me that by raising it, he had gained more revenue from the people. Will it not be a test case to raise it further?

SHRI RAJIV GANDHI: You have to assess from what point to what point it is to be raised. To follow the hon. Member's logic still further, if we totally remove it, then perhaps we will gain even more. Obviously, there is a measure that has to be applied and when we raised it from Rs. 15000 to Rs. 18000, the measure was that Rs. 15000 was now cutting in very close because our poverty line is now coming up to Rs. 6000 or Rs. 7000. So, it was in relation to that. Our exemption limit today is a full twelve times our *per capita* income. So only those people who are earning twelve times the average *per capita* income are starting to pay tax at the lowest slab and I do not think, this Government would be fulfilling its objectives if we reduce this in any way.

Some hon. Members had asked for the removal of the minimum corporate tax. This is a good tax and I think, there must be a minimum corporate tax and Corporations that are making money should contribute to the development of the nation. We have indicated a modification in the proposal because we thought that there were certain shortcomings in the original proposal that we had put, which were causing problems to some sections and we have removed that. The set off that we have given for unabsorbed depreciation and past losses will solve the genuine problems of the new projects and the sick companies and the minimum tax is only fifteen per cent of the adjusted book profit. So, it is a very very low amount and it is only now after we have given the deduction of unabsorbed depreciation or past business losses whichever is lower. It will only apply to those who can afford to pay. It is a very soft item now and I think we will...

SHRI NARAYAN CHOUBEY: Why so?

SHRI RAJIV GANDHI: I believe, it is the first time I am hearing him.

We have also started an investment deposit scheme. Some Members have wanted to reintroduce the investment allowance. We feel that the new scheme is better. We have given a careful consideration. A lot of discussion has taken place and we feel that the new scheme is better; it will help modernization, it will be fair to less capital intensive industries, it will benefit the seasonal industries. And it will make it easier to set apart profits from a good year for investment in future.

The question of double taxation of firms was raised. It is under consideration and it will be reflected in the Comprehensive Amendment Bill.

Some members have spoken of the delay and the problems that the courts are causing in the collection of tax revenues. A new law is being formulated which will prevent excessive recourse to courts and will

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not allow postponement of tax payments. It is under consideration and again, it will be reflected in the Comprehensive Tax Amendment Bill.

Some members raised the question of the extension of exemption in Ladakh beyond 31.3.1989. This will be considered in due course.

The question of loans and advances to shareholders has been raised. We have already looked at this and we have limited it to loans and advances to shareholders holding less than 10 per cent of the shares. We will watch this and see how it functions. If there are problems, we will modify this to see that it does not become a loophole.

One member mentioned the cost of collection. I believe he said that the one-seventh was charged to the corporate tax, but six-sevenths were charged to income tax and added that as income tax is part of the States, we are being unfair in doing this. I would like to clarify that we are not being at all unfair. What we are doing is charging that part which is related to income tax to income tax and roughly that part which is related to corporate tax to corporate tax. And you must remember that the cost of collection is based on assessment and the actual collection. Out of approximately 50 lakh assessees, only one lakh are in the corporate sector. 49 lakhs approximately are in the income tax sector. So, this division of burden is based on the cost of collection, on what it actually is.

SHRI C. MADHAV REDDI: What is the cost of collection?

SHRI RAJIV GANDHI: I do not have the figure here.

SHRI C. MADHAV REDDI: It should be pro rata. According to the incomes of the corporate sector and income tax, you change it.

SHRI RAJIV GANDHI: No. Cost is not according to the income. The cost is according to the cost, by definition.

*(Interruptions)*

SHRI RAJIV GANDHI: If you have a hundred people and one person is paying you Rs. 20 lakhs and the other 99 pay you only Rs. 500 in the year, it does not mean that the cost of collection for that one is in proportion to the Rs. 100 lakhs versus a few thousand. The Cost of collection is the cost involved actually in getting access to, processing, going through the records and all that, of millions of people. It does not reflect the....

SHRI C. MADHAV REDDI: But the taxes of millions of people are paid at the source.

SHRI RAJIV GANDHI: I think we are going into unnecessary discussion and I have not yielded the floor.

If the States agree, then we could start a discussion on reducing the cost of collection on income tax by reducing the amount that the States get, and if we reduce the proportion, we will reduce the billing also. That won't be a problem.

SHRI C. MADHAV REDDI: Yes, certainly you can start it.

SHRI RAJIV GANDHI: Yes. We can have that and I am sure the next Finance Commission will be looking into it.

SHRI C. MADHAV REDDI: Millions of people pay taxes at source.

SHRI RAJIV GANDHI: I conclude by saying that I believe that I have covered most of the points that have been raised. I thank the members for the valuable suggestion that they have given. We have included many suggestions in the amendments. Those that we have not, we will keep in mind and when the appropriate time comes, we will see if we can use them. Thank you very much.

MR. SPEAKER: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1987-88, be taken into consideration."

*The motion was adopted.*

MR. SPEAKER: Now, we will take up clause by clause consideration of the Bill.

*Clause 2 (Income Tax)*

*Amendment made:*

Page 2, in line 24, omit, "194E".(2)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

"That Clause 2, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 2, as amended, was added to the Bill.*

*Clause 3 (Amendment of Section 2)*

*Amendment made:*

Page 4, for lines 24 to 27, substitute—

- (i) in sub-clause (e), for the words "by way of advance or loan to a shareholder, being a person who has a substantial interest in the company," the words, figures, letters and brackets "made after the 31st day of May, 1987, by way of advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than ten per cent, of the voting power, or to any concern in which such

shareholder is a member or a partner and in which he has a substantial interest (hereafter in this clause referred to as the said concern)" shall be substituted:—  
(3)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

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

*The motion was adopted.*

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

MR. SPEAKER: The question is:

"That Clauses 4 to 6, stand part of the Bill."

*The motion was adopted.*

*Clauses 4 to 6 were added to the Bill.*

*Clause 7—(Amendment of Section 32 A B)*

*Amendment made:*

Page 7, in lines 38 and 39, for "liabilities, contingencies or commitments;" substitute "liabilities, other than ascertained liabilities;" (4)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

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

*The motion was adopted.*

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

MR. SPEAKER: The question is:

"That Clauses 8 to 12 stand part of the Bill."

*The motion was adopted.*

*Clauses 8 to 12 were added to the Bill.*

*Clause 13—(Amendment of Section 45)*

*Amendment made:*

Page 9, in line 42, for "54E, 54F, 54G and 54H" substitute "54E, 54F and 54G". (5)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

"That Clause 13, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 13, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

"That Clauses 14 to 17, stand part of the Bill."

*The motion was adopted.*

*Clauses 14 to 17 were added to the Bill.*

*Clause 18—(Amendment of Section 53)*

*Amendment made:*

Page 12, in lines 19 and 20, for "54 F, 54 G and 54H", substitute "54F and 54G". (6)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

"That Clause 18, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 18, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

"That Clauses 19 to 23, stand part of the Bill."

*The motion was adopted.*

*Clauses 19 to 23 were added to the Bill.*

*Clause 24—(Insertion of new sections 54 G and 54 H)*

*Amendments made:*

Page 15, in line 38, for "following sections", substitute "following section." (7)

Page 15, in line 41, for "long-term capital asset", substitute "capital asset". (8)

Page 17, omit lines 5 to 8. (9)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

"That Clause 24, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 24, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

"That Clauses 25 to 42 stand part of the Bill."

*The motion was adopted.*

*Clauses 25 to 42 were added to the Bill.*

*The motion was adopted.*

*Clause 43—(Insertion of new Chapter XHB)*

*Amendments made:*

Page 22, in lines 38 and 39, for "liabilities, contingencies or commitments", substitute "liabilities, other than ascertained liabilities". (10)

Page 22, in line 40, for "loss", substitute "losses". (11)

Page 23, for lines 4 to 7, substitute-

- “(i) the amount withdrawn from reserves or provisions, if any, such amount is credited to the profit and loss account; or
- (ii) the amount of income to which any of the provisions of Chapter III applies, if any, such amount is credited to the profit and loss account; or
- (iii) the amount of the loss or the amount of depreciation which would be required to be set off against the profit of the relevant previous year as if the provisions of clause (b) of the first proviso to sub-section (1) of section 205 of the Companies Act, 1956, are applicable.” (12)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

“That Clause 43, as amended, stand part of the Bill.”

*The motion was adopted.*

*Clause 43, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

“That Clauses 44 to 48 stand part of the Bill.”

*The motion was adopted.*

*Clauses 44 to 48 were added to the Bill.”*

MR. SPEAKER: The question is:

“That Clause 49 stand part of the Bill.”

*The motion was negatived.*

MR. SPEAKER: The question is:

“That Clauses 50 and 51 stand part of the Bill.”

*The motion was adopted.*

*Clauses 50 and 51 were added to the Bill.*

*Clause 52-(Amendment of Section 197)*

*Amendments made:*

Page 26, in line 15, omit “(i)”. (13)

Page 26, omit lines 19 and 20. (14)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

“That Clauses 52, as amended, stand part of the Bill.”

*The motion was adopted.*

*Clause 52, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

“That Clause 53 stand part of the Bill.”

*The motion was negatived*

*Clause 54-(Amendment of Section 199 )*

*Amendment made:*

- ‘52. In section 199 of the Income-tax Act, for the words “made for the immediately following assessment year under this Act”, the words “made under this Act for the assessment year for which such income is assessable” shall be substituted with effect from the 1st day of June, 1987.’ (15)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

“That Clause 54, as amended, stand part of the Bill.”

*The motion was adopted.*

*Clause 54, as amended, was added to the Bill.*

**Clause 55-(Amendment of Section 202)****Amendment made:****Page 26, for lines 37 to 40, substitute—**

- '53. In section 202 of the Income-tax Act, for the the words "levy tax", the words "recover tax" shall be substituted with effect from the 1st day of June, 1987.' (16)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

"That Clause 55, as amended, stand part of the Bill."

*The motion was adopted.***Clause 55, as amended, was added to the Bill.**

MR. SPEAKER: The question is:

"That Clause 56 stand part of the Bill."

*The motion was adopted.***Clause 56 was added to the Bill.****Clause 57-(Insertion of new section 203 A.)****Amendment made:**

Page 27, in line 9, omit "section 194 E".  
(17)

(Shri Rajiv Gandhi)

MR. SPEAKER: The question is:

"That Clause 57, as amended, stand part of the Bill."

*The motion was adopted.***Clause 57, as amended, was added to the Bill.**

MR. SPEAKER: The question is:

"That Clauses 58 to 100 stand part of the Bill."

*The motion was adopted.***Clauses 58 to 100 were added to the Bill.****Clause 101-(Definitions)****Amendment made:****Page 39, for lines 11 to 13, substitute-**

- '(c) "foreign currency" means any currency other than Indian currency;
- (d) "foreign exchange" means foreign currency and includes—
- (i) all deposits, credits and balances payable in any foreign currency, and any drafts, traveller's cheques, letters of credit and bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency;
- (ii) any instrument payable, at the option of the drawee or holder thereof or any other party there-to, either in Indian currency or in foreign currency or partly in one and partly in the other;". (29)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

"That Clause 101, as amended, stand part of the Bill."

*The motion was adopted.***Clause 101, as amended, was added to the Bill.**

MR. SPEAKER: The question is:

"That Clauses 102 and 103 stand part of the Bill."

*The motion was adopted.***Clauses 102 and 103 were added to the Bill.****Clause 104-(Penalties)****Amendments made:****Page 39, after line 36, insert-**

- "(2) Every authorised dealer or money

changer who fails to collect the tax leviable under this Chapter, or after collecting such tax fails to pay the tax to the credit of the Central Government under sub-section (2) of section 100, shall, in addition to the payment of the tax, if any, so collected, be liable to pay a penalty not exceeding twice the amount of the tax he would have collected or, as the case may be, twice the amount of the tax collected but not paid to the credit of the Central Government.

- (3) No penalty shall be leviable under sub-section (1) or sub-section (2), if the authority specified under sub-section (4), for reasons to be recorded in writing, waives the amount of penalty so payable." (30)

Page 39, in line 37, for "(2) Any penalty" substitute—

"(4) Subject to the provisions of sub-section (3), any penalty". (31)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

"That Clause 104, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 104, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

"That Clauses 105 and 106 stand part of the Bill."

*The motion was adopted.*

*Clauses 105 and 106 were added to the Bill.*

*Clause 107-(Rules and Notifications to be laid before Parliament)*

*Amendment made:*

Page 40, in line 18, for "section 103",

substitute "section 101". (18)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

"That Clause 107, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 107, as amended, was added to the Bill.*

MR. SPEAKER: The question is:

"That Clauses 108 and 109 stand part of the Bill."

*The motion was adopted.*

*Clauses 108 and 109 were added to the Bill.*

#### *First Schedule*

*Amendments made:*

Page 43, in line 11, omit "194E" (19)

Page 43, omit lines 34 to 42 [sub-items (a) (vi) and (a) (vii)]. (20)

Page 43, in line 43, for "(viii)", substitute "(vi)". (21)

Page 44, omit lines 7 to 28 [sub-items (b) (i) (C) and (b) (i) (D)] (22).

Page 44, in line 29, for "(E)" substitute "(C)". (23)

Page 44, omit lines 40 to 47 [sub-items (b) (ii) (B) (1)]. (24)

Page 45, omit lines 2 to 15 [sub-items (b) (ii) (B) (2) and (b) (ii) (c)] (25).

Page 45, in line 16, for "(D)" substitute "(B)". (26)

Page 45, omit lines 28 to 40 [sub-items (a) (ii) to (a) (vii)]. (27)

Page 45, in line 41, for "(viii)", substitute "(ii)". (28)

(Shri Brahma Dutt)

MR. SPEAKER: The question is:

"That First Schedule, as amended, stand part of the Bill."

*The motion was adopted.*

*First Schedule, as amended, was added to the Bill. Second Schedule, Third Schedule and Fourth Schedules were added to the Bill.*

*Clause 1-(Short Title and Commencement)*

*Amendment made:*

Page 1, in line 5,—

for "2 to 93" substitute "2 to 91" (1)

(Shri Brahma Dutt)

MR. SPEAKER: The question is.

"That Clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

*Enacting Formula and Title were added to the Bill.*

SHRI RAJIV GANDHI: I beg to move:

"That the Bill, as amended, be passed."

MR. SPEAKER: The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

16.40 hrs.

CINE-WORKERS WELFARE FUND (AMENDMENT) BILL—Contd.

[English]

MR. SPEAKER: We will now take up further consideration of the following motion moved by Shri P.A. Sangma, on the 20th March, 1987, namely:—

"That the Bill to amend the Cine-Workers Welfare Fund Act, 1981, be taken into consideration."

Shri Vijay Kumar Yadav. He is not present.

Shri Dal Chander Jain.

16.41 hrs.

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

MR. DEPUTY-SPEAKER: Shri Jain also is not here. The hon. Minister may reply.

THE MINISTER OF STATE IN THE MINISTRY OF LABOUR (SHRI P.A. SANGMA): I am grateful to the hon. Members who have participated in this debate. It is a very small Bill, the Cine-Workers Welfare Fund (Amendment) Bill, 1987.

As the House is aware, this Bill also was passed and intended to be administered by the Ministry of Information and Broadcasting, and it was recently only in April last year, that it was transferred to us and since then we have tried to take some steps.

16.44 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

There are only two or three points which have been raised during the time of the debate: That the amount of money which is available for the welfare of the cine workers under the present Act is very small because the cess that we impose is very